

## **DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 2016**

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**WEDNESDAY, MAY 6, 2015**

**U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.***

The subcommittee met at 10:35 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Thad Cochran (chairman) presiding.

Present: Senators Cochran, Shelby, Collins, Murkowski, Blunt, Daines, Moran, Durbin, Leahy, Feinstein, Mikulski, Reed, Tester, Udall, and Schatz.

### **DEPARTMENT OF DEFENSE**

#### **OFFICE OF THE SECRETARY**

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

#### **OPENING STATEMENT OF SENATOR THAD COCHRAN**

Senator COCHRAN. The committee will please come to order. Today our Subcommittee on Defense Appropriations reviews the budget request of the Department of Defense (DOD). We are very pleased to welcome Secretary of Defense Ash Carter and Chairman of the Joint Chiefs of Staff, General Martin Dempsey, United States Army. This is our final scheduled hearing of the year on the 2016 Defense budget request.

The subcommittee recognizes the uncertainty of the current fiscal environment and the impact it has on the Department of Defense and its planning. We also appreciate the complexity of building the fiscal year 2016 budget request, and we look forward to comments from Secretary Carter and General Dempsey on how we can support our men and women in uniform and our national security interests. We are pleased to recognize Dr. Carter on his first appearance before the subcommittee in his capacity as Secretary of Defense. Mr. Secretary, we look forward to working with you.

Secretary CARTER. Thank you.

Senator COCHRAN. I also want to recognize that this will be General Dempsey's final appearance before the Defense Subcommittee as Chairman of the Joint Chiefs of Staff. General Dempsey, you have served with distinction since 2011, and this committee is grateful for your contributions. We will miss your valuable insight when your term comes to an end in October.

## PREPARED STATEMENT

The committee also welcomes Mr. Mike McCord, the Undersecretary of Defense and the Chief Financial Officer for the Department. I am confident that Mr. McCord will provide the committee with useful information as the subcommittee formulates the 2016 Defense budget. Thank you for appearing before us this morning. Your full statements will, of course, be included in the record.

[The statement follows:]

## PREPARED STATEMENT OF SENATOR THAD COCHRAN

Today our Subcommittee on Defense Appropriations reviews the budget request the Department of Defense. We are pleased to welcome: Secretary of Defense, Ash Carter and Chairman of the Joint Chiefs of Staff, General Martin E. Dempsey, United States Army.

This is our final scheduled hearing on the fiscal year 2016 defense budget request. This Subcommittee recognizes the uncertainty of the current fiscal environment and the impact it has on the Department of Defense and its planning. We also appreciate the complexity of building the fiscal year 2016 budget request and look forward to comments from Secretary Carter and General Dempsey on how we can support our men and women in uniform and our national security interests.

We are pleased to recognize Dr. Ash Carter on his first appearance before the subcommittee in his capacity as Secretary of Defense. Mr. Secretary, we look forward to working with you.

I also want to recognize that this will be General Dempsey's final appearance before the Defense Subcommittee as Chairman of the Joint Chiefs of Staff. General Dempsey, you have served with distinction since your valuable insight when your term comes to an end in October.

The Committee also welcomes Mr. Mike McCord, the Under Secretary of Defense and Chief Financial Officer, for the Department. I am confident that Mr. McCord will provide the committee with useful information as the subcommittee formulates the fiscal year 2016 defense budget.

Thank you for appearing before us this morning. Your full statements will be included in the record.

Now I will turn to my friend and the Vice Chairman, Senator Durbin, for his opening remarks. Thank you.

**Senator COCHRAN.** I will now turn to my friend and vice chairmen of the committee, Senator Durbin, for his opening remarks.

## STATEMENT OF SENATOR RICHARD J. DURBIN

**Senator DURBIN.** Thank you, Mr. Chairman, and thank you all for being here. And, Secretary Carter, glad to see you and glad we had a chance to chat for a minute or two. Mr. McCord, thank you as well for being part of this. Special thanks, General Dempsey, for your many years of service in the United States and to the United States in terms of our national defense. You have risen to the top rank within the White House and Administration as Chairman of the military side of our defense, and I appreciate all the talent that you brought to it and all the dedication. I wish you the best wherever life takes you with your wife, Deanie, your children, and grandchildren whom you will now able to enjoy a lot more.

Secretary Carter and General Dempsey, it is important for us to hear your advice on a number of pending issues. The first is a threat of our creation called sequestration. There are efforts within the House and Senate to increase defense spending by using what is, in fact, a budget gimmick, namely to shift tens of billions of dollars of funds from the base budget over to the Overseas Contingency Operations Account. I believe this effort is not the right way to address the problem. While I support avoiding sequestration,

Congress must address funding shortfalls for the entire Government and do it responsibly. Moving programs from the base bill to the war funding accounts adds to our problems instead of fixing them. The Department of Defense cannot operate efficiently if the U.S. Government lurches from one fiscal crisis to another year after year, and I want to hear from you on that subject, please.

This manufactured budget crisis comes at a time of a quickly changing global security environment. Our military is operating all over the globe: operations in Afghanistan and Africa; stability in the Pacific; responding to Russian aggression in Eastern Europe. And since last year's hearing, we have added military operations in Iraq and Syria to a busy military operational tempo.

There are a number of issues that I hope to get to in the questioning: maintaining our competitiveness and innovative edge in technology and medical research; ending what I believe is an exploitation of servicemembers and their families by predatory for-profit colleges; making certain that the Department of Defense can keep track of the contractors that are working for them. And lastly, and keeping in mind General Dempsey's persistent admonition that job one is getting our people right, late last week the Department reported an estimated 20,000 servicemembers were sexually assaulted last year. The number of individuals reporting these incidents sadly is up. More than half of those individuals still experience retaliation for doing so. We have to make more progress, and it requires a strong commitment.

This is a daunting array of challenges and just a few of the many that you face. I look forward to your testimony.

Senator COCHRAN. Thank you, Senator. Secretary Carter, you may proceed.

#### SUMMARY STATEMENT OF SECRETARY ASHTON B. CARTER

Secretary CARTER. Thank you. Mr. Chairman, thank you. Vice Chairman Durbin, members of the committee, thank you for inviting me here today. And, Mr. Chairman, I want to especially recognize the sense of civility and courtesy with which you conduct all you do, including the leadership of this committee. It does not go unnoticed, least of all by me, and is much appreciated. And, Vice Chairman, I will make sure that we get to the issues you raised both in our private conversation and just now in the course of this, and thank you for your leadership. And thank you all for thanking my friend and shipmate, Marty Dempsey, for his wonderful service. I am going to miss him.

I know all of you on this committee share the same devotion that I do to the finest fighting force the world has ever known and to the defense of our great country. And I hope that my tenure as Secretary of Defense will be marked by partnership with you on their behalf.

I am gratified that this committee, as well as the three other Defense committees, recognize the urgent need to halt the decline in Defense spending imposed by the Budget Control Act. President Obama and I deeply share in that recognition. And indeed, I want to commend you and your colleagues for both recognizing and saying that sequestration threatens our military readiness, the size of our war fighting forces, the presence and capabilities of our air and

naval fleets, our future technological security, and ultimately the lives of our men and women in uniform. The Joint Chiefs have said the same, and they have specified the kinds of cuts that their services would have to make if sequester returns.

Over the past 3 fiscal years, the Defense Department has taken over three-quarters of a trillion dollars in cuts to its future years' defense spending. The magnitude of these cuts would stress the most capable planners and programmers. But the stresses have been made even greater because of the frequently sudden and unpredictable timing and nature of the cuts, as well as continued uncertainty over sequestration. And as a result, DOD has been forced to make a series of incremental, inefficient decisions, often made well into a fiscal year after prolonged continuing resolutions are finally resolved.

Moreover, even as budgets have dropped precipitously, our forces have been responding to unexpectedly high demand from a tumultuous world. As a result, our belief is our Defense program is now unbalanced. We have been forced to prioritize force structure and readiness over modernization, taking on risks and capabilities in infrastructure that are far too great. This is a serious problem. High demands on smaller force structure mean the equipment and capabilities of too many components of the military are growing too old, too fast, from our nuclear deterrent to our tactical forces.

Meanwhile, in each of the past several years, painful, but necessary, reforms proposed by DOD, including many significant reforms like eliminating overhead and unneeded infrastructure, retiring older force structure, and making reasonable adjustments in compensation, have been denied by Congress at the same time that sequestration looms. And we are starting to see this double whammy once again in markups of legislation this year. If confronted with sequestration level budgets and continued obstacles to reform, I do not believe that we can simply keep making incremental cuts. As I have said before, we would have to change the shape and not just the size of our military, significantly affecting parts of our defense strategy.

In recent weeks, some in Congress have tried to provide DOD with its full budget request for fiscal year 2016 by transferring funds from the base budget into our accounts for overseas contingency operations, or OCO, meant to fund the incremental temporary costs of overseas conflicts in Afghanistan, Iraq, and elsewhere. While this approach clearly recognizes that the budget total we have requested is needed, the avenue it takes is just as clearly a road to nowhere. I say this because President Obama has already made it clear that he will not accept a budget that locks in sequestration going forward as this approach does, and he will not accept a budget that severs the link between our national security and our economic security. Legislation that implements this budget framework will, therefore, be subject to veto.

So if we do not come together and find a different path by fall when a budget is needed, it will put our Department and our troops in an all too familiar and very difficult position. We will yet again have to make very hasty and drastic decisions to adjust to the failure to have an adequate DOD budget, decisions that none of us wants to make. The Joint Chiefs and I are concerned that if

our congressional committees continue to advance this idea and do not explore alternatives, then we will be left holding the bag. That is not where I want to be in 6 months, but since the OCO funding approach is not the kind of widely shared budget agreement that is needed, we can see now that it will not succeed.

Moreover, the 1-year OCO approach does nothing to reduce the deficit. It risks undermining support for a mechanism, OCO, which is meant, as I said, to fund incremental costs of overseas conflicts in Afghanistan, Iraq, and elsewhere. Most importantly, because it does not provide a stable multiyear budget horizon. This 1-year approach is managerially unsound and also unfairly dispiriting to our force. Our military personnel and their families deserve to know their future more than just 1 year at a time. And not just them. Our defense industry partners, too, need stability and longer-term plans, not end-of-year crises or short-term fixes if they are to be efficient and cutting edge as we need them to be. Last and fundamentally, as a Nation we need to base our Defense budgeting on our long-term military strategy, and that is not a 1-year project.

This funding approach also reflects a narrow way of looking at our national security, one that ignores vital contributions made by the State Department, Justice Department, Treasury Department, Homeland Security Department, and disregards the enduring long-term connection between our Nation's security and many other factors, factors like scientific R&D (research and development) to keep our technological edge, education of a future all-volunteer military force, and the general economic strength of our country.

Finally, I am also concerned that how we deal with the budget is being watched by the rest of our world, by our friends and potential foes alike. It could give a misleadingly diminished picture of America's great strength and resolve. For all these reasons, we need a better solution than the one now being considered.

Two years ago, we saw members of Congress come together and reach a 2-year budget through the Murray-Ryan bipartisan Budget Act. Although we preferred a longer term solution to sequestration, that deal was able to provide DOD a measure of stability needed to plan for more than just 1 year. Today, I hope we can come together for a longer term multiyear agreement that provides the budget stability we need by locking in Defense and non-Defense budget levels consistent with the President's request.

I pledge my personal support to this effort as well as the support of the entire staff of the Department of Defense, and I would like to work with each of you as well as other leaders and Members of Congress to this end. If we are successful, I am confident we can build a force of the future that is powerful enough to underwrite our strategy and to show resolve to friends and potential foes alike; a force that is equipped with bold, new technology and ideas, able to lead in cutting-edge capabilities in cyber and space; a force that is lean and efficient throughout the enterprise, that continues to attract and inspire new generations of Americans to contribute to this great mission. That is the vision for the force of the future I have been pursuing since I took office 11 weeks ago, and I hope to continue doing so in partnership with all of you.

## PREPARED STATEMENT

Mr. Chairman, this a time for coming together and problem solving, which we have come to know well from members of this committee. Much like in December 2013, our only choice is to come together to find a real solution that reflects our strength and security as a Nation. I look to this committee and the many leaders who sit on it to help us get on the right path out of this wilderness. Thank you.

[The statement follows:]

## PREPARED STATEMENT OF HON. ASHTON B. CARTER

Chairman Cochran, Vice Chairman Durbin, Members of the Committee: thank you for inviting me here today to discuss the President's fiscal year 2016 budget request for the Department of Defense (DOD). Oversight is key to our system of government. I not only welcome your wisdom and experience; I also want your partnership, and need your help.

I also want to thank Chairman Dempsey for his leadership, as well as Deputy Secretary Work and Vice Chairman Winnefeld, in particular for all their hard work over the past year in helping develop the budget request we will be discussing today.

## INTRODUCTION AND STRATEGY

Shortly after I was sworn in 11 weeks ago, I spoke to the people of the Department of Defense—military, civilian, and contractor—and told them I had three commitments as Secretary of Defense.

The first is to them and their families—to safeguard them, to ensure that they are treated with dignity and respect, and above all to ensure that when they are sent into harm's way, it's done with the utmost care.

The second commitment is to the President—to offer him my best strategic advice as he faces a complex world, to ensure at the same time that he receives candid military advice, and to see that his decisions are carried out with DOD's expected excellence.

And my third commitment is to the future—to ensure our military remains the very best in an ever-changing world, amid fast-moving technological and commercial change, and as we seek to attract new generations to the mission of national security.

To meet those commitments, I have since traveled to Afghanistan, Kuwait, Japan, and South Korea to meet with our troops, commanders, and allies in those countries. I also released DOD's new cyber strategy, launched the next phase of our rebalance to the Asia-Pacific, reaffirmed our unwavering commitment to ridding our ranks of sexual assault, approved new U.S.-Japan Guidelines for Defense Cooperation, and outlined my vision for how people, technology, and innovation will contribute to our force of the future.

Everything I have done since taking office has reaffirmed for me that in every region of the world, in every domain—air, land, sea, space, and in cyberspace—it is America's leadership, and America's men and women in uniform, who stand between disorder and order—who stand up to malicious and destabilizing actors, while standing with those who believe in a more secure, just, and prosperous future for all our children.

Mr. Chairman, this committee and this Congress will determine whether our troops can continue to do so—whether they can continue to defend our Nation's interests around the world with the readiness, capability, and excellence our Nation has grown accustomed to, and sometimes taken for granted.

Halting and reversing the decline in defense spending imposed by the Budget Control Act, the President's budget would give us the resources we need to execute our Nation's defense strategy.

It would ensure we field a modern, ready force in a balanced way, while also embracing change and reform, because asking for more taxpayer dollars requires we hold up our end of the bargain—by ensuring that every dollar is well-spent.

The President is proposing to increase the defense budget in fiscal year 2016, but in line with the projection he submitted to Congress last year in the fiscal year 2015 budget's Future Years Defense Program (FYDP). The department is executing the plan it presented last year. Accordingly, for fiscal year 2016, the President is proposing \$534 billion for DOD's base budget and \$51 billion in Overseas Contingency

Operations (OCO), totaling \$585 billion to sustain America's national security and defense strategies.

The Defense Department needs your support for this budget, which is driven by strategy, not the other way around. More specifically, it is driven by the defense strategy identified in the 2014 Quadrennial Defense Review, which reflects the long-time, bipartisan consensus that our military must protect the homeland, build security globally, and project power and win decisively. We do so in line with our long-standing tradition of maintaining a superior force with an unmatched technological edge, working in close partnership with friends and allies, upholding the rules-based international order, and keeping our commitments to the people who make up the all-volunteer force.

Our defense budget's priorities line up with our strategic priorities: sustaining America's global leadership by:

- rebalancing to the Asia-Pacific region;
- maintaining a strong commitment to security and stability in Europe and the Middle East;
- sustaining a global counterterrorism campaign;
- strengthening key alliances and partnerships; and
- prioritizing key modernization efforts.

This budget ensures we can execute our defense strategy with manageable risk, even as it does require us to accept elevated risk in some areas.

But—and I want to be clear about this—parts of our Nation's defense strategy cannot be executed under sequestration, which remains the law of the land and is set to return 148 days from today.

As I have said before, the prospect of sequestration's serious damage to our national security and economy is tragically not a result of an economic emergency or recession.

It is not because these budget cuts are a mathematical solution to the Nation's overall fiscal challenge—they are not.

It is not because paths of curbing nondiscretionary spending and reforming our tax system have been explored and exhausted—they have not.

It is not due to a breakthrough in military technology or a new strategic insight that somehow makes continued defense spending unnecessary—there has been no such silver bullet.

And it is not because the world has suddenly become more peaceful—for it is abundantly clear that it has not.

Instead, sequestration is purely the collateral damage of political gridlock. And friends and potential enemies around the world are watching.

We in the Department of Defense are prepared to make difficult strategic and budgetary choices. We are also committed—more than ever before—to finding new ways to improve the way we do business and be more efficient and accountable in our defense spending.

But in order to ensure our military remains the world's finest fighting force, we need to banish the clouds of fiscal uncertainty that have obscured our plans and forced inefficient choices. We need a long-term restoration of normal budgeting and a deal that the President can sign, and that lives up to our responsibility of defending this country and the global order. And that means, among other things, avoiding sequestration.

To be sure, even under sequestration, America will remain the world's strongest military power. But under sequestration, our military—and our national security—would have to take on irresponsible and unnecessary risk—risk that previous Administrations and Congressional leaders have wisely chosen to avoid.

Sequestration would lead over time to a military that looks fundamentally different and performs much differently than what we are used to. Not only as Secretary of Defense, but simply as an American, I deeply, earnestly hope we can avert that future. I am committed to working with the members of this committee, and your colleagues throughout the Congress to prevent it.

I know how proud you and all Americans are that we field the finest fighting force the world has ever known. But our military superiority was not built, and will not be sustained, by resting on our laurels. So instead of resigning ourselves to having the diminished military that sequestration would give us, I propose that we build the force of the future, together.

#### BUILDING THE FORCE OF THE FUTURE

Assuming the Congress funds the President's fiscal year 2016 budget and averts sequestration, we have the opportunity to build the force of the future. We have in-

herited a long tradition of military excellence from those who came before us, and we must preserve it for those who will come after.

But to do so, DOD must embrace the future—and embrace change—throughout our institution. We at the Pentagon must, as I say, think outside our five-sided box, and be open to new ideas and new ways of doing business that can help us operate more efficiently and perform more effectively in an increasingly dynamic and competitive environment.

#### *What DOD Needs To Do*

As DOD counters the very real dangers we face in the world, we will also grab hold of the bright opportunities before us—opportunities to be more competitive and re-forge our Nation’s military and defense establishment into a future force that harnesses and develops the latest, cutting-edge technology, and that remains superior to any potential adversary; one that is efficient and accountable to the taxpayers who support it; and one that competes and succeeds in attracting the next generation of talented Americans to fill its ranks.

These are the three main pillars on which DOD will build the force of the future.

#### *Competitiveness through Technological and Operational Superiority*

As other nations pursue comprehensive military modernization programs and develop technologies designed to blunt our military’s traditional advantages, the first pillar of our future force must be ensuring that we maintain—and extend—our technological edge over any potential adversary.

The President’s fiscal year 2016 budget includes targeted investments in modernized space, cyber, and missile defense capabilities geared toward countering emerging threats that could upend our technological superiority and our ability to project power. DOD would look forward to providing a full account of our proposed modernization investments, and the threats that compel them, in a classified setting.

The budget also supports the Defense Innovation Initiative, which will help ensure the military continues to ride the leading edge of innovation, and makes deferred modernization investments that will ensure America’s nuclear deterrent remains safe, secure, and effective. Across all these efforts, we must be open to global, commercial technology as well, and learn from advances in the private sector. That’s why, less than two weeks ago at Stanford University, I outlined some first steps we are taking to be more open, rebuild bridges, and renew trust between the Pentagon and the tech community—such as establishing a DOD branch of the U.S. Digital Service, creating a new Defense Innovation Unit (Experimental) to be located in Silicon Valley, expanding and improving the Secretary of Defense Corporate Fellows Program, and developing a pilot project with the independent, non-profit startup backer In-Q-Tel to provide innovative solutions to our most challenging problems.

Because we know that technology alone—however advanced—cannot sustain our military’s superiority, just as important is a ruthless focus on operational excellence. This means using our existing forces and capabilities in new, creative, and fiscally prudent ways to achieve our objectives. This also means working to develop more innovative and effective strategic and military options for the President, introducing a new and more rapidly responsive global force management model, developing new operational concepts, and reforming and updating all our operational plans.

#### *Competitiveness through Accountability & Efficiency*

The second pillar of building the force of the future requires redoubling our efforts to make DOD more accountable and efficient. We live in a competitive world and need to be a competitive organization. If we don’t lean ourselves out and maintain our fighting weight, we have no business asking our fellow citizens for more resources.

As I made clear in my confirmation hearing, I cannot suggest greater support and stability for the defense budget without at the same time frankly noting that not every defense dollar is always spent as well as it should be.

American taxpayers rightly have trouble comprehending—let alone supporting—the defense budget when they read of cost overruns, insufficient accounting and accountability, needless overhead, and the like.

If we’re asking taxpayers to not only give us half a trillion of their hard-earned dollars, but also give us more than we got last year, we have to demonstrate that we can be responsible with it. We must do all we can to spend their money more wisely and more responsibly. We must reduce overhead, and we must curb wasteful spending practices wherever they are.

DOD has sought to continuously improve our acquisition processes over the past 5 years, and I am proud myself to have been a part of that effort. Today, I am re-committing the Defense Department to working both with Congress, and on our

own, to find new and more creative ways of stretching our defense dollars to give our troops the weapons and equipment they need.

The department's Better Buying Power initiative is now on its third iteration since I established it in 2010, with Better Buying Power 3.0 focused on achieving dominant capabilities through technical excellence. I know well and very much appreciate the strong support for acquisition reform demonstrated by members of both the Senate and House, and I share their deep desire to achieve real, lasting results that benefit both America's security and taxpayers.

DOD is working closely with Senate and House Armed Services committee members and staff on ways to eliminate some of the burdensome and duplicative administrative requirements levied on our program managers. To that end, the President's fiscal year 2016 budget submission includes a number of legislative proposals designed to help streamline the program oversight process. We look forward to continuing our close partnership with Congress to see these measures implemented.

As we sustain our focus on acquisition reform, I believe that DOD must concurrently undertake a wholesale review of our business practices and management systems.

Our goal is to identify where we can further reduce the cost of doing business to free up funding for readiness and modernization—ensuring that our energy, focus, and resources are devoted to supporting our frontline operations as much as possible.

We intend to work closely with industry partners—who execute or enable many of our programs, logistics, training, administrative, and other functions—throughout this process, both to explore how they could help us accomplish our missions at reduced cost, and because they may have new and innovative ideas worth considering.

Additionally, the Defense Department is pursuing creative force structure changes to be more agile and efficient—such as how we're modernizing our cruisers and restructuring Army aviation. We've established a new Defense POW/MIA Accounting Agency. And four previous rounds of efficiency and budget reduction initiatives have yielded approximately \$78 billion in projected and actual savings in fiscal year 2016, helping to cushion our defense programs from successive years of budget cuts.

We're also working hard to cut unnecessary overhead: from reducing management headquarters budgets by 20 percent across the department, to divesting excess bases and infrastructure.

When DOD recently requested a round of domestic Base Realignment and Closure, Congress asked that we first pursue efficiencies in Europe. We did. DOD has approved and is pursuing a broad European Infrastructure Consolidation—which will result in some \$500 million in annual recurring savings. We now need a round of domestic BRAC beginning in fiscal year 2017 to address excess infrastructure here at home.

Simply put, we have more bases in more places than we need. We estimate DOD has about 25 percent more infrastructure capacity than necessary. We must be permitted to divest surplus infrastructure as we reduce and renew force structure. With projected recurring savings from a new BRAC round totaling some \$2 billion a year, it would be irresponsible to cut tooth without also cutting tail.

For base communities in question, it's important to remember that BRAC is often an opportunity to be seized. Communities have shown that BRAC is ultimately what you make of it, and there are plenty of places that have emerged from it stronger than they were before.

Consider Lawrence, Indiana, which took advantage of Fort Harrison's closure in 1996 to create an enterprise zone, community college, recreational facilities, and commercial sites that in just 7 years not only replaced 100 percent of the jobs lost when the base closed, but created even more.

Charleston, South Carolina stepped up when the Charleston Naval Complex closed in 1993, and now is home to more than 80 new industrial and Federal agency tenants. The former naval base is now producing millions of dollars' worth of goods that are exported to Europe, Africa, and the Middle East.

And at former Mather Air Force Base in Sacramento County, California, the local redevelopment effort has invested \$400 million and created more than 6,500 jobs—over six times the number of jobs lost when the base closed in 1993. It's now home to scores of businesses, a mixture of private companies, government agencies, and non-profit organizations.

These are just a few examples of what can happen when local leaders, communities, and businesses work together and take advantage of the opportunities for new jobs and new growth after BRAC.

One more point on accountability: Whether we're improving acquisition or closing bases, it is not enough to simply tell taxpayers that we're spending their dollars re-

sponsibly. We have to also show them, which is why good cost accounting and financial auditability is so important to me.

DOD has made significant progress over the past 5 years in adding more discipline to our business environment, but there is much work left to be done, and we remain fully committed to our audit goals.

Today, over 90 percent of DOD's current year, general fund budgetary resources are under some form of financial audit, with the Army, Navy, and Air Force now under audit and following the model employed by the Marine Corps.

We plan to submit every corner of DOD to this kind of audit regimen beginning in fiscal year 2016. With this foundation, the department will progressively expand the scope of these audits until all our organizations, funds, and financial statements will be under audit in fiscal year 2018. I intend to do everything I can—including holding people to account—to get this done.

#### *Competitiveness through Attracting Future Talent*

Third, but no less important, DOD must be competitive when it comes to attracting new generations of talented and dedicated Americans to our calling of defending the Nation.

We know how the attacks of September 11th, 2001 motivated so many Americans to want to be part of this noble endeavor. Going forward, we must ensure our future force can continue to recruit the finest young men and women our country has to offer—military and civilian—like those who serve today.

As we do this, we must be mindful that the next generation expects jobs that give them purpose, meaning, and dignity. They want to be able to make real contributions, have their voices heard, and gain valuable and transferable experience. We must shape the kind of force they want to be in. The battle for talent will demand enlightened and agile leaders, new training schemes, new educational opportunities, and new compensation approaches.

DOD is already pursuing several initiatives that will help ensure the military is a compelling career option and improve how we recruit, retain, and transition both current and future generations of talented Americans. In recent years, we've been expanding pilot programs that facilitate breaks in service that let our people gain diverse work experience. We've tailored our transition assistance program, Transition GPS, to better prepare servicemembers to enter the civilian workforce—providing different tracks for those who want to go to college, those who want skills training, and those who want to be entrepreneurs. And we've put a renewed focus on military ethics and professionalism, as well as making sure our military health system is held to the same high-quality standards we expect from the servicemembers and military family members under its care.

And we're going to keep doing more, because we have to compete if we're going to succeed. As I recently told students at my former high school in Abington, Pennsylvania, today's young Americans are a great fit for the U.S. military and a great fit for what we do, but because our mission is so important and since our people are at the heart of it, we're exploring new ideas that will make us an even better fit for new generations like theirs. For example, we're looking at ways to increase the permeability of the wall between the government and young people working in the private sector, so we can bring in more highly-skilled people in areas like cyber. We're looking at how we can provide personnel with more flexibility and choice in their careers, and improve how we evaluate and promote people based on performance and merit. And we're making sure that we prepare our people to think through their next steps after military service from the day they arrive here, so that they're all primed for success in whatever they decide to do next.

Because we know how important it is—both for today's servicemembers and the generation that will follow them—we're also deeply committed to creating an environment and culture where we live the values we defend and every servicemember is treated with the dignity and respect they deserve.

That's why we're continuing to expand combat positions available to women—because everyone who's able and willing to serve their country should have full and equal opportunity to do so.

It's why we're striving to eliminate sexual assault from the military—because as I recently told local ROTC cadets and midshipmen at Georgetown University and some of our sexual assault first responders at Fort Myer, no man or woman who serves in the United States military should ever be sexually assaulted.

And it's why we've been making sure gay and lesbian servicemembers can serve openly, and that their families receive the benefits their loved ones have earned.

But for everything we're doing, DOD cannot build the force of the future by ourselves. We need Congress's help.

### *What We Need Congress To Do*

Since our current defense budget drawdown began several years ago, I've observed something of a phenomenon here in Washington.

Along with our troops, their families, and our defense civilians, I thank our supporters on Capitol Hill, including most members of this committee, who have joined with us in trying to do everything possible to get Congress to prevent more mindless cuts to our defense budget.

Unfortunately, these combined efforts have been unsuccessful in actually restoring adequate and predictable resources for DOD. We have had to endure deep cuts to readiness, weather pay freezes and civilian furloughs, and cut badly needed investments in modernization and critical technologies. At the same time, Congress has sometimes sought to protect programs that DOD has argued are no longer needed, or require significant reform.

We have had the worst of both worlds—a double whammy of mindless sequestration coupled with inability to reform.

As many of you know, it wasn't always this way.

During the defense drawdown after the Cold War, DOD had much more flexibility thanks to the help of Congress. For example, we were able to resize the Army, retire the A-6 Intruder and many other weapons systems, and implement multiple BRAC rounds, which freed up dollars we re-allocated to keep our force structure ready, capable, and deployable around the world.

I know some of the changes and reforms we're proposing may feel like a significant change from how we currently do business. But if anyone can understand how the dots connect and how we need Congress's help to be able to defend our country, our allies, and our interests in an increasingly dangerous world, it's you—the members of this committee.

The fact is, if we're not able to implement the changes and reforms we need, we will be forced to make painful tradeoffs, even at the higher topline the President is requesting. We will lose further ground on modernization and readiness—leaving tomorrow's force less capable and leaving our Nation less secure. And we will face significant hurdles to executing our Nation's defense strategy. That's why we need your help.

### THE PRESIDENT'S FISCAL YEAR 2016 BUDGET

As we do every year when formulating our budget, this budget seeks to balance readiness, capability, and size—because we must ensure that, whatever the size of our force, we have the resources to provide every servicemember with the right training, the right equipment, the right compensation, and the right quality of fellow troops. That is the only way we can ensure our military is fully prepared to accomplish its missions.

Almost two-thirds of DOD's fiscal year 2016 base budget—\$348.4 billion—funds our day-to-day expenses, similar to what a business would call its operating budget. This covers, among other expenses, the cost of fuel, spare parts, logistics support, maintenance, service contracts, and administration. It also includes pay and benefits for military and civilian personnel, which by themselves comprise nearly half of our total budget.

The remaining third of our base budget—\$185.9 billion—comprises investments in future defense needs, much like a business' capital improvement budget. It pays for the research, development, testing, evaluation, and ultimately acquisition of the weapons, equipment, and facilities that our servicemembers need.

Broken down differently, our base budget includes the following categories:

- Military pay and benefits* (including healthcare and retirement benefits)—\$169 billion, or about 32 percent of the base budget.
- Civilian pay and benefits*—\$79 billion, or about 15 percent of the base budget.
- Other operating costs*—\$105 billion, or about 20 percent of the base budget.
- Acquisition and other investments* (Procurement; research, development, testing, and evaluation; and new facilities construction)—\$181 billion, or about 34 percent of the base budget.

### *Modernization*

What makes this budget different is the focus it puts, more so than any other over the last decade, on new funding for modernization. After years of war, which required the deferral of longer-term modernization investments, this budget puts renewed emphasis on preparing for future threats—especially threats that challenge our military's power projection capabilities.

*Threats to Power Projection and our Technological Edge*

Being able to project power anywhere across the globe by rapidly surging aircraft, ships, troops, and supplies lies at the core of our defense strategy and what the American people have come to expect of their military. It guarantees that when an acute crisis erupts anywhere in the world, America can provide aid when disaster strikes, reinforce our allies when they are threatened, and protect our citizens and interests globally. It also assures freedom of navigation and overflight, and allows global commerce to flow freely.

For decades, U.S. global power projection has relied on the ships, planes, submarines, bases, aircraft carriers, satellites, networks, and other advanced capabilities that comprise our military's unrivaled technological edge. But today that superiority is being challenged in unprecedented ways.

Advanced military technologies, from rockets and drones to chemical and biological capabilities, have found their way into the arsenals of both non-state actors as well as previously less capable militaries. And other nations—among them Russia, China, Iran, and North Korea—have been pursuing long-term, comprehensive military modernization programs to close the technology gap that has long existed between them and the United States.

These modernization programs are developing and fielding advanced aircraft, submarines, and both longer-range and more accurate ballistic and cruise missiles. They're developing new and advanced anti-ship and anti-air missiles, as well as new counter-space, cyber, electronic warfare, undersea, and air attack capabilities. In some areas, we see levels of new weapons development that we haven't seen since the mid-1980s, near the peak of the Soviet Union's surge in Cold War defense spending.

*Targeted Investments in the President's Budget*

One of the reasons we are asking for more money this year than last year is to reverse recent under-investment in new weapons systems by making targeted investments to help us stay ahead of emerging threats—adding substantial funding for space control and launch capabilities, missile defense, cyber, and advanced sensors, communications, and munitions—all of which are critical for power projection in contested environments. The \$70 billion we're requesting for research and development is essential to help build the world's most advanced fighters and bombers, develop new phased arrays for radar, and produce the satellites, missiles, and ships that let us strike terrorists in the Middle East and underwrite stability in the Asia-Pacific.

The budget also makes significant investments in the resilience and survivability of our infrastructure and forces, particularly in the western Pacific, with improved active defenses such as our Patriot and AEGIS systems, as well as selective hardening of key installations and facilities.

DOD is also addressing the erosion of U.S. technological superiority with the Defense Innovation Initiative (DII). The DII is an ambitious department-wide effort to identify and invest in innovative ways to sustain and advance America's military dominance for the 21st century.

The DII will identify, develop, and field breakthrough technologies and systems through a new Long-Range Research & Development Planning Program, and the President's budget supports this effort through specific investments in promising new technologies and capabilities such as high-speed strike weapons, advanced aerodynamics, rail guns, and high energy lasers. The DII also involves the development of innovative operational concepts that would help us use our current capabilities in new and creative ways—like adapting our Tomahawk missiles to be used against moving targets in a maritime environment, or using smart projectiles that can be fired from many of our existing land- and ship-based artillery guns to defeat incoming missiles at much lower cost per round. The ultimate aim is to help craft 'offset strategies' that maximize our strengths and exploit the weaknesses of potential adversaries.

Our budget is also making focused and sustained investments in modernization and manning across the nuclear enterprise, even as we reduce the roles and numbers of nuclear weapons in the U.S. nuclear posture. These investments are critical for ensuring the continued safety, security, and effectiveness of our nuclear deterrent, as well as the long-term health of the force that supports our nuclear triad, particularly after recent troubling lapses in parts of DOD's nuclear enterprise. To help fund improvements across the nuclear enterprise, we are requesting an increase of approximately \$1 billion in fiscal year 2016, and about \$8 billion over the FYDP.

### *Readiness*

DOD must rebuild and recover after more than 13 years of uninterrupted war. But our effort to do so has been frustrated by two variables, both of which are out of our hands—one, the continued high operational tempo and high demand for our forces, and two, the uncertainty surrounding annual appropriations.

Only over the last couple of years has readiness begun to recover from the strains of over a decade of war, exacerbated by sequestration in 2013. Nevertheless, readiness remains at troubling levels across the force.

While our forward-deployed forces remain ready, our surge forces at home are not as ready as they need to be. The President's budget therefore invests in near-term unit readiness by adjusting service end-strength ramps to reduce personnel turbulence and stress on the force, while increasing funding to improve home station training and training-related infrastructure.

This past year has demonstrated that our military must be ready to fight more than just the last war. We have to be prepared across all domains—air, land, sea, space, and in cyberspace—to engage in both low- and high-end missions and conflicts, as well as in the shadowy, so-called 'hybrid warfare' space in between.

While this budget submission's requested and projected funding levels will enable the military to continue making steady progress toward full-spectrum combat readiness, the gains we've recently made are fragile. Sustaining them to provide for ready and capable forces will require both time and a stable flow of resources, which is why, even under the budget we're requesting, the Army, Navy, and Marine Corps won't all reach their readiness goals until 2020, and the Air Force won't do so until 2023.

### *Army:*

For fiscal year 2016, the Army's base budget of \$126.5 billion supports an end-strength of 1,015,000 soldiers—475,000 soldiers on active duty, 342,000 soldiers in the Army National Guard, and 198,000 soldiers in the Army Reserve—comprising 57 total force brigade combat teams and associated enablers. The budget also supports 19 brigade-level training rotations at the Army's Combat Training Centers, which are critical to the Army's efforts to reach full-spectrum combat readiness.

While the Army's postwar end-strength target remains a force of approximately 450,000 active-duty soldiers, 335,000 Army National Guard soldiers and 195,000 Army Reserve soldiers, this year's budget slows the drawdown rate. Rather than planning to reduce the active-duty force by 20,000 soldiers and the National Guard by 14,000 soldiers in fiscal year 2016, the Army will instead plan to reduce by 15,000 active-duty soldiers and 8,000 Guardsmen, while still maintaining its schedule for reducing unit structure. This will help mitigate personnel turbulence and stress, while also improving unit manning as the Army approaches its target size.

The Army's budget for fiscal year 2016 also includes \$4.5 billion for Army helicopter modernization. Specifically:

- UH-60M Black Hawk*: We are requesting \$1.6 billion to support buying 94 multi-mission helicopters in fiscal year 2016, and \$6.1 billion for 301 helicopters over the FYDP.
- AH-64E Apache*: We are requesting \$1.4 billion to support development and purchase of 64 attack helicopters in fiscal year 2016, and \$6.2 billion for 303 helicopters over the FYDP.
- CH-47F Chinook*: We are requesting \$1.1 billion to support development and purchase of 39 cargo helicopters in fiscal year 2016, and \$3.2 billion for 95 helicopters over the FYDP.
- UH-72 Lakota*: We are requesting \$187 million in fiscal year 2016 to support the final buy of 28 light utility helicopters.

These investments require difficult trade-offs given today's constrained fiscal environment. That is why the Army is resubmitting the Army's Aviation Restructure Initiative, which makes the most efficient use of taxpayer dollars by retiring outdated airframes and streamlining the Army's helicopter fleet so that platforms can be modernized and allocated where they are needed most.

As you know, I am committed to reviewing the Army's Aviation Restructure Initiative. However, the Army believes that fully implementing the Aviation Restructure Initiative (ARI), which includes shifting National Guard Apaches to active-duty units while providing Guard units with Black Hawks, is prudent for several reasons.

For one, Apaches are in high demand at high levels of readiness that would require Guard units manning them to mobilize at unprecedently high rates; or alternatively, for the Army to spend a total of approximately \$4.4 billion to fully equip the Guard's Apache battalions, and then \$350 million per year to maintain them at those high levels of readiness. Meanwhile, Black Hawks are more suitable for Guard missions here at home. Whether homeland defense, disaster relief, support

to civil authorities, or complementing our active-duty military, these missions tend to demand transport and medical capabilities more than the attack capabilities of Apaches. In sum, the initiative avoids approximately \$12 billion in costs through fiscal year 2035 and saves over \$1 billion annually starting in fiscal year 2020. Considering these figures, implementing the Aviation Restructure Initiative is not only in the best warfighting interest of the Army, but also in the interest of the taxpayers who fund it.

I know this is a contentious issue. However, we believe the ARI is the least cost, best solution for the Army's aviation enterprise. DOD looks forward to making its case to the National Commission on the Future of the Army established by the 2015 National Defense Authorization Act.

*Navy & Marine Corps:*

The Navy and Marine Corps are allocated \$161 billion for fiscal year 2016, supporting a 282-ship fleet in 2016 and a 304-ship fleet by fiscal year 2020 with a return to 11 aircraft carriers, 386,600 active-duty and Reserve sailors, and 222,900 active-duty and Reserve Marines.

The President's budget invests \$16.6 billion in shipbuilding for fiscal year 2016, and \$95.9 billion over the FYDP. The budget protects critical Navy and Marine Corps investments in undersea, surface, amphibious, and airborne capabilities—all of which are critical for addressing emerging threats. Specifically:

- Submarines:* We are requesting \$5.7 billion for fiscal year 2016, and \$30.9 billion over the FYDP, to support buying two *Virginia*-class attack submarines a year through fiscal year 2020. We are also requesting \$1.4 billion in fiscal year 2016, and \$10.5 billion over the FYDP, to support the replacement for the *Ohio*-class ballistic missile submarine.
- DDG-51 Guided Missile Destroyers:* We are requesting \$3.4 billion for fiscal year 2016, and \$18.5 billion over the FYDP, to support the continued development and procurement of two DDG-51 destroyers a year through fiscal year 2020.
- Aircraft Carriers:* The President's budget plan enables us to support 11 carrier strike groups. We are requesting \$678 million in fiscal year 2016, and \$3.9 billion over the FYDP, to support the refueling and overhaul of the *USS George Washington*. We are also requesting \$2.8 billion in fiscal year 2016, and \$12.5 billion over the FYDP, to support completion of the *Gerald Ford*, fourth-year construction of the *John F. Kennedy*, and long-lead items for CVN-80, *Enterprise*.
- Littoral Combat Ships (LCS) and Small Surface Combatants:* We are requesting \$1.8 billion in fiscal year 2016, and \$9.4 billion over the FYDP, to support development and procurement of 14 littoral combat ships over the FYDP—including three LCS in fiscal year 2016. We are also requesting \$55 million in fiscal year 2016, and \$762.8 million over the FYDP, to support capability improvements to the survivability and lethality of the LCS required for the Navy to modify it into a small surface combatant.
- Fleet Replenishment Oiler:* We are requesting \$674 million to support buying one new fleet replenishment oiler, the TAO(X), in fiscal year 2016—part of a \$2.4 billion request to buy four of them over the FYDP.
- Amphibious Transport Docks:* We are requesting \$668 million in fiscal year 2016 to finish buying one *San Antonio*-class amphibious transport dock.
- F-35 Lightning II Joint Strike Fighter:* The Department of the Navy is procuring two F-35 variants, the Navy carrier-based F-35C and the Marine Corps short-take-off-and-vertical-landing F-35B. The Navy and Marine Corps are requesting \$3.1 billion in fiscal year 2016 to support procurement of 13 aircraft—nine F-35Bs and four F-35Cs—and aircraft modifications and initial spares, and \$20.9 billion over the FYDP to support procurement of 121 aircraft and aircraft modifications and initial spares.
- Patrol and Airborne Early Warning Aircraft:* We are requesting \$3.4 billion in fiscal year 2016, and \$10.1 billion over the FYDP, to support continued development and procurement of 47 P-8A Poseidon maritime patrol aircraft through fiscal year 2020. We are also requesting \$1.3 billion in fiscal year 2016, and \$6.1 billion over the FYDP, to support buying 24 E-2D Hawkeye airborne early warning aircraft through fiscal year 2020.

Making these investments while also abiding by fiscal prudence, we had to make more difficult trade-offs. For that reason, we are resubmitting our request to place some of the Navy's cruisers and an amphibious landing ship—12 ships in total, including 11 cruisers—into a phased modernization program that will provide them with enhanced capability and a longer lifespan. Given that our cruisers are the most capable ships for controlling the air defenses of a carrier strike group, and in light

of anti-ship missile capabilities being pursued by other nations, this modernization program will, over the next decade and a half, be a baseline requirement for sustaining both our cruiser fleet and 11 carrier strike groups through 2045.

I acknowledge and appreciate the plan put forward in the omnibus Consolidated and Further Continuing Appropriations Act, 2015, which helps us get to our goal, and which we have begun to implement. However, this plan is more expensive, and results in shorter ship life. Considering that our plan is critical for our power projection capabilities, we believe it should be implemented in full, and look forward to working with the Congress as we move forward.

*Air Force:*

The Air Force is allocated a base budget of \$152.9 billion for fiscal year 2016, supporting a force of 491,700 active-duty, Guard, and Reserve airmen, 49 tactical fighter squadrons, 96 operational bombers out of a total 154-aircraft bomber fleet, and a safe, secure, and effective nuclear deterrent that includes 450 intercontinental ballistic missiles.

The Air Force's budget reflects DOD's decision to protect modernization funding for advanced capabilities and platforms most relevant to both present and emerging threats—in this case, fifth-generation fighters, long-range bombers, and mid-air refueling aircraft to assure our air superiority and global reach; both manned and remotely-piloted aircraft to help meet Combatant Commanders' needs for intelligence, surveillance, and reconnaissance (ISR); and research and development to ensure continued and competitive space launch capabilities. Specifically:

- F-35A Lightning II Joint Strike Fighter:* We are requesting \$6 billion to support buying 44 aircraft, aircraft modifications, and initial spares in fiscal year 2016, and \$33.5 billion to support buying 272 aircraft, modifications, and spares over the FYDP.
- KC-46A Pegasus Refueling Tanker:* We are requesting \$2.4 billion to buy 12 aircraft in fiscal year 2016, and \$14.6 billion to buy 72 aircraft over the FYDP.
- Long-Range Strike Bomber:* We are requesting \$1.2 billion for research and development in fiscal year 2016, and \$13.9 billion over the FYDP.
- Remotely-Piloted Aircraft:* We are requesting \$904 million to support buying 29 MQ-9A Reapers in fiscal year 2016, and \$4.8 billion to support buying 77 of them over the FYDP. This investment is critical to ensuring the Air Force has enough around-the-clock permissive ISR combat air patrols—in this case, allowing us to increase from 55 to 60—to meet increased battlefield demands.
- Competitive Space Launch:* This budget supports year-over-year increases in competitive space launches—going up from two in fiscal year 2015 to three in fiscal year 2016, and further increasing to four competitive launches in fiscal year 2017. The budget also supports investments to mitigate DOD reliance on the RD-180 space engine that powers the Atlas V Evolved Expendable Launch Vehicle rockets.
- Combat Rescue Helicopter:* We are requesting \$156 million in fiscal year 2016 for the Air Force's next-generation combat rescue helicopter—part of a total \$1.6 billion request over the FYDP for research, development, testing, and evaluation—and requesting \$717 million over the FYDP for procurement.

In light of high demand coupled with Congressional consultations, the Air Force budget reflects DOD's decision to slow the retirement timelines for three key ISR and battle management platforms.

We chose to defer the retirement of the U-2 Dragon Lady reconnaissance aircraft until fiscal year 2019, when planned sensor upgrades to the RQ-4 Global Hawk will combine with other capabilities to mitigate the loss of the U-2. We chose to delay the previously planned retirement of seven E-3 Sentry AWACS until fiscal year 2019, so they can support air operations over Iraq and Syria. And we chose to delay retirement of any E-8 JSTARS through fiscal year 2020, pending final approval of the Air Force's acquisition strategy for its replacement.

The Air Force budget also supports a timeline that would phase out and retire the A-10 in fiscal year 2019. With the gradual retirement of the A-10 that we're proposing, the Air Force will better support legacy fleet readiness and the planned schedule for standing up the F-35A by filling in some of the overall fighter maintenance personnel shortfalls with trained and qualified personnel from the retiring A-10 squadrons.

As you know, F-35 maintainer demand has already required the Air Force to use the authority Congress provided last year to move some A-10s into back-up aircraft inventory status. I should note that the Air Force is doing so only to the extent that it absolutely must, and so far intends to move fewer A-10s into this status than what Congress has authorized. I know this is an important issue, and DOD looks forward to working with you on it.

*Defense-Wide:*

The remaining share of our base budget—about \$94 billion—is allocated across the Department of Defense. This includes funding for cyber, U.S. Special Operations Command, the Defense Advanced Research Projects Agency, the Defense Health Agency, the Joint Staff, the Office of the Secretary of Defense, and missile defense.

For fiscal year 2016, a \$9.6 billion total investment in missile defense helps protect the U.S. homeland, deployed forces, and our allies and partners. This includes \$8.1 billion for the Missile Defense Agency, \$1.6 billion of which will help ensure the reliability of U.S. ground-based interceptors, which are currently sited at Fort Greely, Alaska and Vandenberg Air Force Base, California. The budget also continues to support the President's timeline for implementing the European Phased Adaptive Approach.

*Overseas Contingency Operations:*

Separate from DOD's base budget, we are also requesting \$50.9 billion in Overseas Contingency Operations (OCO) funding for fiscal year 2016. This represents a 21 percent decrease from last year's \$64.2 billion in OCO funding, continuing OCO's decline since 2010, while also reflecting continued operational demands on U.S. forces around the world. OCO comprises funding for:

- Afghanistan and Other Operations:* We are requesting \$42.5 billion to support Operation Freedom's Sentinel and other missions. This includes \$7.8 billion for reset and retrograde of U.S. equipment from Afghanistan, as well as \$3.8 billion for training and equipping the Afghan National Security Forces through our ongoing train-advise-and-assist mission.
- Counter-ISIL Operations:* We are requesting \$5.3 billion to support Operation Inherent Resolve. This includes \$1.3 billion for training and equipping Iraqi forces, including Kurdish forces, and the vetted moderate Syrian opposition.
- Counterterrorism Partnerships Fund:* Reflecting the vital role that our allies and partners play in countering terrorism that could threaten U.S. citizens, we are requesting \$2.1 billion for the Counterterrorism Partnerships Fund that President Obama established last year.
- NATO Reassurance:* We are requesting \$789 million for the European Reassurance Initiative, which the President created last year to help reassure our NATO allies and reinforce our Article V commitment in light of Russia's violations of Ukrainian sovereignty.

The conclusion of major combat operations in Afghanistan and Iraq has resulted in a 73 percent drop in DOD's OCO costs from their \$187-billion peak in fiscal year 2008.

We are continuing to use OCO as appropriate to finance our military's response to unforeseen crises, but we must also account for those enduring priorities that we do not envision going away—such as supporting our Afghan partners, countering terrorism, maintaining a strong forward presence in the Middle East, and ensuring our military is ready to respond to a wide range of potential crises.

The Administration intends to transition OCO's enduring costs to the base budget between fiscal years 2017 and 2020. We will do this over time, and in a way that protects our defense strategy—including DOD's abilities to deter aggression, maintain crisis-ready forces, and project power across the globe. This transition, however, will not be possible unless the threat of sequestration has been removed.

Having financed the costs of key military activities—such as counterterrorism operations and our Middle East posture—outside the base budget for 14 years, and knowing that the security situation in the Middle East remains volatile, it will take time to determine which OCO costs are most likely to be enduring, and which are not. But we will release a plan later this year, which will also address how we will budget for uncertainty surrounding unforeseen future crises, and implications for DOD's budget.

**COMPENSATION**

The choices we face about military compensation are vexing, critically important, and closely followed, so I want to be direct and upfront with you.

When our troops go into battle—risking their lives—we owe to them, and their families, not only adequate pay and compensation, but also the right investments—in the right people, the right training, and the right weapons and equipment—so that they can accomplish their missions and come home safely.

To meet all of these obligations at once, we have to balance how we allocate our dollars. It would be irresponsible to prioritize compensation, force size, equipment, or training in isolation, only to put our servicemembers' lives at unacceptable risk in battle.

For the President's fiscal year 2016 budget, the Defense Department considered its compensation proposals very carefully, as well as those approved by Congress in the 2015 National Defense Authorization Act. Accordingly, this budget again proposes modest adjustments to shift funds from compensation into readiness, capability, and force structure, so that our people can continue executing their missions with continued excellence.

As you know, last week President Obama informed the Congress of his Administration's positions on the recommendations released by the Military Compensation and Retirement Modernization Commission. The Department of Defense commends the commission for its 18-month independent review of the military retirement and compensation programs administered both inside and outside DOD. Their work confirmed many positive changes that we're making to uphold our commitments to our people, and also pointed out areas where we can do better.

As I testified before Congress in March, many of the commission's proposals would significantly affect our servicemembers and their families, and DOD owes them, President Obama, and the country our utmost diligence and most rigorous analysis. And over the past 3 months, DOD has conducted a rapid yet comprehensive review of the commission's recommendations, working closely with both the commission and our interagency partners to adopt or refine the specific proposals where possible.

We are now prepared to support specific proposals for 10 of the commission's 15 recommendations, and, given the complexities of four others, we will continue to conduct analysis and work with the commission over the next few months. In some instances, the Defense Department is already taking steps to implement these first 10 recommendations, but in areas that will require legislative changes to do so, we will work quickly to submit proposed legislative language to Congress as soon as possible.

However, while we agree with the commission that reforms to the military healthcare system are needed, we also believe that the TRICARE proposals in President Obama's fiscal year 2016 budget serve as a good first step by offering servicemembers, military families, and retirees greater choice and control over their healthcare decisions. DOD looks forward to working with the commission, our interagency partners, and interested members of Congress over the course of this year as we develop additional reform proposals to be considered for the President's fiscal year 2017 budget.

DOD will continue to work closely with the Congress and the commission to achieve the goals we share: ensuring the long-term strength and vitality of our all-volunteer force, and honoring all our servicemembers—past, present, and future.

#### IMPACT OF SEQUESTRATION

At the end of 2013, policymakers came together on a bipartisan basis to partially reverse sequestration and pay for higher discretionary funding levels with long-term reforms. We've seen how that bipartisan agreement has allowed us to invest in areas ranging from research and manufacturing to strengthening our military. We've also seen the positive impact on our economy, with a more responsible and orderly budget process helping contribute to the fastest job growth since the late 1990s.

The President's budget builds on this progress by reversing sequestration, paid for with a balanced mix of commonsense spending cuts and tax loophole closures, while also proposing additional deficit reduction that would put debt on a downward path as a share of the economy. The President has also made clear that he will not accept a budget that locks in sequestration going forward.

As the Joint Chiefs and others have outlined, and as I will detail in this testimony, sequestration would damage our national security, ultimately resulting in a military that is too small and insufficiently equipped to fully implement our defense strategy. This would reflect poorly on America's global leadership, which has been the one critical but defining constant in a turbulent and dangerous world. In fact, even the threat of sequestration has had real effects.

You don't need me to tell you that the President has said he will not accept a budget that severs the vital link between our national and economic security. Why? Because the strength of our Nation depends on the strength of our economy, and a strong military depends on a strong educational system, thriving private-sector businesses, and innovative research. And because that principle—matching defense increases with non-defense increases dollar-for-dollar—was a basic condition of the bipartisan agreement we got in 2013, the President sees no reason why we shouldn't uphold those same principles in any agreement now.

In recent weeks, some in Congress have tried to provide DOD with its full budget request for fiscal year 2016 by transferring funds from the base budget into our accounts for Overseas Contingency Operations, or OCO. While this approach clearly recognizes that the budget total we've requested is needed, the avenue it takes is just as clearly a road to nowhere. I say this because President Obama has already made clear that he won't accept a budget that locks in sequestration going forward, and he won't accept a budget that severs the vital link between our national security and economic security. Legislation that implements this budget framework will therefore be subject to veto. So if we don't come together and find a different path by fall when a new budget is needed, it would put our department and our troops in a very difficult position. We will yet again have to make some very hasty and drastic decisions—decisions that none of us want to be made. The Joint Chiefs and I are concerned that if our Congressional committees continue to advance this idea and don't explore alternatives, then we'll all be left holding the bag.

That's not where I want to be in 6 months, but since the OCO funding approach is not the kind of widely-shared agreement needed, we can see now that it won't succeed.

Moreover, the 1 year OCO approach does nothing to reduce the deficit. It risks undermining support for a mechanism—OCO—meant to fund incremental costs of overseas conflicts in Afghanistan, Iraq, and elsewhere. Most importantly, because it doesn't provide a stable, multi-year budget horizon, it is managerially unsound, and also unfairly dispiriting to our force. Our military personnel and their families deserve to know their future more than just 1 year at a time. And not just them. Our defense industry partners, too, need stability and longer-term plans—not end-of-year crises or short-term fixes—to be efficient and cutting-edge. As a nation, we need to base our defense budgeting on our long-term military strategy, and that's not a 1 year project.

This funding approach also reflects a narrow way of looking at our national security—one that ignores the vital contributions made by the State, Justice, Treasury, and Homeland Security Departments, and disregards the enduring long-term connection between our Nation's security and many other factors. Factors like scientific R&D to keep our technological edge, education of a future all-volunteer military force, and the general economic strength of our country.

Finally, I'm also concerned that how we deal with the budget is being watched by the rest of the world—by our friends and potential foes alike. It could give a misleadingly diminished picture of America's great strength and resolve.

The only way we're going to get out of the wilderness of sequestration is if we work together. I therefore appeal to members of Congress, from both parties, to start looking for ways to find a truly bipartisan compromise. I hope they can make clear to their colleagues that sequestration would also damage America's long-term strength, preventing our country from making pro-growth investments in areas ranging from basic research to early childhood education—investments that, in the past, have helped make our military the finest fighting force the world has ever known.

Sequestration is set to return in just under 150 days. Letting that happen would be unwise and unsafe for our national defense, over both the short and long term.

#### *Short-Term Impact*

DOD has had to live with uncertain budgets for the last 3 years, continuous and sudden downward revisions of our budget plans, and even a government closure. To continue meeting all of our mission requirements, we've done our best to manage through these circumstances, underfunding significant parts of our force and its support systems. Put bluntly, we have survived, but not thrived. Our military has made painful choices and tradeoffs among the size, capabilities, and readiness of our joint force, and we've amassed a number of bills that are now coming due.

That's why the department has been counting on and planning for a budget increase of roughly \$35 billion above sequestration-level caps in fiscal year 2016. If it looks like DOD will be operating at sequestration levels in 2016, on October 1 we will have to swiftly begin making cuts so that we don't end up \$35 billion short as we approach year's end.

A return to sequestration in fiscal year 2016 would affect all aspects of the department, but not all equally.

More than one-third of the fiscal year 2016 cuts would come have to come from Operations and Maintenance accounts, with unavoidable reductions in readiness and our ability to shape world events in America's interest. Let me put this more plainly: allowing sequestration to return would deprive our troops of what they need to accomplish their missions.

Approximately half of the cuts would have to come from the department's modernization accounts, undermining our efforts to secure technological superiority for U.S. forces in future conflicts. Because there are bills that DOD absolutely must pay—such as the salaries of our troops—many capabilities being developed to counter known threats from highly capable adversaries would be delayed or cancelled, deepening our Nation's vulnerabilities at a time when the world is growing more dangerous, not less. Sequestration would put a hold on critical programs like our Aerospace Innovation Initiative, the Next Generation Adaptive Engine, the Ground-Based Interceptor missile defense kill vehicle redesign, and several space control efforts.

Deferring these investments is bad policy and makes the Defense Department less competitive for the future. What's more, it breaks faith with the troops of today and the troops of tomorrow. And it undermines the defense industrial base that is a critical foundation for our national security.

#### *Long-Term Impact*

If sequestration were to persist over time, the long-term consequences would be harder hitting. We would ultimately have a military that looks fundamentally different, and that performs much differently, from what our Nation is accustomed to.

If we are forced to sequestration-level budgets, I do not believe that we can continue to make incremental cuts and maintain the same general set of objectives as we've had in our defense strategy. I will insist that new cuts be accompanied by a frank reassessment of our strategic approach to addressing the threats we face around the world—what we are asking the Armed Forces to do and to be prepared to do.

I cannot tell you right now exactly what that means—DOD is not resigned to the return of sequestration—but I can tell you that I will direct the department to look at all aspects of the defense budget to determine how best to absorb these cuts. No portion of our budget can remain inviolate.

What I will not do is let DOD continue mortgaging our future readiness and capability. I will not send our troops into a fight with outdated equipment, inadequate readiness, and ineffective doctrine.

Everything else is on the table.

What does that mean? We could be forced to consider pay cuts, not just cuts in the growth of compensation. We could be forced to consider all means of shedding excess infrastructure, not just working within the Congressional BRAC process. We could be forced to look at significant force structure cuts, not just trimming around the edges. We could be forced to ask our military to do—and be prepared to do—significantly less than what we have traditionally expected, and required of it.

I am not afraid to ask these difficult questions, but if we are stuck with sequestration's budget cuts over the long term, our entire Nation will have to live with the answers.

A prolonged period of depressed defense budgets will almost certainly mean a smaller, less capable, and less ready military. No one can fully predict the impact on the future. But it could translate into future conflicts that last longer, and are more costly in both lives and dollars.

That may sound severe to some, but it is a fact, and history should be our guide when we think about the true cost of sequestration.

#### *The Case for Repealing Sequestration*

I know I'm preaching to the choir here. If sequestration could have been reversed by just this committee and its counterpart in the House, it probably would have happened years ago. So I offer the following to Members of the Committee about what you can remind your colleagues when you ask for their vote to repeal sequestration:

Remind them that even after the increase we're asking for, DOD's budget as a share of total Federal spending will still be at a near-historic low—a quarter of what it was during the Korean War, a third of what it was during the Vietnam War, and half of what it was during the Reagan buildup.

Remind them that the increased funding is for modernization that's critical to keeping our military's technological edge and staying ahead of potential adversaries.

Remind them that DOD has hands-on leadership from the very top—me—devoted to using taxpayer dollars better than they've been used in the past. You have my personal commitment to greater accountability, greater efficiency, and running this department better and leaner than before.

Remind them that sequestration's cuts to long-term investments will likely make those investments more costly down the line. All who bemoan unnecessary Pentagon program delays and the associated cost overruns should know that sequestration

will only make these problems worse. I can easily sympathize with my non-defense counterparts in this regard; knowing how wasteful and inefficient sequestration would be at DOD, I have no doubt the same is true at other departments and agencies as well.

Remind them that sequestration's impact on our domestic budget will cause further long-term damage to our defense—because the strength of our Nation depends on the strength of our economy, and a strong military needs strong schools to provide the best people, strong businesses to provide the best weapons and equipment, and strong science and research sectors to provide the best new innovations and technologies.

Remind them that we can't keep kicking this can down the road. The more we prolong tough decisions, the more difficult and more costly they will be later on.

#### CONCLUSION

The men and women of the Department of Defense are counting on Congress to help assure the strength of our military and American global leadership at a time of great change in the world.

We must reverse the decline in defense budgets to execute our strategy and fund a modern, ready, leaner force in a balanced way. We must seize the opportunity to enact necessary reforms in how we do business. And we must bring an end to the threat sequestration poses to the future of our force and American credibility around the world.

As you evaluate the President's budget submission, I encourage you and your colleagues to keep it in perspective.

In the years since the President's fiscal year 2012 budget request—the benchmark for cuts prescribed under the 2011 Budget Control Act—DOD's 10-year budget projections have absorbed more than \$750 billion in cuts, or more than three-quarters of the trillion-dollar cuts that would be required should sequestration be allowed to run its course. And while some claim this is our biggest budget ever, the fact is, as a share of total Federal spending, DOD's fiscal year 2016 budget is at a near-historic low—representing about 14 percent of total Federal discretionary and non-discretionary outlays. DOD's total budget remains more than \$100 billion below what it was at the height of the wars in Iraq and Afghanistan.

I think we can all agree that the world in 2014 was even more complicated than we could have foreseen. Given today's security environment—which has over 200,000 American servicemembers stationed in over 130 countries conducting nearly 60 named operations—our proposed increase in defense spending over last year's budget is a responsible, prudent approach.

Some of you may recall how, in 1991, after America's Cold War victory and amid doubts about America's engagement with the world and calls for a bigger domestic peace dividend, a bipartisan group in Congress stepped forward to help shape America's global leadership and make long-term decisions from which we continue to benefit.

Senators Sam Nunn and Dick Lugar helped craft, pass, and pay for the small Cooperative Threat Reduction Program that allowed the United States and DOD to provide the funding and expertise to help former Soviet states decommission their nuclear, biological, and chemical weapon stockpiles.

The Nunn-Lugar program was initially opposed abroad, and there were also doubts at the Pentagon about whether we could implement it without losing track of funding. I know. I helped lead the program in its early years. But with slow and diligent effort by American defense officials, the Congress, and our foreign partners, it worked.

It helped prevent weapons of mass destruction from falling into the wrong hands. It helped establish a pattern of international cooperation and global norms in the post-Cold War international order. And, in the light of the current instability in Ukraine, it might have staved off several variants of nuclear disaster.

But it also set an important precedent for our work on this budget and in the years ahead. It shows what Congressional conviction—especially when it is bipartisan—can accomplish in foreign policy. It shows the value of foresight and planning for an uncertain future. And it shows how spending a relatively few dollars today can generate huge value down the line.

As the new Secretary of Defense, I hope it will be possible to again unite behind what our great Nation should do to protect our people and make a better world, and provide our magnificent men and women of the Department of Defense—who make up the greatest fighting force the world has ever known—what they deserve.

Thank you.

Senator COCHRAN. Thank you, Mr. Secretary. I noticed in the submission that we have before us this morning, you have created or proposed to create a new defense innovation unit, a point-of-partnership so-called, apparently to be led by a civilian with a military deputy and staffed with an elite team of Active Duty, Reserve, and civilian personnel. It sounds like an ambitious undertaking and may be complicated. And there is the suggestion that the team will look for breakthroughs in emerging technologies.

I wonder if you could let us know how much do you think this is going to cost and how long will it take to have—be up and running?

Secretary CARTER. I surely can provide you with the costs, and I will do so.

[The information follows:]

The initial cost estimate for Defense Innovation Unit Experimental (DIUx) start-up is \$1.75 million in fiscal year 2015 and an estimated \$5.0 million per year thereafter. The unit was officially stood up on July 2, 2015 in Mountain View, California.

Secretary CARTER. As far as the mechanism is concerned, it is an important effort. It is an experimental effort. This is our so-called Defense Innovation Unit (Experimental) that I announced the creation of about a week and a half ago. It has a couple of things that it brings together, Mr. Chairman. One is our need to continue to be on the cutting edge, especially the cyber edge, represented by the Silicon Valley tech industry.

Second, our need, which I mentioned in my statement, to continue to attract the very best to Defense, so we want to have an open door so we are an exciting and attractive place for the country's smartest young people to come and work, even if they can only work for a period of time and contribute, to come in and help us out. And third, it combines an ingredient you mentioned, which is the use of the Reserve component, which is a huge treasure for our Department. A lot of the reservists are very technologically savvy, and so they, who are out there anyway in that region, will contribute to it.

So it brings a number of ingredients together for the future, and we are going to try it out. It does say it is an experiment. It is not a costly experiment, but it is critical, I think, for us to have an open avenue between us and Silicon Valley. And by the way, this is other innovative corridors as well. We need to be an innovative department so we stay fresh and attractive.

Senator COCHRAN. Thank you. General Dempsey, I would ask you if you would like to make your opening statement. You may proceed at this point.

**STATEMENT OF GENERAL MARTIN E. DEMPSEY, U.S. ARMY, CHAIRMAN, JOINT CHIEFS OF STAFF**

General DEMPSEY. Thank you, Chairman and Vice Chairman Durbin, distinguished members of this committee. Thanks very much at the outset for the very kind words about my service. It has been a rare privilege to hold this position and to be able to represent the millions of men and women and their families who serve around the world. And thank you to this committee for your support through those years.

So this is my hearing. I thank you for the opportunity, and if it turns that it is not, then I suppose until we meet again.

On that note, I would like you to know that I fully support the selection or the nominations of General Joe Dunford as the 19th chairman and of General Paul Selva as the vice chairman. They will serve with distinction. You can count on them. You can trust them, which I think is the right word, to provide you timely, pragmatic, and effective military advice.

I would just like to reiterate something that I have said in the previous hearings for this fiscal year, which is that the global security environment is as uncertain as I have seen in 40 years of service. And we are at a point where our global aspirations are exceeding our available resources. We have heard the Congress of the United States loud and clear that we have to become more efficient, and we have to do the rigorous strategic thinking to determine the minimum essential requirements that we believe—that is to say, the uniform military—are essential to protect our national interests across the globe.

We think that President's budget 2016 is the answer to that latter point, which is the minimum essential requirements. In my judgment, this budget represents a responsible combination of capability, capacity, and readiness. But we are at the bottom edge of our manageable risk in achieving and fulfilling our national security strategy as it is currently designed. Funding lower than President's budget 2016 and lacking the flexibility to make the internal reforms that we believe we need to make will put us in a position where we will have to change our national security strategy.

For the past—and let me describe what kind of change you might see—for the past 25 years, the United States military has secured the global commons. We have deterred our adversaries, we have reassured our allies, and we have responded to crises and conflict primarily by maintaining our presence forward or abroad. It has been our strategy to shape the future in the international security environment by our forward presence and by building relationships with regional partners.

In general terms, about one-third of the force is forward deployed, one-third has just returned, and one-third is getting ready to go. This, as you know, puts a significant strain on the men and women in uniform, but we have kept the Nation safe by following that paradigm. Sequestration would fundamentally and significantly change the way we deploy the force, and in so doing, affect the way we can shape the security environment. We will probably be almost 20 percent smaller from where we started when I became the chairman.

And our forward presence will be reduced by more than a third. We will have less influence, and we will be less responsive. Conflict will take longer to resolve and will be more costly in terms of dollars and casualties in an age when we are less certain about what will happen next, but certain that it will happen more quickly. We will be further away and less ready than we need to be. Simply stated, sequestration will result in a dramatic change to how we protect our Nation and how we promote our national security interests.

Mr. Chairman and members of this committee, our men and women in uniform are performing around the globe with extraordinary courage, character, and professionalism. It seems to me that we owe them and their families clarity and, importantly, predictability on everything from policy to compensation, healthcare, equipment, training, and readiness. Settling down the uncertainty that we have experienced over the past 4 years, and our decision-making processes, and getting us out of the 1-year-at-a-time cycle that we have been in will help us keep the right people in our all-volunteer force. And that, after all, is our decisive edge. And we will be able to maintain the military that the American people deserve, and, frankly, I think they expect.

#### PREPARED STATEMENT

I am grateful for the continued opportunity to support our men and women in uniform, and I promise I will run through the tape, as we say, in the time remaining and make myself available at any time to help you shape the policy and fiscal decisions ahead of you. Again, I thank you, the Congress of the United States, and the members of this committee for your support.

[The statement follows:]

#### PREPARED STATEMENT OF GENERAL MARTIN E. DEMPSEY

Chairman Cochran, Vice Chairman Durbin, members of this Committee, it is my privilege to report to you on the state of America's Armed Forces, the changes in the global security environment, and the opportunities and challenges ahead.

I am exceptionally honored to represent the men and women of our Armed Forces. Those who defend this Nation and the families who support them remain our most valuable national treasure and our competitive advantage. Deeply experienced from 14 years of continuous deployments in harm's way, our All-Volunteer Force has been adaptable and resilient beyond expectation. Our men and women in uniform have performed around the globe with extraordinary courage, character, and professionalism. I am grateful for the continued support they receive from this distinguished body and from the American people.

What makes America's Armed Forces who we are is our ability to provide options to the national command authority and our elected leaders to keep our Nation safe from coercion. The American people and our Allies expect that of us.

Our military remains strong today. However, with threats proliferating, resources declining, and sequestration just months away, our ability to assure our allies is in question and our advantages over our adversaries are shrinking. This is a major strategic challenge affecting not only our military, but ultimately, America's leadership in the global world order.

With your support, we can—and we must—sustain our military's decisive edge by prioritizing investments in readiness, training, modernization, and leader development. We must make the tough, but necessary choices in our strategy, our structure, and our resources for our Nation's future. Our men and women in uniform and the American people are trusting us to get it right.

#### JOINT FORCE OPERATIONS

It has been an extraordinarily busy time for America's military. During the past 12 months, the men and women of our Joint Force have been on point around the world. They have maintained our enduring global commitments, bolstered long-term partnerships, and responded to new threats.

Over the past year, the Joint Force continued to support the Afghan National Security Forces through the first democratic transfer of power in Afghanistan's history. My regular visits to Afghanistan reinforce just how much our coalition and Afghan partners have accomplished together over 13 years of significant investment. The end of 2014 marked the completion of the International Security Assistance Force (ISAF) mission. While Afghanistan is headed in the right direction towards a fully-functioning inclusive government, the path is neither a straight line, nor is it short. Moving forward with NATO's Resolute Support mission, our remaining

force of about 10,000 troops will assist our Afghan partners in strengthening the Afghan institutions, systems, and processes that will support long-term security and stability—ultimately giving the Afghan people the opportunity to succeed on their own.

At the same time, the force has maintained pressure on Al Qaeda, the Islamic State of Iraq and the Levant (ISIL), and other violent extremist groups both directly and through our partners where U.S. and allied interests are threatened. We have reinforced our commitment to our NATO allies in Europe in the face of Russian aggression. We have helped to address urgent humanitarian crises such as the Yazidi refugees trapped on Mount Sinjar and the Ebola outbreak in West Africa. We have maintained an active presence in the South and East China Seas, while remaining prepared to respond to provocations on the Korean Peninsula. And we have campaigned against sources of instability in Africa and in Latin America.

We have also postured with our interagency partners to reinforce security to our homeland—to include providing ballistic missile defense, countering persistent threats of terrorism, and improving our defenses against cyber-attack on government networks and critical infrastructure.

In the near term, we will sustain—in some cases adjust—these commitments around the globe to protect our national security interests. And, while our global mission requirements have decidedly gone up, we will manage all of these demands with constrained resources. Consequently, we will have to assume higher risk in some areas to create opportunity in others.

#### THE CHANGING SECURITY ENVIRONMENT

Our understanding of the security environment carries important consequences for our Nation and for our military. It drives our strategy and budget, shapes the size, structure, and capability of the force, and affects where and when we send America's sons and daughters into harm's way.

Last year, I stated that the global security environment is as fluid and complex as we have ever seen. That has certainly played out over the past 12 months. We have seen significant shifts in an already complex strategic landscape—increasingly capable non-state actors who are taking advantage of the internal conflict within Islam and the reemergence of states with the capability and potentially the intent to constrain us. This is increasing the strain on the international order.

In what I often term the “heavyweight” category, Russia’s coercive and destabilizing actions have threatened NATO’s eastern flank. Russia is investing deeply in advancing their capabilities across the board, especially in Anti-Access Area-Denial (A2AD) and cyberspace. Meanwhile, China is also fielding new defense platforms at a startling pace. In almost everything we do globally, we must consider the second- and third-order effects on our relationships with Russia and China.

In the “middleweight” category, Iran seeks to be a hegemon in the Middle East. Beyond Iran’s nuclear aspirations, as one of the world’s leading exporter of arms, Iran employs surrogates and proxies in many places across the globe. Iran is also becoming increasingly more active in cyberspace. We have significant interests in the region that would not be well-served should Iran achieve their purposes.

North Korea is the other “middleweight.” Cyclical provocations by North Korea have increased the risk of potential miscalculation. We must use all instruments of national power to ensure North Korea does not achieve its intentions. We have a large stake in maintaining stability on the Korean Peninsula and supporting our Republic of Korea ally.

We are also seeing power in the international system shifting below and beyond the nation-state, particularly across the network of radical movements that use terrorism as a tactic. This network extends across an already unstable Middle East and North Africa, vis-à-vis the complex situations we have seen unfold over the last year in Libya, Gaza, Iraq, Syria, Nigeria, and Yemen. Within the trans-regional terror network, we have seen ISIL gain prominence in Iraq and Syria, while inspiring existing radical franchises like Al Qaeda affiliates and Boko Haram to rebrand themselves into an even more aggressive ideology. That is what makes this movement so dangerous.

With our partners, we must keep relentless pressure across the entire network with our full suite of capabilities to include intelligence, building partners, and in some cases, direct action. At the same time, we must be careful not to fixate on a single group, nor paint these violent extremist groups all with one brush. We have to apply the right mix of tools of national power at the right time, over the right length of time, in order to make a difference. Even more challenging is keeping pressure on a network that adapts and metastasizes. Overmatch in size and tech-

nology matters, but the rate in which we can innovate and adapt relative to these non-state actors matters more. This is a generational challenge.

Running north and south in our own hemisphere, the well-financed transnational organized criminal network is growing extraordinarily capable. Beyond a drug trafficking network, it is capable of moving anything from arms and unaccompanied children to terrorists and weapons of mass destruction. This network deserves more attention not just because of its effect on the social fabric of our country, but because of the effect it could have—and is having—on the security of our Nation.

In cyberspace, our adversaries have become increasingly more capable, attempting to level the playing field in this critical domain. While we have expanded authorities and capabilities to defend our military networks, critical civilian infrastructure and private sector companies are an Achilles' heel in our Nation's security. Together, we must reconcile these issues. To this end, cybersecurity legislation that facilitates information sharing and encourages public-private partnerships is required to ensure our continued security and prosperity. Staying ahead of our adversaries in the cyber domain will require a concerted effort of the whole Nation.

Across the board, as the international order trends towards instability, strategic risk trends higher. And, while our potential adversaries grow substantially stronger, most of our allies are growing more dependent on sustained U.S. assistance. I believe these trends will continue.

We must bring to bear every tool of national power in America's arsenal in coordination to address these emerging trends. Likewise, deepening relationships of trust with our allies and building the capacity of our partners to be more self-sustaining will be even more vital in the years ahead.

#### PREPARING THE JOINT FORCE

Within the context of the rapidly evolving security landscape, the Joint Force of the future will require exceptional agility in how we shape, prepare, and posture. Here are my five guideposts to sustain and improve the force:

##### *The All-Volunteer Force (AVF)*

Our competitive advantage is our people and their adaptability. I firmly believe that our Nation needs a professional All-Volunteer Force (AVF). The AVF is the right force for this Nation and the Nation should never take it for granted. Conversely, the force has earned the trust and confidence of the American people and must renew that contract daily.

As part of strengthening the AVF, the Joint Chiefs and I are committed to offer everyone in uniform equal professional opportunities to contribute their talent. We are removing the legacy gender-based barriers to service that no longer make sense. The Services are progressing through validation of occupational standards and are on target to recommend final decisions to integrate remaining closed positions or any exceptions to policy by the end of the year.

To keep the AVF on a viable path, getting our personnel costs in balance is a strategic imperative. Ultimately, we need to make sure that we can continue to recruit, retain, equip, and train the best fighting force on the planet and fairly compensate America's best for their service.

We owe our men and women some clarity—and importantly, predictability—on everything from policy to compensation, healthcare, equipment, training, and readiness. Frankly, right now we are not delivering. Settling down uncertainty in our decisionmaking processes will help keep the right people in the Service. To this end, I want to continue working with Congress to address the growing imbalances in our accounts in a sensible, holistic way that preserves the All-Volunteer Force well into the future.

As such, we are looking closely at the recommendations of the Military Compensation and Retirement Modernization Commission. We are pleased that the commission supported our request to grandfather any changes to retirement pay for those currently serving and retirees. And we will continue to place a premium on efforts that support wounded warriors and mental health.

We will also keep working with the Department of Veterans Affairs, other agencies, veteran service organizations, and communities across the country to make sure those who are transitioning home and reintegrating into civilian life have access to healthcare, quality education opportunities, and meaningful employment. This especially includes those with enduring mental and physical challenges. I appreciate Congress for recently passing legislation to improve the access of veterans to mental health and suicide prevention services.

This remarkable generation is not done serving. As such, earlier this year, the Joint Chiefs and I signed a Call to Continued Service letter that will go to all transitioning service members, encouraging them to keep serving the Nation in

their communities. Our collective effort to enable our veterans and their families to continue contributing their strengths is a direct investment in the future of America.

#### *Preserving Jointness*

Our military has become more integrated operationally and organizationally across the Services and across the Active, Guard, and Reserve components, especially over the past decade. However, the institution tends to work like a rubber band—if you stretch it and then release it, it will return to its normal form and shape. This is especially true in a resource-constrained environment. This tension comes at a time when our ability to win together through jointness is at its peak. The Joint Chiefs and I are committed to preserving the strength we have gained as a more seamless force. We are likewise committed to preserving the vital relationships with our interagency partners.

Additionally, across the Services, we are resetting how we train and develop our forces for conflict across the spectrum. For the past decade, the Joint Force primarily focused on counterinsurgency centered in the Middle East. As we work to institutionalize the lessons of our recent wars—for example, by establishing building partnership capacity as a competency of the entire force, not just Special Forces—we are also working to restore balance and strategic depth in our capabilities. This includes those critical conventional areas that were deemphasized over the past decade by necessity.

Concurrently, we are adapting how we engage and posture around the world in ways that are more dynamic, more strategic, and more sustainable. We are reevaluating how we employ our assets around the globe to better identify opportunities that generate the greatest advantages. And, we are developing new approaches across and within commands in how we assign, allocate, and apportion forces inside a broader interagency construct.

We are also adapting our learning institutions to maximize the diverse talent of our men and women and to better cultivate agile thinkers for a global Joint Force. Within our Joint Professional Military Education (JPME) programs, we are mapping desired strategic leader attributes to the curriculum to ensure we are delivering them.

And, we are undergoing an integrated, Department-wide effort to identify and invest in innovative ways to reverse the erosion of U.S. technological superiority—ensuring that our military remains dominant now and in the future. We are seeking innovation not only in technology, but also in leader development, wargaming, operational concepts, and business processes.

#### *The Defense Industrial Base*

Our Nation cannot sustain the world's finest military without also sustaining the world's strongest and most innovative defense industrial base (DIB).

An enduring source of strategic advantage, we count on the defense industry to be able to research, develop, produce, deliver, and maintain the world-class weapons systems on which our military has long relied.

I remain concerned that an unstable budget environment will promise long-term damage to critical segments of the DIB, most significantly in the small businesses that support our Nation's defense. Furthermore, sequester-level cuts will lead to a hollow DIB that no longer holds all of the critical design and manufacturing capabilities our military needs.

A strong, efficient, and technologically vibrant defense industry is fundamental to securing our Nation's defense.

#### *Our Allies*

Our alliances remain paramount to our own security. We are far more effective when we have a global network of capable partners with shared values. Our Allies and partners provide vital basing and access, offer complementary military capabilities, and help shape outcomes towards a common purpose. Improving partner capability and capacity in targeted ways is an important component of our military strategy.

We are continuing the rebalance to the Asia Pacific as part of our government's larger priority effort to foster stability and growth in that region. We have old and new partners in the Asia Pacific and we will continue to develop our relationships, engage more at every level, and shift assets to the region, over time.

Europe remains a central pillar to our national security and prosperity. NATO has the capability and must sustain the will to address the threats to its eastern and southern flanks. In the near term, we will continue to reassure allies and improve NATO's readiness. Over the long term, we will adapt our strategies and struc-

tures to meet new realities. NATO is and will remain the most important and most capable alliance in history.

In every theater, we must guard against a slow erosion of our alliances and be careful not to shunt the steady work required to sustain these ties. Remaining the security partner of choice increases our Nation's collective ability to safeguard common interests and support greater stability in weaker areas of the world.

#### *The Profession*

Rekindling our understanding and our resolve as a profession continues to be one of my foremost priorities as Chairman. On and off the battlefield, we must always be good stewards of the special trust and confidence gifted to us by our fellow citizens. We owe it to the American people and to ourselves to look introspectively at whether we are holding true to the bedrock values and standards of our profession.

The vast majority of our force serves honorably with moral courage and distinction every day. But failures of leadership and ethics, and lapses of judgment by a fraction of the force show that we still have work to do.

We are seeing substantial progress in sexual assault prevention and response, however, we will remain laser-focused on reinforcing a climate where sexual assault is unacceptable, not just because it is a crime, but because it is completely counter to our core values.

All of these issues have my ongoing and full attention. We know we own the profession and must reinforce the enduring norms and values that define us to continue to be a source of trust and pride for our Nation.

#### RESOURCING OUR DEFENSE STRATEGY

I stated last year that the balance between our security demands and available resources has rarely been more delicate. The National Security Strategy (NSS) released earlier this year addresses some of our top concerns—the decline in military readiness, the strategic risk that will result should sequester-level cuts return, and the need to pursue greater integration with our Allies and partners. We need the full proposed President's Budget (PB) for fiscal year 2016 to support this strategy and to maintain the military the American people deserve and expect.

PB16 reverses the decline in national defense spending of the past 5 years and helps ensure we can manage risk, meeting near-term defense needs while preparing for the future. It represents a responsible combination of capability, capacity, and readiness investment—leading to a Joint Force that is global, networked, and can provide options for the Nation. As the risks to our national security are increasing, this budget resources the force to remain capable, ready, and appropriately sized—able to meet today's global commitments and prepare for tomorrow's challenges.

The Joint Chiefs and I fully support the PB16 budget. It is what we need to remain at the lower ragged edge of manageable risk in our ability to execute the defense strategy.

However, we have no slack, no margin left for error or strategic surprise. And, we remain concerned that we still lack support for the reforms necessary to ensure that the Joint Force is combat ready and that we can preserve military options for our Nation into the future. We need budget certainty and we need flexibility to reset the force for the challenges we see ahead.

Congress—and the American people—challenged us to become more efficient and to determine the minimum floor we need to be able to do what the Nation asks us to do. PB16 is that answer. Funding lower than PB16, especially if sequestration-level cuts return next year, combined with a lack of flexibility to make the reforms we need, will render the overall risk to our defense strategy unmanageable. In other words, our Nation's current defense strategy will no longer be viable.

I ask Congress to support the entirety of this budget and end the deep, indiscriminate cuts that sequestration will impose.

Thank you for your enduring support.

**Senator COCHRAN.** Thank you very much, General. We appreciate your leadership and your statement.

I am going to recognize the ranking member, Mr. Durbin, for any comments or statement he would wish to make.

**Senator DURBIN.** Thank you, Chairman Cochran, and I think I was going to into the OCO issue, but I think your statements, both of you, have been unequivocal on that particular issue. So I would like to go an issue not of budgetary consequence, but of great consequence nevertheless.

## HUMANITARIAN SAFE ZONE

Just a few days ago, I joined with my colleagues, Senator Tim Kaine of Virginia, Senator Lindsey Graham, and Senator John McCain, and sent a letter to the President requesting the administration to consider the establishment of the humanitarian safe zone, or more than one, around Syria to allow for the protection and medical treatment of the people of Syria. I did that with some reluctance, realizing that it would require a commitment by the United States for the safety of that zone, and we discussed that yesterday.

But I have to say that though this may not be a genocide by classic legal definition, it is the humanitarian crisis for our time with 200 to 400,000 casualties, millions of people displaced, and no end in sight. You were very candid in your response yesterday, and I would appreciate it, Mr. Secretary, if you would tell us what you think of this concept and the challenge that it could present to us.

Secretary CARTER. Sure. Thank you, Senator. You are right, it is—what is happening in Syria is a terrible humanitarian tragedy. It has been going on now for several years. There are many displaced people within Syria fleeing to countries around. We are caught between two forces or the country is caught between two forces, both of which are contributing to this violence against the very people of the country, namely ISIL (Islamic State of Iraq and the Levant) and its like on the one hand, and the Syrian regime on the other hand. As you know, we are trying to create a third force to combat those two and to create an environment in which the Syrian people can live in peace, which they deserve.

Your question is about can we establish ourselves a humanitarian safe zone. We did discuss that yesterday, and I will say something about the practicalities of that. That in concept is an area in which people—to which people could flee and find safety. I think that was your concept. And what I was saying to you was that we would need to, and we have thought this through, how to secure that zone. Doing something like that would be something that would be contested both by ISIL forces and other—al-Nusra and others on the one hand and by Syrian forces on the other would not necessarily be supported by the neighbors or supported militarily in a strong way by the neighbors, and, therefore, something we would do ourselves. That is a combat mission and a major combat mission.

And so, the practicalities of it are significant, and that is what I was sharing with you yesterday. Perhaps General Dempsey would like to add something to that. But we would need to fight to create such a space, and then fight to keep such a space, and that is why it would—it is a difficult thing to contemplate or challenge, to use your words.

Senator DURBIN. Let me say before the General responds, and I am anxious to hear his response. My concept is that we would not be going it alone. My hope is that it would be done either through the United Nations or in concert with other nations that might join us in this effort. And I am not naive enough to believe that ISIL is going to sign up, so we would have to be prepared to defend the space, and I am anxious to hear the General's response.

General DEMPSEY. Yes, thanks, Senator. It would not just be ISIS (Islamic State of Iraq and Syria) that would—could be a potential challenge to the zone, but also the regime itself. And so, the assumption—I think you are right that this, to be practical and effective, would have to involve regional partners.

I can tell you that militarily both at U.S. CENTCOM (Central Command) and in conjunction with European Command and our Turkish counterparts, we have been planning for such a contingency for some time. The question, if you ask can we do this, of course militarily we can do it. There would be opportunity costs; that is to say that resources that we have deployed elsewhere would have to be repositioned.

And I will not miss the opportunity to point out the cognitive dissonance about talking about doing more in the world when, in fact, we are facing losing another \$250 billion over the next 5 years. But I will say that it is military—it is practical militarily, but it would be a significant policy decision to do so.

Senator DURBIN. Thank you very much.

Senator COCHRAN. Thank you, Senator.

The Senator from Alabama, Mr. Shelby.

Senator SHELBY. Thank you, Mr. Chairman. Welcome, Secretary Carter and General Dempsey. I join others in congratulating you on your long career. It has been 41 years now since you graduated from West Point. You have served this Nation with honor and distinction. Thank you very much.

General DEMPSEY. Thank you.

#### SPACE LAUNCH

Senator SHELBY. Secretary Carter, it is my understanding that the Department of Defense has recommended a legislative solution for section 1608, which would allow the use of as many as 18 RD-180s for future space launch competitions. Is that correct?

Secretary CARTER. It is, yes.

Senator SHELBY. Okay. It has also been informed that if the DOD solution is implemented, and we hope it will be, that there could be a minimum of 2 to 3 years' gap in assuring access to space. Have you looked at that?

Secretary CARTER. Yes.

Senator SHELBY. And do you agree or disagree with that, and how can we ensure that there is no gap there because these programs are so important to national intelligence and a lot of other things. Is that correct?

Secretary CARTER. It absolutely is. We cannot afford to have a gap, and just to scope out the issue as a whole, these engines that power some of our rocket boosters that take our satellites—national security satellites into space are manufactured in Russia. We want to get off of that dependency on Russia, but it takes some time to do so. And in the meantime, we do not want to have a gap.

Therefore, our approach is to not order more, but not to cancel the orders we have placed for the engines while we are able to prepare competitive entrants that are not Russian into the space lift business, so that is our strategy. And you are absolutely right. We cannot afford to have a gap because we need to be able to launch national security satellites.

Senator SHELBY. But it is important for us to build our own rocket in the future, is it not?

Secretary CARTER. Absolutely.

Senator SHELBY. But it takes time. Sometimes it is hard to rush technology that sensitive or that—

Secretary CARTER. Correct.

Senator SHELBY. [continuing]. Revolutionary in a way. Is that correct?

#### IRANIAN THREAT

Secretary CARTER. Absolutely yes.

Senator SHELBY. I will pose this next question to you and also to General Dempsey if I can. The Iranian threat, not just in the Middle East, but to the Persian Gulf, we all are familiar, not as much as you two are, of what is going on in Yemen. A lot of our allies are very nervous there, and probably should be. And as we are negotiating or the administration is negotiating with Iran on nuclear weapons, it seems that they continue to supply, train, and so forth their allies all over the area that is causing us and our allies more than apprehension.

#### IRAN

So I would like your comments if you can, where you can, on Iran. I believe Senator Durbin brought up ISIS in a sense, what is going on there. We are fighting in a sense with Iranians there, the Revolutionary Guard and some of them, and then in Yemen we are on different sides. It is a contradiction. We understand that happens sometimes. But what are our challenges with North Korea, too, and perhaps even with Russia?

Secretary CARTER. Okay.

Senator SHELBY. I know that is a lot of questions.

Secretary CARTER. Thank you. I will say something briefly about some of them and ask the Chairman.

Senator SHELBY. Thank you.

Secretary CARTER. You are right that Iranian behavior is concerning on a number of fronts and in a number of locations both as regards to the stability of Gulf countries, freedom of navigation, which is very important, and other things in addition to their nuclear program, of course, which is the concern that inspires the negotiations to which you referred. I will say that for us in the Department of Defense, I think this creates a continuing requirement for presence in the region, reassurance of allies and partners in the region by particularly Israel, but not confined to Israel, but particularly Israel.

And also, of course, with respect to the nuclear agreement, the President has said that he would take no deal over a bad deal, and, therefore, we are under instruction to have a military option, which we work hard to maintain. So those are our responsibilities with respect to Iran.

ISIS is a continuing threat both in Iraq and Syria, and then you see the ability of it as a movement to inspire the lost and the radical worldwide to acts of violence, so it is seriously concerning in both of those respects. And we are combatting it from the air and

with partners in both Iraq and Syria, and we can go into that in substantially more detail if you wish.

Just to touch on North Korea, North Korea's behavior in South Korea just a couple of weeks ago continues to be provocative. Considerable uncertainty about their future behavior, so we need to watch it carefully. And we say that South Korea is the place where—our slogan is we need to be able to fight tonight. It is not a game over there. We need to be ready every day. And so, as we talk about our budget and our presence and so forth, one thing we cannot trim is our deterrent in the Korean peninsula.

I have gone on long enough. We can talk Russia later perhaps, but let me see if the Chairman wants to add anything on those subjects. It is entirely up to you.

Senator SHELBY. I think General Dempsey wants to say something.

General DEMPSEY. Rather than going down the lineup card of the threats, let me unpack really briefly. I said in my statement that it is the most uncertain security environment that I have experienced in 40 years, and here is why: We face emerging threats from both state actors. You mentioned the threat that Russia poses to Europe, the threat that Iran poses not just in the nuclear arena, the threat of the DPRK, a rising China, which is not yet a military threat, but if left—if that relationship is not managed carefully—could become one. So we have—we have state issues with state actors, and we have got a large body of non-state actors: ISIL, al-Qaeda, other groups that have aligned themselves. And for the first time in my career, they are both manifesting themselves simultaneously. This is not a time to be withdrawing from the world.

Senator SHELBY. Thank you, Mr. Chairman.

Senator COCHRAN. The Senator from Rhode Island, Mr. Reed.

Senator REED. Thank you very much, Mr. Chairman. Thank you, Mr. Secretary, for your eloquent testimony. Thank you, General Dempsey, for your extraordinary service, and I think you will obviously attribute it to the brilliant first classman who mentored you as a plebe at West Point.

General DEMPSEY. How could I have forgotten, sir?

Senator REED. Just for the record. But thank you for your extraordinary service to the Nation and for your testimony today.

#### OVERSEAS CONTINGENCY OPERATIONS MONEY

In regard to the proposals to move OCO money around and to do things that might help defense, you indicated previously, General Dempsey, in testimony that there are nine lines of operation against ISIL. The Department of Defense has two of those lines. The other lines are agencies that would not benefit directly or not benefit as much from this OCO maneuver. Is that fair to say?

General DEMPSEY. To tell you the truth, Senator, I have not looked at anyone's budget other than myself. But it is fair to say—other than ours. It is fair to say that of the nine lines of operation, two of them are military. The others are other agencies of government.

Senator REED. And those other agencies would be the State Department, which is not able to ramp up their efforts. In fact, their efforts are contracted because you have got to fill the gap somehow

or you cannot because you do not have that expertise. Homeland Security, FBI agents deployed forward, DEA agents deployed forward. You have got a whole strategy, which will become unhinged even if you get the extra OCO money.

General DEMPSEY. Again, Senator, I do not know what the other departments are lacking. I mean, I literally do not know. But what I will tell you is in general terms that those kinds of threats that you described, the threat of non-state actors in particular, will require a whole of government approach, not just a military approach.

Senator REED. Let me just—you know, one example I have seen that seems to leap out to everybody is the sophisticated use of social media by ISIL and our response to that—certainly the Department of Defense is responding. But without State, without USAID, without traditional non-defense actors who have a role in this, our response will be, as it has been to date, unsatisfactory. That is a conclusion. You do not have to concur, but that is my conclusion.

Mr. Secretary, you also I think made a very interesting point not only in terms of how can you have a long-term strategy with a short-term budget. How can you go ahead and do things that require complementary partners in government—like we just talked about—when they do not have the resources? But the other point, too, is the one about how the world is watching. And you travel to capitals. You talk to defense ministers, et cetera. And, in fact, you are looking and you are getting intel about our adversaries or potential adversaries. And they are looking at us unwilling to invest and pay for long-term national security. And they get it, I think, unfortunately. Is that your—

Secretary CARTER. That is my experience, and then, of course, you travel as well. And among our friends it is concern about whether we have our wits about us in terms of the danger of the world, the responsibilities of America, and the inherent strength of our country. And I obviously do not talk to our potential foes, but they talk to others and say, well, see what the Americans are doing to themselves.

Now, I think it is important to come back and say we are still the world's greatest fighting force. We are an immensely powerful country. We are amazingly experienced, including in our military, in complex missions. We do take a whole of government approach, which is necessary in the world, and so you need to tell people that they cannot look at the difficulties we have, and we obviously have them in terms of reaching a budget, and conclude that America is eclipsed or losing its power. And I hasten to add that.

At the same time, it would certainly improve our standing were we to come together as I urged behind the future for our budget.

Senator REED. There is another aspect to this, too, and I agree with you. We still remain the paramount military force in many dimensions, but the gap is narrowing in so many areas. And it used to be not fight tonight in Korea. It was fight this month and we could get BCTs (brigade combat teams) there, and we cannot do that any longer. It used to be we put aircraft up in the air, it is going to be dominant for 10 years. That question might not be as long now.

And a lot of the programs that are not reached by OCO or not reached by some of these proposals are these long-term investments in capabilities, cyber and elsewhere, that if we do not make them now, we can keep the lights on, but that gap will get to the point where the gap disappears. Is that fair?

Secretary CARTER. That is very fair.

Senator REED. Thank you.

Senator COCHRAN. The Senator from Maine, Ms. Collins.

Senator COLLINS. Thank you very much, Mr. Chairman. Welcome, Mr. Secretary. Thank you, General Dempsey, for your service.

#### SHIPBUILDING

Mr. Secretary, twice this morning we have heard General Dempsey say that this is the most uncertain security environment that he has seen in his 40 years of service. It is the Navy that allows us to project power particularly in areas where we would otherwise be denied access in trouble spots around the world. Yet the Navy's 30-year shipbuilding plan does not include enough funding for ships to fully support the 308-ship goal over the entire 30-year period.

We have seen the need for naval ships to be deployed. Just last week a destroyer that was built in Bath Iron Works, which I had the honor to christen, was deployed in response to the Iranian naval forces firing upon and boarding a commercial shipping vessel. At the same time, combatant commander requirements for missile defense platforms are soaring in the Middle East and the Asia Pacific regions as our adversaries develop missile technology. And recently, the Office of Naval Intelligence just last week described how China has launched more naval ships than any other country during the past 2 years and will do so in the next 2 years.

Mr. Secretary, I know you are well aware that ships cannot be built overnight and that operational requirements are increasing. What then is the Department's plan to mitigate the risks associated with the short-falls in shipbuilding and to preserve a robust shipbuilding industrial base?

Secretary CARTER. Thank you, Senator. First of all, let me say I completely agree with you. It is one of the great strengths of our country is our ability to project power around the world. The Navy is an important ingredient of that, and also to ensure freedom of navigation and to dominate the naval commons as we are able to do because of the quality as well as the size of our fleet, and we are committed to continuing to do that. And you are right, we cannot do that without an industrial base that is robust.

We have, as you know full well, a vibrant and competitive marketplace, but we need to keep that going. And I suppose where this links up with the discussion we are having today about the long-term budget is exactly the point you made, which is ships, particularly ships of the quality that are made in Bath and elsewhere for our Navy. Those are not 1-year projects. And so, if you have a 1 year budget horizon, how are you supposed to build over time to a Navy of the size you need? We need that kind of horizon, and our industry partners and the shipyards need that kind of horizon

as well, and that is one of the reasons why we are asking for that kind of planning horizon.

#### OFFENSIVE WEAPONS

Senator COLLINS. Thank you. General Breedlove, the U.S. Commander of NATO, testified last month before the Armed Services Committee that Russia and pro-Russian separatist forces continue to exploit the recent ceasefire in Eastern Ukraine to reset and reposition themselves, and that they appear to be preparing for a fresh offensive against Ukraine's military. He voiced his support for providing Ukraine with offensive military hardware to deter a Russian advance. By contrast, I recently met with German Chancellor Merkel, who argued exactly the opposite and against providing offensive weapons.

Could you give us your thoughts on this issue and what factors you are considering in deciding whether or not to provide military weapons to Ukraine, and what your assessment is of our ability to protect those in Ukraine and the sovereignty of that country?

Secretary CARTER. First of all, General Breedlove is right. It does appear that the Russian—clearly Russian-backed separatists in Eastern Ukraine are preparing for another round of military action that would be inconsistent with the Minsk Agreement. And we are supporting the Ukrainian military, not with offensive arms, but with defensive arms.

But I think that Chancellor Merkel is also making an important point that need not be at variance with helping the Ukrainian military, namely that the big influencer, if there is anything that will influence Russian behavior, is the combination of economic sanctions and the fall in oil prices. That is what is punishing Russia now. And it is also true that, since you mentioned Chancellor Merkel, is the weight of European sanctions that matters most because they do most of the trade with Russia.

That is why we are so intent on working with the Europeans led by Germany, and appreciate the steadfastness of Germany in leading those sanctions because by ourselves, we would have a lot less pressure to apply to Russia simply because of the volume of trade with us is less than Russia. So we need Russia—I mean, we need Germany rather and the Europeans to apply that kind of pressure. I cannot predict whether that will work or not, but that is the main thing that is applying pressure to Russia even as we try to assist the Ukrainians in defending themselves.

Senator COLLINS. Thank you.

Senator COCHRAN. I have been advised that Senator Mikulski has a need to be out of here by 11:30, and I was going to ask unanimous consent that she be permitted to proceed now. Senator Schatz will be the next Senator following her if there is no objection. I ask unanimous consent on her behalf.

Senator MIKULSKI. Thank you. Thank you, Senator Schatz. I need to be involved in a conference with the White House on the Baltimore situation. First of all, I want to certainly thank General Dempsey for his many, many, many years of service, but Dr. Carter, we also want to thank you for coming back. You had a pretty good life lined up for yourself, and you were willing to come back and to serve, and we are grateful both to you and, of course, to

General Dempsey. We have heard so much from you, and I can understand why the men and women in the military have such not only respect for you, but such affection for you. You have truly been a soldier's soldier, and I think your inspirational leadership has been something that has inspired us all.

#### THREATS

In terms of the testimony today, I found it enormously sobering, and the threats that the Nation is facing and then the threats that we are imposing upon ourselves. It seems that we have two threats: the threats in the world that you are sworn to defend and protect, and then there are threats that we are self-imposing through our approach to the way we are dealing with our money. The most stunning prospect of yet another sequester where we all met and kind of bonded more than 2 years ago is really deeply troubling.

#### BUDGET

The budget that we just passed yesterday is so deeply flawed that it will only provoke tremendous problems in this committee, and I am deeply concerned that what we passed yesterday, despite the best efforts of the chairman, will result in 302(b) allocations that will only trigger more gridlock and more confrontation. This is not something I look forward to as the ranking member. I have such respect for the chairman, both sides of the aisle, but we are not heading for a good situation.

Now, there are those who say let us lift the caps on DOD, and it is clear the compelling needs that you have presented. I am also going to look at the domestic caps, and I will come back to my question. But one of the most troubling things that I heard in your testimony was that we cannot even give our military or our civilian defense employees a 2.3 percent cost of living increase, and that we are holding the line at 1.3 to save a billion dollars.

Well, you had to do it, but my god, what a nickel and dime approach to our problems. And one of your solutions—again, this is not a criticism—is let us change the hours of the commissaries so that our enlisted people even have less resources to nutritious food and all the good things that come out of the commissaries, and in some ways are becoming nutritional settlement houses on many, many bases.

So let me get to my question. As you look at this year's budget and then appropriations, two different things. There are those who support the lifting of the DOD caps. How does the Defense Department look at also the lifting of the domestic caps? And I am reminded of what General Dempsey has said to me several times, that out of every four people who enlist in our military, very desirous of serving, only one is going to be eligible because one cannot read, the other is too sick to serve, and the third may have other mental health or addictive problems that they cannot serve.

So out of four people who want to join our military maybe to get out of their lives, only one is going to be eligible, and yet this is where we are. Could you comment about what I just said?

Secretary CARTER. Two comments. First of all, thank you. And with respect to confrontation and gridlock, I hope that we are able

to come together and get past that by the end of the year so we do not find ourselves in the situation of confrontation and gridlock. I earnestly hope we can do that. A nickel and dime approach to defense, as you say, is not the right one. We need a longer horizon than that.

Senator MIKULSKI. And I am not being critical of you.

Secretary CARTER. I understand.

Senator MIKULSKI. I am being critical of ourselves.

#### NATIONAL SECURITY

Secretary CARTER. Of all of us, and it is not a way to run a proud Department that is protecting us. You mentioned other departments well. The Chairman mentioned the same thing. I mean, we are defense, but national security is bigger than that. National security, which I have to take an interest in and responsibility for—I think you expect me to—is bigger than our Department and today's world because of the complexity of the threats. So we need Homeland Security, and we need law enforcement and other things that are not military and not in our budget.

And then finally, you mentioned quality people for our force. We have a magnificent force in terms of the quality of the people we have, but that is because we are able to be selective from a large pool of excellent young Americans who are patriotic, and able, and want to serve. And you have got to worry—not worry, but you need to make sure that we have future generations that are like that. That is why education, and R&D, and the other parts of what makes a country great in the long run are important to national security as well. So I think we do need to think larger about national security.

Senator MIKULSKI. Did you want to say something?

General DEMPSEY. No, I have nothing to add, Senator. Thanks for the kind words, by the way.

Senator MIKULSKI. Thank you, Mr. Chairman.

Senator COCHRAN. The Chair recognizes Senator Moran.

Senator MORAN. Mr. Chairman, thank you very much. General Dempsey, Secretary Carter, thank you for the opportunity to visit with you this morning. General Dempsey, thank you for your service. Thank you for meeting with me several months ago at Fort Riley. I appreciate the time you extended to me, and I value that conversation. Thank you from Kansans for having in your background advanced degrees from the General Staff and Command College at Fort Leavenworth. We honor your service, and are grateful to—a grateful Nation for it. And, Mr. Secretary, I look forward to getting better acquainted with you and welcome the entrée that you made this morning suggesting that we do that.

#### ABSENCE OF SEQUESTRATION

General, let me start by asking you a question. We have had a conversation that the theme seems to be sequestration, OCO funding. Let me ask you, in the absence of sequestration, can you envision any circumstance in which you would be recommending to the Secretary, to the President, to us as members of Congress an Army of less than 490,000 men and women in uniform?

General DEMPSEY. Absolutely. I mean, the plan we have got now even at President's budget 2016 takes the Active Army to 450,000.

Senator MORAN. Let me ask—make sure you understand my question. My question is in the absence of sequestration, the necessity of what sequestration requires, would you otherwise see a circumstance in which you would be recommending that \$450,000—I am sorry, 450,000 personnel to the Secretary? Is there a scenario in which that would ever look good for the safety and security of our country?

General DEMPSEY. The Chief of the Army and the Secretary have a plan that they have put forward where they say they can meet the national security interests at 450 Active, and they have numbers for the Guard and Reserve, and so I have supported them in that. But General Odierno himself would tell you that that number would be a greater risk than a 490 Army. And it really—the question really then, Senator, becomes, back to my testimony about the security environment, where do we want to maintain the kind of forward presence that we have?

If the answer to that is we want to be less forward and more at home, we just incur risk. And so, as I said, the Chief of Staff of the Army says he can manage the national security strategy at 450. Anything below that he says he cannot. He will also tell you that he would sure like to keep 490, but in the current budget scenario, we cannot do that.

Senator MORAN. Our country is safer at 490 than 450?

General DEMPSEY. It is almost too stark a choice, Senator, to be honest with you. I mean, it is almost a bit like the AT&T commercial. Bigger is better than smaller, I mean, you know, I can see. But the Army can manage the security strategy we have at 450, but if this body were to decide that we have the resources to stay higher than that, I do not think you would find any of us saying, "No, thank you."

#### CYBERSECURITY

Senator MORAN. Thank you, General. Mr. Secretary, I have been interested in cybersecurity. I appreciate your emphasis. I know that you are out recruiting. One of the things that seems clear to me is the opportunity. You mentioned the Reserve in response to the chairman's question, the National Guard. One of the things that I think those components provide in regard to cybersecurity is personnel that have outside experience, that have the latest technologies and advancements available to them in their day jobs. And then they bring that to protecting our country through the work they do then in the Guard or Reserve.

And I think you confirmed that in response to the Chairman's question about the value of that relationship and what the Guard and Reserve can provide in cybersecurity. Is that true?

Secretary CARTER. You are so right.

Senator MORAN. Would you explain why that is important to you?

Secretary CARTER. It is important because cyber, it pervades everything we do. None of our equipment or our plans operate properly, just like much of the rest of society, without the Web. And so, having the best technology embedded in our military, defending it

so that others cannot disrupt it or exploit it, using cyber offensively as necessary and required, these are all important parts of the future of the military.

And we have excellent people in both military and civilian full time, but there is a great untapped, not yet fully tapped resource, which is the one that we are talking about that I completely agree with you, we need to tap even more, which is our Guard and Reserve. A lot of those people are very cyber savvy, and using them to help us in this mission is a great resource.

Senator MORAN. Mr. Secretary, this I think can be close to a yes or no answer. In your better buying power efforts, are you beyond the theoretical demonstration of the value of this program, and are you ready to pursue acquisition to prove that it works, that it is of value?

Secretary CARTER. Yes. Yes.

Senator MORAN. Thank you. Chairman, thank you.

Senator COCHRAN. Thank you, Senator. Senator Schatz is recognized.

Senator SCHATZ. Thank you, Mr. Chairman. Thank you, Secretary Carter. Thank you, General Dempsey for your service. Secretary Carter, thank you for the visit in Hawaii, and I want to especially acknowledge your commitment to the Asia Pacific rebalance.

#### CHINA SEA

I want to address what is happening today in the South China Sea. China is constructing artificial land in the Spratly Islands in parts of seized territory and redrawing maritime borders in violation of longstanding, customary, and international law. While other countries that lay claim to the Spratly Island have built small outposts and engaged in minor maintenance on features they already occupy, in one less year China has rapidly exceeded anything its neighbors have done.

China's artificial islands are expected to support airstrips which will allow the military to land fighter jets and surveillance aircraft, adding a military dimension to a complex regional dispute. Admiral Locklear cautioned that these expanded land features could eventually lead to the deployment of long-range radars and advanced missiles. So what are we doing to deter China's continued aggression in the South China Sea and to reassure our partners?

Secretary CARTER. Great question, and thank you for your hospitality in Honolulu, and thanks for your interest in the Asia Pacific strategy, which is critical to us because half of humanity and half of the world's economy are in the Asia Pacific theater. So we pay a lot of attention to the Middle East and so forth, and we need to, but we can never forget that that is the heart of things.

The Chinese behavior in the South China Sea is something that we oppose because the militarizing of these situations and the creation of confrontation over longstanding land disputes is not the way to resolve problems. We make that clear to the Chinese. Everybody makes it clear to the Chinese. I will say one thing. That it is having the effect of—that among the things China does, it is having the effect of increasing the pace and depth with which our allies and partners seek out to work with us. So in the case of the

Philippines, for example, the Filipinos want to do more with us. That is not unrelated.

And so, it is both a—that kind of behavior is both a—demonstrates—that kind of Chinese behavior both demonstrates the need for the rebalance in order to make sure that the stability system of Asia remains as it has for decades, one of peace and stability. And it is also oddly a source of further strengthening of our partnerships and alliances in the region, which we alone have.

Senator SCHATZ. Thank you. When we look at the challenges we face from potential adversaries making investments in anti-access aerial denial capabilities, it is clear we have got to continue to take advantage of our technological superiority. Investments in technology like unmanned systems play a role in restoring conventional deterrence, but they are going to require continued investments.

The DOD and industry have invested over one and half billion dollars in the Unmanned Combat Air System Demonstration Program, which was stood up to mature these technologies. The demonstration program is scheduled to conclude this month, but extending the program could make it possible to mature these key technologies and give us an opportunity to learn more about future U-CLASS operations and carrier air wing integration.

Given the investment we have already made, do you feel it would be premature to close the program now, and are there additional tests that you think the Navy could conduct that would further buy down the future risk?

Secretary CARTER. You are absolutely right. The so-called UCAS-D Program, which is a demonstration, has reached the end of what it was anticipated to do. I think we are going to have to, however, do some more research and testing not necessarily of the same air frame for the reason you cite, namely unmanned aircraft in the Navy are part of the future. I think we recognize that. That is what the UCLASS Program is all about, and we are trying to determine what the requirements will be for the UCLASS Program going forward. And I think once those requirements are defined, there will be a path of R&D and demonstration that falls out of or follows from that definition of the requirements. We have not yet and the Navy has not yet finished that process.

Senator SCHATZ. Thank you.

Senator COCHRAN. Thank you. The time of the Senator has expired.

The Senator from Montana, Mr. Daines.

#### NUCLEAR TRIAD

Senator DAINES. Thank you, Mr. Chairman. Secretary Carter, thank you for being here today. Given the increasing instability in many parts of the world, including an increasingly aggressive Russia, and the possibility of the nuclear Iran, our nuclear triad is as important as it has been since the end of the Cold War. In fact, my favorite commander coin is from the 341st Air Wing, which says—out of Montana which says, “Scaring the hell out of America’s enemies since 1962.”

I applaud the Administration for requesting strong funding for modernizing our ICBM arsenal, but I have been concerned about the President’s willingness to unilaterally reduce our arsenal. What

is the Administration's outlook on the future of our nuclear forces, and is the President committed to maintaining a strong nuclear triad?

Secretary CARTER. Yes, the President has expressed a continuing commitment to the triad, and I think that is important because as he has to, and I certainly support the Nuclear Modernization Program and sustainment programs that we are doing in partnership with the Department of Energy, the three legs of our triad, as you mentioned, and also the command and control that goes with the nuclear arsenal.

I know that slogan well and that unit well, but it speaks a truth, which is that even though nuclear weapons are not in the news every day, thank goodness, they remain the foundation of our security. And so, we need to maintain them. We need to modernize them, and it is important that we have the programs and the dollars to do that.

Senator DAINES. I want to pivot over to talk a little about Afghanistan and Iraq for a moment. This is probably for Secretary Carter and General Dempsey, and thank you, General Dempsey. Honor to have you here this morning truly. Last month I was in the Middle East with Leader McConnell and some other Senators. We visited Israel. We visited Jordan. We were in Iraq and Afghanistan. So impressed in meeting with our men and women in uniform. I thought very highly of them having spent time with them. It just raised my expectations. Amazing group.

But we are seeing a stark contrast between the two countries in Iraq and Afghanistan. It seems we have lost many of the gains that we made in Iraq, and we are at risk of doing the same in Afghanistan if we withdraw in the wrong way. We saw the train, assist, advise mission in Afghanistan. We see that working well, especially going into this current fighting season with the Taliban.

What are the commanders on the ground telling you about the timeline for withdrawal from Afghanistan? I think we were all glad to see the President put some in flexibility, extend the troop level now to 2015. But what are you hearing now, and what are your thoughts about the President's plan to draw down virtually to zero by January 2017?

Secretary CARTER. Well, first of all, thank you for going there and visiting with our folks, and I am not surprised you found it uplifting because I think we all do, and incredibly proud. I will tell you my assessment, and I do not want to speak for General Campbell, but I think what I see there is great promise in Afghanistan that we are going to achieve the objectives we set ourselves. And that is an enormous tribute to our men and women who have been there these many years now.

And in addition to the performance of our own force, the important ingredient is the performance of the Afghanistan security forces because the whole idea here is to build them up so that they can keep the peace in Afghanistan. That is, so to speak, our ticket to an orderly—we will never be gone from Afghanistan because they will be an ally—not ally, but a security partner for a long time, but, I mean, not a big military presence there.

The Afghanistan security forces are performing well, and a key part of that is the fact that President Ghani and Chief Executive

Abdullah have come together in a national unity government, and they really pay attention to their military. They take care of them. They also, by the way, thank us for what we have done. So I think that our strategy is paying off in Afghanistan is my assessment.

Senator DAINES. So do you think, though, the current plan of withdrawal basically to an Embassy presence only in terms of security in January 2017, does that put us at risk of watching the same scenario play out in Afghanistan that we saw happen in Iraq?

Secretary CARTER. Well, I think we are all, including the President, continually assessing progress and our plans against that progress. The change that he made in the plan to keep the force level up about 3 months ago is a reflection of that, and also a reflection of the importance that Ghani and Abdullah placed on that and their progress.

Senator DAINES. And I guess lastly, probably speaking on behalf of, again, so proud of the men and women serving over there in that region. Can you assure us the situation on the ground and not a political calendar is driving the decision about withdrawing the remaining U.S. troops?

Secretary CARTER. I think everybody wants success here, and to have gotten so close, so to speak, to get to the five-yard line and fumble the ball, nobody wants to do that, and nobody is going to do that. I think that things are—I do not want to be rosy about anything, but I think that we can see the kind of success we have striven for so long ahead in Afghanistan, and I think we are all committed to doing it.

Senator DAINES. All right. Thank you.

Senator COCHRAN. The time of the Senator has expired. The Senator from California, Ms. Feinstein.

Senator FEINSTEIN. Thank you very much, Mr. Chairman, and to the Chairman I want to wish him the very best. I particularly want to thank you for your intellect and your good sense. It is a unique combination, and it is very much appreciated, so thank you. And to our new Secretary, it is good to see you in a new capacity. I only see you at the Aspen Strategy Group otherwise, so it is very nice to see you here.

#### STEALTH BOMBER

I have got a question. I understand the inclusion of the \$1.2 billion for research and development for the long-range stealth bomber. This would replace the B-1 and the B-52, and we know that this is necessary. What I do not understand is the Air Force's proposal for a new air launched nuclear capable cruise missile.

As I understand it, for the first 5 years the development costs are \$1.8 billion, but this is only half the cost because this particular missile will be capable of carrying a high yield nuclear device. The Air Force missile decision is driving a life extension program at the Department of Energy for the W-80 warhead, which is projected to cost another \$1.8 billion over the next 5 years. This is a large expense, and it competes for funding with our Nation's nuclear non-proliferation programs.

I question why we need this cruise missile that can deliver nuclear warheads from great distances in addition to the numerous gravity bombs, submarine launch ballistic missiles, and interconti-

nental ballistic missiles we have armed ourselves with. I absolutely think it is a mistake to divert our limited budgetary resources from a nonproliferation effort, which is going to happen, for this purpose.

So here is the question. Why does the military believe that this long-range stand-off nuclear missile is necessary to maintain our nuclear deterrence?

Secretary CARTER. You asked about the military. I will say something first, but then if the Chairman wants to answer as Chairman. The reason for advanced cruise missiles is to replace the cruise missiles that exist now in recognition of the fact that air defenses are improving around the world and that keeping that capability to penetrate air defenses with our nuclear deterrent is an important one. And you are absolutely right, the W-80 warhead is the warhead that will go in the advanced cruise missile, and it, too, needs work. And that work is done by the Department of Energy, and that is paid for out of the Department of Energy budget. And as you indicate, nonproliferation activities are also in the Department of Energy budget.

My hope is that we could accommodate both because I think it is important to have—continue to have a penetrating air breathing cruise missile for nuclear deterrence, but I also nonproliferation is incredibly important as well.

Senator FEINSTEIN. Yes. I chair that Energy and Water Subcommittee, and I have watched the nuclear costs go up all over, whether it is uranium, whether it is plutonium. Every project starts out in the hundreds of millions and ends in the billions, and I really question adding a nuclear cruise missile to all of the problems we already have. I may have a very hard voting for it. I just want you to know that. My belief is that we have enough nuclear weapons in this country, and that they are huge, and hopefully they will never be used. And I do not know that the deterrent argument is met by another cruise missile. This one is nuclear capable. It is stand-off. I do not know the size of the warhead, but I am going to find out. General?

General DEMPSEY. I will just—this will require a much more comprehensive answer, but it is part of sustaining the triad, and the Joint Chiefs, all of us, have rendered our advice that the triad, in order to preserve our deterrent capability, must be sustained, and that we should not negotiate any further reductions until we are joined by those other nuclear capable nations in the world. Our deterrence has worked for the past 70 years, and I would never recommend changing it unilaterally.

Senator FEINSTEIN. Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator. The Senator from Missouri, Roy Blunt.

Senator BLUNT. Thank you, Chairman. Secretary Carter, I thought you were fairly cautious in overall observations about how the rest of the government should be funded. I know that it does reflect a lot of what you do, and I appreciated that. I served—Senator Moran and I at least served with the Congressman from Georgia in the House, Mac Collins, who one of his favorite sayings was you have to fish your own cork. I have never heard anybody else use that saying, but I understand it. And, of course, your cork here is the Defense Department.

## BUDGET

If I have my numbers right, and I would be glad for you or Mr. McCord, either one, to correct me if I am wrong on this. I think you requested \$534 billion for defense, which last year it was a little less than \$500 billion. I believe the budget resolution that I voted for yesterday actually gives you more money than you requested. Do you not want more money than you requested?

Secretary CARTER. Senator, two things. First, defense is my responsibility as you indicated. However, it is really national security which is my responsibility, which is why I indicated I think about things more broadly than that. I think that is expected and necessary in today's world, so I do think more broadly about that.

We think that the amount of money we have requested and the manner in which we have requested it meets the national security strategy of the United States. I will repeat something the chairman said, which is, and the reason why we are so insistent upon the necessity of getting through this budget wilderness is that having gone through this herky-jerky history over the last few years, we are on the edge of being able to accomplish the strategy as we now have it. We have all testified to that effect, and it is really true. So we need to get a longer horizon.

It is not just money for this year. It is money as requested in a multiyear budget plan. That is what we are asking for so we do not have a one-year-at-a-time approach. You cannot do defense or national security with a 1 year-at-a-time approach.

Senator BLUNT. Well, I voted for the budget, so I am for national defense, and I am for looking for ways to help do that even with the current law. And both the restriction and the advantage of the current law is it is the law, so to look beyond that, we do have to get somewhere else. But I think that current law does lay out a 2 percent increase now not for this year because we sort of averaged that out last year. But you have asked for \$534 billion, and we ought to look at that, and I think that Congress has expressed in the joint budget resolution a desire to give you more than that if you have a need for more than that. And it will be interesting to see how that discussion goes on.

In terms of what we are doing, Senator Moran asked about the right sized force. General Dempsey, I will let you respond to this first. We had General Grass—he and others from the Reserves last week to talk about how the Reserve component fits into that. One of the things that I think came out of that discussion was a sense that as the full-time force gets smaller, it would possibly make a lot of sense to look at the Reserve force and the National Guard in a new way so that they are there when you need them. Does it seem logical to you that as the full-time force gets smaller that we would want the Guard and Reserve to get smaller as well?

General DEMPSEY. Actually this is a good opportunity for me to knit this back to what the Senator from Kansas and I spoke about, which is my responsibility is actually the joint force, which is to say how do all these things fit together, Army—you know, to Senator Collins' point about the Navy. Even though I dress like I dress, I am a big fan of the Navy, and I am a big fan of the Army. And I think the Air Force—

Senator BLUNT. It is that one day of the year you are not such a big—

General DEMPSEY. Well, it is actually more than one day a year.

We play each other frequently in other sports. But I am the one that has to, on behalf of the Secretary and finally with his decision, knit it all together into a joint force, and that includes active Guard and Reserve. And in the world in which we live, it may seem counterintuitive, but because I said in my testimony that I cannot sit here before you and tell you exactly what is going to happen next, but I can tell you with certainty it will happen more quickly. We have to balance what is in the active component because they are ready to go tonight, and the Guard and Reserve, who do incredible work for the Nation but have to be mobilized. Their training level has to be increased to a certain level before they are deployed.

And if, by the way, you want to keep the Guard and Reserve at the same expertise as an active component soldier, they are going to cost the same thing. So this is about finding the right balance, and I believe we have found the right balance among active Guard and Reserve components in our President's Budget 2016 budget submission.

Senator BLUNT. Now, you mean the Guard and Reserve only cost the same thing when they are called back—when they are called up to active—

General DEMPSEY. Well, what I mean is if you want them to be at the same state of readiness as an active component soldier, then you have to pay them the same as an active component soldier to keep them—to give them more drill days, and to give them the opportunities to prepare.

Senator BLUNT. Well, maybe I misstated my question because what I was talking about was the number of the Reserves that are ready to ramp up when they need to, not that they would be active at all times.

General DEMPSEY. No, I understand, but what I am suggesting is what we have done in this budget submission is found what we believe to be the right number of active Guard and Reserve for the requirements that we see coming in from combatant commanders on a daily basis, the responses to emerging security threats, and our war time contingency plans. So we believe we have done exactly what you have said.

And I would also point out that the active component has been reduced at much greater rates than the Guard and Reserve. So the Guard and Reserve have been somewhat, if I could use the term, "advantaged" in the budget process. But I think we would be taking too much risk if we migrate too much more from the active to the Guard and Reserve.

Senator BLUNT. I am out of time. Thank you for the answer, General, and thank you for your great service to the country.

Senator COCHRAN. Thank you, Senator. Thank you. Our next questioner is Senator John Tester, the Senator from Montana.

Senator TESTER. Thank you. Thank you, Mr. Chairman, and welcome, Mr. Secretary, and General Dempsey, Mr. McCord, and your support staff sitting behind you because I know how important they are for the jobs that you guys do. I would just say this, Gen-

eral Dempsey, on retirement, I do not know if there is going to be any fly fishing in your future, but speaking about fishing, we have got some pretty good fishing holes up in Montana and would love to have you come up and try it out. Thank you for your service.

It is interesting as we have just come off a conversation on the budget, and we have got the Defense Department here, and I cannot thank you enough for the work that you guys do in national security. You are exactly correct. And I look at the figure, and I know the talk around the budget, and even though—I mean, as the activities in the Middle East, and the Pacific, and all over the world tends to make me not want to sleep at night, and I am sure it has a much bigger effect on you than me. I am also concerned about the investments we are making in this country in infrastructure, and housing, and highways, and electric grid, and the list goes on and on and on.

#### MILITARY BUDGET

And my concern is that as we look at the military budget, you are foremost. I mean, you are up here. You have got the most senior members on Appropriations on this committee. We think it is very, very important. We tend to put—we tend to put infrastructure, and affordable education, and all those things that has made this country great, due much to the GI Bill, I might add, in the background, and that is bothersome to me, too. And as we look at China spending \$400 billion on infrastructure, a little over three times what they spend on their military, we have got some problems, and I do not expect you to solve that.

But one of the things that has also bothered me is that as we go into places like the Middle East, we are the big dog and we have responsibilities being the leader of the free world. I get all that. My question is, are other countries stepping up and helping because, quite frankly, ISIS to me is just as big a threat in Russia, and China, and here, and Canada, and Brazil, and India. I mean, these are bad guys.

Are other countries stepping up or do we continue putting our young men and women on the line, and the lion's share of the risk, and the lion's share of the money, or is it a shared a shared endeavor because, quite frankly, I compare it to being on the playground. As long as somebody else beats up the bully, I sure as hell ain't going to walk up to him, you know? So talk to me.

Secretary CARTER. I have a lot of sympathy for what you just said. We are a great country. We assume great responsibilities. We have values that others admire and that are worthwhile for people everywhere, and we express that around the world, but sometimes it does feel like a lonely mission.

You mentioned some countries, but just to take the Middle East, for example, we need our partners in the Middle East to step up and do more. I do not think there is any question about that. And we say that in Syria. We say it in Iraq. And the reason is burden sharing, if I might use that phrase, as you say, but there is another reason as well, which is nothing sticks if it is just done by us.

Senator TESTER. That is right.

Secretary CARTER. So if we are going to have peace in Iraq, for example, and defeat ISIL, the only thing that is going to keep them

defeated is an Iraqi force. We can help, but at the end of the day it has to be the people there. So for both those reasons, I think what you say is terribly important.

Senator TESTER. And I think it would make our military budget go a little further if we had some of our allies stepping up in a bigger way, too. Enough on that.

It is my understanding that the Pentagon is exploring how to open previously closed combat missions for women and will report those findings to Congress later this year. Where are we at in that process?

Secretary CARTER. You are absolutely right. We are opening up to women just as many possibilities or positions as we possibly can in the military. We are down now to a fairly restricted, but important, category both in the Army and the Marine Corps, and the leadership there is looking at what is possible, what the implications are. I think from our point of view, and I think is widely shared, we want to do as much as we can. So, you know, the presumption ought to be that women can serve everywhere in our military, but there may be exceptions to that. We are still working our way through that in both the Army and the Marine Corps, and that process is not complete yet, but I think it is a very important evolution, and something that, you know, very good people are, with great dedication and determination, looking at.

Let me ask Chairman Dempsey—

General DEMPSEY. Well, we will have our recommendation to the Secretary in September.

Senator TESTER. Okay.

General DEMPSEY. And the one thing that we have done that is important to note is we have scrutinized standards so that we know that we have got the standards correct, and then we can make a determination of who can meet them.

Senator TESTER. To make this crystal clear, in carrying out this Nation's combat missions, is there a valuable role and has there been a valuable role for women in uniform?

General DEMPSEY. Yes.

Senator TESTER. Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator. The time of the Senator has expired. The Senator from Alaska, Ms. Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman. And, General Dempsey, thank you for your service, and I will just remind you about that big fish that is on the wall in my office, there are more in the waters.

There is some fly fishing in Montana, but we would welcome you at any time. But again, thank you for your service.

#### ARCTIC

I want to talk a little bit about the Arctic. I just came from a meeting in my office. I had some primarily men and women from the War College who wanted to talk about issues, and I said, okay, if you were sitting in my chair today, what would you ask the Secretary and General Dempsey, and without question, it was the Arctic. Where are we in the Arctic when it comes to U.S. investment? The general opinion is that whether it is talking about ice breakers, or communication infrastructure, or even wheeled vehicles that

can operate in Arctic environments, the United States may be 40 years behind, you know, depending on how you are talking to.

I was at the Arctic Council meeting in Iqaluit last week with Secretary Kerry, and all anybody wanted to talk about was Russia's arctic push, and what were we going to do in that regard. And I think we are all trying to understand exactly what Russia is doing there. We have had plenty of Arctic studies. Secretary Hagel completed an Arctic strategy. We have got a few expenditures that are out there with respect to the Arctic, but I am not aware of any comprehensive spending strategy to address how we deal with our national security deficiencies in the Arctic.

And I know that NORTHCOM is working on a paper to identify some of our national security needs in the Arctic. I think it is a little bit vague at this point in time as to whether it is a full-fledged operations plan or whether it is simply a planning document. I think we are beyond the time to be doing plans, and quite honestly I am not really interested in more studies. I think that we need to be moving forward.

So the question to you, Secretary Carter and General Dempsey, is if this committee were inclined to give you some meaningful guidance here on how we would move forward to implement an Arctic national security within this bill, what do you suggest we do, because I think we agree we have plenty of issues from a military and from a defense and a national security perspective up in the Arctic, but other nations are looking at us and saying where is the United States. How do we respond?

Secretary CARTER. First of all, let me just associate myself with the point of view you are expressing. It is going to be a major area of importance to the United States strategically and economically in the future. I think it is fair to say we are late to the recognition of that, but I do think that we have the recognition, and now you are asking what is coming in behind the recognition.

Senator MURKOWSKI. Right.

Secretary CARTER. And that is just the right question. And I do not want to give you an off the cuff answer, but I would like to work with that—you obviously have a lot of expertise, and I appreciate you going to the Arctic Council meeting. But I think a plan that is more than aspirational is needed, and so I would be happy to work with you to that end.

Senator MURKOWSKI. Well, I welcome that. I think it is more than timely. Some would suggest that we are just so far behind on this that we have no excuses. Just to the end—to the discussion about making sure that we maintain the forward pressure that you have mentioned, General Dempsey. As you know, we have had listening groups around the country, some 30 different bases that are viewed as potential candidates for reduction-in-forces moving from the 490 to the 450. We are in a very unique position up there in Alaska. As you know, we are at the convergence of three different combatant commands. We have NORTHCOM, we have PACOM, and we have the European Command. None of those combatant commanders over the past several months as we have been discussing with them think that it is prudent that we see reductions-in-force strength there in Alaska between Eielson and Wainwright.

And I guess the question to you is: Are we ensuring that we are making a forward presence, that we are not withdrawing from the world as Secretary Carter has said? Are people listening to what the combatant commanders are recommending when it comes to being prepared for the security issues that present themselves in the High North?

General DEMPSEY. Yes. I am reminded of the plaque that is under the fish in my office which says, "If I had only kept my mouth shut, I would not be up on this wall."

But the answer to your question, Senator, is absolutely we are listening. I align myself with what the Secretary said. We really just started this about 2 years ago, and we are probably late to the meeting, but we are hard at it. NORTHCOM has probably the most prominent voice because they are the partners of Canada and, as it turns out, Mexico. But, yes, we have got some work to do.

[The information follows:]

The DOD recognizes the challenges associated with the ongoing opening of the Arctic. We also recognize the opportunities presented for the U.S. to work collaboratively with Allies and partners to maintain the Arctic as a secure and stable region where U.S. national interests are safeguarded, the U.S. homeland is protected, and where nations work cooperatively to address issues of mutual concern. Please note, however, that we are also fully aware of Russia's ongoing military activities along NATO's eastern and northern flanks, and that we will continue to monitor the evolution of, and actions associated with, Russia's force build-up within the region.

As you are aware, the Department has several military capabilities that may be employed in a multitude of operating environments, including the Arctic. These capabilities were developed, and are regularly improved, in keeping with DOD's policy of preparing for a wide range of global contingencies. We constantly review and assess our global defense posture and capabilities, as well as those of our partners, friends, allies and adversaries. These reviews and assessments occur in all theaters, to include the Arctic, and they are performed through the Department's routine budget and force planning processes.

We have identified many challenges associated with operating in the Arctic, to include: shortfalls in ice and weather reporting and forecasting; a lack of navigational aids and accurate charts; limitations in communications due to lack of assets and harsh environmental conditions; and a limited inventory of ice-capable vessels and shore-based infrastructure. We are addressing these shortfalls in a coordinated manner by the relevant Federal departments and agencies under the auspices of the National Strategy for the Arctic Region and the associated Implementation Plan.

We will continue to invest in ground-based interceptors (GBIs) in Alaska, and in the North Warning System radars and air defense assets operating in the Arctic and northern approaches to North America for decades. These include the Ballistic Missile Early Warning radar at Thule Air Base, in Greenland. We will continue our training and exercises in the Arctic, including our participation in events such as ARCTIC CHALLENGE, a multinational air exercise hosted by Sweden, and COLD RESPONSE, a multinational cold weather exercise hosted by Norway. The prepositioning arrangement between the United States and Norway and our cost-sharing arrangement associated with the recently transformed Marine Corps Prepositioning Program-Norway (MCPNP-N), allow us to respond quickly to crises and contingencies in Norway and throughout the region by providing assets to operational forces in an efficient and cost effective manner. We will also continue our training and exercise program in Alaska.

It will take adequate resourcing to maintain these efforts. Additionally, any future investments in Arctic infrastructure or activities must be weighed against investments in other capabilities, such as resources for strategic weapons modernization or recapitalization of the U.S. Navy's ballistic missile submarine fleet. Ballistic missile submarines, coupled with strategic weapons systems, represent the most survivable leg of the strategic arsenal and provide the Nation's only assured nuclear response capability. DOD's challenge is to balance the risk of inadequate capabilities or insufficient capacities appropriate for the Arctic environment with the opportunity costs associated with making premature and/or unnecessary investments. In

recent years, this challenge has been further complicated by the ongoing threat of sequestration and repeated downward revisions of the Department's budget plans.

Senator MURKOWSKI. Well, know that we stand ready to work with you. I would love to have further discussion about what we really think of Russia's Arctic push and, again, have a better strategy moving forward. Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator. The Senator from Vermont.

Senator LEAHY. Thank you, and I welcome you here. General Dempsey, I think I join with everybody else in complimenting you on your service.

General DEMPSEY. Thank you, sir.

Senator LEAHY. We are going to miss you. I am going to miss those breakfasts on St. Patrick's Day.

General DEMPSEY. We could still do that.

Senator LEAHY. Well, we pass the jokes back and forth, and fortunately there is no press or microphones. And you are welcome to come fishing in Vermont, too. It is different kind than elsewhere, and we do have Lake Champlain, and it has got some great spots.

You know, I am not the first among the members here to talk about how we have to do more with less. And, Secretary Carter, you must groan every time you hear that because I am afraid some are saying we do everything with nothing. I know the conversation you and I had prior to your confirmation.

#### NATIONAL GUARD FORCES

There has never been a time in my 41 years here in the Senate when the military has been as small as it is now, so it is not just important that—actually it is required. We have got to invest every dollar wisely. So let me ask this. Secretary Carter, going back to our earlier discussions, where are we in the process of deciding how the military is shaped, what equipment it needs for the requirements that governors have for National Guard forces and equipment in a domestic emergency? I think of our Guard actually saving our State, or a hurricane, others, earthquakes and so on. Are there currently plans for how the National Guard personnel and equipment that we fund could be used in a domestic event?

Secretary CARTER. Yes, Senator. Thank you. It was actually several years ago when I was deputy secretary, I asked the National Guard Bureau to look at exactly the question you are raising, namely the Guard has a national security function, but it also has a very important defense support to civil authorities function, which I respect, and which it has had for the 200-odd years that the National Guard has been in existence, and which is critical when it comes to floods and other kinds of disasters.

And so, the question you are asking is—well, the background is we have never written down what it is that is required to respond to those disasters and potential disasters, and that is the process that General Grass has embarked on. First he took the State disaster assistance plans. Now he is looking at the regional disaster assistance plans and trying to create an overall disaster assistance plan so that we can use that to inform the resources of the Guard insofar as defense of civil authorities is concerned. So that is an important new thing.

Senator LEAHY. Well, it is because, of course, in a country as large as ours, we tend not to have earthquakes in the Northeast, but look at the terrible earthquakes in some parts of the West, and you look at tornadoes in the South and so on. And, General Dempsey, you have to sit there as Chairman of the Joint Chiefs and juggle all the demands and requirements of all the different departments, including General Grass' and his. Is this an issue that comes up to you?

General DEMPSEY. Absolutely, Senator. In fact, I think over the last several years, the commander of NORTHCOM has gained a greater voice inside of our processes both for the distribution of the force and shaping of it. And I will tell you, the other thing that gets very little notoriety, but is very powerful, is the partnership between FEMA, the Federal Emergency Management Agency, and Northern Command, and the Guard Bureau. And the seven regions of FEMA are well partnered to respond to crises inside the homeland.

Senator LEAHY. I will never forget after we got devastated a few years ago in a hurricane in Vermont, flying into towns that had been totally cut off. The bridges had been torn apart. And going in a small helicopter with our governor and General Dubie as our adjutant general, and seeing the Guard plowing down the road creating a new—putting down a pontoon bridge, building it, and then FEMA arriving in it. It was a salvation, especially in some of those places because there is no medical care that can get through otherwise.

And, General Dempsey, my time is about out. You have pushed hard on changes to work on the issue of sexual assault in the military. And if you could have your staff let mine know what you found effective and what more needs to be done because it is an issue that comes up so often. When I am home, young people want to go into the military in both sexes, and that is a question they always ask. So I would like to be able to give them the best answer possible.

General DEMPSEY. Happy to do it, Senator. And you used the past tense “pushed.” I can assure you it is the present tense, “pushing.” Present participle actually.

Senator LEAHY. Thank you. That is an important part. And lastly, Secretary Carter, you talked about jet engines. I know you have been a proponent of the Air Force’s Advanced Engine Program. General Welsh said it was a game changer. I watch it because, like many other States, so that I remind how does something this important wind up on the cut-off list.

Secretary CARTER. I think you are referring to the ADVENT Program?

Senator LEAHY. Yes.

Secretary CARTER. Well, the ADVENT Program is an important one. It deserves funding. And the reason for that is that we need more fuel efficient jet engines in the future, and the reason that we pursued the ADVENT Program was in part as a follow on and a competitor to the F-135 engine, which is in the Joint Strike Fighter. So it is an important program, and it is important for us to stay competitive in the jet engine area both for military, and by

the way also, that is not the reason we do it, but for commercial competitiveness also.

Senator LEAHY. Thank you. Thank you, Mr. Chairman.

#### ADDITIONAL COMMITTEE QUESTIONS

Senator COCHRAN. Thank you, Senator Leahy. If there are no other questions, let me thank the panel for your cooperation, your appearance today, and your presentations. They will be very helpful to us as we proceed to complete the appropriations process. We are grateful for your service and look forward to continuing a dialogue as necessary during the 2015 appropriation year process.

Senators may submit additional questions which we will forward onto you, and request that you respond to them in a reasonable time.

Secretary CARTER. Will do.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

#### QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

*Question.* Under current law, the United States Air Force is required to field a flight certified, domestically built rocket engine by the year 2019. For the current fiscal year, this Committee provided \$220 million for this engine development program. To date, it is my understanding that the Air Force has only focused on studies and risk mitigation, and is asking Congress to provide relief on the 2019 date. We have been told that if the Air Force has any chance to meet this date, it must immediately begin a significant engine development program.

If congress does change the due date for this engine, how confident are you that the engine development will be completed by 2019?

*Answer.* Historically, it has taken 6-8 years to develop new, large scale rocket engines. The best strategy to develop a domestic engine by 2019 is to leverage opportunities to partner with industry in their on-going engine development. However, an engine alone does not result in a launch solution. The engine must be integrated into a launch vehicle and tested as an entire system. Even if the engine investment attempts to minimize changes to existing launch vehicles, we still need to integrate that new engine into the launch vehicles and launch complexes, modify the flight software, test the new system, and certify it for use. This is estimated to take another year or two after industry develops the engine.

*Question.* Should we be doing more on rocket engine development to ensure that the Department of Defense has reliable, domestic access to space without having to rely on the Russians?

*Answer.* The Department is committed to transition off the Russian made RD-180 as quickly as possible and is executing a plan with a goal of having two domestic commercial space launch providers that can also lift our national security space manifest to provide assured access to space. We have started the first step of the process, the technology maturation and risk reduction. Going forward, per national policy and the Commercial Space Act, we are seeking public-private partnerships with industry. The commercial launch industry is developing rockets and providing the launch services. Our strategy to partner with industry on not just an engine but a launch system will make sure that we have the ability to deliver national security assets into space in a competitive, affordable manner without strategic foreign reliance.

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#### QUESTIONS SUBMITTED BY SENATOR RICHARD C. SHELBY

*Question.* Under the restrictions of the fiscal year 2015 NDAA Section 1608, I understand that there may be a minimum six-year gap in guaranteed access to space. I have also been informed that, even if DOD's legislative solution is implemented, there may be a minimum 2 to 3 year gap in assured access to space. How necessary is the current DOD legislative solution, and will action beyond DOD's current proposal be required?

**Answer.** The DOD legislative proposal “Modification of Prohibition on Contracting with Russian Suppliers of Rocket Engines for the Evolved Expendable Launch Vehicle Program” would give the Department authority to enter into contracts that include Russian-manufactured RD-180 engines. The launch service provider, United Launch Alliance, has entered into a subcontract under which such rocket engines would be procured. If these engines are available for future Evolved Expendable Launch Vehicle (EELV) contracts, the currently contracted-for engines could meet the Department’s needs through fiscal year 2022. The availability of RD-180 engines through fiscal year 2022 would ensure access to the Atlas V, and with the recent certification of the Falcon 9 launch system, the Department would likely be able to meet its Assured Access to Space requirements, which requires the Department to ensure the availability of two launch vehicle systems, as established in policy and law, with a low probability of the occurrence of a gap. However, it should also be noted that neither the Falcon 9 launch system (as currently certified) nor the Atlas V are capable of meeting all the EELV required mission orbits. Therefore, manufacture of the Delta IV Heavy vehicle must continue until new launch capabilities are developed and fielded.

Congressional enactment of the language provided in the Department’s legislative proposal is necessary to ensure a smooth transition away from utilizing the RD-180 engine for National Security Space launches.

**Question.** When Secretary James testified before the Senate Armed Services Strategic Forces Subcommittee last week, she noted that \$13 million in fiscal year 2015 funding has thus far been obligated toward a new rocket propulsion system to replace the RD-180. That leaves \$207 million to be obligated during the balance of the 2015 fiscal year. Yet, Secretary James also stated that, and I quote, “we intend to invest an additional, say \$45 million to \$50 million, we project, over about the next 6 months.” If Secretary James was correct in stating that the Air Force plans to spend \$45–50 million over the next 6 months, how does DOD plan to spend the remaining \$157–162 million dollars appropriated?

**Answer.** We plan to obligate the remaining funds, approximately \$160 million, by investing in industry’s rocket propulsion systems using Other Transaction Authority. We released the Request for Proposals on June 2, 2015 and anticipate a rolling award of up to four agreements between September and December 2015.

**Question.** I have serious concerns that the \$220 million appropriated for a rocket propulsion system is going to be spread across numerous contracts, with little focused effort or results. Could you please clearly outline DOD’s targeted acquisition strategy for a new rocket propulsion system?

**Answer.** The Department is committed to transitioning from its use of Russian rocket propulsion systems in the most efficient and affordable manner possible. The Department currently procures launch services, rather than launch vehicle hardware, and is working with industry determining how to affordably provide these services utilizing domestically-produced rocket propulsion systems. It should be noted that transitioning from reliance on the Russian RD-180 engine requires more than just development of a domestic propulsion system. The propulsion system must be integrated into a launch system in order to provide access to space. This view was echoed by the Nation’s leading launch service providers and rocket engine manufacturers in responses to an Air Force issued Request for Information in August 2014. It must also be noted that these same providers clarified in testimony that none of their solutions could directly replace the RD-180 in form, fit, or function.

Based on those industry responses, the Air Force developed a multi-step approach to transition to domestic rocket propulsion systems while assuring access to space. Started last year, the first step is to mature the technology to reduce engine development technical risk. The Air Force has obligated about \$50 million toward this effort and will invest an additional \$45–50 million in the next 6 months. The next step is to initiate investment in Rocket Propulsion Systems, in compliance with section 1604 of the Carl Levin and Howard P. “Buck” McKeon National Defense Authorization Act for fiscal year 2015, Public Law 113–291. The Air Force plans to award multiple contracts or other transaction agreements with propulsion system or launch system providers that co-invest in on-going domestic propulsion system development efforts starting this fiscal year. In the third step, the Air Force plans to continue this approach by entering into agreements with launch system providers to provide domestically-powered launch capabilities. To complete the transition, the Air Force’s goal is to compete and award contracts with certified launch providers for launch services for 2018 and beyond.

**Question.** I have watched with growing concern as Iran continues to sow instability in the Middle East by pursuing nuclear weapons, sponsoring terrorism, developing offensive and defensive ballistic missile capabilities, and most recently by its aggressive posture in the Strait of Hormuz. How, if at all, will the Department of

Defense's strategy with regard to dealing with the Iranian threat change, if a nuclear agreement is signed?

**Answer.** The Department of Defense's approach toward Iran will not change as a result of a Joint Comprehensive Plan of Action agreed to between the P5+1 and Iran. The Department will remain prepared to address any scenario related to Iran.

**Question.** According to a White House fact sheet, Iran's breakout time to acquire enough fissile material for one weapon is currently assessed to be 2 to 3 months. I understand that, under the Iran Framework agreement, not a single centrifuge will be dismantled or destroyed. Secretary Carter, could you please discuss the threat of a nuclear Iran, especially if the Iranians are allowed to continue to enrich uranium?

**Answer.** We remain very concerned about the prospect of a nuclear-armed Iran, but we believe that the best way to prevent that is through an internationally agreed upon nuclear deal that imposes significant restrictions on Iran's ability to enrich uranium and strict monitoring of its nuclear program. Although Iran would be permitted to enrich uranium under the Joint Comprehensive Plan of Action, it would be enriching within agreed limits and under strict international scrutiny. Finally, the Department of Defense will continue to be prepared for any Iran-related contingencies that may arise.

**Question.** North Korean rhetoric concerning their ability to conduct a "preemptive strike if necessary" against the United States has recently resurfaced. How important is the Ground-Based Midcourse Defense (GMD) system for homeland defense against North Korean ICBM threats?

**Answer.** In the event that deterrence fails and North Korea launches an intercontinental ballistic missile (ICBM) at the United States, the Ground-Based Midcourse Defense system is the means by which we would defend the homeland. Therefore, it is very important in the Nation's defense against North Korean ICBMs.

**Question.** During Afghan President Ashraf Ghani's speech before Congress in March, he noted that the Islamic State poses a "terrible threat" to his country. What can you tell this Committee about ISIS's efforts to gain a foothold in Afghanistan, and our military's efforts to prevent that?

**Answer.** The Afghan government and coalition forces in Afghanistan continue to watch closely the Islamic State of Iraq and the Levant's (ISIL's) attempt to expand its reach into Afghanistan. Thus far, U.S. forces have seen some evidence of limited recruiting efforts, and a few individuals formerly associated with other militant groups have "rebranded" themselves as members of "ISIL of Khorasan Province." U.S., coalition, and Afghan forces are collaborating closely in order to prevent this threat from expanding.

**Question.** In September of 1988, a GAO report underscored the Air Force's concerns about "the A-10's ability to support the Army and survive the Soviet air defense threat of the 1990s and beyond." This year, the President's Budget again proposes to retire the A-10. While I appreciate the close air support mission of the A-10, I also understand the difficult budgetary decisions that DOD faces. Secretary Carter, how might retiring the A-10 allow the Air Force to recapitalize for threats 10 years from now? What other aircraft will provide close air support upon the A-10's retirement?

**Answer.** In a time of reduced budgets, retiring the A-10 fleet will enable the Air Force to maintain critical readiness funding, sustain investment in high priority acquisition programs such as the F-35, Long-Range Strike-Bomber, and KC-46A as well as mitigate shortfalls in our munitions inventories. Other Air Force aircraft used to provide close air support are the AC-130, F-16, F-15E, B-1, B-52, and, in the future, the F-35.

**Question.** DOD's primary weapons tester released a report in January of this year, noting critical cybersecurity vulnerabilities in most of the DOD acquisition programs tested in the previous fiscal year. How vulnerable are our missile defense and space assets to a cyberattack? And, what more can we do to protect our military assets against hardware, software, and supply chain cyber threats?

**Answer.** Cyber threats to U.S. national and economic security are increasing in frequency, scale, sophistication, and severity of impact. Overall, the unclassified information and communication technology networks that support U.S. Government, military, commercial, and social activities remain vulnerable to espionage and/or disruption. We expect that the likelihood of a catastrophic attack from any particular actor is remote at this time. Rather than a major cyber event scenario that debilitates the entire U.S. infrastructure, we foresee an ongoing series of low-to-moderate level cyber incidents from a variety of sources. While the cyber threat cannot be eliminated, cyber risk must be managed. Military systems and operations

must be made resilient and viable in the face of advancing adversary cyber capabilities—protections for space and missile defense assets are no exception.

As such, we have placed the highest priority on cyberspace defense in the resilience of systems and capabilities. Specific efforts are underway to evaluate and secure missile defense systems, control networks, and space assets, including the ground layer. Department of Defense (DOD) activities to enhance cyber security and system resilience against cyberspace exploitation and attack are being applied across the acquisition lifecycle.

For example, the next generation Operational Control System (OCX) is the command and control portion of the next generation Global Positioning System (GPS). OCX provides significant Information Assurance improvements over the current GPS Operational Control Segment by preventing/detecting attacks and allowing GPS operators to isolate, contain, and operate in a cyber-contested environment.

Likewise for missile defenses, the Department is actively and continually evaluating potential vulnerabilities to adversarial cyber operations. We are securing missile defense networks/systems and developing options designed to increase resilience while providing mission assurance. These actions include looking critically at supporting infrastructure and key resources, as well as working with industry and international partners to collaborate, inspire innovation, and prevent cyber incursion wherever possible.

Moving forward, it is necessary that we establish cyber resilience requirements, continue to evaluate cyber vulnerabilities, and maintain a proactive program of remediation and operational resilience. The Department plans to implement a testing and training regimen that allows us to train like we expect to fight. We support the continuation and potential expansion of testing regimes to evaluate cyber vulnerabilities and manage the resulting risk. We have initiated improvements in cyber discipline and increased the ability to evaluate and harden fielded systems. At the same time, the Department is instituting the policy changes needed to build cyber resilience into the fabric of our business processes, designs, acquisitions, and operations.

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#### QUESTIONS SUBMITTED BY SENATOR LAMAR ALEXANDER

##### ELECTRONIC HEALTH RECORDS

*Question.* The subcommittee heard testimony that all deployment and sustainment costs for the Department of Defense's Electronic Health Records System (EHR) are included in the life cycle cost estimate (LCCE) of \$10.5 billion.

Does the Department expect any change orders that would require additional funds? Does the Department of Defense believe that any additional funding will be needed during the 18 year life cycle of this program? Does the \$10.5 billion life cycle cost estimate include all operational costs, including education and training efforts?

*Answer.* We do not anticipate any change orders within the current scope of the Program that would require additional funding.

For the items within the current scope of the Program, the Department of Defense does not expect the need for additional funding.

The \$10.5 billion life cycle includes all operational and support costs within the current Program scope, including education, training, and change management efforts.

##### ELECTRONIC HEALTH RECORDS

*Question.* How is the Department of Defense making sure that this electronic healthcare system will be interoperable with other systems?

*Answer.* In May 2013, the Department of Defense (DOD) initiated a full and open competition for a core set of capabilities for Electronic Healthcare Record (EHR) modernization. To that end, the Program Executive Office Defense Healthcare Management Systems conducted extensive market research, hosted multiple industry engagements, and collaborated across the Military Health System, the Department of Veterans Affairs (VA), the Office of the National Coordinator, and Office of E-Government and Information Technology. These efforts contributed to the refinement of solicitation requirements in support of acquiring a configurable and scalable modernized EHR, which is interoperable with the VA and private sector healthcare providers by enabling standards-based, secure electronic exchange of medical and patient data.

Further, in addition to solicitation requirements related to interoperability, the solicitation includes interoperability as part of the source selection evaluation. Specifically, the evaluation includes the likelihood the solution will achieve interoperability

with the Virtual Lifetime Electronic Record Clinical Document Architecture, along with three other types of standards based interfaces consistent with the program's interface strategy. Also, the source selection considers the extent to which the offeror's proposed approach is consistent with the Defense Healthcare Management System Modernization (DHMSM) Interface Strategy, which requires interfaces be compliant with the IPO Information Interoperability Technical Package standards that details interoperability standards between Departments.

After contract award, the new EHR system will be independently tested to ensure it meets operational and interoperability requirements with the VA and private sector healthcare providers. The DHMSM Test and Evaluation Master Plan describes the testing phases, evaluation framework, technical certifications, test organizations, test tools, and test management requirements that will be used to test the new EHR system. The test phases include contractor integration testing, developmental testing, and independent operational testing, which will ensure the EHR has a standards-compliant common clinical data model to achieve interoperability between DOD, VA, and national/international partners. During the operational testing, the product will be tested using typical users in an operationally realistic environment using a production representative system executing real mission tasks. The current DOD data sharing infrastructure within the Defense Medical Information Exchange (DMIX) program will remain operational to ensure continuity with the VA and national partners during the DHMSM testing and deployment. The DMIX infrastructure will be an integral part of the DHMSM test environment and test plan for interoperability testing.

#### ELECTRONIC HEALTH RECORDS

*Question.* Many TRICARE patients use civilian TRICARE network providers who are outside of military treatment facilities. How will vital healthcare information be shared between the Department's electronic health record system and non-government systems? Was a cloud-based program considered to address this concern?

*Answer.* The Defense Healthcare Management System Modernization (DHMSM) solicitation includes multiple interoperability-related requirements enabling the sharing of healthcare information. For example, the solicitation requires that:

“ . . . the EHR System will enable the application of standardized workflows, integrated healthcare delivery, and data standards for improved and secure electronic exchange of medical and patient data between the DOD and its external partners, including the Department of Veterans Affairs (VA), and other Federal and private sector healthcare providers. The workflows inherent to the EHR System will be adopted by and standardized throughout the MHS via the DHMSM Change Management process, as applicable. The EHR System will leverage data exchange capabilities in alignment with the Interagency Program Office (IPO) for standards-based health data interoperability and secure information sharing with external partners to include the VA.”

DHMSM is a performance-based solicitation, so, rather than dictating how the contractor must accomplish interoperability, the requirements are outcome-based. To that end, offerors have the latitude to propose any technical solution, including a cloud-based approach, for achieving interoperability and data exchange so long as the approach is consistent with the solicitation requirements.

In addition to solicitation requirements related to interoperability, the solicitation evaluates interoperability as part of the source selection. Specifically, the evaluation includes the likelihood the solution will achieve interoperability with the Virtual Lifetime Electronic Record Consolidated Clinical Document Architecture, along with three other types of standards based interfaces consistent with the program's interface strategy. Also, the source selection considers consistency with the DHMSM Interface Strategy, which requires interfaces be compliant with the IPO Information Interoperability Technical Package standards. The evaluation process also includes determining if proposals pass key “Gate Criteria,” which include data exchange capabilities that align with national standards used by governance bodies such as the Office of the National Coordinator (ONC) and other external standards organizations.

It also requires a data architecture that supports open standards-based data portability. Offerors will be evaluated on their design approach to achieving Open Systems Architecture, which includes utilizing and providing open and standardized Application Programming Interfaces and services to facilitate integration. The offeror must continue to adopt emerging standards and maintain compliance and currency with ONC IT requirements and applicable national standards.

Finally, in addition to the current systems interoperability accomplishments and the acquisition of a modernized interoperable electronic health record system, DOD

has added language to the TRICARE Managed Care Support Contract (T2017) to enable future development of a time-phased Interoperability Plan to achieve machine-to-machine interoperability within the TRICARE system and among TRICARE network providers.

#### ELECTRONIC HEALTH RECORDS

*Question.* Given the number of questions raised by this procurement for an electronic health record system, are you considering delaying the award of this contract pending a GAO or congressional review?

Answer. On July 29, 2015, DOD announced that the contract for the Defense Healthcare Management System Modernization was awarded to the team led by Leidos, Cerner, and Accenture. Prior to this announcement, the procurement had undergone multiple oversight processes, including but not limited to the formal DOD Peer Review process led by the Office of the Director, Defense Procurement and Acquisition Policy, pursuant to DFARS 201.170. The Program Executive Office Defense Healthcare Management Systems (PEO DHMS) has closely engaged with Congress throughout the acquisition process, including testifying before multiple committees and responding to all congressional requests for information pursuant to FAR 5.403. The PEO also participated in a Defense Acquisition Board review prior to contract award to ensure readiness of the project and to fulfill 10 U.S.C. Chapter 144 responsibilities concerning Acquisition Category I Programs. Further, the PEO issued congressional notifications in accordance with DFARS 205.303 prior to awarding the contract.

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#### QUESTION SUBMITTED BY SENATOR ROY BLUNT

*Question.* I understand there was a recent policy change to the per diem allowance for long-term temporary duty. The policy change was based on a 2012 NDAA requirement to address cost reductions in overall travel, without impairing the mission. I have seen the letter from the Assistant Secretary of Defense for Readiness and Force Management on justification of the policy change and I would stress that the Temporary Duty of our Nation's soldiers is unique and not fully comparable to the State Department, VA or Health and Human Services Department. While this policy change may look good on paper, it may not look so good for DOD travelers who are forced to pay out of pocket for basic necessities. Will you commit to revisiting the policy if it is found to negatively impact morale? Further, can you tell me the extent to which DOD assessed the impact to businesses, which are dedicated to supporting our military, was addressed in the determination of this policy decision? Finally, as a result of this policy change how many soldiers are forced to pay at least some of their expenses out of pocket for TDY periods longer than 30 or 180 days?

Answer. The Department's flat rate per diem policy does not force Service members and DOD civilian employees to pay out of pocket for authorized travel expenses or bare necessities. Under this policy, rates now more accurately reflect actual expenses incurred. To ensure that no one is disadvantaged, the policy allows the Authorizing Official to authorize reimbursement of actual lodging expenses up to 100 percent of the per diem rate when discounted lodging cannot be found. Of note, the Services support flat rate per diem; this policy has worked well since 2008 when it was first introduced by the Services for contingency travel of over 180 days in duration.

DOD has monitored this policy since it was first adopted 8 years ago. In fact, we continue to engage our governance bodies and seek feedback to assess its impact, and will adjust any policy if necessary. As an example, we have identified three foreign locations where the reduced per diem is insufficient to cover the meals and incidental expenses for a few isolated members traveling for U.S. Special Operations Command. To ensure that these members are properly compensated, we are revising the policy so that Service Secretaries and Combatant Commanders can request that travelers receive full per diem in foreign locations when flat rate per diem will not cover identified expenses due to unique local security, safety, or sanitary conditions.

The Department also consulted our industry partners through the Government-wide Travel Advisory Committee (GTAC). The GTAC provided an opportunity for travel industry leaders and other qualified individuals to offer their expert advice and recommendations to the General Services Administration (GSA). Recognizing the merit of a long-term flat rate per diem policy, the GTAC recommended that all Federal agencies consider implementing similar policies.

To be clear, DOD travelers are not forced to pay out of pocket for authorized travel expenses or necessities when on temporary duty (TDY) travel periods longer than

30 or 180 days. Even with reduced rates, travelers on TDY in the Continental U.S. for 31–180 days will receive \$1,020–\$1,620 every 30 days for meals and incidental expenses (M&IE). For TDY greater than 180 days, the amount is \$759–\$1,171. Established full M&IE rates are based on short stays of less than 30 days in duration. These rates assume travelers are dining 3 times a day at full-service restaurants (including taxes and tips); they do not take into account the economics of the extended-stay lodging/rental market, nor the change in traveler behavior on extended temporary duty travel. Providing a per diem allowance for meals affords the traveler autonomy in making their dining decisions. Travelers may choose to spend more or less than their allowance. The Department's analysis demonstrates, and industry best practices support, that the reduced per diem for extended TDY travel is sufficient and fair compensation. The Department will continue to ensure fair reimbursement for expenses incurred in support of the mission.

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#### QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

*Question.* In last year's fiscal year 2015 omnibus appropriation, this Subcommittee included a provision on the sale of tobacco and tobacco-related products sold at military resale outlets (SEC. 8073). The Subcommittee's intent was for tobacco products sold in commissaries to be priced at parity with the after tax price of tobacco products in the local community. The text of the language is also clear on that point. Will you ensure that DOD faithfully implements this provision, and if so by what date?

*Answer.* Yes. Currently, prices for tobacco products in military exchanges and commissaries are set in accordance with section 633 of the Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for fiscal year 2015, which prohibits the sale of tobacco products at a price below the most competitive price for that product in the local community and requires that the price at defense retail outlets overseas be within the range of prices established for that product in the United States. Additionally, prices for tobacco products in military exchanges and commissaries are set in accordance with section 8073 of the Consolidated and Further Appropriations Act, 2015, which prohibits the sale in the United States of any tobacco or tobacco-related products at a price below the most competitive price in the local community, and requires the sale overseas of such items be at prices within the range of prices established for military retail system stores located in the United States.

*Question.* Last year Secretary Hagel initiated a Defense Advisory Committee on Tobacco to review the Department's tobacco policies and make recommendations for future changes. As I understand it, the panel has concluded its work and submitted it to your office for decision. When will you complete your review of the tobacco panel's recommendations? Can you assure this Subcommittee that you will be aggressive in combating smoking in the military?

*Answer.* The review of the tobacco panel's recommendation is nearly complete. As you mentioned, the Defense Advisory Committee on Tobacco (DACT) proposed several recommendations for tobacco use and control throughout the DOD. These options take into consideration the DOD's approach to tobacco pricing, tobacco use areas on military installations, tobacco use in uniform, and other areas related to education and outreach efforts in collaboration with the Services.

While these policy options are under review, the DOD continues to make great strides towards reducing tobacco use. In accordance with the fiscal year 2015 National Defense Authorization Act (NDAA), the DOD eliminated the 5 percent discount on tobacco products in all Military Exchanges and Commissaries. This change is an important step toward ultimately removing all financial incentive to purchase tobacco products at Military locations.

DOD will be comprehensive in combating smoking in the military.

*Question.* In November 2014, the Department of Education announced it was creating an interagency task force on for-profit colleges. The task force is based on legislation I introduced with Representative Elijah Cummings to improve information sharing amongst agencies and improve oversight of this industry. Will Department of Defense participate in the task force?

*Answer.* Yes. The Department of Defense stands ready to support the Department of Education in this endeavor to the maximum extent possible. We are committed to strong and effective oversight of the educational programs offered to our Service members and take our responsibility of being a good steward of taxpayer dollars and providing quality educational opportunities very seriously. We continue to work closely with the Departments of Education and Veterans Affairs and the Consumer Financial Protection Bureau on a comprehensive strategy to strengthen enforcement

of, and compliance with, the enhanced protections delineated in the President's Executive Order 13607, "Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members." This mutually beneficial working relationship also helps promote information-sharing among our agencies on matters involving complaints, issues of noncompliance, and similar risk-based information to facilitate our holding educational institutions accountable when necessary.

As you know, we require signed agreements (Memorandums of Understanding) between the Department of Defense and each of the more than 2,600 educational institutions that participate in the Tuition Assistance (TA) program, regardless of sector (public, private for-profit, or private non-profit). These agreements (MOUs) are binding arrangements between the Department of Defense and each educational institution, and shape our relationships with these institutions.

*Question.* A loophole in the law does not count this Subcommittee's funds for TA and MyCAA as Federal dollars for the purposes of the 90–10 rule for Federal education funds. I am working to close this loophole legislatively. But in the meantime, we have sent a letter to Secretary Duncan asking him to publish 90/10 data that include DOD dollars. Will you work with the Department of Education to share data on the Tuition Assistance program and the MyCAA program?

*Answer.* Yes. The Department of Defense (DOD) stands ready to support Secretary Duncan and the Department of Education in this endeavor. We are committed to strong and effective oversight of the educational programs offered to our Service members and take our responsibility of being a good steward of taxpayer dollars and providing quality educational opportunities very seriously. As you know, the Department has already improved its oversight in many ways, such as requiring signed agreements between DOD and educational institutions that participate in the Tuition Assistance (TA) program, implementing a centralized postsecondary education complaint system, and, most recently, launching "TA DECIDE," a college and university information and comparison tool tailored to the unique needs of our Service members and families. We have also made TA program data publicly available for download at <http://www.dodmou.com/TADECIDE/>. This data can be used to directly support calculations involving the 90/10 rule.

*Question.* Earlier this year, the Department issued a 'narrowing of solicitation' for its contract to update DOD's electronic health record system. In narrowing potential vendors, you eliminated the bid from the open-source vendor whose system was being used by the VA. First, this contract is estimated to cost \$11 billion, and there are still questions about whether the remaining bidders can provide a platform that is interoperable with other government and private systems. Can you assure us that any system that is awarded the contract will have the capability of sharing health records across platforms? Second, as technology evolves the Department's electronic health record system must be able to stay current and adapt. Given the length of this contract, if you pick a proprietary electronic health record system, can you assure us that the vendor will be able to stay current with improvements in technology?

*Answer.* To confirm, the Defense Healthcare Management System Modernization (DHMSM) solicitation was released on August 25, 2014, with proposals due by October 31, 2014. The Government completed the evaluation of initial proposals and on February 19, 2015, opened discussions with offerors who remain in the competitive range. On July 29, 2015, DOD announced that the DHMSM contract was awarded to the team led by Leidos, Cerner, and Accenture. While DOD cannot comment on the details of the source selection process, the competition was robust and supported DOD's objective of acquiring a best value solution for the enterprise that meets requirements, including interoperability with the Department of Veterans Affairs and private sector healthcare providers.

Regarding the estimated cost of the DHMSM contract, this has been misreported in the media. The \$11 billion figure (which is now \$9 billion based on the latest estimates) represents the life cycle cost estimate for the entire DHMSM program, not just the contract, through fiscal year 2032. This initial contract has a value of \$4.34 billion over the next 10 years. In addition, though the DHMSM contract has a potential ordering period of 10 years, it consists of an initial 2-year base ordering period and two subsequent option ordering periods consisting of 3 years each. These are followed by a potential award for up to 24 months for sustainment post-full deployment. This structure provides the government the flexibility to change course if offeror performance or market conditions make it advantageous for the Government to do so.

Addressing the first part of the question, DHMSM is a performance-based requirement with interoperability requirements throughout the solicitation. The contractor's performance will be closely monitored through a variety of mechanisms, includ-

ing program office oversight and execution of the Quality Assurance Surveillance Plan, to ensure compliance with all requirements. As an example of an interoperability requirement, the solicitation requires that “the EHR System will enable the application of standardized workflows, integrated healthcare delivery, and data standards for improved and secure electronic exchange of medical and patient data between the DOD and its external partners, including the Department of Veterans Affairs (VA), and other Federal and private sector healthcare providers . . . The EHR System will leverage data exchange capabilities in alignment with the Interagency Program Office (IPO) for standards-based health data interoperability and secure information sharing with external partners to include the VA.” Further, in addition to solicitation requirements related to interoperability, the solicitation includes evaluation criteria related to interoperability.

Addressing the second part of the question, DHMSM includes technology refresh requirements throughout the solicitation. Similar to interoperability, the contractor’s performance will be closely monitored through a variety of mechanisms, including program office oversight and execution of the Quality Assurance Surveillance Plan, to ensure compliance with all requirements. As an example of a technology refresh requirement, which is captured within the Open System Architecture (OSA) requirements, the contractor must provide a Technology Refresh Plan that minimizes obsolescence, promotes adoption of emerging standards and new technologies, and maintains compliance and currency with ONC and other applicable national standards through life cycle management and component modernization.

As another example, the contractor is required to use system design and engineering processes (life-cycle support plan) that enable system improvements through upgrades of individual hardware, software modules, or interfaces with newer modular components without redesign of the entire system or large portions thereof (e.g., migration to a new thin client interface, adoption of integration technology standard such as FHIR) and without placing additional data rights/intellectual property rights constraints on the overall system design. Also, if future releases of the contractor’s commercial EHR include additional capabilities and software modules, the solicitation requires that those modules be delivered at no additional cost to the Government as part of a major release. Further, in addition to solicitation requirements related to technology refresh, the solicitation includes evaluation criteria related OSA (inclusive of technology refresh).

*Question.* Last fall, OSD halted plans to deploy a common eCMRA software system across DOD to track contracted services. Will OSD deploy a common software system, and if so when?

*Answer.* DOD is proceeding deliberately to implement a solution that will meet Congressional intent: to generate an improved Inventory of Contracted Services (ICS), using “instances” of the Contractor Manpower Reporting Application (CMRA). These “instances” are each separate and specific operating IT systems of CMRA that are used across DOD to capture contractor-reported data.

There are currently four “instances,” one for each Military Department and the fourth for OSD and the Fourth Estate, all modeled after a system developed by the Army, being utilized and accessible through a common portal at [www.ecmra.mil](http://www.ecmra.mil). In the near term, all four “instances” of CMRA will be co-located on a Defense Manpower Data Center (DMDC) server; DMDC will ensure system compliance with DOD security and Information Technology policies. Because data collection for the fiscal year 2014 ICS has already been completed, we expect that this new operational model will be used to generate the fiscal year 2015 ICS.

#### QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

*Question.* It seems that the way we are going to end our use of anti-personnel landmines on the Korean Peninsula—which President Obama has said he wants to do—is by developing technological and/or doctrinal and tactical alternatives. Twenty years ago, President Clinton called on the Pentagon to develop such alternatives, but the Pentagon did next to nothing. What is the Pentagon doing today, and what are you planning to do in the future, to finally solve this problem?

*Answer.* Since 1997, the Department of Defense has devoted considerable time and resources to addressing the humanitarian concerns associated with the use of landmines while maintaining the military capabilities needed to fulfill our obligations for the defense of the Republic of Korea. During the past 18 years, the Department has removed all persistent landmines from the active stockpile and destroyed two million persistent landmines. The Department has also developed and fielded the Spider Networked Munition to replace hand-emplaced anti-personnel landmines. Consistent with current U.S. landmine policy, the Department has initiated efforts

to replace self-destructing anti-personnel landmines. In 2014, the Joint Requirements Oversight Council approved an Initial Capabilities Document that outlines requirements for a new generation of terrain shaping capabilities to replace the current Family of Scatterable Mine (FASCAM) systems. The fiscal year 2016 President's Budget request contains \$337 million in fiscal year 2016–2020 to develop a replacement for the Gator mine system. This summer, the Department expects to complete a comprehensive study of the operational effectiveness of anti-personnel landmines and technological alternatives that will help inform future plans to replace the FASCAM systems.

*Question.* Is the Pentagon on track to meet its commitment to use only cluster munitions that have failure rate of no more than 1 percent by 2018? Since the new policy was announced in 2008, how many times, including when, where and for what purpose, have Combatant Commanders authorized the use of cluster munitions that exceed the 1 percent UXO rate? To what countries and in what quantity has the U.S. transferred cluster munitions that exceed the 1 percent UXO rate since 2008, and how will the U.S. ensure they do not use such munitions after 2018?

*Answer.* The Department of Defense (DOD) is on track to meet its commitment to use only cluster munitions that have a failure rate of no more than 1 percent by 2018.

Details regarding instances in which Combatant Commanders may have authorized the use of cluster munitions since 2008 is classified; we have previously provided these details to Congress in a classified briefing.

A thorough review of our Foreign Military Sales database confirms that the Department has complied with applicable law and DOD policy. The U.S. Government has not sold or agreed otherwise to transfer cluster munitions that are not compliant with the 1 percent unexploded ordnance (UXO) rate to a foreign government since 2007. Therefore, there are no cluster munitions in the hands of foreign countries that could be subject to any obligation to ensure they not be used after 2018.

*Question.* As the U.S. expands military engagement in Bahrain, the human rights situation there continues to deteriorate. What leverage does our military relationship with Bahrain provide us with regard to the Bahraini government's handling of internal security consistent with professionalism and respect for human rights within the Bahraini security forces? What is your assessment of the Bahraini government's ability to professionally maintain internal order, and what has been the impact on Bahrain's security forces of the recent instability? What are we doing to mitigate the risks to U.S. investments and personnel associated with increased instability in Bahrain?

*Answer.* The Department of Defense's bilateral relationship is with the Bahraini Defense Forces (BDF). Internal security is generally provided by forces under the Bahrain Ministry of the Interior, with which the Department of Defense does not have a substantive relationship. Nonetheless, the Department of Defense consistently emphasizes during military exercises, training, and engagements with the BDF, and with all partner nation militaries, the importance of professionalism, respect for human rights, and restraint.

The Bahraini security forces have shown significant restraint and professionalism in the face of violent protests in recent years. We generally assess them to be capable of professionally maintaining order and we do not assess they have contributed to instability or protests in Bahrain, which have substantially decreased in recent months.

The Department of Defense continually monitors the situation in Bahrain to ensure the safety and security of U.S. personnel. The U.S. Navy Fifth Fleet in Bahrain continually re-evaluates its force protection posture. We are confident that the measures currently in place are sufficient to ensure U.S. persons and interests are protected.

*Question.* General Dempsey, as the nation is still struggling to bring to a successful conclusion the conflicts in Iraq and Afghanistan, I am disturbed by recent testimony by General Odierno that the Army is currently being revamped in a way that would make it very difficult to sustain operations of similar length because plans assume a short war. What are your top concerns for the Joint Force if our assumptions about the length of the next conflict are too short, and why has DOD approved the reduction of combat capabilities in the reserve components in the Army rather than using it as a hedge?

*Answer.* There is no guidance or assumption regarding the length of conflict. Although our forces will no longer be sized to conduct large-scale, prolonged stability operations, we will preserve the expertise gained during the past 10 years of counterinsurgency and stability operations in Iraq and Afghanistan. We will protect the ability to regenerate capabilities that might be needed to meet future demands.

In regards to the Active, Guard, and Reserve force mix, we need to carefully consider potential changes in the balance among our Active, Guard, and Reserve forces, leveraging the unique attributes and responsibilities of our Services and their components. As with all the Services, the Army seeks to balance capability, capacity and readiness across its components to support national security requirements. Further it seeks to provide capabilities the National Guard that best supports both Federal and State missions. The President's Budget as submitted does both, despite increased risk given the climate of budget uncertainty.

*Question.* General Dempsey, it has now been almost 2 years since the nation vowed not to take its "eye off the ball again" with regards to sexual assaults in the military. Under your leadership, the Department and Services have created new organizations, streamlined old ones, made changes to military law, and created new training and personnel in an effort to prevent and respond better to allegations. What lessons have you learned about how to more effectively prevent and respond to it?

*Answer.* Two years ago, we placed emphasis on the role of leaders in combating sexual assault. As leaders became more involved, our Service members recognized their commitment and stepped up to take a more active role in prevention efforts and became a part of the solution. That involvement has helped to create more effective education and training methods. Our Service members are more aware of what constitutes harassing and sexist behaviors and when and how to intervene.

Our military faces a variety of challenges—in combat and everyday life. Eradicating sexual assault from our ranks is a challenge. Our most effective approach to responding to and preventing incidents of sexual assault requires active participation of everyone wearing the uniform.

#### QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

##### RUSSIAN ROCKET-ENGINE REPLACEMENT PROGRAM

*Question.* Last year's Russian invasion of Ukraine highlighted the Air Force's reliance on Russian-made engines to launch U.S. national security satellites into space. Last year's fiscal year 2015 National Defense Authorization Act (NDAA) and the fiscal year 2015 Defense Appropriations bill both directed the Air Force to develop a U.S.-made engine by 2019 to replace Russian-made engines. The Appropriations bill provided \$220 million to begin developing an alternative. Yet, the Defense Department has awarded little of the \$220 million to date to begin to develop an alternative to the Russian-made RD-180 engine. Further, the President's budget request to continue development of a U.S.-made engine was \$86 million, well below the initial Congressional investment of \$220 million in fiscal year 2015. After 2016, the planned funding goes down to \$60 million in fiscal year 2017 and then \$50 million in fiscal year 2018, fiscal year 2019, and fiscal year 2020.

Is the Department still committed to replacing the Russian-made RD-180 engine with a U.S. engine? If so, why has the Department not moved forward with an engine replacement program?

*Answer.* The Department is committed to transitioning from Russian rocket propulsion systems in an efficient and affordable manner. The Department currently procures launch services rather than launch vehicle hardware, and is working with industry to determine how to ensure these services utilize domestically-produced propulsion systems. Transitioning from reliance on the Russian RD-180 engine requires more than development of a domestic propulsion system, as the propulsion system must also be integrated into a launch system.

The Air Force's strategy is a four step approach to transitioning to domestic propulsion while assuring access to space. Step 1, started last year, matures the technology to reduce the technical risk of engine development. The Air Force has obligated \$50 million toward this effort, and will invest an additional \$45–50M in the next 6 months. Step 2 initiates investment in rocket propulsion systems in compliance with the fiscal year 2015 NDAA. The Air Force will partner with propulsion system or launch system providers by awarding multiple contracts that co-invest in on-going development efforts. In step 3, the Air Force will continue the public-private partnership approach by entering into agreements with launch system providers to provide domestically powered launch capabilities. In step 4, the Air Force will compete and award contracts with certified launch providers for launch services for 2018 and beyond. These providers will on-ramp the systems developed under shared investment while off-ramping legacy systems, which use Russian RD-180 engines.

## RECENT USE OF CLUSTER MUNITIONS IN YEMEN

*Question.* Secretary Carter, according to a recent report by Human Rights Watch, there is substantial evidence that the Saudi-led coalition used internationally-banned cluster munitions in western Yemen. U.S. policy until 2018 permits the use of cluster munitions with a less than 1 percent unexploded ordnance rate against clearly defined military targets and in areas not normally inhabited by civilians. In Yemen, the attack appeared over a cultivated plateau within 600 meters of civilian structures.

Are you aware of the report of the use of cluster munitions in Yemen? [Has the Defense Department examined whether cluster munitions were used against clearly defined military targets and in areas not normally inhabited by civilians? Given the fact that cluster munitions leave behind small submunitions that could harm civilians in the future, has the Department sought assurances from the coalition that they will not use cluster munitions in areas normally inhabited by civilians or close to areas where they live?] Finally, Current Defense Department policy written by former Secretary Gates would prohibit the use of cluster munitions by the U.S. with greater than 1 percent unexploded ordnance rate after 2018. Does the Department of Defense intend to abide by this policy?

Answer. Yes, we are aware of the report of the use of cluster munitions in Yemen. The Saudi government reported that the cluster munitions were used to target vehicles and not people. The cluster munitions used met the criteria of less than 1 percent unexploded ordnance. The Saudi government has assured us these munitions will be used in accordance with the U.S. requirements outlined in the Foreign Military Sales agreements: "recipients of such transfers must commit that cluster munitions will only be used against clearly defined military targets and will not be used where civilians are known to be present or in areas normally inhabited by civilians." Policy questions are best addressed by the through the office of the Secretary.

## NEW AIR FORCE NUCLEAR CRUISE MISSILE

*Question.* Why does the military believe that this long range standoff missile is necessary to maintain our nuclear deterrent? Given the nature of the threats we face today, how can the military justify so much additional funding for deterrence at the expense of non-proliferation programs?

Answer. Penetrating cruise missiles strengthen the credibility and effectiveness of our nuclear deterrent by providing the United States with a unique capability to hold at risk targets deep inside an adversary's territory despite efforts to deny access. Additionally, heavy bombers count as one strategic warhead under New START, regardless of the number of nuclear gravity bombs and cruise missiles we have in our inventory. This provides the United States with a rapid upload capability to hedge against unforeseen technical issues in the other parts of our nuclear deterrent or changes in the geopolitical environment.

With the retirement of the nuclear-armed sea-launched cruise missile (TLAM-N) in 2011, which followed the earlier retirement of the Advanced Cruise Missile and the elimination of the intermediate-range Gryphon ground-launched cruised missile, the Air-Launched Cruise Missile (ALCM) is the United States' only nuclear-armed cruise missile and its only air-launched, long-range nuclear standoff capability. ALCM was originally designed to last for 10 years and is now over 30 years old. As our adversaries modernize their nuclear forces and acquire increasingly sophisticated air defenses, the credibility of the ALCM as an element of our nuclear deterrent will inevitably deteriorate. The Long-Range Standoff (LRSO) cruise missile will replace the aging ALCM, thus sustaining the credibility of this unique capability to hold adversary targets at risk. LRSO is not a new military capability.

More generally, we do not view funding for our nuclear deterrent to be at the expense of non-proliferations programs. Investments in both LRSO and non-proliferation programs are needed to address the full range of security challenges we face, even as we work towards future negotiated nuclear arms reductions with Russia.

## GUANTANAMO

*Question.* Do you support the cessation of detention operations at Guantanamo? Do you believe their continuation harms U.S. interests? How do you plan to help close Guantanamo, which the President ordered on his second day in office? There have been no transfers of Guantanamo detainees since January 15. When can we expect to see some additional transfers of the 57 detainees cleared for transfer? Understanding that you want to avoid undue command influence, do you believe the military commissions process is working? When will the 9/11 co-conspirators be brought to justice? Is the Department seeking additional funds for construction at

Guantanamo related to the ongoing detention operations? Why does the Department insist on continuing force feeding in a manner inconsistent with the Bureau of Prisons and against the recommendations of the Defense Health Board? If so, why?

Answer. I believe it's in our national interest to close the detention facility at Guantanamo. Legal cases surrounding detainees at Guantanamo are complicated and legally complex requiring due deliberation in order to work through the matters in an appropriate and transparent manner. Both the accused and the government are represented by able counsel who work diligently on behalf of their clients and in the interests of justice. These cases are being presided over by thoughtful and deliberate military judges. I will defer to the Office of the Convening Authority and Office of the Chief Prosecutor for Military Commissions on when or if 9-11 co-conspirators will be prosecuted. The Department submitted to Congress a list of unfunded priorities which are not endorsed unless enacted funds exceed the amount requested in PB '16. One of these priorities included SOUTHCOM's request for \$76 million to complete critical repairs to GTMO barracks to ensure the health and safety of our personnel. This construction is not related to detention operations, per se, and can be repurposed for other missions in the future. The Department remains committed to the safe, humane, legal, and transparent treatment of all individuals detained by U.S. Forces. Regarding policy decisions about additional detainee transfers, request for additional funding or how the detention facility at GITMO may be closed, I defer to the Secretary.

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#### QUESTIONS SUBMITTED BY SENATOR BARBARA A. MIKULSKI

*Question.* Commissaries remain a highly valued benefit for our military families. Yet, the Department's fiscal year 2016 budget cuts \$300 million from commissaries, and proposes a further reduction in the commissary budget to \$500 million by 2017. What is the basis for proposing these significant reductions? Has there been any assessment of the impact of these reductions on exchanges, and other welfare and recreation programs? Additionally, what will the impact of these cuts have on a military family's budget?

Answer. The Department's ongoing fiscal constraints require a comprehensive review of all programs. For fiscal year 2016, we believe the decrease in the commissary subsidy can be absorbed via operating changes. The operating change most visible to commissary patrons would be a reduction in operating days and hours, but all commissaries would remain open at least 5 days a week. Legislative changes, if enacted, would allow us to include the cost of second destination transportation in the price of commissary goods worldwide (but would result only minimal—approximately 2 percent—increases in prices), and would transition the costs of operating supplies from the appropriation to surcharge.

For fiscal year 2017 and beyond, the Department believes that the Defense Commissary Agency must shift to become a partially self-sustaining business model, while minimizing the impact on active duty and retiree families who rely on the commissary as a benefit of service.

Currently, the Department does not have any definitive assessments of the impact of reduced commissary system operating days and hours and/or increased commissary prices on the exchanges and morale, welfare, and recreation programs.

Pursuant to section 634 of the NDAA for fiscal year 2015 (Public Law 113-291), the Department is conducting a review of the commissary system utilizing the services of an independent organization experienced in grocery retail analysis. The Department has awarded a contract to the Boston Consulting Group to conduct the required independent study which will result in a report, due not later than September 1, 2015, that provides details and analysis on the following issues, including the impact on military families:

- Using variable pricing in commissary stores to reduce the expenditure of appropriated funds;
- Implementing a program to make private label products available in the commissary system;
- Eliminating or reducing appropriated “second destination transportation” funding for shipment of goods overseas;
- Converting the defense commissary system to a nonappropriated fund activity;
- Assessing the impact that elimination or reduction of the commissary subsidy would have on eligible beneficiaries.

The Department's goal is to protect the value of the commissary benefit by maintaining 20 percent aggregate customer savings (as compared to commercial prices) on an average market basket of grocery items. The commissary's pricing strategy

will be targeted in a manner to maximize the customer savings level and minimize the impact on the military family's budget.

*Question.* Fort Meade is rapidly growing, with over 50,000 people working on Fort Meade every day. However, the Army only has 6,000 Service Members at Fort Meade, and it does not recognize other tenants on the installation. Therefore, the Army only funds Fort Meade for 6,000 people—not 50,000 people—which has resulted in a \$130 million O&M project backlog. This is a substantial problem that greatly contributes to deterioration and substandard maintenance funding for the installation. What can be done to ensure that the necessary funding needed to sustain operations at Ft. Meade—for all of the 50,000 people who actually work there—is provided for?

*Answer.* The Army's official database of record for Installation population does recognize the Fort Meade workforce of 51,158 personnel, including over 40,000 military service members and government civilians. Within those numbers are over 100 Federal agencies and units, many of which are reimbursable to the Garrison for their facilities and services. In keeping with the Army's facilities sustainment, restoration and modernization practices applied across all its installations, these workforce figures are indeed being applied in determining Fort Meade facility funding requirements.

#### C-130J BASING AT WARFIELD AIR GUARD STATION (MARTIN STATE)

*Question.* The Air Force has stated it would like to divest the A-10 by 2019, and has stated its intention to transfer from the A-10 to C-130J's in Maryland in 2018. If A-10's are divested with no replacement, the Air Guard at Martin State will have no flying mission. This mission is a top priority for Maryland and the Air Force has promised to replace the A-10's with C-130J's. Can you confirm that the A-10's in Maryland will be replaced with C-130J's, and confirm when the Air Force will have a Bed Down plan for the location of these C-130J's?

*Answer.* The fiscal year 2015 President's Budget submission replaces the A-10 Thunderbolt II aircraft assigned to the 175th Wing (ANG) with C-130J Super Hercules aircraft in fiscal year 2018. The fiscal years 2016 President's Budget submission reaffirmed this position.

Headquarters Air Force staff is working a transition plan with the Air National Guard for the bed down of C-130Js at Warfield Air Guard Station (Martin State Airport) once final A-10 retirement schedules are determined.

*Question.* In December of 2014, the Department published its report on the "Review of the Roles, Selection, and Evaluation of Superintendents of Military Service Academies." I am pleased that the Department worked to provide the important recommendations identified in this report. What are the plans to follow-up on these recommendations?

*Answer.* The Department has directed the establishment of a Military Service Academy Superintendent working group that will be chaired by the Director for Senior Officer Policy. This working group will be comprised of members from each of the Services, and its principal task will be to review the seven recommendations and establish a plan to enhance the performance, development, and preparation of superintendents.

The working group will focus on the following areas:

- How to better prepare and train future superintendents for the challenges of these critical leadership positions.
- The potential for early confirmation for superintendent nominees to permit more time for preparation and training between nomination and the actual assignment.
- Developing and adopting more deliberate selection criteria and preparation processes.
- How to continue strong, vital superintendent-Service military leader relationships; build a cadre of quality superintendent candidates; establish a more deliberate selection process for nominees; and improve continuity and build more effective, lasting relationships, possibly through longer tour lengths.

*Question.* The Department just recently published its annual report on sexual assault in the military. The report shows, among other things, that retaliation remains a significant problem. I am deeply troubled that 62 percent of victims who report an assault face some type of retaliation, and strongly believe this is unacceptable. What are you doing to address retaliation against victims, besides collecting data?

*Answer.* In both 2012 and 2014, 62 percent of Service women victims who said they filed an unrestricted report of sexual assault indicated that they perceived professional retaliation (32 percent), social retaliation (53 percent), adverse administra-

tive actions (35 percent), or punishments for violations associated with the sexual assault (11 percent). DOD survey responses on retaliation should not be viewed as an indicator of actionable offenses under military law. DOD asks about retaliation on surveys as a way to better assess victim well-being and to understand the stressors experienced following a report of sexual assault, not to establish a rate that would align with actionable offenses under military law. While victims certainly perceived alienation by peers and reprisal by other parties, these perceptions are only one piece of a criminal retaliation charge. Other factors, such as the intent of the individual suspected of reprisal and the behavior experienced by the victim must be evaluated before a criminal offense can be charged. Thus, the retaliation figure of 62 percent is an estimate from a survey that assesses victims' broad and unspecified perceptions.

That said, the Department views retaliation as a significant concern and is committed to addressing retaliatory action, improving resources for victims, and providing tools for commanders to prevent and respond to retaliation. As such, I have directed a number of initiatives aimed at better understanding the problem and the most effective ways to combat it, including leadership actions, policy initiatives, and enhanced training. Below are specific examples of ongoing efforts reflecting the intensified focus on retaliation at every level across the Department:

- The DOD Strategy.*—Development of a Department-wide strategy to prevent retaliation as a result of reporting of any crime, not just sexual assault.
- Review of policy.*—The Department is conducting a systematic review of retaliation allegations made to the Service commands and Inspectors General to better assess the experience of retaliation and identify potential points of intervention.
- Survey/Data improvement.*—The Department is modifying the questions it asks in future surveys so as to be able better capture victim perceptions of retaliation, as it is described in new policy and law.
- Training.*—The Department has already implemented enhanced training of first-line supervisors who work with our youngest troops—those at greatest risk for sexual assault—to teach the skills needed to intervene early should they witness inappropriate or retaliatory behavior. Additional training enhancements are currently under review, such as augmenting the focus of bystander intervention training to include intervening when retaliation occurs.
- Special Victims' Counsel/Victims' Legal Counsel Program.*—The newly-established Special Victims' Counsel Program attorneys play an important role in protecting victim's rights and reducing the negative impact of retaliation when it does occur. These attorneys are trained to guide victims who are experiencing retaliation to the appropriate reporting authorities.
- Awareness campaigns.*—The Department is expanding its awareness campaign on reporting options for those who experience retaliation after making a report of sexual assault. One effort underway is to include information on how to report retaliation on the DOD Safe Helpline (expected to go live in June 2015).
- Case Management Groups.*—The Department is leveraging monthly case management groups to actively inquire about retaliation alleged by victims and response professionals, and forwarding allegations to the proper authorities for investigation and follow up.
- Commander Oversight.*—DOD has fully implemented Section 508 of the Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for fiscal year 2015. This provision requires all performance appraisals of commanding officers to address the command climate established, in order to ensure that all allegations of sexual assault are properly managed and fairly evaluated, and that victims can report without fear of reprisal or ostracism. Further, the Department is establishing new procedures for commanders to regularly assess—and act on—all reports of retaliation in any form from a victim, witness or first responder, as well as identifying the mechanisms available to commanders and creating action plans to address retaliation within their units.

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#### QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

*Question.* The Department recently released a new report on sexual assault in the military, an issue that I feel very strongly about and have worked hard to address. While it is encouraging to see the estimated number of sexual assaults down, and reporting up, we must do more to protect our men and women in uniform. No servicemember should live in fear of sexual assault. I wrote several provisions in the 2014 defense authorization bill to address this—including one that requires a comprehensive Special Victims' Counsel program in each service, to help victims get the support and legal advice they need. This program is a critical part of the

progress we are seeing so far. SVCs have more than 90 percent approval, and demand for those services continues to rise. This program must be resourced to meet this increased demand.

How many cases is each SVC expected to manage effectively, and how much additional funding and personnel are needed to meet the growing demand for these services?

**Answer.** The number of cases that each victims'counsel can manage effectively depends on a number of factors, including case complexity, the counsel's training and experience, the counsel's existing caseload, the geographic locations of the victim and counsel, and the location of the hearings. Therefore, I will ensure each Service is properly resourced to provide victim counsel services in a method that works best for that Service. If the Department requires additional resource or support for this program, we will make it our priority to consult Congress.

**Question.** The rates of sexual assault in the guard and reserves are very concerning. The latest sexual assault report says 85 percent of sexual assaults among reserve members involved another servicemember or took place in a military setting.

How do you explain why rates are so much higher for guard and reserve members in military settings versus civilian settings?

**Answer.** Most Reserve Component members who indicated on the 2014 RAND Military Workplace Study experiencing a sexual assault in the past year said that the assault was by another member of the military or in a military setting. The study's results did not provide any further clarifying details to help explain this finding. We will follow up on this information in the Workplace and Gender Relations Survey of the Reserve Component to be conducted later this year.

We agree the findings in the report are concerning. We have made great strides in facing what was once a silent problem and are committed to eliminating sexual assault from the DOD. While we are concerned at the amount of sexual assault that is being reported, we are encouraged that members are coming forward to report the crime more often, in both the active and reserve components. We take each report seriously and are making sure that members receive appropriate care and counseling and, with the member's consent, we are fully investigating the incident.

**Question.** Malaria is a serious threat to our troops in many places around the world, as well as the local populations. In fact, in 2010 the Defense Department ranked malaria as the greatest infectious disease threat to U.S. forces. And in recent years we have seen drug resistant strains start to emerge.

Please provide an evaluation of malaria's effect on current military operations.

**Answer.** Military operations are impacted by malaria. The longer the Service member is present in endemic areas the greater they are at risk of acquiring malaria. Force protection must be considered when deploying to areas known to have malaria. Almost all cases of malaria can be prevented if these preventive measures are employed: avoiding geographic areas of risk, employing bed nets, residual pesticides, permethrin-treated uniforms, and chemoprophylaxis. In addition, Service members are at risk for a year afterwards as cases can have latent periods. This is why the Armed Services Blood Program places a 12 month restriction on voluntary blood donations if the Service member deploys to malaria-endemic areas. Malaria is endemic in over 100 countries throughout tropical and subtropical regions of the world. Therefore military planners must anticipate the geography-based presence or absence of the malaria threat and countermeasures implemented. Our Armed Forces have long had policies and prescribed countermeasures effective against vector-borne diseases such as malaria.

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#### QUESTIONS SUBMITTED BY SENATOR TOM UDALL

**Question.** Secretary Carter, how concerned are you about the shortfall in funds available for maintenance, in your opinion is this sustainable, and why is the Department of Defense shortchanging future readiness by proposing a decreased budget for operations and maintenance...specifically one which leaves a \$220 million backlog in restoration and maintenance at White Sands?

**Answer.** Yes, I am concerned about the risk the Department of Defense (DOD) is forced to accept in global infrastructure maintenance; but with the Budget Control Act (BCA) and the continued unwillingness of Congress to authorize a cost saving Base Realignment and Closure (BRAC) round, we really have no choice. The Department has, and would continue to, accept risk in facilities sustainment and maintenance in order to minimize risk in readiness. While the fiscal year 2016 budget request moves our investments, including maintenance, in our installations in the right direction, more needs to be done and it is essential that we amend the BCA

caps so that we can achieve the defense funding levels necessary to properly support our installations.

Congress could also help mitigate the long-term impacts of this underfunding by authorizing another round of BRAC as requested in the President's Budget. By reducing DOD infrastructure to better match our declining force structure, we can reduce our facility maintenance and out-year recapitalization requirements and re-dedicate savings resulting from a BRAC round on the infrastructure we really need to train and operate our forces.

*Question.* Secretary Carter and General Dempsey, there has been a lot of attention to recent failures in the nuclear security enterprise. Both you and your predecessor have made it a point to once again make the strategic forces of the United States a priority. Would you agree that strong funding for the life extension programs, including the B61, are important and how would they be impacted if we were to allow sequestration to return?

*Answer.* In PB16, the Department re-affirmed the nuclear enterprise as its number one priority, and invested accordingly to address long-standing sustainment issues and to accelerate recapitalization. Sequestration-level funding would intensify existing shortfalls, delay recapitalization, and undermine our foundational nuclear deterrence capabilities.

*Question.* Secretary Carter, New Mexico plays an important role ensuring that our Nation's nuclear deterrent remains safe, secure, and effective. One of the next big programs on the horizon is the Long Range Strike Bomber...And given past cost increases for major programs, I think it is extremely important that DOD get this one right...with regards to this program, how will you be working with the national labs to ensure the LRSB's specifications are compatible with current life extension programs, including the B61 LEP?

*Answer.* The LRS-B program has been working closely with all the appropriate organizations to ensure compatibility with relevant life extension programs. The program has been engaged on multiple levels with STRATCOM, Air Force Global Strike Command, the Air Force Nuclear Weapon Center, B-61 LEP program, NNSA leadership and other Air Force and Department of Defense organizations involved in nuclear development efforts. As the program moves forward through the acquisition lifecycle, the program office will continue this interaction to ensure the applicable compatibility between life extension programs and LRS-B continues.

*Question.* This panel has had a lot of questions about access to space, particularly with regards to heavy payloads. In New Mexico, Operational Responsive Space is working to decrease the need for heavy payloads, as it develops smaller satellite technologies to give the warfighter access to space based technologies without the need for an expensive launch or large satellite requiring years to develop. Secretary Carter, how does the Department of Defense intend to use the technologies developed by ORS, and will these smaller payloads help take the pressure off the increased need for heavy launch payloads?

*Answer.* We do not anticipate significant changes to our heavy launch system requirements due to Operational Responsive Space (ORS)-related activities. The ORS program office has a unique mandate and acquisition authorities with the goal to drive down cost and decrease delivery time for urgently needed space capabilities, thus enabling a broad range of replenishment and reconstitution options.

Two examples where the Air Force looks to integrate ORS concepts are Weather System Follow-On and Space Based Space Surveillance Follow-On.

*Question.* Secretary Carter and General Dempsey, I have had a lot of conversations about 3D printing with the national labs and the potential for this future technology at the labs and the military. My understanding is that both the Navy and the Air Force are working to test this technology, specifically in the battlefield where replacement parts and other tools may not be easy to acquire. How do you see 3D printing changing the future of the battlefield, and is the military concerned that this technology could potentially be a force enabler for our military and adversaries?

*Answer.* Services are actively pursuing, fielding, and demonstrating additive manufacturing, also known as 3D printing, as a means to increase readiness and agility by reducing acquisition lead times, cycle times, inventories and logistics footprint. Additive manufacturing has the potential to transform the supply chain by enabling on-demand manufacture or repair of critical parts at or near the battlefield. The Department of Defense is actively partnering with industry and academia to address intellectual property rights, cyber security, training, certifications and standards to determine an effective and affordable DOD strategy. Just as we recognize the potential value of additive manufacturing, our adversaries are also pursuing this technology.

*Question.* Describe the role of the DOD Chief Information Officer (CIO) in the development and oversight of the IT budget for DOD. How is the CIO involved in the decision to make an IT investment, determine its scope, oversee its contract, and oversee continued operation and maintenance?

*Answer.* The DOD CIO issues policy and guidance for the development, collection, and oversight of the Department's IT budget. Policy is codified in the DOD Financial Management Regulations, and annual IT Budget guidance is provided by the DOD CIO through the Director, Cost Assessment & Program Evaluation (CAPE) and Under Secretary of Defense, Comptroller (OUSD(C)) Integrated Program Budget Guidance and annual DOD CIO Guidance for Information Technology Budget Submissions.

The CIO is an active participant in the Department's three major decision —making processes; specifically, the requirements process; the Planning, Programming, Budget and Execution (PPBE) system process; and the Defense Acquisition System (DAS). These processes are used to manage the Department's investments, including its IT investments.

*Question.* Describe the existing authorities, organizational structure, and reporting relationship of the Chief Information Officer. Note and explain any variance from that prescribed in the newly-enacted Federal Information Technology and Acquisition Reform Act of 2014 (FITARA, PL 113–291) for the above.

*Answer.* The Department of Defense Chief Information Officer's (DOD CIO) reports directly to me and is the Principal Staff Advisor for information technology (IT) (including national security systems and defense business systems), information resources management (IRM) and efficiencies. The DOD CIO is responsible for all matters relating to the DOD information enterprise, including communications; spectrum management; network policy and standards; information systems; cybersecurity; positioning, navigation, and timing (PNT) policy; and the DOD information enterprise that supports DOD command and control (C2). The DOD CIO's authorities align and are consistent with the authorities and responsibilities prescribed by the Clinger-Cohen Act, as amended, FITARA and Title 10, United States Code.

*Question.* What formal or informal mechanisms exist at DOD to ensure coordination and alignment within the CXO community (i.e., the Chief Information Officer, the Chief Acquisition Officer, the Chief Finance Officer, the Chief Human Capital Officer, and so on)?

*Answer.* The Department of Defense has formal and informal mechanisms to ensure integration and alignment within and across the CXO communities. Formal mechanisms include participation by the various CXO communities in governance venues across the Department. These formal, chartered venues (see table below for a sampling of the primary functional venues) are chaired and co-chaired by the CXO officials as the functional leads, and include the other CXO officials as members. This broad representation and participation ensure that the views of CXO officials are shared during deliberative processes, which, in turn, promote strategic alignment across the Department. Moreover, these functional venues provide CXO-vetted products to the Deputy's Management Action Group (DMAG), which is the Deputy Secretary of Defense's primary management forum to support the Secretary of Defense. The DMAG prioritizes and deliberates issues that have resource, management, and broad strategic and/or policy implications.

CXO Officials	Governance Forum by CXO
DSD/Chief Management Officer (CMO/COO) .....	DMAG (DSD serves as the Chair and the Vice Chairman of the Joint Chiefs of Staff serves as the Co-chair).
Deputy CMO .....	Defense Business Council (DCMO is a Co-chair) Financial Improvement and Audit Readiness Governance Board (DCMO is a Co-chair).
CIO DOD .....	Defense Business Council (CIO DOD is a Co-chair) DOD CIO Executive Board (Chair).
USD(C)/CFO .....	Financial Improvement and Audit Readiness Board (USD(C)/CFO is a Co-chair).
USD(Acquisition, Technology, and Logistics)/Defense Acquisition Executive.	Defense Acquisition Board (Chair).
USD(Personnel and Readiness)/Chief Human Capital Officer	Defense Human Resources Board (Chair)

Another formal mechanism is the requirement for CXO officials to coordinate on DOD issuances, policies, and memoranda. As the heads of their respective functional domains, the CXOs are all formally chartered by the Secretary of Defense/Deputy Secretary of Defense, and are assigned policy and program responsibilities and func-

tions, delegated specific authorities to enable the execution of their responsibilities, and directed to enter into relationships and engagements with other CXOs and Departmental organizations to ensure coordination and alignment of their interfacing equities. The DCMO, as the proponent for the DOD Issuances Program, manages and oversees the process to ensure that policy and procedural guidance has been properly reviewed and coordinated with the functional CXO communities, and issues have been appropriately adjudicated before finalization.

Informal mechanisms that ensure coordination and alignment in the CXO community are the relationships and communications of and between the CXO officials and their staffs. Engagement at all levels, between senior officials, action officers, and subject matter experts across the various offices, is encouraged and expected in order to synchronize interrelated efforts across the Department, ensure alignment with strategic priorities, and develop integrated solutions for DOD senior leaders.

*Question.* According to the Office of Personnel Management, 46 percent of the more than 80,000 Federal IT workers are 50 years of age or older, and more than 10 percent are 60 or older. Just 4 percent of the Federal IT workforce is under 30 years of age. Does DOD have such demographic imbalances? How is it addressing them?

*Answer.* The 80,000+ IT workers referenced by the Office of Personnel Management (OPM) are the Federal-wide population of the 2210 IT Management series. This series is the largest IT/cyber occupation in the Federal Government, and DOD has almost 36,000 of the employees in this series (44 percent of the total Federal population). The Federal age demographics cited by OPM are virtually identical for the Department of Defense.

The DOD typically hires experienced workers for the civilian component of its IT/cyber workforce (while the military provides a large source of younger, entry-level personnel). The two largest sources of hires into the civilian IT/cyber community come from our veteran population. For example, in fiscal year 2014, 608 military retirees and 1,365 prior military (non-retiree) personnel were hired into this occupation by DOD, comprising 69 percent of the 2210 series' hires by the Department for last year. These individuals provide a rich source of experience to the DOD civilian IT/cyber community as they are already familiar with the DOD environment and mission but they do skew the age demographics. Additionally, DOD does use internships, scholarship programs, and college recruitment programs to attract promising new talent to Federal service in the IT/cyber community. The Department is currently examining the feasibility of establishing a Cyber Workforce Development Fund which could be used to help attract and retain highly qualified individuals at all levels of experience.

*Question.* How much of the DOD budget goes to Demonstration, Modernization, and Enhancement of IT systems as opposed to supporting existing and ongoing programs and infrastructure? How has this changed in the last 5 years?

*Answer.* Development, Modernization, and Enhancement (DME) represented almost \$10.5 billion or 28 percent of the total DOD IT budget submission for fiscal year 2016. Over the past 5 years, annual DME requests have decreased.

*Question.* What are the 10 highest priority IT investment projects that are under development within DOD? Of these, which ones are being developed using an “agile” or incremental approach, such as delivering working functionality in smaller increments and completing initial deployment to end-users in short, 6-month timeframes?

*Answer.* The Department has a number of high priority IT investments, which follow the Department's Better Buying Power (BBP) Initiatives. In the case of IT investments, BBP 3.0 expands upon efforts that were already underway, such as expanding the number of enterprise IT buys and negotiating enterprise licenses. The Department uses agile and incremental development approaches for its IT investments to deliver capabilities to the warfighter incrementally and with limited fielding decisions as appropriate.

DOD's high priority IT investments include:

—*Joint Regional Security Stacks (JRSS).*—JRSS are the first or foundational phase of the Joint Information Environment (JIE), are a regionally based, centrally managed rack of servers, switches, and other equipment that are being implemented in a phased or incremental approach to replace the current set of separate, individualized, localized Service and Agency security systems. The investment in JRSS will help to ensure that the Department's facilities are using the same security architecture and improve our overall cyber posture and enable the operations commander and service partners to see a common network picture.

—*Mission Partner Environment.*—The Department is working to develop a more commercially based and robust mission partner environment/network. This ap-

proach will provide a more cost-effective, rapidly reconfigurable and multi-level data protection network. It will provide full data media capability to support operations in all environments, with the ability to rapidly add and subtract mission partners. This is a top requirement for all Combatant Commands, and will be fielded in an incremental manner

—*Cloud computing investments.*—Cloud computing plays a critical role in the Department's IT modernization efforts. Our key objective is to deliver a cost efficient, secure enough enterprise environment that can readily adapt to the Department's mission needs. We will use a hybrid approach to cloud that takes advantage of all types of cloud solutions, provided by both commercial providers and DOD Components, to get the best combination of mission effectiveness and efficiency in a flexible and agile manner.

—*Mobility.*—DOD continues to evolve areas critical to mobility: the networking infrastructure, devices, and applications. The goal is to reduce the cost of accessing information while integrating a security strategy that protects the data and incorporates the most recent commercial technologies. Specific examples of DOD mobility initiatives include: an effort to simplify the ability to encrypt and authenticate email, layering multiple commercial standards permitting smart phones/devices manufactured by vendors such as BlackBerry, Samsung and Boeing, to handle secret data and the use of commercial cloud providers to globally distribute and synchronize flight information for the Air Force's Electronic Flight Bag program. This enables the Department to deliver capability improvements incrementally to users as the mobile solutions provide cybersecurity sufficient for the data and mission.

—*Cybersecurity.*—The Department's cyberspace operations investments include a number of critical capabilities designed to identify, remediate and protect against cyber threats. These include enclave defense capabilities, zero day defense, and similar tools. Our efforts in this area are continuous to rapidly deliver the capabilities that defend against the relentless evolution of our adversary's attacks.

—*Defense Healthcare Management System Modernization (DHMSM).*—The DHMSM program will replace the existing outpatient and inpatient MHS clinical systems with a single, integrated capability. This will improve interoperability and data sharing to clinicians, purchased care providers, and Veterans Affairs. The DHMSM deployment will enable the standardization of care across the MHS to ensure that patients receive consistent, medically and cost effective treatment. When fully operational, DHMSM is expected to maximize medical readiness for our military and support DOD's current population of more than 9.6 million beneficiaries and 153,000 MHS personnel.

—*Joint Enterprise License Agreements (JELA).*—One of the ways the Department has improved its investments in software is to enter into Joint Enterprise License Agreements (JELA). These contractual agreements allow DOD to leverage its size to get better pricing on software products and purchase licenses when needed. This is an integral part of the Department's Better Buying Power 3.0 initiative. DOD is also working with the General Services Administration and other Federal Agencies as part of the President's Management Agenda to establish Federal-wide software purchasing agreements that should even further reduce the price of software products.

—*Multi-Protocol Label Switching (MPLS) routers.*—As the Department implements the Joint Information Environment we are eliminating outdated, unmaintainable circuit switches with multi-protocol label switching (MPLS) routers that enable us to do everything over Internet protocol (IP). This change improves security, provides greater capability, and allows for better use of existing network capacity.

—*Next Generation Enterprise Network (NGEN) Increment 1.*—The Department of the Navy's Next Generation Enterprise Network is a true success story that is providing capability now. The NGEN contract delivered \$1.2 billion in real savings across the FYDP as a result of leveraging competitive market forces to drive down costs. The NGEN contract provides for an enterprise network for both Navy and Marines and is an integral element of delivering JIE and JRSS capabilities.

—*Joint IT Service Provider—Pentagon (JITSPP) Implementation.*—This is a phased implementation that will result in consolidation of existing IT service providers into a single organization that provides common IT services for the entire Pentagon. This approach will provide for significant cost efficiencies and commonality of IT services across DOD headquarters.

*Question.* To ensure that steady state investments continue to meet agency needs, OMB has a longstanding policy for agencies to annually review, evaluate, and report

on their legacy IT infrastructure through Operational Assessments. What Operational Assessments have you conducted and what were the results?

**Answer.** The Department reviews its operational IT investments for business value, alignment with the overall architecture, return on investment, and efficiency & effectiveness as part of existing DOD processes. For example, the Defense Business Council serves as the Investment Review Board (IRB) for business systems, pursuant to section 2222 of Title 10, U.S.C., and ensures that defense business system investments are aligned to the lines of business for the Department; supports measureable improvements to the Department's business objectives; and generates a measureable return on investment. Based upon the reviews, investments are designated for either continued operation and sustainment or retirement.

**Question.** What are the 10 oldest IT systems or infrastructures within DOD? How old are they? Would it be cost-effective to replace them with newer IT investments?

**Answer.** The following list identifies 10 of the oldest IT systems and whether or not the system is being replaced by other capabilities or systems:

System	Age in Years	Future Plans
General Accounting and Finance System—Reengineered .....	55	No plans to be replaced at this time.
Integrated Logistics Systems-Supply ILS-S .....	51	Scheduled to be replaced in 2020.
Mechanization Of Contract Administration Services (MOCAS) .....	50	Scheduled to replacement.
Item Management Control System—IMCS .....	47	Scheduled to be replaced in 2020.
Aircraft Structural Integrity Management Information Systems ASIMIS.	44	Scheduled to be replaced in 2020.
Acquisition and Due In System (ADIS) .....	43	Migrating in 2016.
Reparability Forecast Model System—RFM .....	38	Scheduled to be replaced in 2017.
Depot Maintenance Workload Planning and Control System—DMWPCS.	38	Scheduled to be replaced in 2017.
Personnel Budget and Analysis System Web—PBASWeb .....	35	No plans to be replaced at this time.
MISTR Requirements Scheduling and Analysis System—MISTR .....	34	Scheduled to be replaced in 2017.

**Question.** How does DOD's IT governance process allow for DOD to terminate or “off ramp” IT investments that are critically over budget, over schedule, or failing to meet performance goals? Similarly, how does DOD's IT governance process allow for DOD to replace or “on-ramp” new solutions after terminating a failing IT investment?

**Answer.** The governance process for IT systems is similar to that for major defense weapons systems. Information Systems that critically breach their cost, schedule or performance parameters are reviewed by the respective Milestone Decision Authority (MDA) for that investment in accordance with title 10 USC Chapter 144A (which establishes a reporting regime for the Major Automated Information System programs) and/or guidance in DOD Instruction 5000.02 (which governs Operation of the Defense Acquisition System for programs of all magnitudes). These reviews follow the basic tenets of capital planning and investment control, and are used by the decision authority to review cost, schedule, performance, and operational as well as technical risk as the basis for the decision. Two MAIS programs have been terminated after such reviews: the Virtual Interactive Processing System in December 2012 and the Expeditionary Combat Support System (ECCS) in March 2013.

In deciding to “on-ramp” a new investment after terminating a failing investment, the Department looks at root causes of the failure and puts corrective actions in place before initiating the replacement investment to address the needed capability.

**Question.** What IT projects has the DOD decommissioned in the last year? What are DOD's plans to decommission IT projects this year?

**Answer.** The following two tables provides a list of IT investments/systems decommissioned last year and scheduled to be decommissioned this year.

#### DECOMMISSIONED LAST YEAR

Combined Federated Battle Laboratories Network (CFBLNet):
4EYES Enclave
CISCO 7500 Routers
DISN Video Services—Global (DVS-G)
System Network Availability Performance Service (SyNAPS)
Third Party Outpatient Collections System (TPOCS)

## SCHEDULED TO BE DECOMMISSIONED THIS YEAR

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Interim DOD Enterprise Classified Travel Kit (IDECTK):  
 DOD Mobility Classified Capability (DMCC) 1.0  
 DISN Asynchronous Transfer Mode Services (DATMS)  
 Combined Enterprise Regional  
 Defense Collaboration Online (DCO)  
 Patient Movement Items Tracking System (PMITS)  
 Military Health System (MHS) Learn  
 Army Knowledge Online (AKO) email service

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*Question.* The newly-enacted Federal Information Technology and Acquisition Reform Act of 2014 (FITARA, PL 113–291) directs CIOs to conduct annual reviews of their IT portfolio. Please describe DOD's efforts to identify and reduce wasteful, low-value or duplicative information technology (IT) investments as part of these portfolio reviews.

Answer. FITARA includes language that allows the Department to use its existing processes to satisfy many requirements. The annual review of the Department's IT portfolio under FITARA is accomplished consistent with section 833 of Public Law 113–291 and section 2222 of title 10, United States Code, which requires that the Department annually review its business system portfolio investments. This process is used to ensure that business system IT investments are aligned to the Department's strategy, enable end-to-end integration, improve business operations and leverage the appropriate technology to deliver agile, effective, and efficient business solutions that support and enable the Warfighter. The DOD CIO and the DOD Chief Management Officer co-chair the Defense Business Council, which reviews these investments. The process is documented in the Department's "Guidance for Review and Certification of Defense Business Systems" and takes a functional portfolio-based approach in reviewing business systems to ensure performance, alignment with strategies, and eliminate duplication. The Department's March 2015 annual report to Congress on defense business operations includes additional information about the Department's efforts in this area."

*Question.* In 2011, the Office of Management and Budget (OMB) issued a "Cloud First" policy that required agency Chief Information Officers to implement a cloud-based service whenever there was a secure, reliable, and cost-effective option. How many of DOD's IT investments are cloud-based services (Infrastructure as a Service, Platform as a Service, Software as a Service, etc.)? What percentage of the DOD's overall IT investments are cloud-based services? How has this changed since 2011?

Answer. Today, the Department is investing in six DOD provided cloud services: Armed Forces Billing and Collection Utilization Solution (ABACUS), DOD Enterprise Email (DEE), DOD Enterprise Portal Service (DEPS), Defense Collaboration Services (DCS), Global Content Delivery Service (GCDS), and milCloud. Today, DEE is supporting approximately 1.6M users. The Department is also making over 20 different investments in several commercial cloud services including: Akamai's Content Delivery Service, Amazon's East/West US Public Cloud, Amazon's Government Community Cloud, Blackboard's Learning Management Cloud, Google Apps for Government, Google Apps for Education, IBM Cloud Services, Microsoft's Office365 Public Cloud, Microsoft's Office365 Dedicated ITAR Private Cloud, Oracle's Service Cloud, and Schoology's Learning Management Cloud.

Today, cloud investments only represent about 2 percent of the Department's IT budget. To accelerate adoption of commercial cloud services, the DOD CIO recently updated the Department's cloud policies, published the DOD Cloud Computing Security Requirements Guide, and provided Business Case Analysis guidance that requires new IT investment efforts to evaluate commercially provided cloud services as an option.

*Question.* Provide short summaries of three recent IT program successes—projects that were delivered on time, within budget, and delivered the promised functionality and benefits to the end user. How does the DOD define "success" in IT program management? What "best practices" have emerged and been adopted from these recent IT program successes? What have proven to be the most significant barriers encountered to more common or frequent IT program successes?

Answer. Success in delivery of IT capabilities is driven by executing on the basics: cost, schedule, and performance. It must be delivered on time, be delivered at an affordable price, and perform as required. Delivering IT capability requires competent IT program management and more importantly great contracting strategies and performance management. DOD uses commercial service providers to deliver

many of its IT services. The days of everything being delivered in a DOD program of record where capabilities are cobbled together in unique solutions are past.

One of our key priorities is implementation of the Joint Regional Security Stacks (JRSS). This is the foundation of the Joint Information Environment (JIE) initiative to replace our current Service-oriented and localized security architecture and systems with a set of servers, tools, and software that will provide better C2, more security. JRSS is a coordinated effort by the Military Services and the Defense Information Systems Agency to converge outputs from their individual "programs" and deliver the improved enterprise networking that JIE represents. While this is not a traditional program, the fundamental changes represented by this effort demonstrate how DOD is improving the effectiveness and efficiency of delivering IT to the warfighter.

The Department of the Navy's Next Generation Enterprise Network is a true success story that is providing capability now. The NGEN contract delivered \$1.2 billion in real savings across the FYDP as a result of leveraging competitive market forces to drive down costs. The NGEN contract provides for an enterprise network for both Navy and Marines and is an integral element of delivering JIE and JRSS.

Teleport Generation 3 which is managed by the Defense Information Systems Agency, is another example of a successful program. Teleport Generation 3 is delivering upgrades to our satellite ground station gateways that improves communications support in the Ultra High Frequency (UHF), Extremely High Frequency, military Ka and Commercial (i.e., C and Ku) SATCOM frequency bands and represents a ten-fold increase to the throughput and functional capabilities of these gateways.

One of the barriers to more common or frequent IT program successes is the customization of software. In looking at programs that have gone awry in this area, invariably there has been over-customization of the COTS software to make the software fit existing business processes. Our focus is on doing the appropriate business process reengineering up front to minimize customization. We are seeing that pay off in complex programs like Army Integrated Pay and Personnel System and the Air Force Defense Enterprise Accounting and Management System (DEAMS).

*Question.* Terry Halverson, the DOD Chief Information Officer (CIO), has outlined a vision for DOD use of cloud computing that empowers the military departments and components to procure their own cloud computing solutions. How will the implementation of this transition to cloud computing be rationalized across DOD to ensure that common standards, data portability and other enterprise-wide issues are properly managed and addressed?

*Answer.* The Department, under the leadership of the DOD CIO, has established a comprehensive program to improve the interoperability and standardization of DOD IT capabilities and investments, to include those using cloud computing services. DOD and CIO policy is designed to implement a capability-focused, architecture-based approach for achieving DOD IT interoperability. These policies establish the procedures and responsibilities for identifying and implementing IT standards, and for sharing electronic data and IT services, including cloud computing technologies and services, within the Department.

*Question.* In a November 2014 letter to GAO, the DOD Principal Deputy CIO wrote that the department plans to save \$2.6 billion by fiscal year 2017 from consolidating data centers and that such savings "will increase to \$4.7 billion in future years as efficiencies are gained." How many data centers have been closed to date? How much savings have been realized as a result? By what date does DOD expect to achieve \$4.7 billion in savings?

*Answer.* As of May 26, 2015, 488 data centers have been closed. DOD estimates that data center closures and efficiency achievement through fiscal year 2014 has resulted in \$265 million of cumulative realized savings. DOD expects to achieve \$4.7 billion in cumulative savings by the end of fiscal year 2019, contingent upon DOD Components achieving prescribed efficiencies by fiscal year 2018 as established by the DOD CIO in a Memorandum dated July 11, 2013 titled "DOD Component Data Center Consolidation Implementation Plans".

*Question.* Of the 124 major IT investments DOD funds annually, only 5 of these investments are currently reported as "high risk" on the Federal IT Dashboard. Given DOD's many challenges in the area of IT, is this an accurate reporting of the risk level of these investments? If not, what is a more accurate assessment of currently high risk IT investments?

*Answer.* The risk levels reported on the Federal IT Dashboard accurately reflect program risk at the time the assessment was made. DOD reports its ratings twice a year, as agreed to with OMB. The ratings currently showing on the dashboard were made of 28 October 2014, and are in the process of being updated.

SUBCOMMITTEE RECESS

Senator COCHRAN. The subcommittee stands in recess.

Secretary CARTER. Thank you, Mr. Chairman.

[Whereupon, at 12:20 p.m., Wednesday, May 6, the subcommittee was recessed, to reconvene subject to the call of the Chair.]