

HEARING TO CONSIDER THE NOMINATION OF  
PATRICK M. SHANAHAN, TO BE DEPUTY SEC-  
RETARY OF DEFENSE

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HEARING

BEFORE THE

COMMITTEE ON ARMED SERVICES  
UNITED STATES SENATE

ONE HUNDRED FIFTEENTH CONGRESS

FIRST SESSION

\_\_\_\_\_  
JUNE 20, 2017  
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# HEARING TO CONSIDER THE NOMINATION OF PATRICK M. SHANAHAN, TO BE DEPUTY SECRETARY OF DEFENSE

TUESDAY, JUNE 20, 2017

UNITED STATES SENATE,  
COMMITTEE ON ARMED SERVICES,  
*Washington, DC.*

The Committee met, pursuant to notice, at 9:41 a.m. in room SD-G50, Dirksen Senate Office Building, Senator John McCain (Chairman of the Committee) presiding.

Committee Members present: Senators McCain, Fischer, Cotton, Rounds, Ernst, Tillis, Sullivan, Perdue, Sasse, Reed, McCaskill, Gillibrand, Blumenthal, Donnelly, Hirono, Kaine, King, Heinrich, Warren, and Peters.

## OPENING STATEMENT OF SENATOR JOHN MCCAIN, CHAIRMAN

Chairman MCCAIN. Good morning.

The Committee meets this morning to consider the nomination of Patrick Shanahan to be Deputy Secretary of Defense of the United States.

Mr. Shanahan, we thank you for joining us today and for your willingness to serve our Nation at an important time. We welcome your family and friends. As is our tradition, we invite you to introduce them at the beginning of your testimony.

It is important that this Committee and other appropriate committees of the Congress be able to receive testimony, briefings, and other communications of information. So it is the standard for this Committee to ask certain questions in order to exercise its legislative and oversight responsibilities.

Have you adhered to applicable laws and regulations governing conflicts of interest?

Mr. SHANAHAN. I have.

Chairman MCCAIN. Will you ensure that your staff complies with deadlines established for requested communications, including questions for the record in hearings?

Mr. SHANAHAN. I will.

Chairman MCCAIN. Will you cooperate in providing witnesses and briefers in response to congressional requests?

Mr. SHANAHAN. I will.

Chairman MCCAIN. Will those witnesses be protected from reprisals for their testimony or briefings?

Mr. SHANAHAN. Yes.

Chairman MCCAIN. Do you agree, if confirmed, to appear and testify upon request before this Committee?

Mr. SHANAHAN. Yes.

Chairman MCCAIN. Do you agree to provide documents, including copies of electronic forms of communication, in a timely manner when requested by a duly constituted committee or to consult with the Committee regarding the basis for any good faith delay or denial in providing such documents?

Mr. SHANAHAN. Yes.

Chairman MCCAIN. Have you assumed any duties or undertaken any action which would appear to presume the outcome of the confirmation process?

Mr. SHANAHAN. No.

Chairman MCCAIN. In the interest of time, I will submit my opening statement for the record. I know that will come as a terrible blow to the other Members of the Committee. I can see how upset they are in missing that, and maybe with a little luck, Senator Reed will do the same.

[Laughter.]

[The prepared statement of Senator John McCain follows:]

#### PREPARED STATEMENT BY SENATOR JOHN MCCAIN

The Committee meets this morning to consider the nomination of Patrick Shanahan to be Deputy Secretary of Defense of the United States.

Mr. Shanahan, we thank you for joining us today and for your willingness to serve our Nation at an important time. We welcome your family and friends, and as is our tradition, we invite you to introduce them at the beginning of your testimony—If confirmed, Mr. Shanahan, you will assume a critical position at a time when our military faces significant challenges around the world, and when the Department of Defense itself faces major internal challenges of its own. As the Pentagon's senior management executive, the Deputy Secretary is indispensable to meeting these challenges head-on and setting the Department on the right path for the future.

This committee has heard recently from our Nation's senior intelligence officers about the rising threats we face around the world, from Afghanistan, to Iraq and Syria, to Iran and North Korea, to China and Russia. At the same time, this Committee has heard from our senior civilian defense and military leaders about the diminished State of our military to combat these threats: readiness shortfalls, an eroding military advantage, and the urgent need for growth and modernization.

And yet, the Congress still has not summoned the political courage to repeal or revise the Budget Control Act, which has imposed immense harm on our Armed Forces. Unfortunately, rather than propose changes to these budget caps and work with the Congress to implement them, the administration has requested an arbitrary defense topline for fiscal year 2018 that both breaks the spending caps in law and is inadequate to meet the challenges facing our Nation and our military.

As this Committee has gathered from recent testimony, \$603 billion for defense is insufficient to simultaneously restore readiness, rebuild lost capacity, and modernize the force for the future. As a result, this Committee has received lists of unfunded military requirements from the Department in excess of \$30 billion.

As we advocate for increased defense spending, this Committee remains equally committed to ensuring that all of those taxpayer dollars are used efficiently and effectively. Unfortunately, there is still a lot of work to do.

The Department of Defense is blessed with the best, most dedicated workforce in the world, both military and civilian. But these committed, mission-focused Americans work in an institution that remains plagued by a sclerotic bureaucracy that is eroding our military technological advantage, an acquisition system troubled by schedule delays and cost over-runs, and administrative overhead that consumes far too much money—money that can and should be redirected to our warfighters.

Over the past few years, this Committee has gone to great lengths in our defense authorization legislation to try to improve the way the Department does business. We have empowered the leaders of the military services with new acquisition authorities. We have broken up an overly centralized acquisition system to reinvigorate the core mission of technological innovation. We have realigned the manage-

ment of defense agencies that consume tens of billions of dollars each year providing shared business services across the Department. We have improved core personnel benefits, such as military retirement and health care, while generating tens of billions of dollars' worth of savings in the process. We have sought to cut down on overhead functions and rebalance the Department's 'tooth-to-tail' ratio.

This Committee has led these reforms, and for all of these reasons, we place special importance on the position of Deputy Secretary of Defense, which is essentially the Chief Operating Officer of the largest, most complex organization in the world.

Mr. Shanahan: We look forward to hearing how, if confirmed, you would work with this Committee to implement these reform efforts, build upon them, and take the next steps to improve the transparency, accountability, and effectiveness of the Department of Defense. Your impressive business record certainly prepares you to manage a large organization. But given that you have never worked at the Department of Defense, or in government at all, we need to know how your experience in other sectors would inform the work that the Deputy must do.

And in light of your extensive background at the Boeing Company, you will need to explain to this Committee how you would avoid conflicts of interest in your work at the Department of Defense, and why all of us can have confidence that you would be an unbiased and committed advocate for the taxpayer and the warfighter.

In short, Mr. Shanahan, this Committee needs to know that you would be our partner. You would have to trust us to be your partner in major decision making and in sharing the greater risks that are necessary for our Nation to win in a more competitive world. In return, if you will be accountable to us—and if confirmed, you will be—we must be able to trust you to determine how best to get the results we demand with fewer statutory and regulatory impediments.

In short, we need to restore accountability. And that starts today, with you proving to us that we can and should entrust you with one of the most difficult, multifaceted, and vitally important jobs in the U.S. Government.

#### STATEMENT OF SENATOR JACK REED

Senator REED. It is your lucky day, Mr. Chairman. I just want to welcome Mr. Shanahan and Senator Cantwell. I had a chance to speak to Mr. Shanahan and I have every confidence in his abilities. Thank you.

If I may, also Senator Shaheen wanted to be here. She is delayed in this terrible weather. She might not make it here today.

With that, I would ask permission to submit my statement.

[The prepared statement of Senator Jack Reed follows:]

#### PREPARED STATEMENT BY SENATOR JACK REED

Thank you, Mr. Chairman. I want to join you in welcoming Mr. Shanahan this morning. Thank you for your willingness to serve your country. I also want to recognize your family members for their support and willingness to let you serve in the Department of Defense.

If confirmed as the Deputy Secretary of Defense, you will serve as the number two official in the Department of Defense and the Chief Management Officer of the Department. You will be responsible for ensuring the military personnel and civilians of the Department of Defense have what they need while also managing finite taxpayer dollars in the face of many who will be looking for additional resources.

Your distinguished record of more than thirty years at Boeing culminated in your current position as Senior Vice President for Supply Chain and Operations. During your tenure at Boeing, you developed a reputation as "Mr. Fix-It" due to your successful record of taking on challenging programs, fixing their problems, and turning them into successes. In our meeting, you emphasized your belief in getting more out of the private sector to achieve cost-efficient results while ensuring our warfighters have the best equipment at their disposal. It is that kind of dynamic leadership that the Defense Department needs as our Nation faces as diverse an array of threats and challenges to our national security as at any point in our history.

For the past 16 years, our military has been consumed by two prolonged wars against violent extremist groups like ISIS. This generational fight has sapped readiness and precluded our military personnel from training for full spectrum operations. In addition, we now face the rise of near peer competitors, with a resurgent Russia, which is disrupting Europe and our own nation, and a saber-rattling China, which is unnerving our allies in Asia. Compounding these threats are a desta-

bilizing North Korea and the long shadow of Iran. All of these challenges will inevitably show up on your desk as the Pentagon seeks decisions on policy and resources. Every day you will have to prioritize and make hard decisions.

None of these decisions will be harder than budgetary choices. While in an ideal world, strategy would drive budget, the reality is that the Budget Control Act spending caps drive most defense decisions. Unfortunately, while the President's budget request adds much-needed funding to defense, it does not address the issue that the budget caps are law, but instead increases defense at the expense of non-defense accounts. Furthermore, if enacted, the President's budget request would trigger sequestration, effectively wiping out those increases with across-the-board cuts.

We face many challenges that will require strong leadership and the ability to make tough decisions. I look forward to hearing our nominee's views on these issues.

Thank you very much, Mr. Chairman.

Chairman MCCAIN. Since a quorum is now present, I ask the Committee to consider a list of 995 pending military nominations. All of these nominations have been before the Committee the required length of time. Is there a motion to favorably report these 995 military nominations to the Senate?

Senator REED. So moved.

Chairman MCCAIN. Is there a second?

Senator KAINE. Second.

Chairman MCCAIN. All in favor, say aye.

[Chorus of ayes.]

Chairman MCCAIN. The motion carries.

[The list of nominations considered and approved by the committee follows:]

MILITARY NOMINATIONS PENDING WITH THE SENATE ARMED SERVICES COMMITTEE  
WHICH ARE PROPOSED FOR THE COMMITTEE'S CONSIDERATION ON JUNE 20, 2017.

1. **BG Ronald J. Place, USA to be major general** (Reference No. 98)
2. **Capt. William C. Greene, USN to be rear admiral (lower half)** (Reference No. 107)
3. **Capt. William S. Dillon, USN to be rear admiral (lower half)** (Reference No. 108)
4. **Capt. Karl O. Thomas, USN to be rear admiral (lower half)** (Reference No. 123)
5. In the Army there are 81 appointments to the grade of colonel (list begins with Jennifer M. Bager) (Reference No. 159)
6. In the Army there are 12 appointments to the grade of colonel (list begins with Alfred C. Anderson) (Reference No. 160)
7. In the Navy Reserve there are 6 appointments to the grade of captain (list begins with Juanito F. Boydon, Jr.) (Reference No. 395)
8. In the Navy Reserve there are 3 appointments to the grade of captain (list begins with Anthony L. Bayungan) (Reference No. 396)
9. In the Navy Reserve there are 17 appointments to the grade of captain (list begins with Todd M. Boland) (Reference No. 397)
10. In the Navy Reserve there are 64 appointments to the grade of captain (list begins with James G. Adams) (Reference No. 398)
11. In the Navy Reserve there are 2 appointments to the grade of captain (list begins with Shawn G. Denihan) (Reference No. 399)
12. In the Navy Reserve there are 2 appointments to the grade of captain (list begins with Kelvin J. Askew) (Reference No. 400)
13. In the Navy Reserve there are 2 appointments to the grade of captain (list begins with Kathleen A. Allen) (Reference No. 401)
14. In the Navy Reserve there is 1 appointment to the grade of captain (Bruce E. Osborne) (Reference No. 419)
15. In the Navy Reserve there are 2 appointments to the grade of captain (list begins with Colette M. Murphy) (Reference No. 420)
16. In the Navy Reserve there are 14 appointments to the grade of captain (list begins with Nathan R. Anderson) (Reference No. 421)



17. In the Navy Reserve there is 1 appointment to the grade of captain (Adria R. Schneck) (Reference No. 422)
18. In the Navy Reserve there are 2 appointments to the grade of captain (list begins with Mary A. Ponce) (Reference No. 423)
19. In the Navy Reserve there are 2 appointments to the grade of captain (list begins with Ryan K. Mahelona) (Reference No. 424)
20. In the Navy Reserve there are 14 appointments to the grade of captain (list begins with Joseph T. Bailey) (Reference No. 425)
21. In the Navy Reserve there is 1 appointment to the grade of captain (David W. Shaieb) (Reference No. 426)
22. In the Navy there are 15 appointments to the grade of captain (list begins with Lee A. Axtell) (Reference No. 427)
23. In the Navy there are 13 appointments to the grade of captain (list begins with Thomas M. Bestafka) (Reference No. 428)
24. In the Navy there is 1 appointment to the grade of captain (Danny W. King) (Reference No. 429)
25. In the Navy there are 30 appointments to the grade of captain (list begins with Babak A. Barakat) (Reference No. 431)
26. In the Navy there are 26 appointments to the grade of captain (list begins with Michael J. Allanson) (Reference No. 432)
27. In the Navy there are 16 appointments to the grade of captain (list begins with Matthew L. Beran) (Reference No. 433)
28. In the Navy there are 21 appointments to the grade of captain (list begins with Garland H. Andrews) (Reference No. 434)
29. In the Navy there are 50 appointments to the grade of captain (list begins with Oladapo A. Akintonde) (Reference No. 435)
30. In the Navy there are 16 appointments to the grade of captain (list begins with Jeff A. Bleile) (Reference No. 436)
31. In the Navy there are 5 appointments to the grade of captain (list begins with Grady G. Duffey, Jr.) (Reference No. 438)
32. In the Navy there are 4 appointments to the grade of captain (list begins with William M. Kafka) (Reference No. 439)
33. In the Navy there are 6 appointments to the grade of captain (list begins with Daniel E. Fillion) (Reference No. 440)
34. In the Navy there are 5 appointments to the grade of captain (list begins with Damon B. Dixon) (Reference No. 441)
35. In the Navy there are 11 appointments to the grade of captain (list begins with James W. Adkisson III) (Reference No. 442)
36. In the Navy there are 7 appointments to the grade of captain (list begins with Cory S. Brummett) (Reference No. 443)
37. In the Navy there are 18 appointments to the grade of captain (list begins with Julie M. Alfieri) (Reference No. 444)
38. In the Navy there are 9 appointments to the grade of captain (list begins with Matthew E. Arnold) (Reference No. 445)
39. In the Navy there are 11 appointments to the grade of captain (list begins with Peter A. Arrobio) (Reference No. 446)
40. In the Navy there are 18 appointments to the grade of captain (list begins with John A. Anderson) (Reference No. 447)
41. In the Navy there are 3 appointments to the grade of captain (list begins with Lawrence H. Kennedy) (Reference No. 448)
42. In the Navy there are 5 appointments to the grade of captain (list begins with Jose G. Hernandez) (Reference No. 449)
43. In the Navy there are 173 appointments to the grade of captain (list begins with David A. Abernathy) (Reference No. 450)
44. **MG Jay B. Silveria, USAF to be lieutenant general and Superintendent, US Air Force Academy** (Reference No. 466)
45. **Capt. Samuel J. Paparo, Jr., USN to be rear admiral (lower half)** (Reference No. 470)
46. **Capt. Gregory N. Harris, USN to be rear admiral (lower half)** (Reference No. 471)
47. **Col. John P. Lawlor, Jr., USAR to be brigadier general** (Reference No. 479)
48. **Col. Dion B. Moten, USAR to be brigadier general** (Reference No. 480)
49. **Col. Bowlman T. Bowles III, USAR to be brigadier general** (Reference No. 481)
50. In the Army Reserve there is 1 appointment to the grade of colonel (William F. McClintock) (Reference No. 483)

51. In the Army Reserve there are 9 appointments to the grade of colonel (list begins with David S. Allen) (Reference No. 484)
52. In the Army there is 1 appointment to the grade of lieutenant colonel (Jeffrey L. Washington) (Reference No. 485)
53. In the Navy there is 1 appointment to the grade of lieutenant commander (Kenneth M. King) (Reference No. 486)
54. In the Navy there is 1 appointment to the grade of commander (Garry P. Closas) (Reference No. 487)
55. In the Marine Corps there is 1 appointment to the grade of colonel (Jason K. Fettig) (Reference No. 488)
56. **RADM(lh) Daniel J. MacDonnell, USNR to be rear admiral** (Reference No. 490)
57. **In the Navy Reserve there are 3 appointments the grade of rear admiral (list begins with Daniel B. Hendrickson)** (Reference No. 491)
58. **Capt. Jacquelyn McClelland, USNR to be rear admiral (lower half)** (Reference No. 492)
59. **Capt. James M. Butler, USNR to be rear admiral (lower half)** (Reference No. 493)
60. **In the Navy Reserve there are 5 appointments to the grade of rear admiral (lower half) (list begins with Eugene A. Burcher)** (Reference No. 494)
61. **RADM(lh) Keith M. Jones, USNR to be rear admiral** (Reference No. 495)
62. In the Air Force there is 1 appointment to the grade of major (Jered N. Fry) (Reference No. 496)
63. In the Air Force there are 2 appointments to the grade of major (list begins with Christopher R. Boney) (Reference No. 497)
64. In the Air Force there is 1 appointment to the grade of major (Jeffrey A. Garrett) (Reference No. 498)
65. In the Air Force there are 2 appointments to the grade of lieutenant colonel and below (list begins with Roger A. Lee) (Reference No. 499)
66. In the Air Force there is 1 appointment to the grade of colonel (Theodore L. Wilson) (Reference No. 500)
67. In the Air Force there is 1 appointment to the grade of major (Jason S. Cross) (Reference No. 501)
68. In the Navy Reserve there are 2 appointments to the grade of captain (list begins with Paul D. Melvey) (Reference No. 502)
69. In the Navy Reserve there are 13 appointments to the grade of captain (list begins with William J. Bailey, Jr.) (Reference No. 503)
70. In the Navy Reserve there are 21 appointments to the grade of captain (list begins with Gina A. Buono) (Reference No. 504)
71. In the Navy Reserve there are 6 appointments to the grade of captain (list begins with David J. Allen) (Reference No. 505)
72. In the Navy Reserve there are 5 appointments to the grade of captain (list begins with David M. Buzzetti) (Reference No. 506)
73. In the Navy Reserve there are 11 appointments to the grade of captain (list begins with David E. Bailey) (Reference No. 507)
74. In the Navy Reserve there are 8 appointments to the grade of captain (list begins with John R. Adams) (Reference No. 508)
75. In the Navy Reserve there are 7 appointments to the grade of captain (list begins with Sean A. Cox) (Reference No. 509)
76. In the Navy Reserve there are 13 appointments to the grade of captain (list begins with Elizabeth W. Bundt) (Reference No. 510)
77. **RADM(lh) Bret C. Batchelder, USN to be rear admiral** (Reference No. 522)
78. **Col. DeAnna M. Burt, USAF to be brigadier general** (Reference No. 526)
79. **BG Stephen R. Hogan, ARNG to be major general** (Reference No. 527)
80. **BG Janson D. Boyles, ARNG to be major general** (Reference No. 528)
81. **In the Army Reserve there are 22 appointments to the grade of major general and below (list begins with Steven W. Ainsworth)** (Reference No. 529)
82. **In the Army Reserve there are 2 appointments to the grade of major general (list begins with Gregory L. Kennedy)** (Reference No. 530)
83. **BG Christopher P. Callahan, ARNG to be major general** (Reference No. 531)

84. **In the Army Reserve there are 17 appointments to the grade of major general (list begins with James P. Begley III)** (Reference No. 532)
85. **RADM(lh) Ann M. Burkhardt, USN to be rear admiral** (Reference No. 533)
86. In the Air Force there is 1 appointment to be major (Angela M. Mike) (Reference No. 534)
87. In the Air Force there are 4 appointments to be major (list begins with Matthew V. Chauviere) (Reference No. 535)
88. In the Air Force there are 13 appointments to be colonel (list begins with Michael E. Bruhn) (Reference No. 536)
89. In the Air Force there are 31 appointments to be lieutenant colonel (list begins with Jeffrey W. Drake) (Reference No. 537)
90. In the Air Force there are 36 appointments to be major (list begins with Megan E. Anderson) (Reference No. 539)
91. In the Air Force there is 1 appointment to be lieutenant colonel (Jose G. Bal) (Reference No. 544)
92. In the Army Reserve there is 1 appointment to be colonel (Joseph B. Dore) (Reference No. 545)
93. In the Army there are 2 appointments to be lieutenant colonel and below (list begins with Christopher M. Chung) (Reference No. 546)
94. In the Army there are 2 appointments to be major (Devin G. McCane) (Reference No. 547)
95. In the Army there is 1 appointment to be major (Janna X. Gaddy) (Reference No. 548)
96. In the Army there are 2 appointments to be major (list begins with Bradley H. Stephens) (Reference No. 549)
97. In the Army there is 1 appointment to be major (Terry Kim) (Reference No. 550)
98. In the Army there are 16 appointments to be major (Jeff A. Burchfield) (Reference No. 551)
99. In the Navy there is 1 appointment to be commander (Miguel A. Santiesteban) (Reference No. 552)
100. **MG Scott A. Howell, USAF to be lieutenant general and Vice Commander, US Special Operations Command** (Reference No. 570)
101. **MG James C. Vechery, USAF to be lieutenant general and Deputy Commander for Military Operations, US Africa Command** (Reference No. 571)
102. **MG Thomas A. Horlander, USA to be lieutenant general and Military Deputy for Budget, Office of the Assistant Secretary of the Army for Financial Management and Comptroller** (Reference No. 572)
103. **RADM Andrew L. Lewis, USN to be vice admiral and Deputy Chief of Naval Operations for Operations, Plans, and Strategy, N3/N5, Office of the Chief of Naval Operations** (Reference No. 574)
104. **RADM Matthew J. Kohler, USN to be vice admiral and Commander, Naval Information Forces** (Reference No. 575)
105. **VADM Kevin M. Donegan, USN to be vice admiral and Director, Navy Staff, N09B, Office of the Chief of Naval Operations** (Reference No. 576)
106. **MG Robert F. Hedelund, USMC to be lieutenant general and Commanding General, II Marine Expeditionary Force** (Reference No. 577)
107. **VADM James G. Foggo III, USN to be admiral and Commander, US Naval Forces Europe/Commander, US Naval Forces Africa, and Commander, Allied Joint Forces Command, Naples** (Reference No. 598)

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TOTAL: 995

Welcome, Mr. Shanahan. You are deprived of the important opening statements of Senator Reed and myself.

But before we allow you to speak, Senator Cantwell is here, and I apologize, Senator Cantwell, for not recognizing you to take time from your very busy schedule to introduce Mr. Shanahan. Senator Cantwell, welcome.

**STATEMENT OF SENATOR MARIA CANTWELL**

Senator CANTWELL. Thank you, Mr. Chairman. Chairman McCain, Ranking Member Reed, and distinguished Members of this Committee, I am proud to introduce an extremely qualified candidate, Patrick Shanahan, to serve as the Deputy Secretary of the Department of Defense.

I, too, want to welcome his family. They are here, and I am sure he will make that appropriate introduction.

Mr. Shanahan has a unique experience leading major reforms of large, highly complex programs at the Boeing Company, such as the 737 MAX and the 787 Dreamliner. These aircraft have cutting-edge technology, keeping them ahead of the global competition.

His entire career has been about solving problems no one else can solve, and these skills would be invaluable at Department of Defense (DOD). He drives change by building teams that think outside the box and then convince others to think in doing things new ways. Mr. Shanahan has driven reforms in talent management, affordability, technology, and supply chain, and he has had an impressive 31-year career at the Boeing Company, last serving as Senior Vice President of Supply Chain Operations. His hands-on leadership inspires those around him to strive to achieve results on time and on budget. Mr. Shanahan, managing the Boeing Company's highly complex operations in Renton and Everett, Washington and Charleston, South Carolina, has served as the head of the commercial airplane program. His attention to detail, while operating some of the largest manufacturing operations in the world, will prove invaluable at DOD.

He is also fearless. He understands what our country is up against when it comes to the Russians and the Chinese and the North Koreans and it will not faze him. He focuses on big, game-changing innovation and science and technology and will not be deterred by the bureaucracy of DOD.

Mr. Shanahan also knows how the Department of Defense operates and has served as Vice President and General Manager of the Boeing Missile Defense System and was responsible for the U.S. Army aviation programs and site activities in Philadelphia and in Mesa, Arizona as Vice President and General Manager for Rotorcraft Systems. He has been able to achieve positive results throughout his career.

He understands the need for fiscal responsibility and for innovation of the Department. DOD is the largest employer in the world with almost 3 million people and the largest military budget in the world, and he has the management skills from the private sector to guide DOD successfully into the future. I am confident that he will be an effective leader in this position for our country.

Thank you, Mr. Chairman. I am going to excuse myself but again thank the Committee for this opportunity to introduce Mr. Shanahan.

Chairman MCCAIN. We thank you, Senator Cantwell. We fully understand you have other duties in the Senate, and thank you for taking the time to introduce Mr. Shanahan.

Mr. Shanahan?

**STATEMENT OF PATRICK M. SHANAHAN, TO BE DEPUTY  
SECRETARY OF DEFENSE**

Mr. SHANAHAN. Thank you, Senator Cantwell, for your very kind words, thoughtful introduction, and enduring support.

Before I begin, my thoughts and prayers go out this morning to the families of the seven sailors killed in the tragic accident on the USS *Fitzgerald*.

Chairman McCain, Ranking Member Reed, and Members of this Committee, I greatly appreciate the welcome and time you have afforded me this morning.

I am grateful to the President and Secretary Mattis for nominating me to the position of Deputy Secretary of Defense.

I would like to acknowledge my three children, who have accompanied me here today, Kayla, Will, and Jack, who are seated behind me.

I also want to take a moment to recognize and honor my parents, Jo-Anne and Michael Shanahan. I am the oldest of three boys. My father, Michael Shanahan, instilled in my brothers and I, from as early as I can remember, service before self.

My father was an Army veteran who served in Vietnam. He taught his boys to love their country and value its freedoms. My father served in law enforcement for over 25 years. He taught us to treat people fairly, respect law and order, and the importance of protecting the community.

My father co-founded a food bank in 1982 that is ongoing. To date, it has distributed over 200 million pounds of food to the needy. He showed us that with initiative and outreach, good ideas can scale to make a big difference.

At age 52, my father was afflicted with Parkinson's. He battled that savage disease for 17 years before passing. I never once heard him complain. My father modeled for us what it means to have grit, that is, the ability to maintain an indomitable spirit and persevere no matter what the challenge. I so wish he were here today. I know exactly what he would say to me. He would say, Patrick, don't screw this up.

My mother, Jo-Anne, could not be here. She is here in spirit. My mother always supported me unconditionally. She taught my brothers and I to support others unconditionally. What I appreciate most about her that I would like to share is she taught me to truly believe in myself and that I could do anything I set my mind to. She taught my brothers and I that it is not the size of your muscles that matter. It is the size of your heart. She taught me to be a better parent, and that is a gift I can never repay. Her words for me today where, you will do fine.

I am here to earn your support. I aspire to join a strong and capable DOD team. I aspire to help them dominate and win. I aspire to help usher in a new age of innovation and effectiveness in the Department.

I believe I have prepared myself to contribute as Deputy Secretary of Defense. I bring over 3 decades of leadership honed in America's largest manufacturing exporter. I have led large, geographically dispersed organizations focused on developing and fielding complex engineered products. I have experience converting technological innovation into operational capability.

I bring with me a formula for leadership that has a record of delivering affordable, high-performing business systems and operations under adverse conditions. Leadership casts a long shadow, and strong leadership can create teams that achieve ambitious change at scale.

I believe my skill set strongly complements that of Secretary Mattis. He is a master strategist with deep military and foreign policy experience. As Deputy Secretary of Defense and Secretary Mattis' Chief Operating Officer (COO), I bring strong execution skills with a background in technology development and business management, areas this Committee in particular has identified for reforms.

If confirmed, I will work tirelessly with Congress and the Department to deliver on our commitments to our men and women in uniform and their families, to defend the Nation, and to be relentless stewards of the taxpayers' money.

I appreciate the time you have afforded me today to answer questions.

[The prepared statement of Mr. Shanahan follows:]

PREPARED STATEMENT BY MR. PATRICK SHANAHAN

Senator Cantwell, thank you very much for your kind remarks, thoughtful introduction and enduring support. Chairman McCain, Ranking Member Reed and the Members of this Committee, I greatly appreciate the welcome and time you have afforded me this morning.

I am grateful to the President and Secretary Mattis for nominating me to the position of Deputy Secretary of Defense.

I would like to acknowledge my three children that accompanied me today—Kayla, Will, and Jack. I also want to take a moment to recognize and honor my parents, Jo-Anne and Michael Shanahan.

I am the oldest of three boys. My father, Michael Shanahan, instilled in my brothers and I from as early as I can remember ... service before self.

My father was an Army veteran who served in Vietnam. He taught his boys to love their country and value its freedoms.

My father served in law enforcement for over 25 years. He taught us to treat people fairly, respect law and order, and the importance of protecting the community.

My father started a food bank in 1982 that is on-going. To date, they have distributed over 200 million pounds of food to the needy. He showed us, that, with initiative and outreach, good ideas can scale to make a big difference.

At age 52, my father was afflicted with Parkinson's. He battled that savage disease for 17 years before passing ... and I never once heard him complain. My father modelled, for us, what it means to have grit ... that is ... the ability to maintain an indomitable spirit and persevere no matter the challenge.

I so wish he were here today ... and I know what he would say to me ... don't screw this up.

My mother, Jo-Anne, could not be here. She is here in spirit.

My mother has always supported me unconditionally. She taught my brothers and I to support others unconditionally.

What I appreciate most about her that I would like to share is:

She taught me to truly believe in myself and that I could do anything I set my mind to;

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I appreciate the time afforded me today to answer your questions.

Chairman MCCAIN. Thank you, Mr. Shanahan.

In your questions that were submitted to you, one of the questions was about providing the Ukrainians with lethal defense weaponry with which to defend themselves. Inexplicably, you responded by saying you would have to look at the issue. It is not satisfactory, Mr. Shanahan. Would you wish to abridge or amend your statement concerning what—

Mr. SHANAHAN. Chairman—

Chairman MCCAIN. Go ahead.

Mr. SHANAHAN. I support equipping the Ukrainians.

Chairman MCCAIN. You support providing lethal defensive weaponry to Ukraine?

Mr. SHANAHAN. Yes.

Chairman MCCAIN. All right, good. I am glad to hear that.

But I have to tell you, Mr. Shanahan, our job is advice and consent. We are equal branches of government. Your response to that question was, frankly, very disappointing to me. You have been associated for the last I do not know how many years with one of the five corporations that provide 90 percent of the defensive weaponry to defend this Nation, and your answer was, well, I would have to look at the issue. That is not good enough, Mr. Shanahan. I am glad to hear you have changed your opinion from what was submitted, but it is still disturbing to me.

It is still disturbing to me, after all these years, that you would say that you would have to look at the issue. Have you not been aware of the issue? Have you not been aware of the actions of the Senate Armed Services Committee? Have you not been aware of the thousands of people that have been killed by Vladimir Putin? Have you missed all that in your duties at one of the major defense corporations of this country?

Mr. SHANAHAN. No, Chairman. I am aware of that.

Chairman MCCAIN. I got to tell you it is very disturbing. One, I am disturbed that we now have an executive from one of the five major corporations that has corralled 90 percent of our defense budgets and on one of the major issues that this Committee has had hearings about, has had markups about, has reported out our bill and you want to find out more information. Not a good beginning. Not a good beginning. Do not do that again, Mr. Shanahan, or I will not take your name up for a vote before this Committee. Am I perfectly clear?

Mr. SHANAHAN. Very clear.

Chairman MCCAIN. Senator Reed?

Senator REED. Thank you very much, Mr. Chairman.

Mr. Shanahan, one of the issues that you are going to face is generically termed the Third Offset. Bob Work, who you are succeeding, has done a remarkable job I think, and he has been the leader for this effort. It is essentially trying to counter technologically and otherwise our adversaries, their area denial capabilities, their cyber capabilities, their asymmetric capabilities, and leap ahead with new technologies. In trying to deal with that, the Congress reestablished the position of Under Secretary of Defense for Research and Engineering (R&E).

But as Deputy Secretary, you are going to play a critical role in supporting the new or revised Under Secretary, but also reaching out to the whole community, Intelligence Community, the industrial community, technological community. Can you give us some sense of how you are going to continue Mr. Work's efforts with respect to the Third Offset?

Mr. SHANAHAN. Yes, Senator Reed. If confirmed, I will spend time with the group that has done the Third Offset work. I have not received the classified briefings on the work that they have done.

The effort I would undertake is to make sure we have a clear path to being able to operationalize the capability. When I look at the strategy exercise that we will be conducting to put together the fiscal year 2019 budget, it will be critical that we have an assessment of how much funding needs to be applied against the Third Offset. I believe the restructuring of R&E will give us the concentrated skill set so that we can have a more informed recommendation.

Senator REED. Thank you very much.

I presume also because of your significant experience in private industry, you already have some ideas of companies that are not currently involved but could be major contributors to this effort, some of these path breaking not only software but technology companies. Is that accurate?

Mr. SHANAHAN. That is correct. I think to Chairman McCain's point, we need to broaden our industrial base, and it is important that we develop other capabilities and other companies as well.

Senator REED. Thank you.

One of the other changes that we made in last year's National Defense Authorization Act (NDAA) was creating an Under Secretary for Acquisition and also Chief Management Officer. In many respects, you are really the Chief Management Officer as the Deputy Secretary of Defense. But how will you work with the Chief Management Officer? Have you any ideas with respect to that issue?

Mr. SHANAHAN. I do. The Chief Management Officer, as I see it, has responsibility for helping to streamline business operations. So as the Deputy, it is all of operations for the Department. That is how I see my responsibility. A subset of that is the business operations. But I will work hand in glove with the Chief Management Officer. The real intent—and I have experience in this area—is how do we quickly capture efficiency and the opportunities by standardizing and sharing many of these services, if you will, across the Department.



Senator REED. Very good.

One of the areas that is complicated, troubling, and daily we seem to be falling behind is the whole concept of information operations. It is ironic that the country that created Madison Avenue is now sort of trying to catch up in terms of influencing individuals through media. The Department of Defense has a role in this.

The first question is conceptionally I would think the Secretary of Defense is going to be very much involved in this. But do you see a role that you will play in terms of trying to coordinate all the different aspects just within DOD and then again reaching out to other agencies?

Mr. SHANAHAN. Sir, I do. I think the Deputy and the Chief Operating Officer role really needs to ensure that we have the right structures so that we are effective in interfacing with these other organizations and that we have the proper architectures so that the systems are cost effective, the proper architectures so that we can upgrade them easily and evolve as technology changes.

Senator REED. Very good.

Again, thank you, Mr. Shanahan. I think you are bringing significant experience to this very challenging job. Thank you very much.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Fischer?

Senator FISCHER. Thank you, Mr. Chairman.

Mr. Shanahan, I appreciated your comments in our meeting about the nuclear deterrent, and being a weapons system that we use every single day, this fact is overlooked but every day we have missileers who are in launch control centers, and we have submarines that are on alert defending our Nation.

Secretary Carter characterized our nuclear deterrent as the bedrock of our national security. Do you agree with that statement?

Mr. SHANAHAN. I do.

Senator FISCHER. I know the forthcoming Nuclear Posture Review (NPR) will lay out the particulars, but in general, do you support the modernization of our nuclear weapons, the associated delivery vehicles, command and control architecture, and the supporting infrastructure?

Mr. SHANAHAN. I do.

Senator FISCHER. General Selva, the Vice Chair of the Joint Chiefs of Staff, has testified that the Joint Staff puts our nuclear deterrent as the number one priority for modernization and recapitalization. That is based on the fact, in his words, that we have squeezed about all the life we can out of the systems we currently possess. Do you agree with his assessment and the level of urgency and priority that this requires?

Mr. SHANAHAN. Senator, if confirmed, I have not had a review of the priorities of the Department. I understand the importance of the nuclear deterrent, and I will take advice from General Selva and make sure that he gets the proper support.

Senator FISCHER. Thank you.

When you were in my office, we talked a little bit about technology and innovation, but one thing we did not touch on is the question of risk tolerance. Innovation is inherently risky and not all good ideas pan out. But the current environment seems to be

very intolerant of risk. Do you believe the Department and the Services need to be more tolerant of risk, and how do you think the Department can better navigate that tension between effectively using scarce resources and tolerating the amount of risk that is required if we are going to have any innovation take place?

Mr. SHANAHAN. My view on risk is that you have to manage risk. Out of the pointy end of the spear, we do not want really any risk.

I think when it comes to innovation—and this is the mindset I have developed working in the commercial world—innovation is messy, and if you try something and it fails, I think that is—your point around risk—we should not be afraid. Organizations that pride themselves on execution tend to be afraid of failure. I am a proponent of failing, failing fast, learning quickly. I think the faster you do that, the more we end up training people. It is not about the technology. It is about our people learning how to develop the technology because they know how the users can apply it.

Senator FISCHER. In your response to the Committee advance policy questions regarding Russia's violation of the INF [Intermediate-Range Nuclear Forces] Treaty, you state, I understand that the administration is reviewing a number of potential responses as part of its ongoing review of this issue, and I will be keenly interested in making sure these are translated into action.

To be clear for the record, do you believe a response is necessary beyond simply expressing concern through diplomatic channels, which has already been done?

Mr. SHANAHAN. I do.

Senator FISCHER. Do you have any personal thoughts right now on what options would be available to be some of those responses?

Mr. SHANAHAN. I do not.

Senator FISCHER. You also noted that Russia's action in violation of the INF Treaty, if it is unchecked, could lead to doubt in the stability of current and future arms control agreements and initiatives. Could you elaborate on that statement? Sometimes there is a view that is expressed that holding violators accountable for their behavior risk, deals collapse and that we should, therefore, suppress any suggestion that a violation has happened. I do not believe you agree with that view. Do you?

Mr. SHANAHAN. Senator, I think the Russians are adversarial. I think through the whole-of-government we need to deal with their—whether we call it aggression or their disruption to our interests. I, at this point, do not have any specific recommendations. If confirmed, I will spend a significant amount of time dealing with Russia.

Senator FISCHER. But would you be supportive of developing options to present to the President besides diplomatic or just making statements and then letting it go by?

Mr. SHANAHAN. I would be supportive.

Senator FISCHER. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAIN. Mr. Shanahan, you are not making me happy. We expect straightforward answers, and you just ducked basically every question that Senator Fischer asked you. I am telling you, Mr. Shanahan, I believe in the Constitution of the United States which says that the Congress of the United States shall pro-

vide advice and consent. I am not going to sit here and watch you duck every question and expect that everything is going to go smoothly. It is not.

Senator HIRONO?

Senator HIRONO. Thank you, Mr. Chairman.

Welcome, Mr. Shanahan.

Mr. Shanahan, you have limited institutional experience in the military, DOD, or the Pentagon. In my experience, I have seen the Deputy Secretary heavily involved with running the bureaucracy while the Secretary works closely with the President, NSC [National Security Council], Congress, allies, although I just heard you say that you would work closely regarding Russia.

If confirmed and if you are tasked with running the inner workings of the Pentagon and its many internal and interagency structures, how will you overcome your lack of institutional experience to effectively operate in this environment?

Mr. SHANAHAN. Senator, I have worked in environments where we have very disparate organizations. They may not be DOD, but in the commercial world with many different suppliers and agency-like organizations. I believe that my technical and management background will prepare me to be able to quickly assimilate the knowledge and the expertise to properly interface.

Senator HIRONO. What would be one of the first things that you would do to get yourself to a position where you can hit the ground running, should you be confirmed?

Mr. SHANAHAN. I think the first place that I was going to hit the ground running was on the restructuring of R&E [research and engineering], the A&S [acquisition and sustainment] organization, and then working the Chief Management Officer initiative. I think that will be a good way to begin to understand the inner workings of DOD. Then in the second phase of that, participating on the nuclear posture review and the national ballistic missile defense review will also begin to allow me to interface with some of these other organizations and structures.

Senator HIRONO. While you have a lot of experience in the private sector, the DOD is an entirely different, I think, entity in order of probably complexity and all the people that you will be working with. I assume that should you be confirmed, you will have a list of to-do's and people that you are going to meet with so that you can become quickly apprised of what your responsibilities will be in running, basically in running sort of the nuts and bolts of the DOD.

Mr. SHANAHAN. Yes, Senator.

Senator HIRONO. Thank you.

Cost overruns and schedule delays on major system acquisition programs have plagued DOD for many decades. This Committee, under Senator McCain and previous chairmen, have tried to improve the defense acquisition system for better contracting outcomes for our military, as well as for our taxpayers. You have significant experience with one of our largest defense contractors. Based on your experience and perspectives from the industry side, what would you recommend in order to get better results from our contracting and acquisition processes?

Mr. SHANAHAN. You know, there are a number of tools from a contracting standpoint that are important. Firm fixed-price contracts is a very effective tool to drive supplier or contractor performance. Having the right incentive clauses is very important. But I also believe, if confirmed, when we work the audit, we will come up with a new cost accounting scheme so we can better understand what things should cost and understand to the degree how much we are overpaying. To me, really understanding the cost baseline that we have with the contractors is so important. From that, we need to renegotiate.

Senator HIRONO. I think with the kind of very specific experience you have in dealing with the acquisitions yourself, that you will be able to bring some very key elements of why these overruns occur on a regular basis, much to our consternation. I am going to be looking to you for those kinds of efforts.

Turning to the Indo-Asia-Pacific strategy—I only have a little bit of time—the Asia-Pacific area has some of the largest economies, many militaries representing 60 percent of the area's GDP [gross domestic product], et cetera. What are your thoughts on how we should move forward in the Asia-Pacific theater?

Mr. SHANAHAN. I think the Chinese have been modernizing quite significantly in recent years, and that threatens our ability for freedom of movement. It is really important that we find ways to maintain the security architecture of the Pacific Rim. It is very important that we support our allies and partners there and reassure them of our commitments.

Senator HIRONO. I would like to see a continuing focus on the Indo-Asia-Pacific area because as the rest of the world becomes even more unstable, at least if we can keep the Indo-Asia-Pacific area stable, even more stable, even with North Korea and China as major players there, through things like acquisition reform and other things that you could bring to the table, I hope that will release more resources for the Indo-Asia-Pacific arena.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Cotton?

Senator COTTON. Thank you.

Mr. Shanahan, congratulations on your nomination.

As we have discussed this morning, the Deputy Secretary plays a major role in managing the Department, while the Secretary is a member of the National Security Council and the public face of the Armed Forces to the American people and abroad. You have a long and distinguished career at Boeing. In particular, your reputation for turning around the Dreamliner program is probably something that a lot of military programs could use.

However, that long career at Boeing also raises some questions I think we should just address in a forthright manner upfront here at your hearing.

How do you plan to carry out your duties as the Deputy Secretary while avoiding any potential conflicts of interest based on your time at Boeing?

Mr. SHANAHAN. I will divest all ties with Boeing with the exception of my executive retirement which is permitted under the ethics agreement. For the duration, if I am confirmed, I will not deal with any matters regarding Boeing unless cleared by the Office of Eth-

ics. We will put in mechanisms so that my calendar, the meetings that I will participate in that we can screen to make sure that there are no matters related to Boeing that I will be exposed to.

Senator COTTON. Thank you for that.

Chairman MCCAIN. Will that name specific programs?

Mr. SHANAHAN. Will the ethics agreement call out specific programs? It is all matters Boeing. So it would include all programs.

Senator COTTON. I think Chairman McCain was driving at the next question that I want to raise related to those precautions, which I think are prudent. Boeing, obviously, is one of our major defense contractors. They have many programs, some of which have some troubles of their own, the F-18, the KC-46 tanker, the V-22 Osprey, the F-15 Apaches and Chinooks in the Army. Do you think that recusing yourself from these Boeing-related issues could negatively impact the Department's decision-making process?

Mr. SHANAHAN. I do not believe so. In my view, I believe I can provide general guidance in terms of program execution and techniques to drive better performance without getting into the specifics of a particular program.

Senator COTTON. Thank you for that.

In terms of your financial divestiture, you are or will soon be fully divested from all Boeing stock except for your retirement program. Is that correct?

Mr. SHANAHAN. If confirmed, I will divest.

Senator COTTON. Given your time at Boeing and your successes there, I presume it is safe to say that they have made you a very wealthy man over 30 years compared to most Arkansans.

Mr. SHANAHAN. They have treated me well.

Senator COTTON. At this point in your career, your focus and your loyalty is solely on the Department of Defense and the soldiers, sailors, airmen, and marines who are out on our front lines?

Mr. SHANAHAN. Yes, Senator. I am 1,000 percent committed to the Department and to delivering on the reforms that Senator McCain, Chairman McCain has outlined.

Senator COTTON. That is what I expected, but as I said, I thought it was important to put upfront the steps you are taking to recuse yourself from Boeing decisions and to ensure that you are making the decision in the best interest of the men and women of the Armed Forces, to include men and women who are going to depend on some Boeing systems, and there will be systems in place to account for that.

I do want to turn to one other issue that has been raised here as well, and that is trying to work with more smaller firms that would like to be defense contractors. As Senator McCain says, something like 90 percent of all acquisition business goes to 5 firms. Some of this relates to the Department of Defense's own bureaucratic issues, but some relates to the culture that you see in the tech world. I have heard from many tech leaders and entrepreneurs that they simply do not want to do business with the Department of Defense, even though they have very fine products and services, in part because they do not want to deal with, say, 7-year timeline development programs or they simply do not want to deal with all the red tape.

Have you given thought about how to conduct outreach to that world and make the acquisitions process more user friendly for smaller, more nimble firms and a firm like Boeing?

Mr. SHANAHAN. I have, and if confirmed, I think that is one of the more exciting aspects of the job is, you know, we are seeing a transformation of technology and this is the industrial base we need to grow. My experience at Boeing is on developing supply chains. We really need to have a conscious focus on how to grow these new capabilities. I think we are onerous in terms of the requirements we put on these small organizations, whether it is demanding their intellectual property or to go through these complicated contractual mechanisms. If confirmed, that is an area of importance to me.

Senator COTTON. Thank you.

Chairman MCCAIN. Senator King?

Senator KING. Thank you, Mr. Chairman.

I want to follow up on the question that Senator Cotton just asked. Procurement is one of the recurring issues that comes before this Committee. In fact, we had testimony from Silicon Valley firms that they just were not going to bother to even apply. Yet, as one of our generals testified last week, we do not want our soldiers in a fair fight. That means maintaining a qualitative technical edge, and yet, the system that we have in place seems determined to not keep up with that.

Go a little deeper. How are we going to think through this procurement system that is so Byzantine—I hesitate to even use that term. That is an insult to the Byzantium Empire—that is so arcane and cumbersome that it is actually discouraging the importation into our defense system of advanced technology?

Mr. SHANAHAN. Senator, this is an area where I have had some fairly good success, and rather than trying to change the whole system, you have to change parts of the system. I will give you an example.

We found technology that will fundamentally change how we do work, and what we would do is develop prototypes and we would operationalize those prototypes. The process—this is going a little bit a deeper. The intent was to flush out all the bureaucratic mechanisms that would say no. The idea is not can this technology work. It is that you run these prototypes. We called them “pathfinders”, and the pathfinder was to find all the restrictions, all the people that say no and take them out of the way. Once we had something that we could demonstrate works, then we replicate. That is how we could get to scale. But it is in doing those prototypes that you can get a quick win and then you also find out where the real limitations in the system are.

Senator KING. But one of the fundamental differences between Boeing and the United States Government is Boeing was in an exceedingly competitive situation where you had Airbus and other providers around the world trying to start to get into the airline business. You had the whip of competition over your head. When we are talking about within the Defense Department, you do not have that, and that is why it has to be a major management focus and constant attention to sort of substitute for the pressure that competition creates.

Mr. SHANAHAN. Right. I personally think the limits on the budget are the competition. It is the analog to the competition we had with Airbus. We have a competition for money in the Department. There is not enough to go around. We must find ways to generate savings so we can pay to go do these things.

Senator KING. By the way, on procurement, not only is there an issue of cost, there is an issue of time. Senator Inhofe has presented graphs about the difference between the private sector—the time it takes Boeing to get a new aircraft from concept to flight is something like 7 years. In the military, it is 23 years. So time is an issue as well as money, and that has to be part of your focus.

Mr. SHANAHAN. Speed is everything. The shorter the time, the less the cost. In the commercial world, everything is fixed price development. So speed is the most important management element because it flushes out all the issues that prevent you from being able to perform.

Senator KING. I would suggest that in your position, it is not enough to simply say we are going to work harder at it. I hope that you will think about and perhaps convene a public-private group to think about how do we structure because I believe structure is ultimately policy, how do we structure the procurement system to produce at lower costs and at higher speed. I urge that upon you as a possible initiative. I think just saying, well, we are going to try to do better is not going to be enough to change a system that is so thoroughly entrenched.

Secondly, in terms of costs, which is your area as the Chief Management Officer, is the growth of staff both within the Pentagon and within the Services. We have had lots of talk here, and there have been some cuts in staff. But I believe that is also an area that has to be looked at because every dollar that goes into tail does not go into tooth. When we are talking about scarce dollars for readiness and recapitalization of the nuclear deterrent, whatever it is, we need to find places. There have been studies that indicate significant savings in the bureaucracy or the staff both in the Pentagon and in the Services. I hope that is an area you will pay attention to.

Mr. SHANAHAN. It will be.

Senator KING. Finally, we need to be able to audit the Department of Defense. I cannot keep going home to Maine and saying we are spending half a trillion dollars a year but it cannot be audited. Do you take that as one of your priorities? Because as I recall our hearings here over the last 4 years, 2017 or 2018 is supposed to be the target for the Department of Defense to be ready for an audit.

Mr. SHANAHAN. You have my commitment to start the audit in September, and it is one of the highest efforts in terms of priorities for me.

Chairman MCCAIN. Could you repeat that?

Mr. SHANAHAN. The audit—and I believe it is September or it could be October is when we will begin the audit for the Department of Defense.

Senator KING. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Ernst?

Senator ERNST. Thank you.

I appreciate that very much as well.

Last week, we had a hearing with the Chief of Naval Operations (CNO), Admiral John Richardson, Acting Secretary Sean Stackley, and General Robert Neller, Commandant of the Marine Corps, and we talked a little bit—I just want to tag on to what Senator King was saying—about how we procure items and going through that process. I asked if they needed additional authorities, and they stated that they believed they had all the authorities they needed to speed up the procurement process, but there were a lot of regulations that got in the way. So tagging onto his comments, will you make a commitment to go through those regulations, identify those that are unnecessary so that we can procure faster?

Mr. SHANAHAN. Senator, I am committed to unwinding the system that keeps our men and women from being able to perform.

The one thing I do know is that it is not our people that are the problem. It is the system that we have created over time, and dismantling that is the critical thing I need to do in this position.

Senator ERNST. Thank you. I appreciate that very much.

According to title 10, the Deputy Secretary of Defense is the Department's Chief Management Officer. Earlier you kind of called that the all of operations officer, which is a great description. It is clear that you are an experienced manager. You have had great success with Boeing.

The law also requires you to serve in other roles in the Secretary's absence. I would like to start with more of a policy question, policy discussion.

I have been calling attention to the increasing threat posed by violent extremist organizations in Southeast Asia for quite a while now. As we speak, U.S. Forces are assisting and liberating the Filipino City of Marawi from a terrorist siege. Secretary Mattis had said that ending the named counterterrorism operation in the southern Philippines in 2014 was premature—I agree with him—and that doing so has made it difficult to resource our current efforts in that area. I personally think it is time to reestablish a named operation.

What are your opinions on that?

Mr. SHANAHAN. Well, the violent extremists—I think this falls in line with our policy with ISIS [Islamic State of Iraq and Syria] where we can find them, by, with, and through others, we need to defeat them. If confirmed—and this is an area where I will invest the time to understand our commitments in terms of resources and our ability to undertake those types of efforts.

Senator ERNST. I appreciate that because we have for a long while taken our eye off of that region, and they continue to grow and develop in Southeast Asia. So I appreciate that.

As I am sure you know, our aircrews continue to experience physiological episodes in high-performance aircraft, the F-22, the T-45, F-18, and now the F-35. Yet, we still have not found a fix for that.

This morning, the Air Force announced it was testing sensors for the F-35 Alpha that actually monitor pilots' inhale/exhale gases and automatically activates emergency oxygen if there is a problem. This is something that I have recommended to both the Air



Force and Navy leaders in past hearings. I am glad that they have actually taken action on this item.

At Boeing, you were known as Mr. Fix-It, and I appreciate that title. If confirmed, how are you going to fix this particular problem? More importantly, how will you guarantee that solutions are shared across aircraft and Service branches so that we do not repeatedly see the same types of costly problems that have been undermining our warfighting readiness?

Mr. SHANAHAN. You know, the culture at Boeing is that safety and product integrity is the most important thing that we do. So issues such as the oxygen flow is—if confirmed, those are the type of safety items that will receive my highest attention. That is how we have grown up. We solve these problems, and then, to your point, they need to be implemented quickly. It is not good enough to have the answer. They have to be fully implemented. You have my assurance that I will support doing that.

Senator ERNST. How will you communicate that between the branches and the Services?

Mr. SHANAHAN. I suspect—and this goes kind of back to Senator Hirono—there are many things I have to learn in terms of actually navigating the Department of Defense. It will either be through the technical leadership or through the service secretaries. I am quite confident that when we do have a solution, that we will be able to communicate it. It is going to be how quickly do we actually get the solution incorporated into the airplane. That will be really about acquisition and getting these things on contract. That is the most important thing we have to do.

Senator ERNST. Okay. I appreciate it. Thank you for your time. Thank you, Mr. Chair.

Chairman MCCAIN. Senator Peters?

Senator PETERS. Thank you, Mr. Chairman.

Mr. Shanahan, thank you for being here today.

My questions really relate to the future of warfare and how we will be preparing for a rapidly changing battle space. Senator Reed asked you a question about the Third Offset Strategy, which, as you know, Secretary of Defense Ash Carter introduced in order to move the innovation process forward to take advantage of incredible advances being made in the commercial sector. In fact, I think that is something that has changed pretty dramatically in recent years is that most of the innovation that also has military applications is occurring in the commercial side from artificial intelligence to 3D printing to synthetic biology, I mean, go down the list of incredible advancements.

My question for you, first off, is just a broad question. I mean, what is your opinion of the Third Offset Strategy?

Mr. SHANAHAN. The majority of the details are classified, so I have not received the classified brief. But from what Secretary Work was able to share with me, the domains of technology are very important. I plan to continue to support those efforts. To me, it is about how do we validate that those capabilities are the right ones in terms of conducting warfare. This is the messy part about innovation. I mean, we are going to have to make some bets and then we are going to have to do some prototyping so we can test these concepts with the user, with the warfighters.

Senator PETERS. Well, we do. That leads to a question as to whether or not the current model that we use where we have a few very large defense contractors that do the vast majority of the work, as Senator McCain has mentioned earlier in this hearing, versus an ecosystem of small companies that are doing incredible cutting edge research and perhaps in technologies not directly related to the military but have dual-use applications.

How do you work within that environment? Do we have to rethink some of the paradigms we have operated in the past as to where we procure and how we procure advanced technology?

Mr. SHANAHAN. Senator, this is how I tend to think about these things. The procurement is the second step. I think the first step is our technical approach. The technical approach is given these emerging capabilities, whether it is electrification, added manufacturing, like you mentioned, machine learning—given these emerging capabilities, how will we scale, how we will use them? Based on that, we decide who are the suppliers we want to grow? Who are the new people that we want to scale up in our industry? I think the Third Offset work will give us the foundation for those technologies, and that is where we decide how to grow the tech base.

Based on who we pick, I think it is very straightforward to go and change the procurement portion, you know, how we give them money, how we fund them to do tests. You know, one of the best things about working with the Department of Defense is the resources, you know, when we think of the test ranges and the users. I mean, I think we have to draw them into how we do our business and having them outside the fence is a real limitation. They need to learn how we do business, and then they will inform us on what we need to change.

Senator PETERS. How do you see using some of those internal defense assets that you mentioned? For example, TARDEC [Tank Automotive Research, Development, and Engineering Center] in Michigan, my State, does incredible research work in autonomous vehicles working also in partnership with some of the incredible work being done in the auto industry as well. But how do you see that model working where you have organizations like TARDEC, which is a Department of Army facility, working with private industry? How is that model working? Where do you see that going in the future under your leadership?

Mr. SHANAHAN. A big portion of being able to pull on that technology is educating the users inside the Department, not the procurement team but the warfighters who need to think differently about how to utilize this technology. There is a lot of education that needs to take place so they can understand the potential of this new technology. It is remarkable what we will be able to do with autonomy. The people that shape the strategy, the people that help decide what capability or how we fight need to invest in educating them on what these capabilities are and what they can do.

Senator PETERS. Thank you for your responses. Appreciate it.

Chairman MCCAIN. Senator Perdue?

Senator PERDUE. Thank you, Chair.

Mr. Shanahan, Vice President Pence once said you cannot fake great kids, and I think he is right. Thank you for bringing your children here. It looks like you were very successful.

I want to get to recapping the military because I think that is going to be the number one crisis you are going to have to deal with in this job.

I want to get at Boeing first, though, and your background there. Boeing revenue is about \$100 billion. Right?

Mr. SHANAHAN. Correct.

Senator PERDUE. Just put it in perspective for the Committee, we are dealing with a \$600 billion-plus budget here in DOD across a lot of different Services and platforms. At Boeing, did you ever have a year where you missed supplying a reviewed audit?

Mr. SHANAHAN. No.

Senator PERDUE. Have you ever known a Fortune 500 company that ever missed an audit?

Mr. SHANAHAN. No.

Senator PERDUE. I want to make sure I understood your answer just a minute ago. You have been through that process. Audits require people at your level to deal with them. I know. I have been there. The question I have for you is this. I want to make sure I heard your answer earlier. You committed to the Committee that you will start this audit in October. Is that correct?

Mr. SHANAHAN. Yes.

Senator PERDUE. My question is this—we have been given testimony. We have been asking this for several years, obviously, since 1990 when the law was put in. This is not a current question only.

My question is this. We have been given information from services that they are not ready, that the systems do not talk to each other, that the systems are not ready to be committed to support an overall audit. Is an audit possible to be started in October? If so, how long would it take to complete that audit?

Mr. SHANAHAN. Senator, so I do not know exactly how long it will take to complete the audit.

Senator PERDUE. That is fair.

Mr. SHANAHAN. But the commitment is to start, and we will start in October. You have my commitment to, if confirmed, get to the point where we can close the audit. To me, it is hygiene. If we are going to get after cost, if we are going to create a culture of affordability, we have to at least be able to do an audit. An audit does not get you to the place where you can actually do cost accounting, which then allows you to actually make affordability decisions. My commitment to you is that we will get to a place where an audit is not something we are talking about.

Senator PERDUE. Thank you. Where it becomes like breathing. Right?

Mr. SHANAHAN. Right.

Senator PERDUE. I want to get at the recap because this is our biggest problem. We have a budget problem, obviously. We are spending about 3 percent of our GDP on our military, and it is 100 basis points less than our 30-year average. It is about \$200 billion today. The last time we had an estimate was from Secretary of Defense Robert Gates that it was over \$150 billion more than what we actually spent last year. We have a real issue in terms of trying

to meet the recap requirements of all of our major platforms. The Navy alone says that they will need \$26 billion a year for the next 30 years. That is \$800 billion for rebuilding the surface fleet—or rebuilding the fleet from 275 to 355.

The question is now just how do we make it quicker, shorter, better. It is how in the world are we going to find the money to do that. In your role as COO—and that is what this job is—what will you do to help us figure that out?

Mr. SHANAHAN. Two things. You know, the first is to be able to come back to the Committee with a strategy that says here is our force construct, here are our capabilities, these are the assets that we need because I think that will be the baseline to determine what do we modernize, what do we recapitalize.

The second piece of this—and then the strategy is so important because if we do not lock in a strategy and we just work to a budget, then we will never really be able to sustain constant investment.

Senator PERDUE. Were you part of the strategic planning team at Boeing?

Mr. SHANAHAN. I was. I am steeped in—

Senator PERDUE. I am sorry to interrupt. I believe that because you would not have gotten into your position as Senior Vice President (SVP) of Operations.

Let me ask you about your position. You have supply chain and operations the way it reads officially. Is that basically the COO? You report to the CEO [chief executive officer]. Is that correct?

Mr. SHANAHAN. Correct.

Senator PERDUE. Who else reports to the CEO?

Mr. SHANAHAN. The CEO? I mean, you have the traditional—

Senator PERDUE. You have CFO [chief financial officer], COO, which is you.

Mr. SHANAHAN. Right. So my role was all of operations and supply chain—

Senator PERDUE. Help me just understand the perspective then. Who else reports to the CEO?

Mr. SHANAHAN. The CEO for commercial, the CEO for defense, the CEO for services, chief counsel, head of HR [human resources]—

Senator PERDUE. Do you run operations across all those divisions?

Mr. SHANAHAN. I have responsibility for operations across all those divisions.

Senator PERDUE. Thank you.

The question I had was, as you look at this responsibility, it looks like you are going from a COO of a \$100 billion business to a COO of a \$600 billion business. That is done all the time, but I wanted to put it in perspective.

I appreciate your willingness to step up and be available for this service. Thank you.

Mr. SHANAHAN. Thank you.

Chairman MCCAIN. Senator Blumenthal?

Senator BLUMENTHAL. Thank you, Mr. Chairman.

Good morning and thank you for your willingness to serve and your family's support for your willingness to serve. I am glad to see they made it down yesterday by train I understand.

I know that you have discussed briefly your commitment to recusing yourself from Boeing-related contracts and programs and the commitment also to notifying or to seeking a waiver in the event of any questions in that regard. Will you commit to make public the recusal waiver if one is necessary?

Mr. SHANAHAN. Yes.

Senator BLUMENTHAL. Thank you.

Going to the issue of fair pay, as you may know, during last year's NDAA process, I led the fight—it was successful—to remove harmful provisions from the final bill that sought inappropriately to limit the fair pay and safe workplaces executive order from applying to the Department of Defense. Boeing lobbied in support of efforts to curb this executive order. It lobbied against having contractors disclose labor law violations to the Government. I vehemently opposed the rollback of the fair pay executive order earlier this year, and I continue to feel strongly that we must do everything possible to continue defending American workers in this way.

Approximately one in five Americans are employed by companies that do business with the Federal Government. Every year, tens of thousands of American workers are denied overtime wages or unlawfully discriminated against in hiring or pay, have their health and safety put at risk by Federal contractors who may cut corners, or are denied basic workplace protections. This is not to say Boeing engaged in any of these practices. It was not directed at Boeing.

But my question to you is, do you believe that we should ensure that taxpayer dollars go to defense companies who play by the rules and uphold existing laws?

Mr. SHANAHAN. I believe they should. I mean, we need to take care of our employees. We need to take care of the workforce. I think that is the fundamental responsibility of all companies.

Senator BLUMENTHAL. Would you favor reinstatement of an executive order that protected minorities, people with disabilities, veterans from discrimination in the awarding of defense contracts?

Mr. SHANAHAN. Senator, I do not know the particulars of the changes that you are referring to, but I support providing the protections that people need. If confirmed, I mean, that will be something that I would investigate and spend time to understand.

Senator BLUMENTHAL. Would you commit to conduct a review of the Defense Department policies so as to take action that prevents that kind of discrimination or denial of overtime pay and so forth on the part of defense contractors?

Mr. SHANAHAN. I would take that action to review that.

Senator BLUMENTHAL. Thank you.

On the defense industrial base, you are probably more aware than any of us on the Committee about the need for skill training and education to preserve and enhance and expand our defense industrial base. You and I talked about it briefly when we met. Perhaps you can enlighten us as to what you would do as the Deputy Defense Secretary to make sure that we provide that kind of skill training in places like Electric Boat or Pratt & Whitney where we make some of the critical defense products.

Mr. SHANAHAN. Sure. Thank you, Senator.

Education is something I have a passion around. In Washington, we were able to work with the superintendent of public education for the State to get a math equivalency credit for high school students so that they could get training to allow them to go into either maritime, aerospace, or electrical work. We worked with the community colleges to set up standard programs to allow them to get certificates so that employers could literally meet them upon graduation and give them jobs, and they would step into those new jobs without having to go through formal training. It was a cost reduction to the companies. It was a benefit to the community colleges because people were taking courses that really led to high paying jobs.

I would use the position to start to—this is something that I really believe at a national level we can effect. There are all of these jobs, due to demographics, where people are going to retire out, and they are high paying. Whether it is Electric Boat or the Boeing Company, the demographics are I think something like 80 percent of the people can retire in the next 5 years. It is a huge opportunity.

Senator BLUMENTHAL. I hope you will come to Connecticut and talk about this issue. Thank you.

Chairman MCCAIN. Thank you.

Senator BLUMENTHAL. Thanks, Mr. Chairman.

Chairman MCCAIN. Senator Rounds?

Senator ROUNDS. Thank you, Mr. Chairman.

Good morning, Mr. Shanahan.

Mr. SHANAHAN. Good morning.

Senator ROUNDS. I am happy to see in your testimony that you focus on defense reform and innovation opportunities. I do not think anyone in this room would argue the fact that the Department of Defense has historically a poor track record in acquisitions. Since the attacks on 9/11 through 2011, the DOD has spent \$46 billion on a dozen weapons systems that never even entered production. In fact, a 2014 poll of almost 400 DOD acquisitions employees revealed less than 30 percent were confident in the process to deliver weapons to warfighters. In a culture where “critical” means months, “urgent” means years, and requirements span decades, this is no surprise to those of us up here.

All the while, our adversaries are operating in smaller, more agile innovation and acquisition cycles, both of which are eroding the technological advantage that we have enjoyed for generations.

There is one aircraft system right now that seems to be kind of bucking that trend from what we are learning. I have been impressed with the progress and the speed of the current B-21 program. I understand that a large part of the program’s efficiency is that it is not in the normal defense acquisitions pipeline. You may or may not have done any research yet. Is there any opportunity to replicate some of the B-21 program practices in order to make the most efficient use of every taxpayer dollar that we have got? I am not sure how involved you have been or how much research you have done in terms of B-21 program as it sits right now, but if you would care to comment, great. If you do not have a background in it yet, we will move on.

Mr. SHANAHAN. I do not have a background in the B-21.

Senator ROUNDS. They have done some things in the B-21 that I think have kept them on time and on target, and I have been very pleased with the progress that we have seen. But it is an innovative approach which is a little bit different for the Department of Defense.

Let me continue on with another specific issue, and you may or may not have a background in it but at least I will share it with you and it might pique your interest as you move forward. Okay?

I understand that you rose through the ranks at Boeing as an engineer, a leading fabrication—or that you have led fabrication divisions and that you have run aircraft assembly lines. So I think you will appreciate my final thought.

I think there is a third piece overlooking the conversation of how to buy and what to buy, and that piece is how to build. Maturing of innovative manufacturing techniques and capabilities are often overlooked. In fact, there is a company in California that has recently 3D printed a small house, and they did it in 24 hours.

Another incredible engineering breakthrough is called cold spray. I am not sure if you are familiar with cold spray or not. They have actually done some work in terms of the B-1B's at Ellsworth Air Force Base using cold spray to make some very quick repairs or very efficiently saved a lot of time and a lot of money as well. It shoots metal particles through a heated gas stream at supersonic speed to create a cross between additive manufacturing and welding. It can be used to repair broken parts or reinforce them so they do not wear down. I have seen estimates that this could save the Department of Defense over \$100 million a year in parts replacement alone.

Now, a large supporter of cold spray is the Army Research Lab where they are exploring ways to use it in ballistics and to manufacture or repair things faster, safer, and cheaper. As I was saying, it is kind of an ad here, but it was developed in South Dakota. I am looking forward to see you and your team look very seriously at the unique combination of opportunities this particular new product might very well offer to the Department of Defense.

I presume you have a background where you have looked at innovative new products and techniques. Part of the job is to move them on to the production lines in an efficient fashion. Can you share with us the background that you have in that or success stories that you have in that?

Mr. SHANAHAN. I was tracking very well with you around 3D or additive manufacturing, which is really the future. When we think about satellites of the future, we are going to print them. When we think about unmanned vehicles of the future, just like your house example, we will print them. We will have modular payloads so that we can just stick them in. The affordability of these new systems will allow us to lose them. I mean, it just changes everything about cost. I am enormously encouraged about all the new technology out there.

The issue that we are going to run into—and this is some work that I was doing while I was at Boeing, and it manifests itself at somewhere like DLA [Defense Logistics Agency]. It is not that we

cannot print the part that is structurally capable. Our processes will not allow us to use it.

Senator ROUNDS. Right.

Mr. SHANAHAN. That is the work we have to do.

Senator ROUNDS. That is going to be your job.

Mr. SHANAHAN. Right, exactly, because the technology is there and the cost savings are there. We have prevented it.

Senator ROUNDS. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Warren?

Senator WARREN. Thank you, Mr. Chairman.

Thank you, Mr. Shanahan, for being here and for taking the time to meet with me last week in my office.

I want to pick up on a point made by Senator Reed on the Third Offset Strategy to invest in the advanced technologies that maintain superior capabilities against future threats. Many of these technologies, though, are in the development phase, and meanwhile, our near-peer competitors continue to improve their capabilities.

I just wonder, Mr. Shanahan, if you could just say a word about the level of your commitment to a strong research, development, test, and evaluation account especially investments in basic and applied research.

Mr. SHANAHAN. Senator, the future is dependent on how well we innovate and integrate these new technologies because we are at another point in time where the world is going to change.

My biggest fear is that a threat will manifest itself more quickly than we have planned and we will not be ready. We will rush to development and we will see all the risks of the past. It is so important that we be making those investments now. It takes time, and so we have to have patience. We have to understand that not all the bets work. You know, it may be 3 percent in basic research, but that 3 percent will be a game changer.

Senator WARREN. That is right. Well, good. We need a strong commitment here.

When you visited my office, we talked about the significant technological advances that are actually happening over in the commercial sector as well. One way that DOD is tapping into those advancements is through the Defense Innovation Unit Experimental, or DIUx, which partners with nontraditional defense contractors with technology firms, with entrepreneurs to accelerate the delivery of advanced technologies into the hands of the warfighters.

Can you just say a word about your level of interest in investing in DIUx and strengthening the partnerships between DOD and the private sector that is driving this kind of innovation?

Mr. SHANAHAN. I think that is more of the type of work we will be doing because what these smaller companies do, they unlock the creativity of the warfighter. They get exposed to some initial technology, and then they say to these companies, can you make these changes? Those companies can rapidly do that. They do not have all the bureaucracy. There is not the formal contracting mechanisms, so the development cycles are very, very quick. I am a big proponent of doing that, but there has to be some adult super-



vision. It cannot be everybody indiscriminately going to work with these different groups. But it is the fuel for the future.

Senator WARREN. Good.

We have an amazing DIUx facility in Massachusetts, and I am convinced that we need to continue to make these investments in both the commercial sector and in our own research enterprise to develop the kinds of game changing innovations that we are going to need.

Now, Mr. Shanahan, in your response to advance questions from this Committee, you said—and I am just going to quote what you said—“It will be difficult to regain superiority simultaneously in every warfighting domain, so I will prioritize technologies based on their maturity, potential, and ability to better advantage our warfighters.”

Could you say a word about what areas of technology advancement you believe best meet those criteria and how you think about prioritizing those demands?

Mr. SHANAHAN. Yes. I do not have the specific domains. The comment there is really getting at the process that we must go through to make choices. It is kind of back to your comment about basic research. We will have to narrow the basic research. There is only so much finite funding. But the key to this is aligning it to a capability we want to mature. My point there is that there are certain aspects of the Third Offset that we will say this is something we need to anchor around. This is the path we need to follow to achieve that.

Senator WARREN. Good. I think this is powerfully important that we sustain our investments in these leap-ahead technologies that our future will depend on. So thank you very much.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Tillis?

Senator TILLIS. Thank you, Mr. Chairman.

Mr. Shanahan, thank you for being here and congratulations on your nomination.

I never miss a hearing like this to bring up my favorite prop when I talk about procurement. One thing that excites me about your nomination is your extensive work in supply chain operations transformation, and I want to get to that in the time allowed.

But I want to acquaint you to the organization that you are about to get confirmed to. It is an organization that can take 10 years and 680 pages to define the next generation handgun. I know that at Boeing, one of the things that you set out to improve and turn around the Dreamliner project was really looking at the fundamental supply chains and the operations process and trying better align it to address the issues so you could get into the minor things like availability of fasteners and a number of other things that you found, the flight control development life cycle.

But do you have any sense of the nature of the organization you are about to inherit in terms of its ability of having lean processes implemented and a culture of lean design in it?

Mr. SHANAHAN. I do.

Senator TILLIS. How would you assess it?

Mr. SHANAHAN. It is challenged, very challenged. Many people have worked to streamline it, and we have not seen the success we need.

Senator TILLIS. By the way, I wanted to go back. I think what you are looking at are some of the foundational processes that have to change. I appreciated your answers to Senator Cotton and others about recusing yourself from potential programs. If you are doing your job, you are going to be far removed from the day-to-day decision-making process and recommendations on these programs, and you are fixing the underlying processes so that next generation handguns is probably 100 pages in a couple of years at the most. In the more advanced weapons systems, you are going to scale the supply chains and the processes to the technological challenges of the product you are trying to produce.

How do you go about actually—your first year, what would you do to actually try to figure out where you could put your resources to have the greatest effect so that we do not continue to have these hearings that I have participated in over the last 2½ years that are clearly just operational problems?

Mr. SHANAHAN. At a first blush, the three things that I will focus on—number one is really getting that strategy in place that gets at the future next generation capability so that we are seeding it properly.

The second is—and this gets at the current business. I think it is a failed effort to try to fix it all. That is like boiling the ocean. To me, it is doing the value assessment. Where is the most money that can be saved? What are the top 10 programs that we have to go capture real value tonight? From that, what will fall out are these are the 6 or 10 things we have to go fix if we want to prevent this going forward. But my management style is more you have to put points on the board. You cannot work a generic process improvement and say that 5 years from now we are going to be better. How are we doing that tonight?

The other area is then, you know, in all these business functions. How do we quickly work through all the governance and people not wanting to share and really get to consolidation and lower cost?

Senator TILLIS. I think one of the challenges you are going to run into—and I hope as you look at the transformation—is having those who are in uniform that are in the DOD. Then, of course, you have civilian and contractor content. But you really have to do a critical assessment of whether or not they have the core skills and education to do what you are attempting to do.

I met with a class that is about to graduate from the War College. The question I asked them, throughout your curriculum, how much has been focused on business process transformation, the operational side? It is not the warfighting side. I am confident that on the warfighting side they are well qualified for their jobs. But you really have to do a serious assessment about the inventory of people who have the discipline—the experience I should say—experience in the disciplines to really transform this organization.

How do you go about doing that?

Mr. SHANAHAN. I mean, my technique in the past has been find those big opportunities and understand who is leading the perform-

ance. Pretty soon you will find out where the leadership needs to be effected.

Senator TILLIS. The last thing—I am out of time—is that when you go through here, you need to very quickly identify the self-imposed impediments. There are things that are within your lanes that you can fix. You need to be prepared to come here and tell us the things that we have to change that are impediments to you actually achieving the transformational results that we want. But there is no doubt in my mind that there are a lot of obstacles you will run into along the way that are going to require congressional action to get it right.

Thank you. I look forward to supporting your confirmation.

Mr. SHANAHAN. Thank you.

Chairman MCCAIN. Senator Sullivan?

Senator SULLIVAN. Thank you, Mr. Chairman.

Mr. Shanahan, thank you again for your willingness to serve. I appreciate your family being here. I appreciated the meeting we had yesterday.

I am going to follow up on what I think you are seeing as a theme here, which is people believe that you have a lot of background in helping us address what is a very significant challenge.

So give me a sense. At Boeing, how many 787's are you producing a month there?

Mr. SHANAHAN. Twelve a month.

Senator SULLIVAN. We are trying to build one icebreaker for the United States, and one of the estimates that has come out of our services is it is going to take 10 years at a billion dollars.

So there is a lot of focus. The chairman mentioned in his opening statement about acquisition and acquisition reform that we have tried to do here. But we also need people in the building who understand how to get to efficiencies.

When you think about this, how do we go from—obviously, we are not Boeing—but 12 aircraft a month that Americans can do in our country to one ship, \$1 billion, 10 years to develop? What are some of the things that you need to be focused on and we should be focused on to get us out of this sense where we cannot build anything on time or have a 600-page RFP [request for proposal] for a handgun?

Mr. SHANAHAN. Sure. I think Senator Tillis was on this track. The leadership that has judgment that says 10 years and a billion dollars seems like a long time.

Senator SULLIVAN. Do you think that seems like a long time?

Mr. SHANAHAN. It is a long time.

Senator SULLIVAN. Is it not that by the time you build a ship that the technology of 10 years is completely outdated—the ship you just built?

Mr. SHANAHAN. I can only imagine that it would be and you would be spending another bunch of money to upgrade it.

Senator SULLIVAN. So what do we need to do? What experiences can you bring to help us with that, help the country with that? It is enormously important.

Mr. SHANAHAN. Yes. The two things that helped me the most are you have to get good leaders in place. They just have the judgment. It is like 300 pages. We do not need this for a handgun.

Senator SULLIVAN. I think it is 600, but nevertheless. 680.

Mr. SHANAHAN. Then it gets back to why the audit is so important. We need to have an understanding of our cost baseline because whether you are in automotive or in aerospace, what should it cost? It is back to the ship one. What should this ship cost? It is just physics to weld it up. We can run the math to say this is what it should cost in terms of commercial practices. That will inform us. Should cost tells you whether you are in the ball park or not, and if you are 2, 3, 5X, we need to stop the meeting and start over because that is just an unacceptable answer.

Senator SULLIVAN. So you think the audit process will help us have a much deeper understanding of why we have some of these processes that to any obvious observer seem outrageous?

Mr. SHANAHAN. I think, as I spend time on the audit, it is going to be where do we want to spend the money to make sure that the data is accurate, and then how do we use that data to inform us on our cost performance because there are things that we have to do in the audit to pass it that maybe do not add value, but there are other areas where it really gives us an understanding of where we are inefficient or, in the case of acquisition, this should cost is really doing the qualitative analysis of what a similar ship—you can parametrically adjust anything, but what would a similar type of commercial vessel cost.

Senator SULLIVAN. Let me turn to another issue we talked about yesterday, and that is the laydown of our forces in the Pacific, which a number of us on the Committee, the Chairman, myself, and others, have taken a lot of interest in because we need to get this right. We have had a hard time getting it right in terms of cost, in terms of strategic location of our Marine Corps and Air Force and other Forces. Will you commit to work with this Committee on making sure there is a united effort and kind of joint cooperation between the Congress and the Pentagon on making sure we get that correct?

Mr. SHANAHAN. I am committed to doing that.

Senator SULLIVAN. A final question. I noticed in your background you have a lot of technical expertise on missile defense. Just give me your sense on what you think our priorities—I know you answered advance questions for this hearing that dealt with missile defense. A number of us are interested in it. What should be our priorities on Homeland missile defense, not just missile defense for our allies in the Asia-Pacific or the Middle East? Where should the priorities be? Do you see the threat to the Homeland increasing? There has been a lot of testimony over the last year from the top military and intelligence officials that it is literally at our doorstep, that North Korea is on the verge of an intercontinental ballistic nuclear missile that can range the continental United States. Give us a sense of your thoughts, background, and priorities on missile defense.

Mr. SHANAHAN. Absolutely. My last time in the Department of Defense was over 10 years ago running the GMD [ground-based midcourse defense] program, ground-based midcourse defense, and operationalizing it to defeat a launch of an ICBM [intercontinental ballistic missile] out of North Korea. We emplaced all of the interceptors. I think there are 40 of them up in Alaska.

The North Koreans are learning quickly. I mean, 10 missile tests this year is—you know, they are going to continue to evolve their capability. We need to evolve our capability and make sure we have sufficient inventory in Alaska and other places to protect against a launch or a threat from the North Koreans.

Senator SULLIVAN. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAIN. Mr. Shanahan, I want you to look at the answers that you gave, the standard answers that were proposed to you. Some of them were less than specific. At least one of them and more were almost insulting.

I want to move forward as quickly as I can with your nomination. I am concerned that 90 percent of defense spending is in the hands of 5 corporations, of which you represent 1. I have to have confidence that the fox is not going to be put back into the henhouse.

Mr. Shanahan, I think you are a fine man. You have an outstanding record. But when you answer a question about defensive weapons for Ukraine as something that needs to be examined before you reach a conclusion, that is not an informed answer. This is not a new issue.

So take a look at your responses that you sent to this Committee. Take a look at the responses that you gave to some of these answers.

Somehow over the last several years, this Committee seems to have been treated as sort of a rubber stamp. That is not the role. That is not what the Constitution of the United States says. The Constitution of the United States says that the United States Senate would provide advice and consent.

The answers that you gave to the questions, whether intentionally or unintentionally, were almost condescending. Defensive weapons for Ukraine? Well, something we ought to discuss. I wish you could have been with me in Ukraine on New Year's Eve when President Petro Poroshenko gave a medal to the mother of a young man who had just been killed by a Russian sniper, and the tears coming down her face. I am not sure you would have given the same answer that you gave in response to those written questions, which were straightforward, standardized, no different from anyone else.

I want to work with this administration. I want to work with this President. I want to work with the new Secretary of Defense, who I happened to be one of the most ardent admirers of. But I have to tell you in a couple weeks, we are going to mark up the defense authorization bill. The President has two choices: either give us a strategy or we will put a strategy that we develop into the defense authorization bill. We are talking about shooting down airplanes in Syria. We are talking about Afghanistan, that there is going to be X thousand of increase. Yet, no one has informed the American people and this Committee.

I have to say that I want some answers. I want some straightforward answers. This town, you know very well, abhors a vacuum. If they do not give us a strategy from the people that I admire the most, we are going to put a strategy in. We are losing in Afghani-

stan. We just had three Americans killed in the last couple days. This is not an academic exercise.

Now, I understand the problems that they are facing. They should be able to sort out those problems rather than say, hey, we are going to do the following four things, by the way, and we will expect the Congress to just rubber stamp it. We are not going to. We are not going to.

Your job is one of the most important and key elements, and frankly, I am not overjoyed that you came from one of the corporations five corporations, 90 percent of the spending of the taxpayers' dollars comes out of five different corporations. That is not what our Founding Fathers had in mind.

So look at the answers that you gave us—they were standard questions that we ask of every nominee. It was nothing unusual—and see if you want to abridge some of them. I want to give the Secretary of Defense the team that he needs, but I am not going to give him a team that I think is business as usual of the last 8 years. Too many hundreds of thousands are refugees—6 million actually. 400,000 are dead. We are not talking about academic exercises.

Mr. Shanahan, take a look at those answers you gave, get the answers back as quickly as you can. It is the desire of this Committee to recommend you. It is the desire of us. It is also our desire and obligation to the Constitution of the United States which says advice and consent.

This hearing is concluded.

[Whereupon, at 11:14 a.m., the Committee adjourned.]

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[Prepared questions submitted to Mr. Patrick M. Shanahan by Chairman McCain prior to the hearing with answers supplied follow:]

#### QUESTIONS AND RESPONSES

##### DUTIES AND QUALIFICATIONS

*Question.* Section 132 of title 10, United States Code, provides that the duties of the Deputy Secretary of Defense are to be prescribed by the Secretary of Defense.

If confirmed, what duties do you expect the Secretary to prescribe for you?

*Answer.* Secretary Mattis's top three priorities are to increase the lethality of our Force, strengthen alliances and build partnerships globally, and undertake business reforms in the Department. If confirmed, I will be responsible for managing the Department in support of each of the Secretary's priorities, particularly accelerating acquisition and business reforms.

*Question.* What experience and qualifications do you have to manage a large, complex organization?

*Answer.* I have over 30 years of leadership experience at a global company in a highly-regulated industry. Boeing is one of the nation's biggest manufacturing exporters, and as Senior Vice President, I oversaw the design, production, and delivery of more than 4,300 commercial aircraft to customers around the world and, from 2011 to 2015, increased revenue from \$23 billion to \$60 billion. I was responsible for approximately 60,000 employees at three separate sites in the United States and managed 36,000 employees globally. My work involved a global supply chain and complex technical systems where the standards for reliability and safety were critical. In my experience managing business operations, I have faced similar challenges to those confronting the Department of Defense—it is a matter of scale.

*Question.* Can you outline how you have managed organizations and issues similar in complexity to those you will be responsible for managing if confirmed as Deputy Secretary of Defense?

**Answer.** In my three decades of experience, I have developed and practiced a formula to create change at scale in large, complex organizations. I believe leadership is essential to changing the status quo—setting a compelling vision, establishing ambitious goals and realistic intermediate objectives, and converting strategy into action. There must be active change management processes to implement reforms. These processes include diagnosing problems, setting priorities and resourcing them, using cross-functional teams to re-engineer processes, and replicating success across the organization. Finally, management must engage employees, the leadership team, and external stakeholders (such as the Congress) to make everyone part of the solution and vested in the outcome.

I have demonstrated the application of this formula on complex issues throughout my career, improving performance and producing results when events seemed most dire.

This includes the 787 Dreamliner commercial aircraft, Army aviation programs (AH-64D/Apache and the CH-47/Chinook helicopters), the MV-22 Osprey tiltrotor, and the Ground-based Midcourse Defense system.

**Question.** Do you believe there are actions you need to take to enhance your ability to perform the duties of the Deputy Secretary of Defense?

**Answer.** Yes—if confirmed, I will develop a strong network of partners to implement change; this will include the Congress.

**Question.** What changes to section 132, if any, would you recommend?

**Answer.** I have no recommendations at this time. If confirmed, I will keep the Committee advised if my views change.

#### DEPARTMENT OF DEFENSE REFORMS

**Question.** The National Defense Authorization Act for Fiscal Year 2017 significantly impacted the organizational structure of several key elements of the Department of Defense. For example, it provided the authority to set up cross-functional teams and a delivery unit, and it significantly expanded the mission and authority of the Defense Health Agency by giving it management and administrative responsibility for military hospitals and clinics currently run by the Services. As a result of management concerns, cost overruns, program delays, failed audits, and growing bureaucracy, this Committee also has instituted some of the most sweeping reforms at the Department of Defense since Goldwater-Nichols. These reforms restructured the Office of the Secretary of Defense, particularly with respect to the Under Secretary for Acquisition, Technology, and Logistics; returned more authority to the Services for program management; reduced the number of general and flag officers, senior civilians, and headquarters staff; and initiated greater qualification standards amongst the senior leadership positions. If confirmed, you will be implementing these reforms, and managing the internal operations of the Department.

What steps would you take, if confirmed, to ensure that the Department conforms with, and implements, these reforms?

**Answer.** The reforms directed by Congress are essential enablers to achieve a higher performing Department at better cost to the taxpayers, and requires a clear implementation roadmap that aligns ends, ways, and means across the Department. If confirmed, I will establish a timetable, clearly define roles and responsibilities, and identify relevant investments and authorities needed to ensure the Department moves out with urgency to implement these reforms.

**Question.** In February 2017, Secretary Mattis announced his intention to have the first cross-functional team focus on improving mission effectiveness and efficiencies in the Department. What, in your view, will be the Deputy Secretary of Defense's role in relation to this team's work?

**Answer.** I have seen cross-functional teams used with significant effect in my private sector experience. Leadership in the Department must ensure such teams are dedicated to the priorities of the Department and set clear expectations. The successful use of cross-functional teams has the potential to deliver valuable results on tough problems facing the Department. If confirmed, I anticipate being integrated into this process as senior decision-maker on behalf of the Secretary of Defense.

**Question.** What are your views on the potential focus areas and uses for future cross-functional teams?

**Answer.** I have not had an opportunity to do a first-hand assessment; however, based on my experience, such teams can have universal application across a range of problems facing the Department. Initially, I see value in focusing on areas that improve the business operations of the Department. This includes finding efficiencies in the Department's overhead and freeing resources for the readiness and modernization of the combat force. Once successfully proven, there are other difficult challenges that could be addressed through the use of cross-functional teams—

bringing together the best people on the hardest problems is a proven way to help create new solutions.

*Question.* What changes, if any, would you recommend to these reform-related statutory provisions?

*Answer.* I have no recommendations at this time. If confirmed, I will keep the Committee advised.

#### MAJOR CHALLENGES AND PRIORITIES

*Question.* In your view, what are the major challenges confronting the next Deputy Secretary of Defense?

*Answer.* The Department today faces expanding security threats globally. Within this context, the main task confronting the next Deputy Secretary is to ensure our military has the right capability, capacity, and readiness to succeed—at the most effective cost and performance possible.

*Question.* If confirmed, what plans do you have for addressing these challenges?

*Answer.* The development of a strategy is the first step to addressing these challenges. Achieving the buy-in of all relevant stakeholders—internal and external to the Department—is the next critical step, ensuring that all are aligned towards the same priorities. Establishing clear lines of accountability for the execution of the strategy will also be important. Finally, I will focus on strengthening the culture of the Department to address these shared challenges.

*Question.* What broad priorities would you establish, if confirmed, with respect to issues that must be addressed by the Department of Defense?

*Answer.* Working in partnership with stakeholders in the Department, in the Congress, and in the Executive Branch, my priority will be to improve performance. This requires strong leadership across the Department, operating as a team to achieve the same objectives. I will also prioritize efforts to capture business reform opportunities and accelerate innovation as the Department modernizes the military. This includes focusing on the audit, Congressionally-directed reorganizations of AT&L and the Chief Management Officer, and related efficiencies, as well as building a leadership team that focuses on the shared objectives of restoring readiness and enhancing the lethality of our military.

#### RELATIONS WITH CONGRESS

*Question.* What are your views on the state of the Department of Defense's relationship with the Senate Armed Services Committee in particular, and with Congress in general?

*Answer.* I perceive the relationship between the Department and the Senate Armed Services Committee as respectful, but marked by more tension than what I consider normal and productive. I believe there is insufficient communication on Congressionally-directed efforts and priorities—to include budgetary issues and reforms. In general, the relationship with the Congress needs to be strengthened, and especially with the Senate Armed Services Committee.

*Question.* If confirmed, what actions would you take to sustain a productive and mutually beneficial relationship between Congress and the Department?

*Answer.* If confirmed, I will invest in the relationship with the Congress. It is only through a strong partnership that we can achieve our shared priorities. I will ensure that the relevant facts and data will be provided to the Congress to inform the critical decisions ahead of us. Central principles in my approach will be transparency and inclusivity.

#### TORTURE AND ENHANCED INTERROGATION TECHNIQUES

*Question.* Do you support the standards for detainee treatment specified in the revised Army Field Manual on Interrogations, FM 2–22.3, issued in September 2006, and in DOD Directive 2310.01E, the Department of Defense Detainee Program, dated August 19, 2014, and required by section 1045 of the National Defense Authorization Act for Fiscal Year 2016 (Public Law 114–92)?

*Answer.* Yes, I support using the standards for detainee treatment specified in the referenced documents. Individuals in the custody or control of the Government may not be subjected to any interrogation technique that is not authorized by, and listed in, the Army Field Manual, which is the standard.

#### CONTINUING USE OF GUANTANAMO AS A DETENTION CENTER

*Question.* What are your views on the continued use of the detention facility at Guantanamo?



*Answer.* In general, it is lawful to capture enemy combatants and to detain them for the duration of a war. Regarding the detention facility at Guantanamo, it is my understanding that the facilities are safe, humane, and secure.

*Question.* Will you notify Congress if a decision is made to transfer a detainee to Guantanamo before the transfer occurs?

*Answer.* If confirmed, I will ensure that the Department keeps the Congress appropriately informed regarding the transfer or release of any detainee from Guantanamo Bay.

*Question.* In your view, should the U.S. Government continue the current Periodic Review Board Process and the process of transferring detainees to other countries, subject to the restrictions currently in law?

*Answer.* I understand that the Department has processes for reviewing detention and transferring detainees from Guantanamo. If confirmed, I will assess the Periodic Review Board process and ensure that the Department is acting consistent with the law.

#### MANAGEMENT ISSUES

*Question.* Section 901 of the National Defense Authorization Act for Fiscal Year 2017 created the position of Chief Management Officer (CMO) of the Department of Defense effective in February 2018. Currently, the Deputy Secretary serves as CMO.

In your view, how should the Department structure this new role so that it is successful?

*Answer.* The CMO should be structured to migrate from its current strategy and planning functions to be more responsible for implementing and executing relevant consolidation of business operations and functions. Doing so would drive better performance in the business operations within the Department. If confirmed, I will seek to build a leadership team that understands and can execute a plan to improve the cost performance of the Department across its core business areas.

*Question.* Should this position have additional authorities related to managing defense agencies and field activities? If so, which authorities?

*Answer.* The CMO should have the resources and authorities needed to accomplish the mission it is assigned. If confirmed, I will consider whether more significant authorities are required and work in partnership with the Congress to obtain them.

*Question.* What relationship do you anticipate the role of the Deputy Secretary continuing to have with the new CMO position and with the Department's business operations?

*Answer.* If confirmed, I view myself as accountable for the results of improved cost performance of the Department, in which the CMO will play a central role. The Deputy Secretary will provide a strong guiding role in leadership decisions and governance to ensure the CMO can perform most effectively. This will require a strong partnership with the Service Secretaries and the Congress to succeed in achieving the most efficient and effective use of taxpayer dollars possible.

*Question.* What changes, if any, would you recommend to the statutory provisions establishing the position of CMO?

*Answer.* I have no recommendations at this time. If confirmed, I will keep the Committee advised if my views change.

*Question.* In your view, what role do you believe this CMO should play in coordinating with service CMOs and Deputy CMOs?

*Answer.* The CMO—jointly with the Service CMO and Service leadership—is accountable for the performance of Department-wide business processes. There must be a strong partnership with the Service CMOs and Deputy CMOs to effect broad process change and create efficiencies across the enterprise in core business areas.

#### DEFENSE AGENCIES AND FIELD ACTIVITIES

*Question.* The defense agencies and field activities are largely overseen by principals in the Office of the Secretary of Defense (OSD). Many have consistently experienced significant growth in personnel and resources and have taken on additional missions.

What is your view on the current oversight of this community? Are additional authorities needed in OSD or elsewhere?

*Answer.* I have a limited perspective on the interactions with and among the defense agencies and field activities. If confirmed, I will work with the CMO to examine agencies to and they are functioning effectively and aligned properly.

*Question.* What steps would you take, if confirmed, to ensure that feedback from warfighters or customers is guiding the performance of these agencies?

Answer. I understand that several of the agencies, those designated as combat support agencies, are regularly reviewed for mission effectiveness by both the sponsoring OSD staff and the Joint Staff. If confirmed, I will ensure that the recommendations from those reviews are acted upon, and will look for a similar review process for the remaining agencies.

#### AUDIT AND FINANCIAL MANAGEMENT

*Question.* The Department of Defense is the only federal agency unable to complete a financial audit in accordance with the law, despite having invested billions of dollars over the past 16 years to do so. This has led to concerns within Congress and in the public over the stewardship of Department funds. It is not simply an abstract statutory requirement that the Department produce auditable financial statements showing where and how it spends its annual budget—the accuracy of the financial information underlying the financial statements is critical to the Department's ability to develop an adequate defense budget and make important financial decisions in an environment where every defense dollar counts.

Do you commit to meeting the upcoming statutory audit deadlines requiring that the Department's financial statements be ready for audit by September 30, 2017, and that the audit of the Fiscal Year 2018 financial statements be completed by March 31, 2019?

Answer. I support the Department's audit readiness goal. If confirmed, I commit to doing everything possible to audit the Department in fiscal year 2018.

*Question.* Under your leadership, when will the Department achieve a clean audit opinion?

Answer. As the Department has not yet undergone a full financial statement audit, it is difficult to predict what type of audit opinion the Department will receive. What the auditors find, and how quickly the Department can address these findings, will determine how long it will take to achieve a clean audit opinion.

*Question.* Will you be prepared to meet with Members of this Committee every quarter until this happens?

Answer. Yes. If I am confirmed, you have my full commitment to this effort and I will clearly communicate the Department's status on a regular basis.

*Question.* Describe your knowledge of accounting and financial management principles and your experience leading large-scale change initiatives. Give specific examples of how you have applied this knowledge and experience in previous positions.

Answer. As an executive in a publicly-traded GAAP-compliant company, I have managed profit-and-loss for government programs using cost accounting standards as prescribed by Federal Acquisition Regulations and program and financial accounting for commercial aircraft. I have regularly used this expertise to provide tangible performance improvements across a range of programs, to include: commercial aircraft models of the 737, 747, and 787; AH/64D Apache; MV-22 tiltrotor; SM-3; GBI; and other programs throughout my 30-year career.

*Question.* What is your assessment of the Department's efforts to achieve a clean financial statement audit to date? What specific changes will you make to its approach?

Answer. My understanding is that some entities have been sustaining a clean audit opinion for several years. If confirmed, I will invest considerable attention, in partnership with the Comptroller, to make sure the audit remains a top priority for all of the Department's leaders and not just the financial management community.

*Question.* What incentives need to be in place to ensure senior leaders in the military services and defense components—not just the financial management community—are fully invested and engaged in the process of achieving a clean audit opinion?

Answer. Achieving a clean audit opinion is dependent upon having a range of incentives in place to build and sustain senior leadership support. I am not aware of the incentives currently used or how effective they are. If confirmed, I will review the incentives and make necessary changes to ensure relevant communities remain actively engaged.

*Question.* How will you hold senior leaders accountable if they do not meet statutory deadlines for the Department's auditability?

Answer. If confirmed, I am committed to meeting the statutory deadline for the Department to commence an audit. I will make sure that everyone involved understands their roles and responsibilities. I plan to use the audit results and progress in fixing deficiencies as measures to hold senior leaders accountable and to drive reform.

*Question.* What actions will you take to link financial information to performance measurement and monitoring mechanisms to enable improved decision making about the Department's investments?

*Answer.* I believe that the audit—and the financial clarity it brings—will help accelerate business reforms. The annual audits will highlight and validate areas for improvement. As the Department improves its financial information, decision makers will have access to more reliable and timely data and be able to benchmark a baseline. My experience in the private sector is that audits operate in the background and serve to enforce compliance and enable the organization to obtain high-quality financial understanding. If confirmed, I will emphasize the importance of using reliable financial information to manage and guide the enterprise.

*Question.* Will you commit to a review of the Department of Defense's financial operations structure, to include an independent assessment of the continued need for the Defense Finance and Accounting Service and how other federal agencies, which maintain clean audit opinions, successfully use modern financial systems of the Department of Treasury for non-military-unique financial transactions, accounting, and reporting?

*Answer.* I am committed to leveraging best practices from across the Federal government and the private sector. If confirmed, I am open to evaluating the Department's efforts to simplify its financial operations. Any such review should include an evaluation of the Department's systems environment—benchmarking the Department's systems against those used in comparable private sector enterprises.

#### BUSINESS TRANSFORMATION

*Question.* Since 2005, the Government Accountability Office (GAO) has designated the Department of Defense's approach to business transformation as "high risk" due to its vulnerability to waste, fraud, abuse, and mismanagement. However, GAO has recently found that the Department's senior leadership has shown commitment to transforming business system operations and has made progress in establishing management oversight, including the creation of a Chief Management Officer (CMO), and developing a strategic plan to guide transformation efforts. Nonetheless, in GAO's view, the Department needs to take additional action to further define management roles and responsibilities and to strengthen strategic planning.

Do you believe that the Department needs to more clearly define roles and responsibilities for key positions (such as the Deputy Secretary of Defense, CMO, Chief Information Officer, and/or leaders in financial management and acquisition), as well as relationships between these posts and their associated governance structures?

*Answer.* Based on my experience, I believe clarity in authorities and responsibilities is a key to achieving the mission. All leaders must understand how they must contribute to achieve the Department's objectives. If confirmed, I will assess the roles and responsibilities among key Department positions and help where necessary.

*Question.* If so, what steps do you believe the Department should take to achieve this objective? Which roles are most critical to address?

*Answer.* Generally, assessment of performance depends on having defined, measurable goals and associated metrics to measure performance. Moreover, the Department's leadership—especially the Deputy Secretary of Defense—must be prepared to hold leaders accountable for performance. If confirmed, I would use this approach to identify areas that require improvement and reform.

*Question.* What authorities do you believe that the new CMO will need to successfully execute his/her mission of business transformation within the Department?

*Answer.* If confirmed, I will make a more detailed assessment of the authorities. However, the CMO must be able to improve business processes and reduce redundancy in core business areas in the Department.

*Question.* If confirmed, what steps, if any, would you take to further refine strategic goals, performance measures, and other elements of the Department's strategic management plan?

*Answer.* The Secretary of Defense has established business reform as a major focus area for the Department. He has further indicated that in considering those reforms, the Department should prioritize making the force more lethal, and to eliminate unnecessary layers of management. If confirmed, I will review the performance plans, measures, and targets, making refinements where necessary. I would also conduct regular reviews of progress, and ensure that the strategic management plan is aligned with, and supportive of, the results of the revised Defense Strategy.

*Question.* If confirmed, what steps, if any, would you take to more clearly define the Department's strategic planning process, including mechanisms to guide and

synchronize efforts to develop strategic plans; monitor the implementation of reform initiatives; and report progress, on a periodic basis, towards achieving established goals?

Answer. I think clear goals and metrics are essential to drive progress. I would work with the CMO to ensure that we have metrics and a regular review.

*Question.* Do you believe that the CMO (or current Deputy CMO) should have control over funds for the components' business transformation programs (including business systems) to ensure that the components follow guidance from the Office of the Secretary of Defense on the Department's business transformation efforts?

Answer. If confirmed, I will consider whether there are areas that would benefit from a different approach for funds management. In general, if an office has responsibility for a mission, it must have corresponding resources and authorities.

*Question.* The National Defense Authorization Act for Fiscal Year 2017 provided the authority for the Department to set up cross-functional teams, and Secretary Mattis has since laid out his intention to have the first of these teams focus on business transformation in the Department.

How do you believe this team, and future cross-functional teams, should fit into the Department's larger business transformation efforts?

Answer. Cross-functional teams can be an effective means for identifying and developing a plan for improved staff processes. For areas of significant change, these teams may provide the essential foundation for reform.

*Question.* If confirmed, what steps, if any, would you take to extend the Department's business transformation efforts and oversight into defense agencies and field activities?

Answer. If confirmed, I will study the proper alignment and oversight of the defense agencies and field activities, and consider whether more significant authorities should be provided.

#### BASE REALIGNMENT AND CLOSURE

*Question.* For the past several years the Department of Defense has requested another Base Realignment and Closure (BRAC) round.

Do you believe another BRAC round is necessary? If so, why?

Answer. Yes, I believe periodic evaluations of an organization's infrastructure are a necessary and prudent practice. My understanding is that it has been more than a decade since the Department undertook a comprehensive BRAC analysis. As much has changed since then, another assessment seems appropriate.

It has been noted repeatedly that the 2005 BRAC round resulted in major and unanticipated implementation costs and saved far less money than originally estimated.

*Question.* What is your understanding of why such cost growth and lower realized savings have occurred?

Answer. I was not privy to the BRAC discussions that took place in the run up to the 2005 round, but my understanding is that the 2005 BRAC was used as a tool for defense transformation; cost savings were not the only objective. If confirmed, and if Congress authorizes BRAC as the Department is requesting, I will work with Secretary Mattis and the Service Secretaries to ensure the primary objective is eliminating excess infrastructure to maximize efficiency, reduce costs, and reinvest savings into the joint force.

*Question.* How do you believe such issues could be addressed in a future BRAC round?

Answer. My understanding is that the Department's BRAC request includes language that responds to Congress's concerns over the costs of the last round, while maintaining the integrity of the process. If confirmed, I will work closely with Congress in an open and fair process to weigh options and make informed decisions—ultimately, excess infrastructure means fewer planes, ships, and battalions to keep our Nation safe.

#### CYBER

*Question.* How do you perceive the challenges we face in cyberspace?

Answer. We face significant and varied challenges in cyberspace. Of primary concern are the threats posed by our key adversaries and strategic competitors, whose activities are increasing in complexity, severity, and frequency, and who seek to use cyber capabilities to undermine U.S. military advantages. To confront these threats, we must be vigilant and employ a whole-of-government approach to ensure that our nation's security interests are protected in the challenging and dynamic cyber domain.

*Question.* Briefly describe what policy objectives we should seek to achieve and the strategy you think is necessary to address these challenges.

*Answer.* I strongly support Secretary Mattis's position that we must develop a whole-of-government policy that addresses both our response to cyber aggression and the hardening of our information networks and critical infrastructure. In that regard, I agree that the Department should endeavor to build the forces and capabilities necessary to protect our nation's cyber security and that deters our adversaries from conducting cyber-attacks. In short, we must strengthen our offensive and defensive cyber capabilities, enhance our attribution capabilities, and ensure that we are recruiting and training military and civilian personnel needed to serve as our nation's sentinels in this challenging and highly technical domain.

*Question.* What are your views about elevating U.S. Cyber Command to a unified command and about maintaining or ending the "dual hat" relationship where the Commander of Cyber Command also serves as the Director of the National Security Agency?

*Answer.* I currently support the elevation of U.S. Cyber Command to a unified combatant command, as provided by the National Defense Authorization Act for Fiscal Year 2017. I understand that a joint certification by the Secretary and the Chairman of the Joint Chiefs of Staff is required before a change to the current dual-hat relationship can be implemented. If confirmed, I pledge to work closely with the Secretary, the Chairman, the Director of National Intelligence, and Congress to ensure that any decision carefully considers all relevant national security implications.

*Question.* Do you believe we are deterring our adversaries in cyberspace? If not, what do you believe will be necessary to deter our adversaries in cyberspace?

*Answer.* I agree fully with Secretary Mattis's assessment that we must do more to deter our adversaries in cyber space. We must convince our adversaries that they will suffer consequences that outweigh any potential gains from conducting cyberattacks. I understand that the Department is participating in an interagency review to develop options to improve our nation's cyber security. If confirmed, I will work to ensure that this review develops an effective, integrated, and whole-of-government approach to deter our adversaries from threatening our interests in this dynamic domain.

*Question.* What do you believe would constitute an act of war in cyberspace?

*Answer.* My understanding is that the President evaluates such acts on a case-by-case basis. Malicious cyber activity, however, does not require being deemed an "act of war" to warrant a response. I believe that context is important and that threatening cyber activities should not be viewed in isolation. If confirmed, I will review how the Department addresses malicious cyber activities and work with my counterparts in other Departments and Agencies to develop an effective national strategy for responding to challenges in the cyber domain.

#### STRATEGY TO DEFEAT THE ISLAMIC STATE OF IRAQ AND SYRIA (ISIS)

*Question.* On January 28, 2017, National Security Presidential Memorandum-3 was issued, which states: "It is the policy of the United States that ISIS be defeated" and directs the Administration "to develop a comprehensive plan to defeat ISIS" with the Secretary of Defense as the lead of the interagency effort.

How would you define success in the defeat of ISIS?

*Answer.* I would consider success in defeating ISIS to be when the threat the group poses has been degraded to a point where it is localized and periodic and when it can be addressed as a law enforcement issue by partner nations and forces without extensive assistance from the United States.

*Question.* What do you view as the role of the United States military in the strategy to defeat ISIS?

*Answer.* Ultimate victory over ISIS requires integration of both military and non-military capabilities. The Department should provide capabilities and leadership for a comprehensive military campaign that is fully integrated with other U.S. departments and agencies' whole-of-government efforts to defeat ISIS—with our coalition partners playing a vital role.

*Question.* In your opinion, what are the major lessons learned from the fight against ISIS in Iraq, Syria, Libya, and elsewhere over the last 2½ years?

*Answer.* The key lesson is that there is no substitute for constant, dedicated U.S. leadership and engagement in areas of the world where there is an enemy that seeks to do us harm. The results of U.S. withdrawal from Iraq and Libya were unsurprisingly disastrous, not just for U.S. interests, but for those of our allies and partners as well. This lesson is particularly relevant now as the United States considers its regional posture in the Middle East after ISIS is defeated—which it will

be—in Iraq and Syria. It is also relevant in Afghanistan policy discussions, where the easiest course of action is to abandon America's longest war would, I believe, likely result in greater threats in the future. Where an enemy seeks to do us harm, we must confront it aggressively. We must stay engaged in the fight and not walk away, because, as hard as it is, the alternative is worse.

It is also evident that the military instrument of power alone is insufficient to defeat ISIS. The Department's efforts must be nested within and supportive of a whole-of-

government approach. The Department must work in concert with local partners to make lasting gains against ISIS. Also, even as gains are made against ISIS in Iraq and Syria, there must be simultaneous focus on ISIS globally—to include its ability to operate in cyberspace and develop affiliate networks around the world. More effort in particular needs to be focused on ISIS globally even as the Coalition squeezes its geographic so-called caliphate in Iraq and Syria. There are likely operational lessons learned from the conflict, to include DOD's efforts in the cyber realm, but I have not received classified briefings from the Department on such matters.

*Question.* What non-military activities by the United States Government will be important for achieving a lasting defeat of ISIS?

*Answer.* There are a number of non-military activities by the U.S. Government that are integral to achieving a lasting defeat of ISIS. The most pressing need is a sufficient stabilization effort to consolidate military gains in the Middle East and elsewhere. Although the U. S.-led military Coalition and its local partners are succeeding in retaking territory from ISIS in Iraq and Syria, consolidating these gains requires non-military resources to help stabilize the areas to and to achieve its lasting defeat.

In addition to stabilization efforts, public diplomacy to counter violent extremism, information operations, and cyber strategies must be employed to isolate and delegitimize ISIS and its ideology. We must also continue efforts to cutoff or seize ISIS's financial support, including financial transfers, money laundering, oil revenue, and human trafficking.

*Question.* After Mosul and Raqqa are liberated from ISIS control, the next major military campaign will likely occur in the Euphrates River valley.

What is the strategy needed to accomplish United States objectives in Iraq and Syria after Mosul and Raqqa are liberated from ISIS?

*Answer.* In Iraq, I believe there will be an enduring requirement for a U.S. military presence in partnership with the Government of Iraq after Mosul is liberated in order to prevent a repeat of events in 2011–2014—that is, when the absence of strong American leadership and support of our partners left a security vacuum that ISIS exploited. An enduring presence will be required to continue the counterterrorism mission against ISIS in areas where it maintains a presence. A United States Military presence will also be required to build off of the gains made in supporting and developing the Iraqi and Kurdish security forces. As to specific next steps, if confirmed, one of my top priorities is supporting the Department's efforts to accelerate the defeat of ISIS wherever we find it. I would also seek the details on the required size and composition of an enduring presence in Iraq. I assess key missions would include training, advising, and assisting the Iraqi and Kurdish security forces, counterterrorism, logistics support, intelligence support, and other activities.

In Syria, it will be important to use the momentum generated by the capture of Raqqa to continue to improve conditions on the ground—completing the annihilation of ISIS and building leverage for a political solution that limits Iranian influence, checks Russian ambitions, and leads to a stable governing arrangement that Syrians view as legitimate. There is significant work required after ISIS is defeated in Mosul and Raqqa on the diplomatic and humanitarian front. In particular, there must be a concerted effort to prevent Syria or Iraq from being a continued safe haven for other extremist groups that may emerge after ISIS is defeated. This means addressing root causes of Sunni political disenfranchisement in Iraq, managing Kurdish ambitions in both Iraq and Syria, and developing a strategy in Syria to end the civil war and prevent it from becoming a safe haven in the future.

*Question.* What steps should be taken to prepare for the next phase in the campaign after the liberation of Mosul and Raqqa?

*Answer.* See answer above.

#### SYRIA

*Question.* What are the key United States national security interests in Syria and how would you describe the strategy to secure them?

Answer. Many U.S. national interests come together in Syria. We have an interest in preventing Syria, like Afghanistan prior to September 11, 2001, from becoming a safe-haven for extremists to launch external attacks against the United States and its allies and partners. We have an interest in preventing Syria from becoming a platform from which adversarial powers such as Iran and Russia can project malign influence in the Middle East. We have an interest in preventing the proliferation and further use of weapons of mass destruction in Syria or outside of it. And we have an interest in bringing the horrific conflict in Syria to an end, halting the destabilizing out-flow of refugees, and beginning to stabilize the country through a political solution that is viewed as legitimate by the Syrian people. It appears to me that U.S. strategy must align ends, ways and means to change the situation on the ground, reduce the violence, and create conditions for diplomacy to succeed.

*Question.* How does the strategy address the residual threat from Al Qaeda in Syria and their associates?

Answer. From publicly available information, it is clear that destroying ISIS is the primary focus of the U.S. military in Syria, but the strategy to address the residual threat is not clear. I am concerned that some of the underlying root causes of instability in the area—particularly Sunni political disenfranchisement, Assad's continued brutal rule, and Russia's indiscriminate military operations—will remain in place even after ISIS is defeated. If these broader factors are not addressed, they will likely sow the seeds for continued violence, refugee flows, radicalization, and terrorist recruitment.

*Question.* How would the defeat of ISIS impact the civil war in Syria?

Answer. Defeating ISIS could create opportunities for a political solution in Syria. This will not happen without changing conditions on the ground and international pressure bringing all parties to the table. Russia in particular has not played a constructive role in ending the conflict. To the contrary, its assault on Aleppo and other parts of Syria has further radicalized the opposition to Assad and empowered ISIS, al-Qaida, and other violent extremist organizations. We should not allow a security vacuum to develop in Syria after the defeat of ISIS. Instead, we should work with our partners to ensure that extremist organizations cannot find safe havens in a post-ISIS Syria.

*Question.* Do you believe a political resolution to the civil war in Syria is necessary to address the underlying conditions that enable violent extremists like ISIS and Al Qaeda to take root?

Answer. Yes. Only a stable, inclusive government in Syria that can exert control over its territory will be able to secure these areas against violent extremist organizations.

*Question.* What are the key strategic interests and objectives of the Russians in Syria?

Answer. Moscow intends to prop up the Assad regime, re-assert its regional influence, and establish a long-term military presence in Syria. Russia claims that its primary motivation in Syria is to fight violent extremists, but its actions have been focused on supporting Assad. This was true from the day Russia intervened, and it remains true now.

*Question.* Discussing the removal of Bashar al-Assad from power with reporters in March 2017, the United States Ambassador to the U.N. said: "Are we going to sit there and focus on getting him out? No . . ."

Has the previously stated goal of removing Bashar al-Assad from power in Syria changed, and if so, what is the new objective and what are the benefits to United States national security interests of changing it?

Answer. While I am not a part of current interagency discussions on Syria, I believe that Bashar al-Assad must go.

As I understand it, the primary U.S. military objective in Syria remains the defeat of ISIS. Additionally, as the U.S. strike in April demonstrates, the United States will not passively stand by while Assad ignores international law and employs chemical weapons against his own people. I support a political resolution to the civil war in which the Syrian people decide the future of their country, but such a resolution will only be achieved once conditions on the ground are changed. The defeat of ISIS in Raqqa could create important momentum to pursue such a broader strategic approach to the horrific situation in Syria.

*Question.* Turkish President Recep Tayyip Erdogan has been adamant that the People's Protection Units (YPG) of the Syrian Kurds should not receive United States and coalition support in their efforts to liberate Raqqa.

If the United States chooses not to support the YPG in operations to liberate Raqqa, what alternative forces could be used and how would their use affect the timeline and logistical support of the operation?

Answer. I understand that the Syrian Democratic Force, which includes YPG elements, is the force most capable of seizing Raqqa within the current timeline. I also understand that the Department maintains a focus on recruiting and training more members of the Syrian Arab Coalition (SAC), the Arab component of the SDF, to help retake and hold historically Arab regions. If confirmed, I will ensure that the Department continues to discuss how to advance the defeat-ISIS campaign with Turkey, a key NATO ally, as well as how best to protect Turkey's interests as we move forward.

## IRAQ

*Question.* What are the key United States national security interests in Iraq and how would you describe the strategy to secure them?

Answer. Our national security interests in Iraq are to defeat ISIS and to enable Iraq to provide for its own security, allowing for a stable and sustainable political environment. A stable Iraq is central to a stable Middle East. The United States and the Coalition will continue to work by, with, and through the Government of Iraq to enable the Iraqi Security Forces to deliver a lasting defeat of ISIS in Iraq.

*Question.* Do you believe that an enduring United States military presence is needed in Iraq? If so, what should be the missions and size of the enduring U.S. military presence?

Answer. Based on the information I have received so far, I do believe enduring U.S. forces will be needed in Iraq. Any enduring U.S. force presence should be focused on countering terrorist organizations and ensuring our Iraqi partners are sufficiently organized, trained, and equipped to avoid a repeat of the scenario that unfolded in 2014 when ISIS swept across the country following the complete withdrawal of U.S. Forces in 2011.

The United States and Iraq are committed to improving the Iraqi Security Forces and dealing ISIS a lasting defeat. Even after the liberation of Mosul, ISIS will still have a presence in certain parts of Iraq, and the Government in Iraq will still require long-term assistance and support from the United States. If confirmed, I will work closely with our military commanders and the Government of Iraq to ensure the size, scope, and timeline of a U.S. military presence is sufficient to achieve U.S. goals and succeed in our mission.

*Question.* How would you characterize Iran's influence in Iraq today and what is the strategy to limit that influence in the future?

Answer. Iran's sectarian approach to Iraq contributes to extremism and instability and reinforces ISIS's appeal among select Sunni Arab populations. Iran is using its long-standing political, cultural, and religious ties to deepen its involvement in the Iraqi State. The best strategy to limit Iranian influence is to work with the Government of Iraq to strengthen Iraq's security institutions and promote Iraqi national sovereignty.

## IRAN

*Question.* What is your assessment of United States national security interests associated with the growth of Iranian influence in the Middle East?

Answer. Iran is a significant destabilizing force in the Middle East and its policies and actions pose a substantial challenge to United States interests. Iranian regional destabilizing activities in the region threatens the free flow of commerce, aggravates sectarian tensions, and threatens our allies and partners both directly and by proxy.

*Question.* How would you describe our strategy to counter Iran's malign influence and other activities throughout the Middle East, and more specifically, Iran's proxy networks?

Answer. We must continue to employ a whole-of-government strategy to counter Iran's destabilizing activities and proxy networks. This includes providing support to our partners and allies, remaining in a position to respond to Iranian aggression, and ensuring that the Department retains the ability to respond to any contingency threatening stability in the region.

## YEMEN

*Question.* What are the United States national security interests in Yemen?

Answer. United States national security interests in Yemen are countering terrorism, including the Islamic State in Yemen and al Qaeda in the Arabian Peninsula, and denying those violent extremists safe havens from which to attack United States and partner regional interests. Other interests also include maintaining freedom of navigation in the Bab el Mandeb Strait and the Red Sea and facilitating a return to the UN-sponsored political negotiation process.



*Question.* In your opinion, should we be doing more to help the Saudi coalition in its efforts to find a solution to the conflict in Yemen, and if so, what steps would you recommend?

*Answer.* I believe current levels of targeted United States military assistance in support of Saudi efforts to defend its borders are appropriate. At the same time, we should urge all parties to return to UN-sponsored peace talks.

#### AFGHANISTAN

*Question.* What are the key United States national security interests in Afghanistan and how would you describe the strategy to secure them?

*Answer.* There are several U.S. interests in support of a stable and secure Afghanistan, but foremost is to prevent Afghanistan from being used as a safe-haven for terrorists and violent extremist organizations to attack the U.S., our interests, or our allies and partners. If confirmed, I will support the Secretary of Defense and the interagency process as it finalizes and executes a strategy to promote a stable and secure Afghanistan.

*Question.* In a hearing on Afghanistan before this Committee in February 2017, General Nicholson said that we are in a stalemate after more than 15 years of fighting.

Do you agree with General Nicholson that we are in a stalemate in Afghanistan, and if so, what strategic changes would you recommend?

*Answer.* I agree with General Nicholson. We must provide adequate resources in terms of troops and enablers for the commander to prosecute the counter-terrorism fight and to continue to train, advise, and assist Afghan forces as they fight to secure their country. We must also find ways to help and encourage Pakistan to prevent terrorist organizations from having freedom of movement to go back and forth between Afghanistan and Pakistan.

Fundamental to all of this is a coherent strategy that aligns resources with desired states in Afghanistan and can be articulated to Congress. I have not seen such a strategy, if one exists, and, if confirmed, I will support the Secretary of Defense in his evaluation and implementation of potential changes regarding our policies and military approach in Afghanistan and the broader region.

*Question.* Do you agree with General Nicholson that there is a need for additional coalition troops in Afghanistan?

*Answer.* Based on the publicly available information that I currently have access to, I agree with General Nicholson. It is clear the Taliban continues to gain ground, and has been making steady progress against Afghan forces.

The military advice of the commander on the ground is important, and I believe the Department's civilian leadership should consider and weigh such advice appropriately. If confirmed, I will work with the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, the Combatant Commander, and our other leadership to ensure that our commanders on the ground in Afghanistan have sufficient forces and other resources to succeed in their mission.

*Question.* What key Afghan capabilities need to be enhanced to promote long-term strategic stability?

*Answer.* As stated previously, the military advice of the commander on the ground is important. General Nicholson has noted that the Afghan National Defense and Security Forces need to enhance close air support capabilities, develop their leaders, and counter internal corruption. I understand General Nicholson has emphasized the need for enhanced Afghan aviation capabilities—an investment that seems reasonable given the threat. If confirmed, I will examine these recommendations and consider what additional Afghan capabilities are necessary to promote long-term strategic stability.

*Question.* What is the role of United States and coalition military operations in promoting reconciliation with the Afghan Taliban and other insurgent groups?

*Answer.* If Taliban leaders believe they are winning on the battlefield Taliban, they have no incentive to seriously negotiate. The Afghan security forces must first turn the tide militarily against the Taliban in order for reconciliation to be viable. The role of U.S. and coalition military operations to support Afghanistan's military is critical to this effort.

*Question.* What is your view of Russian claims that they are in discussions with the Afghan Taliban to promote reconciliation and also to partner in the fight against ISIS?

*Answer.* I agree with Secretary Mattis that Russia has chosen to be a strategic competitor of the United States. In general, I view Russian activities in Afghanistan

and in Syria largely destabilizing and contrary to stated U.S. objectives. Russia has consistently undermined U.S. and coalition interests in both theaters.

With respect to Afghanistan, I believe that all regional states, including Russia, should respect and work within the framework of an Afghan-led peace process.

*Question.* Do you agree that the sanctuary for extremist forces in Pakistan is a key factor affecting the stability and security of Afghanistan? If so, what recommendations would you have to end this sanctuary?

*Answer.* Yes. Sanctuary for the Taliban and other militant networks inside Pakistani territory continue to negatively affect security conditions and stability in Afghanistan. The U.S. should help and encourage Pakistan to do more to prevent terrorist organizations from finding sanctuary in Pakistan. If confirmed, I will work with the Secretary and our Commanders to find ways in which we can deny extremist forces sanctuary in Pakistan.

*Question.* Do you agree that any future reductions in the Afghan National Defense and Security Forces from the 352,000 troop level should be based on the security conditions in Afghanistan at the time the reductions would occur?

*Answer.* I believe that recommendations on force structure should be based on security conditions on the ground. If confirmed, I will examine carefully any proposals on force level reductions in the Afghan National Defense and Security Forces and listen to the recommendations from the commanders on the ground in order to provide informed advice to the Secretary of Defense.

#### PAKISTAN

*Question.* What is your view of the current state of the United States-Pakistan security relationship?

*Answer.* It is important for the United States to maintain a constructive relationship with Pakistan that advances mutual interests. But, the United States should also demonstrate its serious concerns about Pakistan expanding its nuclear program and providing safe-haven for militant groups.

*Question.* What policy changes, if any, would you recommend for United States relations with Pakistan, particularly in terms of military-to-military relations?

*Answer.* The United States should continue the military-to-military relationship with Pakistan, and build the trust necessary for it to be an effective partnership. If confirmed, I will be prepared to examine what policy changes, if any, I would recommend for the United States military-to-military relationship with Pakistan.

*Question.* United States security assistance and other support to Pakistan is designed to foster greater cooperation in areas of mutual security interest.

Do you support this as a construct for future assistance?

*Answer.* It is important for the United States to maintain a constructive relationship with Pakistan that advances mutual interests. If confirmed, I would assess whether the current model for United States security cooperation with Pakistan is a useful construct for future assistance.

*Question.* What areas do you consider to be of shared security interest between the United States and Pakistan?

*Answer.* The United States and Pakistan have some common interests, including countering terrorism and maintaining regional stability. In addition, Pakistan has cooperated in operations against al-Qaida and its associates and against the Islamic State of Iraq and Syria-Khorasan Province.

*Question.* What changes, if any, would you recommend in security assistance to Pakistan?

*Answer.* Security assistance to Pakistan should further United States national security interests. If confirmed, I would assess what changes, if any and consistent with our national security interests, should be considered for security assistance to Pakistan.

#### CHINA

*Question.* From your perspective, what effect does China's expanding economy and growing military having on the region at-large and how does that growth influence the United States security posture in the Asia-Pacific region?

*Answer.* I believe that China's rapid rise, growing assertiveness, and expanding military capabilities create uncertainty and tension in the region. I agree with Secretary Mattis that we should seek to engage and collaborate with China where possible, but also be prepared to confront inappropriate behavior if China chooses to act contrary to our interests. If confirmed, I will thoroughly examine the full impact of China's growing influence on our United States security posture in the region in the context of the overall security dynamic in the Asia-Pacific region.

*Question.* What can the United States do, both unilaterally and in coordination with allies and partners, to counter the increasing challenge posed by China in the East and South China Seas? In your view, what should be the Administration's overall strategy on the East and South China Seas?

*Answer.* China's aggressive behavior has caused countries in the Asia-Pacific region to look for stronger United States leadership. If confirmed, I will evaluate if the United States can implement any policies unilaterally, bilaterally, or multilaterally to address the challenge China poses in the East and South China Seas. If I am confirmed, I will work with the Department of State to reassure our partners, uphold our alliance commitments, and steadfastly protect the rights and freedoms of the international community to fly, sail, and operate wherever international law allows.

*Question.* Given that China's land reclamation in the South China Sea demonstrates a disregard for international rules and norms, do you support the UN Convention on the Law of the Sea? Do you believe the United States should ratify the convention?

*Answer.* I believe it is essential to United States economic and national security interests that we uphold freedom of navigation and overflight as reflected in the Law of the Sea Convention. I also understand the Law of the Sea Convention, to which China is a signatory party, reflects customary international law. If confirmed, I will work with the Department of State to support policy measures intended to preserve and protect the global mobility of United States forces.

*Question.* China's defense budget seems to be increasing at an alarming rate year after year. However, China's plans and strategies do not seem aimed at military domination outside of its immediate neighborhood. How do you explain this discrepancy? Why is China engaged in such a massive military build-up?

*Answer.* China's military reforms seek to enhance its ability to conduct joint operations and improve its ability to fight short-duration, high-intensity regional conflicts at greater distances from the Chinese mainland. China's global interests are growing, and its military will increasingly be called upon to safeguard China's trade, investments, and citizens abroad. The Chinese base construction in Djibouti reflects this growing interest that is beginning to reach beyond China's immediate neighborhood.

#### NORTH KOREA

*Question.* In your view, what should be the United States strategy to mitigate the threat posed by North Korea to South Korea, to our allies in the region, and to the United States?

*Answer.* I agree fully with Secretary Mattis that the United States should cooperate closely with our allies in the region, in particular the Republic of Korea and Japan, to seek a denuclearized North Korea. We should also work with other states with important interests in the region, including Russia and China. In addition, we should strengthen our defensive capabilities and work with our allies to deter and, if necessary, respond to aggression by North Korea. If confirmed, I will, in my role as Deputy Secretary, work to ensure the United States military is appropriately prepared to support diplomatic action.

*Question.* What is your assessment of the current security situation on the Korean peninsula?

*Answer.* It is apparent that North Korea is a near-term threat to our national security interests. The North Korean regime has no regard for its international obligations and is intent on developing a ballistic missile system capable of delivering a weapon of mass destruction against our allies and the United States Homeland. If confirmed, I will support a whole-of-government approach, work with our allies and partners, and ensure our military is prepared for any potential contingency.

*Question.* The deployment of the Terminal High-Altitude Area Defense (THAAD) missile system to South Korea is a good first step. What other steps is the Administration prepared to take to ensure the safety and security of South Korea and United States forces stationed in the region?

*Answer.* It is my understanding that the deployment of the Terminal High-Altitude Area Defense (THAAD) system to the Republic of Korea is a highly visible, concrete action the United States is taking to counter the North Korean ballistic missile threat. If confirmed, I will work with the Secretary of Defense to evaluate any other defensive options that will improve United States force posture and promote the safety and security of United States and allied personnel on the Korean Peninsula and in the Asia-Pacific region more broadly.

## RUSSIA

*Question.* Senior United States military officials have said Russia is the number one threat to the United States.

What are the challenges to United States national security interests from Russia and what are the key principles that must underpin a successful strategy to protect our interests?

*Answer.* Russia has chosen to be a strategic competitor with the United States and our allies. The challenges to our interests stem from its efforts to undermine global norms, fracture the cohesion of NATO, and extend a sphere of influence over the countries on its periphery. Russia's provocative behavior also includes alarming messages regarding the use of nuclear weapons; treaty violations; the use of hybrid warfare tactics to destabilize neighboring countries; and aggressive cyber and information warfare. Buttressing NATO will be fundamental to meeting these challenges, as will unified action across the U.S. Government to counter both traditional and emerging threats.

*Question.* Should the United States condition its military engagement with Russia on certain changes in Russian behavior, and if so, what conditions if any, would you recommend?

*Answer.* I understand that, in response to Russia's aggressive actions in Ukraine, the Department suspended military-to-military cooperation with the Russian Federation, both as a matter of policy and due to legal constraints laid out in Section 1232 of the Fiscal Year 2017 National Defense Authorization Act (NDAA). In order for the legal restrictions to be lifted, Russia must "cease its occupation of Ukrainian territory and its aggressive activities that threaten the sovereignty and territorial integrity of Ukraine and members of the North Atlantic Treaty Organization." I do not envision a scenario in which I would recommend a waiver given Russia's continued aggression in Ukraine.

*Question.* Do you agree with General Scaparrotti that our current force posture in Europe is "inadequate" to deter Russia? What changes to our force posture would you recommend?

*Answer.* I do agree with General Scaparrotti. The Department has taken some steps to enhance the readiness and responsiveness of U.S. forces in the European theater, as well as to build up the military capacity of the Baltic States. These include both near-term enhancements to the U.S. defense posture through European Reassurance Initiative (ERI) funding as well as longer-term investments in advanced power projection capabilities. I understand the Department has increased its request for ERI funding in its fiscal year 2018 budget.

*Question.* Do you support continued United States security assistance to Ukraine and, if so, how would the provision of such security assistance fit within the broader United States strategy for stability within the region?

*Answer.* Yes, I support continued security assistance to Ukraine, including lethal defensive assistance. Security assistance should be one part of a larger whole-of-government approach for supporting Ukraine and deterring further Russian aggression in the region.

*Question.* Do you support providing lethal defensive security assistance to Ukraine as in the interest of the United States?

*Answer.* Yes. I support lethal defensive security assistance to Ukraine. The United States must do more to counter Russia's aggressive behavior and support the people of Ukraine.

*Question.* In your view, what are the key elements of a strategy to counter Russian hybrid tactics that employ both hard and soft power and present attribution challenges?

*Answer.* The presence of credible and capable U.S. forces continues to help deter Russia's hard power efforts to undermine our interests around the world. Increased awareness and improved resiliency are a good start. The forward deployment of U.S. personnel to the Baltics and Poland also signals a strong intent. If we do not already have classified capabilities and ongoing operations to disrupt Russian influence networks, I would advocate for these types of measures if confirmed.

*Question.* What is your assessment of the Russian malign influence threat and what recommendations, if any, would you have for the role of the United States Government, and the Department of Defense in particular, in countering this threat?

*Answer.* Russia's actions pose a serious threat to the United States, its allies, and its partners. Their disinformation campaign is part of a broader approach to undermining global security that also involves elements of cyber operations, manipulation of information, and espionage. It is a persistent and growing threat. Any strategy

to respond should account for these dimensions through an integrated cross-governmental approach and should explore both defensive and offensive measures.

#### NORTH ATLANTIC TREATY ORGANIZATION (NATO)

*Question.* In your opinion, does the NATO Alliance benefit the national security interests of the United States?

*Answer.* Yes, absolutely. NATO is a major source of political will and operational capability that enables the United States to deter and counter threats to our security interests.

*Question.* What are the major strategic objectives of the NATO Alliance in the coming years?

*Answer.* I believe NATO's strategic objectives include deterring aggression and, if necessary, defending allies against strategic competitors; improving the resilience of the alliance; more equitably sharing the burden of collective defense; enhancing its operational capabilities in the fight against terrorism; and, if necessary, projecting power to counter emerging threats.

*Question.* In your opinion, what are the greatest challenges for NATO and the most important capability improvements that the Alliance must make to deal with the accelerated and growing threats it faces?

*Answer.* In my view, the greatest challenge for the NATO Alliance will be the need to confront aggressive Russian actions and related threats to the security of its members. The Alliance will also need to maintain solidarity on issues related to deterrence, defense, and projecting stability.

To deal with the growing threats the Alliance faces, I believe NATO should emphasize increased burden sharing; improved readiness; missile defense; counter anti-access/area-denial capabilities; and enhancements to combat enablers such as command and control systems, precision munitions, and joint intelligence, surveillance, and reconnaissance capabilities.

*Question.* What is your perspective on accusations that our NATO Allies do not carry their fair share of the security burden?

*Answer.* At the 2014 Wales Summit, all 28 Allies pledged to halt cuts in defense spending and agreed "to aim to move towards" spending 2 percent of GDP on defense—with 20 percent going to major equipment purchases—within a decade.

I fully agree with Secretary Mattis' calls for our NATO Allies to live up to the Wales Pledge, and I am encouraged that Allies made additional commitments in that regard at the NATO Leaders' Meeting on May 25, 2017.

*Question.* In your view, is there a continuing requirement for U.S. nuclear weapons to be deployed in NATO countries?

*Answer.* Yes, I believe there is. NATO has a well-settled commitment to be a nuclear alliance. In fact, our NATO Allies reaffirmed this stance at the Warsaw Summit in July 2016, and I support the conviction that to maintain an adequate deterrent, NATO must deploy an appropriate mix of nuclear, conventional, and missile defense capabilities.

*Question.* If confirmed, will you support making the F-35 dual capable for the Block 4 configuration for the United States and its allies in the shortest feasible time?

*Answer.* I fully agree with Secretary Mattis that our nuclear and extended nuclear deterrence posture must maintain the capability to forward-deploy strategic bombers and dual-capable aircraft. If confirmed, I will take a careful look at this issue and consult with the Committee as appropriate.

#### BALKANS

*Question.* How would you describe today's threats to the security and stability of the Balkans?

*Answer.* Although intra-state and state-on-state conflict are no longer the primary threats to security and stability in the Balkans, complex ethnic-based challenges continue to threaten the region's long-term stability. These challenges include corruption, organized crime, fragile rule of law, and malign Russian influence. Russia uses ethnic, historic, and religious ties to the region to promote an anti-NATO and anti-United States agenda; meanwhile, violent extremist organizations exploit the region's relative poverty and fragile rule of law to recruit and to transit fighters from and through the region.

*Question.* What do you see as the role of NATO's Kosovo Force (KFOR) and what conditions are required before that presence can be reduced or eliminated?

As the only institution universally supported by all ethnic communities in Kosovo, KFOR remains critical to ensuring freedom of movement and a safe and secure environment throughout Kosovo. KFOR is the "third responder" to security incidents,

behind the Kosovo Police (first responder) and the European Union Rule of Law Mission known as EULEX (second responder). The key conditions that will allow a reduction in KFOR is for Kosovo to have trained, professional, and multi-ethnic security forces to provide both domestic security and territorial defense, and for Kosovo to have good relations with its neighbors, including neighbors that do not recognize its independence.

## AFRICA

*Question.* What is your assessment of the current counterterrorism efforts in Africa? What are the associated policy objectives?

*Answer.* The Department's current counterterrorism efforts have had largely positive effects and serve as an example of how a combination of strategic patience, targeted investments, and strong partnership can achieve the associated U.S. policy objectives to protect the Homeland and western interests.

*Question.* What changes, if any, would you recommend?

*Answer.* We should continually assess and look for ways to improve our efforts there. If confirmed, I will look into this and ensure the Department has the right balance of investment in enabling partners and, in limited cases, unilateral action.

## NAVY SHIPBUILDING

*Question.* The Navy recently announced a requirement for 355 ships, up from 275 ships today, in order to meet its operational requirements.

What is your view of the Navy's assessment that produced the requirement for 355 ships?

*Answer.* An increase in the number of ships is consistent with the Secretary of Defense's priority to grow both the capacity and lethality of the joint force. If confirmed, I believe the Defense Strategic Review will help determine the appropriate goal for the Navy's fleet. However, growth would require repeal of the Budget Control Act caps and a substantially higher topline over the coming decades to pay for increases in procurement as well as in maintenance, operations, and associated manpower necessary for a larger fleet.

*Question.* In the 1970s and 1980s, the United States procured the current *Ohio*-class SSBN submarines within the Navy's shipbuilding (SCN) account. In 2015, Congress created a special fund, the National Sea-Based Deterrence Fund (NSBDF), for procurement of *Columbia*-class SSBNs, the replacements for the *Ohio*-class SSBNs.

Do you have a view on how the cost of *Columbia*-class SSBNs should be funded—solely from Navy resources, from a combination of Navy and other-than-Navy (e.g., OMB and other Defense) sources, or with a different approach? If so, please explain.

*Answer.* The *Columbia*-class SSBNs represent the future of the most survivable leg of our nuclear deterrent. Funding this program is critical. If confirmed, I will support the Secretary of Defense in working with Congress to ensure this program is fully funded as part of the overall recapitalization of the nuclear enterprise.

## NUCLEAR WEAPONS AND STOCKPILE STEWARDSHIP

*Question.* What is the role of U.S. nuclear weapons?

*Answer.* The U.S. nuclear deterrent remains the bedrock of our national security and is a no-fail mission. The fundamental role of nuclear weapons is to deter a nuclear attack against the United States and our allies and partners. In addition to deterring a nuclear attack, a robust, flexible, and survivable U.S. nuclear arsenal underpins our conventional capabilities. Nuclear weapons provide the President with credible options to maintain deterrence and extend deterrence to our allies, which discourages them from developing their own nuclear weapons.

*Question.* The President's June 2013 Nuclear Employment Strategy affirmed that the United States will maintain a nuclear triad, noting: "Retaining all three Triad legs will best maintain strategic stability at reasonable cost, while hedging against potential technical problems or vulnerabilities."

Do you agree that modernizing each leg of the nuclear triad and the Department of Energy nuclear weapons complex is a critical national security priority?

*Answer.* Sustaining all three legs of the triad best maintains strategic stability and responsiveness, and is the surest way to maintain effective nuclear deterrence. I understand that the ongoing Nuclear Posture Review is looking at all elements of the force to ensure that our nuclear deterrent is sufficient to deter evolving threats. If confirmed, I look forward to reviewing in depth the recapitalization plans for the triad.

*Question.* Do you support the Long Range Standoff Weapon (LRSO) and its timely replacement of the AGM-86 Air-Launched Cruise Missile?

Answer. I understand that the ongoing Nuclear Posture Review is looking at all relevant capabilities to ensure the continued effectiveness of our nuclear deterrent. If confirmed, I will carefully review this program and report back with a more informed answer.

#### COOPERATIVE THREAT REDUCTION PROGRAM

*Question.* What are your views of the Cooperative Threat Reduction Program?

Answer. The DOD CTR Program, which is an important component of the Department's countering strategy to counter weapons of mass destruction, has a more than two decades-long track record of working cooperatively with foreign partners to dismantle and destroy weapons of mass destruction, prevent the proliferation of nuclear, chemical and biological weapons, and detect and report outbreaks of diseases of security concern.

*Question.* If confirmed, will you ensure it is capable of meeting its mission to roll back the threat of weapons of mass destruction?

Answer. If confirmed, I will work to ensure that the DOD CTR Program effectively accomplishes its mission of mitigating threats from weapons of mass destruction.

#### RUSSIAN VIOLATION OF THE 1987 INTERMEDIATE-RANGE NUCLEAR FORCES (INF) TREATY

*Question.* In your view, what are the consequences for United States national security of Russia's actions in violation of its obligations under the INF Treaty?

Answer. The Russian Federation's violation of the Intermediate Range Nuclear Forces (INF) Treaty poses a direct threat to our allies and threatens United States Forces and interests. Russia's actions in violation of the INF treaty, if unchecked, could lead to doubt in the stability of current and future arms control agreements and initiatives.

*Question.* What do you believe would be appropriate responses for the United States to take in order to: 1) convince Russia to return to compliance with the INF Treaty, or 2) ensure that United States national security is maintained if Russia does not return to compliance?

Answer. While I understand that the Administration is reviewing a number of potential response options, it seems clear that the United States is operating with one hand tied behind its back since we are the only party to the treaty that is following the rules. The treaty permits the development of ground-launched missiles with ranges in excess of 500 kilometers. In light of Russia's violation of the treaty, I do not believe that the United States should continue to constrain ourselves from taking steps that we have every right to do. Indeed, such actions could generate diplomatic leverage for the United States and put pressure on Russia to return to compliance. However, if diplomatic means to reestablish Russian adherence to the treaty fail, the United States should be prepared to withdraw from the treaty.

#### BALLISTIC MISSILE DEFENSE

*Question.* The United States Homeland and its deployed forces enjoy a measure of protection against ballistic missile threats from rogue nations such as North Korea and Iran, yet the threat continues to grow. During the past year, North Korea conducted several missile tests and continued development of mobile long-range missiles. Likewise, Iran continues to test ballistic missiles of increasing range. Russia and China also continue to deploy ballistic, cruise, and hypersonic missiles that threaten United States forces, allies, and the United States Homeland.

What are your priorities for U.S. missile defense capabilities in the following areas: 1) Homeland missile defense; 2) regional missile defense; 3) improved discrimination and sensors; 4) next generation missile defense; and 5) defense against cruise and hypersonic missiles?

Answer. The missile threats to the Homeland, our forward deployed forces, and our allies and partners are exponentially increasing. Our top priority should be to defend the Homeland and protect our forces abroad, and we should invest accordingly. We should then work with our allies and partners to help them build their own defenses. If confirmed, I look forward to participating in the Ballistic Missile Defense review and ensuring that we appropriately invest and innovate in this important capability.

*Question.* Do you believe that the United States should encourage our regional allies and partners to increase their missile defense capabilities to contribute to regional security and help reduce the burden on U.S. forces and requirements?

Answer. Yes. If confirmed I will look for opportunities to encourage allies to invest in missile defense capabilities that contribute to regional security.

## TEST AND EVALUATION

*Question.* Congress has understood the need for adequate developmental and operational testing of weapon systems. At the same time, there was a risk that in the past, with limited time criticalities to deploy a system and decades-long technology development cycles, the level of testing may not have been constrained by cost or schedule.

In an era where the changes in the threat and our technology needs and cycles are now measured in months, what is the appropriate balance between reducing acquisition cycle times and the need to perform adequate testing?

*Answer.* The Department needs to execute enough testing to ensure warfighters are equipped with what they need to win, in the timeframe required, and with the best cost performance possible. A one-size-fits-all answer is not advisable. Large, new complex systems which need to work under stressful combat situations require different types and degrees of testing compared with smaller scale upgrades or new payloads on existing systems which may have to function under less demanding situations. That said, my experience suggests that it is best to develop smaller increments of capability that can therefore be tested more quickly.

## READINESS FUNDING

*Question.* After more than 15 years of combat operations, each of the military services faces a rising bill for maintenance and repair, while balancing the need for new procurement. The Army reports that only one-third of its brigade combat teams report a ready status. The Navy currently has 275 ships, yet the Chief of Naval Operations is calling for growth to 355 ships, which would require the Navy to obligate shipbuilding funding while maintaining the current fleet. The Marine Corps reports that only 43 percent of its aircraft are ready for combat, partly stemming from backlogs of the F/A-18 Legacy Hornets within the organic industrial base. The Air Force is short more than 3,500 maintainers while reporting only half of its fighter squadrons are ready to fight. While each service has its individual concerns, as a whole, flying hours for pilots are at historical lows and training continues to be diminished.

What balance do you believe should exist between maintaining the equipment currently in inventory while leveraging procurement funding to modernize the force?

*Answer.* The Department must strike the appropriate balance between maintenance and modernization, optimizing investments to succeed in current operations and a range of future challenges. Maintenance is essential to continued success in our current operations. The current level of global operations in which the Department is engaged demands that we keep the equipment we already own in the highest state of readiness—fully mission capable and outfitted with the best available capabilities. We know that the demands on our forces are growing, not subsiding, while the capabilities and technologies of our potential adversaries continues to advance. Therefore, modernization remains important; we cannot afford to mortgage the future for today. For both of these objectives, maintenance and modernization, stable and predictable funding is the key. Conversely, disruptions such as continuing resolutions introduce unnecessary risk to our personnel and our materiel investment and disrupt the delicate balance between these two objectives.

*Question.* What steps would you take, if confirmed, to address maintenance backlogs and ensure that the military departments request adequate funding for reset, reconstitution, and other maintenance requirements?

*Answer.* Secretary Mattis has made the Department's improving readiness a priority. If confirmed, I plan to work with the Services to monitor their readiness recovery plans and maintenance backlogs, and ensure that the Department places appropriate urgency on this high priority, to achieve its objectives.

## PERSONNEL AND ENTITLEMENT COSTS

*Question.* According to the Bipartisan Policy Center, military personnel costs, as a percentage of the overall Defense Department budget, have remained consistent for the last 2 decades at 30 percent while the size of the force continues to decrease. As a result, the one-third of the budget devoted to military personnel buys far less today than it did yesterday, despite the overall defense budget being significantly higher. In 1980, Active Duty end strength was 2.1 million; this year, it is approximately 1.3 million, a drop of over 60 percent.

If this percentage remains constant as overall defense spending flattens, or even declines in real terms, what would be the impact on the size of the force and the Department's ability to execute the national defense strategy?

*Answer.* The health and sustainment of the All-Volunteer Force is a national priority. I agree with Secretary Mattis that we must support our force, and structure



our pay and benefits in a way that continues to benefit recruiting and retention—but the best support we can give servicemembers is to train and equip them properly. Moreover, as the Secretary has said, we owe it to the American people to field a force that can win. However, if the defense budget flattens or declines, defending the nation's vital interests will involve increasing levels of risk.

*Question.* In your view, what would be the impact on other areas of the Department's budget if military personnel costs continue to rise while the overall defense budget remains flat, or even declines in real terms?

*Answer.* People are the Department's most valuable asset and we must ensure that military pay and benefits attract and retain a high-quality All-Volunteer Force. However, the Department must continually balance the costs of this pay and benefits package against other investments that are critical to achieving the Department's strategic goals. If confirmed, I will examine this question in detail, but clearly personnel costs must be measured in conjunction with other critical needs of the force.

*Question.* What actions do you believe can and should be taken to control the rise in personnel costs and entitlement spending?

*Answer.* I am aware that in the past few years, the Department has submitted several military compensation reform proposals and Congress has enacted some significant reforms. If confirmed, I will work to explore options that can further control costs while properly compensating the members of our fighting force.

#### PERSONNEL AUTHORITIES

*Question.* Do you believe that more flexibility is needed in the military personnel system? If so, what ideas do you have to achieve a system that is both flexible to the needs of servicemembers and adaptable to future national security challenges?

*Answer.* I believe it is good business practice to periodically review an organization's administrative and personnel management systems to identify areas of improvement. If confirmed, I will review the military personnel system to identify areas of concern before recommending any modifications to the Secretary. A guiding principle of this review must be that any recommended changes are consistent with maintaining the highest level of readiness for the force.

*Question.* What is your opinion on the health of the current Department of Defense civilian workforce? What is your plan to recruit the talent needed by the Department in order to best support the future warfighter?

*Answer.* In my experience, the Department's civilian workforce is generally highly skilled and dedicated to achieving the Department's mission. However, I also understand that it is the intent of Congress that the headquarters elements within the Department are reduced. If confirmed, I will look carefully at the Department's staffing and needs to ensure the most efficient recruitment and retention of the civilian workforce.

*Question.* Based on your experience in the private sector, what are human resource best practices that you would be interested in bringing to the Defense Department to make military or civil service a more attractive option for talented Americans?

*Answer.* As with the military personnel system, I believe it is good business practice to periodically review an organization's personnel management systems. If confirmed, I will review the civilian employee systems to identify areas of concern before recommending any modifications to the Secretary. A guiding principle will be to ensure the Department's recruitment and hiring practices are efficient and target highly skilled talent to support the Secretary's goals of improving readiness and restoring lethality to the force.

#### COSTS OF MEDICAL CARE

*Question.* According to the Congressional Budget Office, the Department of Defense requested \$47 billion in operation and maintenance funding for the military health system in 2016, about 9 percent of the total funding requested for the Department's base budget. CBO has calculated that those costs will reach \$64 billion by 2030 if their growth reflects anticipated national trends in health care costs.

What is your assessment of the long-term impact of the Department's health care costs on military readiness and overall national security?

*Answer.* We must balance rising health care costs with the need to fund military readiness. If confirmed, I would look at ways to reduce waste and inefficiency in the direct care facilities as well as in how the Department purchases health care from the civilian sector in order to maintain the balance between benefits and readiness.

*Question.* If confirmed, what actions would you take to mitigate the effect of the Department's rising medical costs on its budget top-line while simultaneously imple-

menting programs to improve health outcomes and to enhance the experience of care for all beneficiaries?

Answer. We need to look at all possibilities to improve the Department's health care delivery. That includes looking at the costs of the direct care facilities, how the Department buys health care from the civilian sector, and promoting healthy life styles among our beneficiaries to reduce the demand for health services. The bottom line, however, is that we must take care of our people.

#### MILITARY HEALTH CARE REFORM

*Question.* Section 702 of the National Defense Authorization Act for Fiscal Year 2017 transferred direct oversight and management of military hospitals and clinics from the military services to the Defense Health Agency (DHA). In March 2017, this Committee received the Department of Defense's preliminary draft interim report on section 702, which described the Department's intent to develop a component model to administer and manage military treatment facilities. Under this component model, the Department would establish service intermediary commands, and those commands would be subject to two separate lines of authority—the DHA and the Services.

In your view, how would a component model streamline the administration and management of military treatment facilities?

Answer. Presently, the three Service Medical Departments and the Defense Health Agency (DHA) have four separate headquarters functions dedicated to the administration and management of the Military Treatment Facilities. It is my understanding that Department's proposed component model centralizes the Services' headquarters functions under DHA, which will be the single organization responsible for the Military Treatment Facilities in the specific areas identified in the fiscal year 2017 NDAA.

*Question.* In your view, how would a component model achieve the Committee's goal to eliminate multiple inefficient layers of management and bureaucracy in Department of Defense medical operations?

Answer. I understand that the Department's component model will eliminate the Service Medical Department headquarters functions responsible for the administration and management of healthcare in the Military Treatment Facilities and align them within DHA, which may lead to greater efficiencies. However, I am not sufficiently familiar with the details of the Department's component model to determine whether this will achieve the Congress's goal to eliminate bureaucracy. If confirmed, I will review the model and make an assessment on its potential effectiveness.

*Question.* In your view, how would a component model eliminate the current stove-piped medical command structures of the Services?

Answer. I am not sufficiently familiar with the details of the Department's component model to determine whether it would eliminate existing stove-pipes within the Services' medical commands. If confirmed, I will review the model and make an assessment on its potential effectiveness.

*Question.* If confirmed, will you reevaluate the Department's decision to proceed with a component model to implement section 702?

Answer. It would be premature, at this stage, to comment on whether the Department's decisions should be reevaluated. However, if confirmed, I will remain open to reevaluating the Department's approach, if it is warranted.

*Question.* If confirmed, how would you ensure a rapid and efficient transfer of the operations of the military medical facilities to the DHA?

Answer. If confirmed, I will work with the leaders of the Department to meet the fiscal year 2017 NDAA timelines and if there are any concerns with the timelines, I will inform the Congress.

*Question.* If confirmed, how would you ensure that the Services reduce their medical headquarters staffs and infrastructure (including regional command staffs and infrastructure) to reflect the changing scope and size of their health care missions?

Answer. If confirmed, I will actively oversee the development of the section 702 implementation plan and ensure the Department meets the intent of the fiscal year 2017 NDAA requirements.

#### MENTAL HEALTH CARE

*Question.* If confirmed, what actions would you take to ensure that sufficient mental health resources are available to servicemembers in theater and to servicemembers and families upon return to home station locations with insufficient community-based mental health resources?

Answer. The health and sustainment of the all-volunteer force is a national priority. As Secretary Mattis has said, we have a moral obligation to sustain the men-

tal health of the force as well as servicemembers' families. If confirmed, it will be a priority to ensure that the Department is devoting appropriate resources to mental health, and working effectively with the Department of Veterans Affairs to identify issues and close any gaps in coverage. I will advise the Committee if more resources are required.

*Question.* If confirmed, what would you do to ensure that robust mental health resources are available for Guard and Reserve members and their families?

*Answer.* I include the Guard and Reserve in my assessment that the health and sustainment of the all-volunteer force is a national priority. Understanding the uniqueness of their service, I will work to ensure members of the Guard and Reserve and their families are included in the equation and that the appropriate amount of resources are available to support their mental health care.

#### SEXUAL ASSAULT PREVENTION AND RESPONSE

*Question.* What is your view of the adequacy of the training and resources the Services have in place to investigate and respond to allegations of sexual assault?

*Answer.* Sexual assault is a crime—and the only acceptable outcome is zero. If confirmed, I will examine the adequacy of the training and resources currently in place to get the Department to zero.

*Question.* What is your assessment of the potential impact, if any, of proposals to remove the disposition authority from military commanders over violations of the Uniform Code of Military Justice, including sexual assaults?

*Answer.* I am not sufficiently familiar with the complex legal and readiness impacts of removing from military commanders the authority to dispose of allegations of violations of the Uniform Code of Military Justice. If confirmed, I would closely examine this issue, even as I focus on reducing the number of sexual assaults to zero.

*Question.* What is your assessment of the military's protections against retaliation for reporting sexual assault?

*Answer.* The Department must do more to ensure Servicemembers can report any crime, including a crime involving sexual assault, without fear of retaliation. If confirmed, I intend to examine the early implementation of the Department's efforts in this area and assess whether improvements are needed.

#### SEXUAL HARASSMENT

*Question.* Department of Defense annual sexual assault reports consistently document that sexual assaults are more common in units where sexual harassment is prevalent. Section 579 of the National Defense Authorization Act for Fiscal Year 2013 required the Secretary of Defense to develop a comprehensive policy to prevent and respond to sexual harassment in the Armed Forces and to submit a report to the Committees on Armed Services of the Senate and House of Representatives no later than 1 year after January 2, 2013, setting forth a comprehensive policy. This Committee still has not yet received this report.

Do you agree with the premise that units with a command climate that tolerates sexual harassment is more likely to have increased incidents of sexual assault?

*Answer.* I cannot say definitively whether there is a cause-effect relationship. However, zero tolerance for sexual harassment is the only acceptable stance. A zero tolerance mindset must start with senior leaders and commanders that set the command climate.

*Question.* What is the reason the Department has not complied with the requirement to develop a comprehensive sexual harassment policy?

*Answer.* I do not have enough information at this time to be able to answer the question. However, if confirmed, I will evaluate why the Department has not complied with this Congressional requirement and address the Committee's concerns.

*Question.* If confirmed, will you assure this Committee that the Department will promptly promulgate a comprehensive policy to prevent and respond to sexual harassment in the Armed Forces and to submit this policy to the Committees on Armed Services of the Senate and House of Representatives, as directed in the National Defense Authorization Act for Fiscal Year 2013?

*Answer.* Yes, I will.

#### SUICIDE PREVENTION

*Question.* If confirmed, how would you maintain a strong focus on preventing suicides in the active and reserve components and in their families?

*Answer.* While suicide is an issue in society in general, zero is the only acceptable outcome for the Department. We must do more to remove the stigmas associated with mental health issues. If confirmed, I will bring the broad resources of the De-

partment to bear on this problem and will not hesitate to recommend relevant outside expertise as well.

#### RELIGIOUS ACCOMMODATION IN THE MILITARY

*Question.* In your view, do Department of Defense policies concerning religious accommodation in the military appropriately accommodate the free exercise of religion and other beliefs, including individual expressions of belief, without impinging on those who have different beliefs, including no religious belief?

*Answer.* Yes. My understanding is that the rights of our servicemembers to observe their individual religious beliefs are well protected. As Secretary Mattis has said, the religious practices of our servicemembers should be accommodated in a manner consistent with our obligation to maintain operational readiness, good order and discipline, and unit cohesion. If confirmed, I will monitor the issue to ensure the Department's policies remain consistent with our principles.

#### ROLE OF NATIONAL GUARD AND RESERVES

*Question.* As the active forces have been drawn down, the reserve components have been mobilized more in order for the military to meet the requirements of the National Military Strategy.

In your view, what is the appropriate relationship between the active forces and the reserve components?

*Answer.* The Reserve Components are an integral part of our Total Force, providing the skills and capacity to help support current operations while also maintaining the strategic depth needed for major crises.

*Question.* In your view, do the reserve components serve as an operational reserve, a strategic reserve, or both? Which role should they occupy going forward?

*Answer.* As Active Duty force structure has been reduced, it is important that the Reserve Components serve as both a strategic and operational role going forward.

*Question.* If Active Duty end strength is increased, what specific parameters would you use to most appropriately determine what a corresponding reserve component end strength should be set at in order to support those Active Duty Forces?

*Answer.* I expect the defense strategy currently under development in the Department will help set parameters to guide the size, shape, and missions of the Reserve Component relative to the Active Component. If confirmed, I look forward to supporting the defense strategy and achieving the right mix from a Total Force perspective.

#### DEPARTMENT OF DEFENSE SCHOOLS IN THE CONTINENTAL UNITED STATES (CONUS)

*Question.* Some have questioned the continuing need for Department of Defense-operated schools for military dependent children within CONUS.

In light of past administrations' requests for additional Base Realignment and Closure authorities and the Department's current fiscal constraints, should the Department update its criteria for the continued operation of Defense Department schools within CONUS?

*Answer.* It is worth considering whether the Department should continue running schools within the continental United States. If confirmed, I will review how to provide educational options to military families.

*Question.* If confirmed, how would you approach the task of eliminating some Defense Department-operated schools in CONUS?

*Answer.* Military dependents' education plays an important role in the success, stability, readiness, and retention of our servicemembers and their families. Military families bear an extraordinary burden for our freedom, and the availability of quality education options is a critical quality of life factor. If confirmed, I will work with all stakeholders, in collaboration and consultation with the Military Departments and Congress, to review the best options for providing education support for military families.

#### COMMISSARY AND MILITARY EXCHANGE SYSTEMS

*Question.* What is your view of proposals to consolidate, eliminate, or privatize commissaries and exchanges in certain areas where they are duplicative of services readily available at reasonable cost in the community?

*Answer.* I believe the quality of life value of these benefits is of great importance to our servicemembers and their families. If confirmed, I am open to assessing whether the value provided by the commissary or exchange systems could be more effectively provided by a private party.

As for consolidation or elimination, if confirmed, I will look into opportunities for the commissary and exchange systems to achieve operating efficiencies through enhanced collaboration and the development of common business systems and practices.

*Question.* If confirmed, would you approve a pilot program to test privatization of the defense commissary system?

*Answer.* If confirmed, I am open to assessing whether the value provided by the commissary system could be more effectively provided by a private party.

#### SENIOR MILITARY AND CIVILIAN ACCOUNTABILITY

*Question.* While representative of a small number of individuals in the Department of Defense, reports of abuses of rank and authority by senior military and civilian leaders and failures to perform up to accepted standards are frequently received. Whistleblowers and victims of such abuses often report that they felt that no one would pay attention to or believe their complaints. Accusations of unduly lenient treatment of senior officers and senior officials against whom accusations have been substantiated are also frequently heard.

What are your views regarding the appropriate standard of accountability for senior civilian and military leaders of the Department of Defense?

*Answer.* Abuses of rank or grade and authority have no place in the Department. Moreover, senior military and civilian leaders should be held accountable for failing to perform up to accepted standards. If confirmed, I would apply these standards in performing my duties as the Deputy Secretary of Defense.

*Question.* If confirmed, what steps would you take to ensure that senior leaders within the Department are held accountable for their actions and performance?

*Answer.* If confirmed, I will ensure that appropriate standards are in place to promote a culture of professionalism, ethical behavior, and high levels of performance. In addition, I will ensure that appropriate procedures are in place to address substantiated allegations.

*Question.* What changes, if any, would you propose to whistleblower laws to strengthen protections for whistleblowers within the Department of Defense, including those in the military, the civilian workforce, the intelligence community, and contractors?

*Answer.* Whistleblower laws are important to ensure the effective operation of the Department and protect its military and civilian workforce. If I am confirmed as Deputy Secretary of Defense, and if I determine that whistleblowers in the Department are inadequately protected, I will examine the existing laws and propose appropriate changes.

#### GUAM

*Question.* Section 132 of title 10, United States Code, states in part: “(e) Until September 30, 2020, the Deputy Secretary of Defense shall lead the Guam Oversight Council and shall be the Department of Defense’s principal representative for coordinating the interagency efforts in matters relating to Guam, including the following executive orders: (1) Executive Order No. 13299 of May 12, 2003 (68 Fed. Reg. 25477; 48 U.S.C. note prec. 1451; relating to the Interagency Group on Insular Affairs); and (2) Executive Order No. 12788 of January 15, 1992, as amended (57 Fed. Reg. 2213; relating to the Defense Economic Adjustment Program).”

What is your view of the broader Asia-Pacific realignment of United States forces including Guam, Japan, and South Korea?

*Answer.* I share the Secretary of Defense’s view that the Asia-Pacific region is likely to remain the most consequential region for the United States for decades to come. If confirmed, I will work with the Secretary to appropriately resource our critical priorities and continue to develop a regional force posture that is geographically distributed, operationally resilient, and politically sustainable.

*Question.* Do you believe that you will be able to implement the Guam provisions, which are critical to the realignment of forces from Okinawa, Japan?

*Answer.* The Secretary has stated clearly that we will remain steadfast in our efforts to realign United States forces in Japan, especially on Okinawa. I understand that the realignment of Marines to Guam is essential to establishing a more geographically dispersed, operationally resilient, and politically sustainable force posture in the Asia-Pacific region and that the overall program remains executable within the guidelines set by law. If confirmed, I will work with the Secretary and our Japanese allies to continue implementation of this important program.

## TECHNOLOGICAL SUPERIORITY

*Question.* We have heard for the past several years that the U.S. military-technical advantage is diminishing. Recent secretaries and deputy secretaries have undertaken a variety of initiatives to address this strategic problem, ranging from new technology investments to creating new acquisition organizations and attempting acquisition reform.

If confirmed, what actions will you take to ensure that the U.S. military continues to enjoy technological superiority over increasingly capable near-peer competitors?

*Answer.* If confirmed, I will set clearer policies to incentivize investments by the national labs, Services, and industry. It will be difficult to regain superiority simultaneously in every warfighting domain, so I will prioritize technologies based on their maturity, potential, and ability to better advantage our warfighters. I will also look closely at how to take advantage of the new AT&L organization, and expect to empower the new R&E.

*Question.* What specific technological areas should the Defense Department prioritize for investment in order to develop next generation operational capabilities?

*Answer.* Our historical approach to projecting military power over transoceanic distances will not work in the future. Among many other areas, we will need to invest in better and more munitions, learn how to operate when under attack, leverage machine learning, increase autonomy, and harden our information pathways. When published, the revised Defense Strategy will provide a more comprehensive guide. More important than technology will be exploring new operational concepts and organizations. Experimentation and risk taking should be encouraged.

*Question.* Are you satisfied with the quality of the Department of Defense research, laboratory, and engineering workforce and infrastructure, especially relative to its industry and academic peers, and global competitors?

*Answer.* My impression is that the Department's RDT&E possesses considerable advantages in many areas relative to peer and competitor institutions. Certainly, our adversaries think so, which is why they work so hard to steal our intellectual property. My experience in industry suggests there will be ways to improve upon what is already a strong base. I believe the challenge is not so much on the quality or extent of original research, increasingly less of which is done by the government. The challenge is more on transitioning new technology into the field, where it can be used.

## ACQUISITION REFORM AND INNOVATION

*Question.* To what extent do you believe that the Department of Defense's technological superiority challenges are a function of internal factors such as organizational design, process, leadership, and culture?

*Answer.* The technological superiority challenges facing the Department are due to a wide range of internal and external factors. Strong leadership and strong partnerships, geared to a shared objective, create high-performing organizations. If confirmed, I will assess the impact of internal factors on technological superiority and make recommendations to the Secretary and the Congress.

*Question.* How do you view the current state of the defense acquisition system and what changes will you seek to implement, as part of the acquisition reorganization process, to enable the system to better support innovation for the warfighter?

*Answer.* Like most experts and most citizens, my impression is that the acquisition system too often delivers late to need and at higher than expected cost. What I will do, if confirmed, is bring to bear my industry experience on this problem, with which I have some experience in the private sector. I am under no illusions about the probability of both reforming the present system to be more responsive while incorporating more innovation. Even modest improvements will require difficult changes, and the assistance of Congress. If confirmed, I will work with Congress, the Secretary, the Department's technology and acquisition professionals, warfighters, and leaders within industry to promote innovation in the entire defense acquisition process.

*Question.* What role do you believe you should fulfill, if confirmed, in leading the creation of the offices of the Under Secretary of Defense for Research and Engineering and the Under Secretary of Defense for Acquisition and Sustainment?

*Answer.* If confirmed, I will ensure the new organizations are established in a manner consistent with section 901 and 902 of the National Defense Authorization Act for Fiscal Year 2017. I would work closely the leadership of the Department and the Congress to ensure these offices have the authorities and resources they need to be successful.

*Question.* How will you, if confirmed, simultaneously support technological innovation and ensure that the Department of Defense delivers large programs on time and on budget?

*Answer.* I view these as separate and distinct opportunities. Critical to do both will be a strong partnership with leaders inside and outside the Department to make sure the basics are in place to deliver on the reforms called for by Congress. For technological innovation and the establishment of the Under Secretary for Research and Engineering, this will require dedicated leadership focused on ensuring technical excellence and shortening the innovation time constant to match and beat the pace in the commercial sector and of our adversaries. For excellence in acquisition and the establishment of the Under Secretary for Acquisition and Sustainment, it will require increased expertise and major concentration on the high-value, near-term payoff improvements in acquisition that can be captured quickly and deliver results.

#### ACQUISITION ACCOUNTABILITY

*Question.* In your view, what role should the Services and Service Chiefs have in delivering acquisition programs on time and on budget and who should be responsible for large-scale acquisition failures?

*Answer.* I believe responsibility ultimately lies with the decision authority who must ensure there are realistic requirements, achievable technologies and need dates, a realistically affordable plan, and highly capable people with the resources to successfully execute. The Services and Service Chiefs have a strong role in setting these conditions, and sustaining them. There must also be careful monitoring of execution, and a willingness to adjust course if circumstances warrant.

*Question.* If confirmed, how would you improve acquisition accountability?

*Answer.* There is a need to shift from lagging indicators of performance to leading indicators of performance. Holding leadership accountable to leading indicators will affect what can be controlled.

#### OPERATIONAL ENERGY

*Question.* In his responses to the advance policy questions from this Committee, Secretary Mattis talked about his time in Iraq, and how he called upon the Department to “unleash us from the tether of fuel.” He stated that “units would be faced with unacceptable limitations because of their dependence on fuel” and resupply efforts “made us vulnerable in ways that were exploited by the enemy.”

Do you believe this issue remains a challenge for the Department of Defense?

*Answer.* Yes. The delivery of energy to globally deployed forces is challenged by distance, geography, anti-access and area-denial threats, and our own demand for energy. These challenges are relevant across a range of scenarios, from Afghanistan to the Asia Pacific to Europe.

*Question.* If confirmed, what will you do to unleash the military from the tether of fuel?

*Answer.* If confirmed, I believe the Department should reduce the dependence of our forces on vulnerable fuel supply chains by increasing the operational reach of our warfighting platforms as well as ensuring sufficient and survivable logistics and infrastructure to move the needed volumes of energy to deployed forces. To do so, we must consider the risks of dependence on fuel across the full range of innovation, requirements, acquisition, planning, and programming processes used to develop, deploy, and sustain military capabilities.

*Question.* If confirmed, what priorities would you establish for Defense investments in and deployment of operational energy technologies to increase the combat capabilities of warfighters, reduce logistical burdens, and enhance mission assurance on our installations?

If confirmed, I would prioritize operational energy investments by the same standards used in other Department decisions, namely their direct contribution to the Department's primary warfighting missions and their contribution to enhancing readiness and combat effectiveness. In doing so, I will look to both our Combatant Commands and the Services to identify relevant operational risks, and seek out Department, whole-of-government, and private sector sources of innovation.

#### ENERGY AND ACQUISITION

*Question.* How can our acquisition systems better incorporate the use of energy in military platforms?

*Answer.* If confirmed, I will ensure our acquisition systems address the use of energy in military platforms. Additionally, I would certainly seek support from outside

organizations like academia and the private sector to improve military capability through changes in our use of energy.

#### ENERGY RESILIENCY IN THE FIGHT AGAINST ISIS

*Question.* Back in July 2016 after a coup attempt, the Turkish government cut off power to Incirlik Air Base, which is the primary platform for launching coalition airstrikes in the fight against ISIS. For roughly a week, deployed units had to operate off backup generators, which is expensive and not the preferred method of operation given the demanding tempo of sorties against ISIS.

If confirmed, specifically how will you address and make energy resiliency and mission assurance a priority for the U.S. military, to include acquiring and deploying sustainable and renewable energy assets to improve combat capability for deployed units on our military installations and forward operating bases?

*Answer.* If confirmed, I would prioritize energy resiliency and mission assurance efforts according to their effects on the Department's primary warfighting missions and their contributions to enhancing readiness and combat effectiveness. In general, I believe that the Department should explore new concepts, technologies, and renewable energy sources that are reliable, cost effective, and capable of mitigating the risks of dependence on vulnerable energy supplies. Where appropriate to the mission, I also would continue the Department's effort to take advantage of third party financing to enhance energy resilience at our permanent installations.

*Question.* To what extent, if any, are Title 10 training exercises and wargames dealing with energy outages? If not, why?

*Answer.* As I understand the issue, Service wargames have identified energy as a significant constraint. If confirmed, I will ask for a complete update on the role of energy disruptions and outages in exercises and wargames.

*Question.* Do you support the J-4's enforcement of the energy supportability key performance parameter in the requirements process?

*Answer.* Yes. If confirmed, I intend to consult with the Department's subject matter experts on this issue, including the Joint Staff J-4 and J-8. As an indicator of energy supportability under combat conditions, the "energy key performance parameter" provides an important tool for improving the capability of the future force.

*Question.* Section 2805 of the National Defense Authorization Act for Fiscal Year 2017 gave the Defense Department new authority to plan and fund military construction projects directly related to energy resiliency and mission assurance, and to help address and mitigate against incidents like Incirlik, not to mention secure micro-grids to help prevent cyber-attacks.

If confirmed, will you commit to use section 2805 to support mission critical functions and address known energy vulnerabilities with projects that are resilient and renewable?

*Answer.* Yes. Section 2805 grants the Department authority to expand the energy conservation investment program to include energy resiliency and energy security projects. This expanded authority enhances our ability to fund energy resiliency projects (that could include renewable technologies) that support our energy resilience strategy, ensuring our military installations are prepared for and are capable of recovering from energy disruptions that can affect mission assurance.

#### ENVIRONMENT

*Question.* If confirmed, will you comply with environmental regulations, laws, and guidance from the Environmental Protection Agency?

*Answer.* Yes

*Question.* If confirmed, will you make the same level of investment for the Defense Department's Environmental Research Programs?

*Answer.* If confirmed, I will give the Department's Environmental Research Programs a careful review.

*Question.* If confirmed, will you work with the Department of Interior and the U.S. Fish & Wildlife Service to find cooperative ways to ensure military readiness and protect the environment on and around U.S. military installations?

*Answer.* Yes.

#### CONGRESSIONAL OVERSIGHT

*Question.* In order to exercise its legislative and oversight responsibilities, it is important that this Committee and other appropriate committees of Congress are able to receive testimony, briefings, and other communications of information.

Do you agree, if confirmed, to appear before this Committee and other appropriate committees of Congress?



Answer. I agree, if confirmed, to appear before this Committee and other appropriate committees of Congress.

*Question.* Do you agree, if confirmed, to appear before this Committee, or designated Members of this Committee, and provide information, subject to appropriate and necessary security protection, with respect to your responsibilities as the Deputy Secretary of Defense?

Answer. I agree, if confirmed, to appear before this Committee, or designated Members of this Committee, and provide information, subject to appropriate and necessary security protection, with respect to my responsibilities as the Deputy Secretary of Defense.

*Question.* Do you agree to ensure that testimony, briefings, and other communications of information are provided to this Committee and its staff and other appropriate committees in a timely manner?

Answer. I agree to ensure that appropriate testimony, briefings, and other communications of information are provided to this Committee and its staff and other appropriate committees in a timely manner.

*Question.* Do you agree to provide documents, including copies of electronic forms of communication, in a timely manner when requested by a duly constituted committee, or to consult with this Committee regarding the basis for any good faith delay or denial in providing such documents?

Answer. I agree to provide documents, including copies of electronic forms of communication, in a timely manner when requested by a duly constituted committee, and to consult with this Committee regarding the basis for any good faith delay or denial in providing such documents.

*Question.* Do you agree to answer letters and requests for information from individual Senators who are Members of this Committee?

Answer. I agree to respond appropriately to letters and requests for information from Members of this Committee.

*Question.* If confirmed, do you agree to provide to this Committee relevant information within the jurisdictional oversight of the Committee when requested by the Committee, even in the absence of the formality of a letter from the Chairman?

Answer. I agree to respond appropriately to letters and requests for information from Members of this Committee.

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[Questions for the record with answers supplied follow:]

#### QUESTIONS SUBMITTED BY SENATOR JAMES M. INHOFE

##### FORCE STRENGTH VS. GLOBAL THREATS

1. Senator INHOFE. Mr. Shanahan, do you expect the global threat environment to become more or less complex over the next decade?

Mr. SHANAHAN. I expect the threat environment to become more complex over the next decade as our adversaries develop capabilities and techniques to disrupt our operations and freedom of movement. Therefore, we must continue to leverage technological advances in order to stay ahead of our adversaries and maintain our operational advantage. This will require developing new capabilities, inventing new concepts of operation, and accelerating our acquisition cycle. We need to reform existing business processes while also developing new ways of doing business to maintain our military advantages.

2. Senator INHOFE. Mr. Shanahan, do you expect the operational demands on the Armed Forces to decrease over the next decade?

Mr. SHANAHAN. No. Over the past decade and a half, the Department, along with our allies and partners, has continuously engaged in the fight against terrorism. It is difficult to predict where conflicts may arise in the future, but the Department must be prepared for a wide range of possibilities including terrorism, conventional conflict, the threat posed by weapons of mass destruction, and cyber warfare.

3. Senator INHOFE. Mr. Shanahan, do you believe our military needs to be postured to fight two major theater conflicts near-simultaneously?

Mr. SHANAHAN. Yes, I believe our military needs to have the relevant capacity, capability, and readiness to defend U.S. global interests. In recent decades, this has required a military that has sufficient capacity to deter opportunistic aggression if we are engaged in a major operation in a different theater. I think being prepared for two simultaneous conflicts in separate theaters has served the United States

well, but the Defense Strategy Review currently underway will review the force-sizing construct relative to threats, interests, and resources required. I look forward, if confirmed, to contributing to the strategy review to assess the options available to the Department and the costs associated with those options.

#### READINESS

4. Senator INHOFE. Mr. Shanahan, how do you plan to restore readiness to our Armed Forces ... how do we regrow it, maintain the equipment that has been through 2 decades of war, and train that force to meet national security requirements?

Mr. SHANAHAN. As Secretary Mattis testified earlier this month, it took us years to get into this situation and it will take us years to get out of it. Readiness recovery can only be accomplished through higher, stable, predictable funding along with sufficient time to train our fighting forces. Funding is required to maintain equipment, pay training costs, and increase manpower levels. Time is required to properly reset the force and to get units through the training pipeline. I believe another important factor in readiness is modernization. The Department must remain cognizant that it cannot mortgage modernization for near term readiness. If confirmed I will support the Secretary's efforts to stabilize readiness recovery, and will work to identify and eliminate any internal impediments.

#### RUSSIA

5. Senator INHOFE. Mr. Shanahan, what lessons is Russian President Vladimir Putin learning from Syria and Ukraine?

Mr. SHANAHAN. It is difficult to know for sure what President Putin has learned, but military action in Ukraine has clearly helped him further his goals to destabilize Russia's neighbors, undermine the cohesion of NATO, and challenge the United States' influence in Europe. In Syria, bolstering the Assad regime through military means has simultaneously secured a Russian ally in the Middle East and further challenged the credibility of the United States to exercise leadership in this strategic region.

6. Senator INHOFE. Mr. Shanahan, what concerns should the United States have about how those lessons will play out in the future?

Mr. SHANAHAN. Such lessons could encourage Russia to undertake further actions that are in direct opposition to United States interests and United States leadership. I am concerned Moscow may misjudge American resolve, generating further crises that increase the likelihood of military confrontation between the United States and Russia.

#### TAIWAN

7. Senator INHOFE. Mr. Shanahan, the Taiwan Relations Act of 1979, along with the "Six Assurances", form the cornerstone of United States-Taiwan relations and affirm our commitment to maintain Taiwan's self-defense capability. How do you plan to implement the security partnership that the United States has with Taiwan?

Mr. SHANAHAN. Our security partnership with Taiwan is of great importance. Consistent with the Taiwan Relations Act, the United States makes available defense articles and services necessary for Taiwan to maintain a sufficient self-defense capability. This robust security cooperation relationship also incorporates training on the operation, maintenance and logistics support of the equipment that we provide. If confirmed, I will ensure that the Department maintains substantive, objectives-based defense engagements with Taiwan that bolster their defensive capabilities and improve deterrence to maintain peace and stability in the region.

#### EOD EQUIPMENT MODERNIZATION

8. Senator INHOFE. Mr. Shanahan, the Department of Defense (DOD) Explosive Ordnance Disposal (EOD) warfighters across the Military Services require modernized equipment and updated technology. How will you ensure our EOD warfighters continue to have the most current equipment and technology?

Mr. SHANAHAN. The EOD community continually assesses capabilities and emerging threats. Critical to this effort, DOD acquisition programs and science and technology organizations invest in technologies that leverage commercial market advances to ensure that our EOD warfighters have the most current and capable equipment.

If confirmed, providing EOD warfighters with the best equipment possible will be a high priority for me. I will work with Congress, the Secretary, the Department's technology and acquisition professionals, warfighters, and leaders within industry to promote innovation and implementation of technology in this area as well as in the entire defense acquisition process.

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QUESTIONS SUBMITTED BY SENATOR BILL NELSON

TECHNOLOGY INNOVATION AND ACQUISITION

9. Senator NELSON. Mr. Shanahan, can you describe your experience in streamlining the technology development process from innovation all the way through to production?

Mr. SHANAHAN. During my time at Boeing, I had experience driving technology innovation in both the commercial and defense sectors. On the commercial side, most recently, it has been the deployment of advanced robotics to automate composite wing manufacturing for the 777X and the aluminum fuselage (previously a manual operation). I helped lead the introduction of metallic and polymer 3D printing for commercial aircraft which ultimately will transform cost and customization for the industry. In addition, I have led an enterprise effort to transform design and manufacturing methods for Boeing's second century of operation which has concentrated on new engineering techniques that will yield both high technical performance and significant cost reductions. On the defense side, I led developments involving low observables, directed energy, man/unmanned teaming of rotary wing aircraft, common avionics and mission systems, and structural optimization. My experience is broad-based in terms of technology. I have transitioned technology from concept to full-scale production in as short as 3 years on major production lines in commercial aircraft at high production rates. If confirmed, I am confident that my decades of experience in execution management will allow me to successfully advise the Secretary in addressing the challenges the Department faces.

10. Senator NELSON. Mr. Shanahan, how do you plan to apply those experiences in this role?

Mr. SHANAHAN. If confirmed, I will bring a technical and management background to the Deputy Secretary position. I believe the key to success will be in focusing and motivating the Department's leadership while setting demanding goals that experience tells me are achievable. If confirmed, I will work quickly to get the new Under Secretaries for Research & Engineering and Acquisition & Sustainment established so they can, in turn, focus on getting advanced technologies into our weapons systems faster. Incorporating new approaches and technologies requires close collaboration among the technology developers, the engineer/designers, and the users. Building trust and confidence early in the process, with a total commitment to excellence, sets the conditions for success. If confirmed, I will work with the S&T community, the acquisition community, and the warfighters to make sure we get the best ideas through the process and on to the battlefield.

CYBERSECURITY

11. Senator NELSON. Mr. Shanahan, your predecessor in this role—current Deputy Secretary Robert Work—has testified before this Committee on the need to develop stronger cyber deterrence, as well as the need to improve cyber defenses, including greater cyber hygiene among DOD personnel to prevent network exploitation. What are your specific plans to continue to build upon these efforts?

Mr. SHANAHAN. Effective cyber defenses are a critical component of strong cyber deterrence. If confirmed, I will seek to build upon ongoing efforts, including: continued development of cyber mission focused teams; ensuring better tools and processes to mitigate threats; continuing to recruit and train the forces and develop capabilities that support the Department's missions in and through cyberspace; hardening our most critical military systems, to include weapons systems, networks, and information to ensure military effectiveness; conducting training to increase workforce capabilities; supporting the development of whole-of-government approaches to deter malicious cyber activity; and partnering with other commercial institutions that are investing significant sums of money in order to survive (e.g., large-scale software developers like Microsoft, global securities companies and international banking institutions). The threat will continue to be dynamic and to be rapidly evolving, so the Department must focus on ways to speed up the innovation and acquisition clock in support of more rapid adaptation.

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## QUESTIONS SUBMITTED BY SENATOR CLAIRE McCASKILL

## ACQUISITIONS

12. Senator McCASKILL. Mr. Shanahan, what are the major elements that need to be addressed in order to fix our defense acquisition system?

Mr. SHANAHAN. Opportunity exists on two time horizons: today and for our next generation capability. For today, in my view, strengthening technical and procurement skills in the Department would have high-payoff. Aligning common procurement categories at the DOD level vice military department would allow for more competitive bidding and negotiations, flow-reduction for time to contract, develop a stronger physics-based should-cost model versus historic parametrics, reduction in overhead and oversight burden, and working-capital /inventory management improvement. The most critical work for the future is technology maturation, systems architectures and engineering, and development of a robust supplier network. This work will reduce risk and complexity for our defense acquisition system with a result being significantly lower life-cycle cost, cycle time and greater capability. Engineering drives the acquisition system more than anything else. If confirmed, I will ensure the Department's model for acquiring technology platforms is consistent with practices that produce superior outcomes on the commercial market to the fullest extent appropriate. Technical performance, cost and speed will carry equal priority.

## CYBERSECURITY AND SUPPLY CHAIN

13. Senator McCASKILL. Mr. Shanahan, what are your thoughts on cybersecurity, specifically in how we, as the U.S. Government, could do more to integrate the private sector into our overall National Cybersecurity Structure?

Mr. SHANAHAN. We face significant and dynamic challenges in cyberspace. The threats are rapidly evolving and continuously threaten our ability to match them. Of particular concern are the threats posed by our adversaries and strategic competitors, who seek to use cyber capabilities to undermine our military advantages. If confirmed, I will support Secretary Mattis' efforts to develop a whole-of-government approach in confronting these threats and protecting our national security interests. This includes the critical infrastructure in the United States, much of which is privately held, including: energy, telecommunications, healthcare, and other core services critical to the everyday lives of the American people. Given this reliance and the threats we currently face, there is a need for more extensive public-private partnerships to promote cybersecurity and expand the ways that the Federal Government and private sector can work together, including: enhancing situational awareness, expanding information and threat sharing, exchanging best practices, and coordinating on both incident response and vulnerability mitigation.

## THIRD OFFSET

14. Senator McCASKILL. Mr. Shanahan, what efforts related to the Third Offset Strategy hold the most promise for quick innovation and deployment to the field? Please provide a classified answer if necessary.

Mr. SHANAHAN. The Third Offset hopes to combine advanced emerging capabilities and technologies with new operational concepts to provide dramatically improved warfighting and battlefield performance. Some emerging concepts being explored include the Army's Multi-Domain Battle. This concept would allow land-based forces the ability to provide lethal and non-lethal effects against targets in all domains, enabling freedom of maneuver for the entire Joint Force. Combined with the Navy's distributed lethality operating concept, and the Air Force's manned-unmanned teaming experiments (the pairing of high-end platforms, with low-cost, disposable autonomous systems), these concepts hold promise to countering advanced anti-access/area-denial networks. As I understand, the initial technological focus areas of the Third Offset include autonomous learning systems, artificial intelligence and big data, advanced manned and unmanned teaming, and network-enabled systems hardened to operate in a future cyber/electronic warfare environment.

While I do not currently have access to the classified details of the Third Offset Strategy, I believe these types of technology initiatives are critical. If confirmed, I plan to support these efforts and I will conduct a thorough review of the initiatives to assess the maturity of the different efforts and talk to warfighters about the potential benefits to them, with a view to getting the best capabilities acquired and in the field at speed. Getting our innovation and acquisition process right is my top priority.

## QUESTIONS SUBMITTED BY SENATOR JEANNE SHAHEEN

## DEPARTMENT OF DEFENSE ORGANIZATION

15. Senator SHAHEEN. Mr. Shanahan, the 2016 National Defense Authorization Act requires an up to 25 percent reduction in DOD headquarters staffs. How do you intend on achieving this mandate while meeting the administration's goal to grow the military and increase procurement?

Mr. SHANAHAN. My experience has been that these two goals are not mutually exclusive. The search for savings and efficiencies is "basic hygiene" for good business. If confirmed, I will continue the Department's efforts to reduce the size of major headquarters activities and seek other opportunities to consolidate business operations—with the ultimate goal of applying any savings to programs that increase the lethality of the military. I will also look to use the Congressionally-directed reorganization of AT&L to streamline procurement processes and reduce layers in the Department.

## SMALL BUSINESS

16. Senator SHAHEEN. Mr. Shanahan, what recommendations do you have to improve the acquisition process to support small businesses working on innovative technologies and transitioning these efforts into full-rate production?

Mr. SHANAHAN. The bicycle makers from Dayton, Ohio, showed how they could out maneuver whole nations attempting to develop flying machines. The Wright Brothers have always been an inspiration and reminder to me to have a critical eye for new thinking or ideas. Small businesses and technology emerging from our universities are critical not only to the U.S. economy broadly but also specifically to the defense industrial base. Successes I had at Boeing came about by transplanting Boeing personnel with the small business or research institution thus learning how not to be encumbered by big business or big process. This unlocked velocity, reduced risk and most importantly enhanced user/company knowledge transfer such that the small businesses could more easily understand how the technology could be more effectively tailored. Additionally, performance goals need to be set. My experience is that without goals and assessments of progress lots of little projects are achieved but a robust process is not developed. At DOD, the recent extension of the Small Business Innovation Research/Small Business Technology Transfer (SBIR/STTR) programs could facilitate the development and transition of innovative technologies. If confirmed, I will review these and any other programs as part of a broader effort to support small business participation in the acquisition process.

## ACQUISITION

17. Senator SHAHEEN. Mr. Shanahan, major acquisition programs can take years, or even decades, to field a weapon system and we often find that technologies provided in those systems are obsolete by the time the systems are delivered. What are your recommendations for improving the acquisition process to get new, innovative technologies out to the field more rapidly?

Mr. SHANAHAN. Fundamentally, as a Department there must be a shift from large, complex, customized systems to modular architectures that support on-demand software updates, swapping out major components, standards that allow choice, and multiple supply sources. This engineering approach defines speed, cost, acquisition effectiveness and obsolescence/innovativeness. In concert with creating more modular software, hardware and system elements, I believe, the learning curve traditionally associated with defense production can be eliminated through simulations and automation. Advances in software and affordable, adaptive automation will unlock new industrial capability. The acquisition system will become increasingly transactional as the engineering becomes simpler. Engineering transformation unlocks acquisition streamlining.

## QUESTIONS SUBMITTED BY SENATOR MARTIN HEINRICH

## UNDERINVESTING IN TEST RANGES

18. Senator HEINRICH. Mr. Shanahan, a number of us have expressed concern that DOD isn't investing in the infrastructure at our Nation's test ranges, which are used to validate new weapons and delivery systems. How important is it that new military technology has modern infrastructure and instrumentation for its testing?

Mr. SHANAHAN. My experience is to continuously invest in test ranges and ensure they are fully utilized. Proper testing is a critical part of quickly getting new tech-

nology into the hands of warfighters. New technology demands improved test infrastructure. If confirmed, I will review DOD's current test infrastructure and recommend changes I believe are necessary.

19. Senator HEINRICH. Mr. Shanahan, it's my understanding that DOD has a funding model where one Military Service is responsible for upkeep and modernization of a test range, even though each Military Service utilizes the range. For example, White Sands Missile Range is managed by the Army, and the Army is expected to fund all modernization projects there, but it is a test range that the Air Force, Navy, and Army all utilize. If confirmed, will you take a closer look at DOD's ability to adequately resource our Nation's test ranges and make reforms where appropriate?

Mr. SHANAHAN. If confirmed, I will review the Department's resource methodologies. Test infrastructure is critical to the entire DOD enterprise and if current funding models are insufficient I will explore alternate options.

#### TRANSITIONING TECHNOLOGY

20. Senator HEINRICH. Mr. Shanahan, I was pleased to see your opening statement emphasize that you have experience in converting technologies into operational capabilities. Can you talk about that experience a little and explain how you, as Deputy Secretary of Defense, would facilitate transitioning technologies out of laboratories into the field?

Mr. SHANAHAN. My experience has been varied across many technical domains: hardware, software, engineering, manufacturing, kinetic energy weapons, directed energy weapons, airplanes, helicopters, manned/unmanned machines, and others. Multi-disciplinary teams, technical leadership and operating outside the controls of the enterprise have been key drivers to success. Leadership must have a tolerance for failure and must help navigate difficult problems. Perseverance and sweat are foundational. If confirmed, I will partner with the Under Secretary of Defense for AT&L (and subsequently the USD R&E) to establish hard goals for operational capabilities (teams do better than they ever think they can), have a transition timeline such that ideas/efforts don't stall and fund progress to the plan. Part of my role that adds fuel to the effort is a passion for technology and recognizing talent such that they won't quit until they are successful.

21. Senator HEINRICH. Mr. Shanahan, a number of my colleagues and I think this is an area that is primed for directed energy weapon systems like high energy lasers and high power microwaves. Can I have your commitment to take a close look at these next-generation-weapon-systems and see how you can play a role in their transition?

Mr. SHANAHAN. Yes. I am committed to evaluating these next-generation weapons and determining how they can support the Department and, where applicable, transition to operational use. If confirmed, I will review the Directed Energy Strategic Roadmap when it is completed and assess the potential contribution of the different Directed Energy systems to our warfighting capabilities.

#### RUSSIA THREAT

22. Senator HEINRICH. Mr. Shanahan, senior United States military officials have said Russia is the number one threat to the United States. Just last week, Secretary Mattis said, "absolutely" there should be consequences for undermining our democratic process. Do you believe Russia is a significant threat?

Mr. SHANAHAN. Yes.

23. Senator HEINRICH. Mr. Shanahan, do you believe there should be consequences for undermining our democratic process?

Mr. SHANAHAN. Yes. I believe Russia should be held accountable.

#### PENTAGON BUREAUCRACY AND DECISION MAKING

24. Senator HEINRICH. Mr. Shanahan, former Secretary of Defense Robert Gates used ad-hoc task forces in the Pentagon to accelerate the delivery of equipment and capabilities, because he knew that the bureaucracy and acquisitions process would take too long. He also noted that it routinely required his personal involvement to keep the bureaucracy from smothering ad-hoc task force's efforts. If confirmed, do you expect to face the same challenges in terms of bureaucracy?

Mr. SHANAHAN. I do expect there to be challenges as the Department undertakes its modernization efforts, especially in accelerating the delivery of warfighting capabilities that increase our technological edge at the best price possible. In my experi-

ence, I have found that bad processes—not necessarily bad people—are often the biggest impediments to innovation and speed. If confirmed, I will use the priorities established in the forthcoming National Defense Strategy to align internal and external stakeholders to support the priorities for force structure, capabilities, and investments. Having a strategy, aligning all parties to the strategy, and clearly defining roles, expectations, and accountability will be key elements in overcoming any bureaucratic obstacles

25. Senator HEINRICH. Mr. Shanahan, to what extent will you use your personal involvement to make decisions and move programs forward?

Mr. SHANAHAN. My style is a “hands on” approach because I believe leadership is the essential element needed to change the status quo. Leadership sets ambitious goals, actively provides change management to implement reforms, and engages all stakeholders to achieve shared goals. If confirmed, one of the chief responsibilities I envision as Deputy Secretary and Chief Operating Officer to Secretary Mattis is to align resources to the strategy. Doing so at the required speed and cost will require strong leadership and personal involvement from the Deputy Secretary.

26. Senator HEINRICH. Mr. Shanahan, last year, this Committee authorized cross-functional teams to help get at this problem. Will you commit to setting up these teams to strengthen the decision making process?

Mr. SHANAHAN. I understand Secretary Mattis has already taken advantage of the Committee’s guidance on cross-functional teams and, if confirmed, I also intend to make use of these teams. They are critical to achieving real change. Most of my experience has been operating in an environment composed of cross-functional teams. The most impactful changes come from the interaction of multi-disciplines. On the battlefield it is called joint. DOD needs to have the same mindset with internal operations.

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[The nomination reference of Mr. Patrick M. Shanahan follows:]

NOMINATION REFERENCE AND REPORT

AS IN EXECUTIVE SESSION,  
SENATE OF THE UNITED STATES,  
*June 7, 2017.*

*Ordered,* That the following nomination be referred to the Committee on Armed Services:

Patrick M. Shanahan, of Washington, to be Deputy Secretary of Defense, vice Robert O. Work, resigned.

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[The biographical sketch of Mr. Patrick M. Shanahan, which was transmitted to the Committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF MR. PATRICK M. SHANAHAN

*Education:*

- Harvard University, John F. Kennedy School of Government (Cambridge, MA)
  - 2004
  - Program: “Senior Executives in National and International Security”
- Stanford University, Graduate School of Business, School of Engineering (Stanford, CA)
  - 1996
  - Graduate Certificate: “Product Development and Innovative Manufacturin”
- Massachusetts Institute of Technology (Cambridge, MA)
  - 1991
  - Master of Science in Mechanical Engineering
  - Master of Business Administration, Sloan School of Management
- University of Washington (Seattle, WA)
  - 1985

- Bachelor of Science in Mechanical Engineering

*Employment Record:*

- The Boeing Company: March 1986 to June 7, 2017 Chronology of positions held:
  - April 2016 to Present
  - Senior Vice President, Supply Chain & Operations
  - Mukilteo, WA
  - Description: a member of the Boeing Executive Council, responsible for oversight of the company's manufacturing operations and supplier management functions, including implementation of advanced manufacturing technologies and global supply chain strategies. Also leads Boeing's Environment, Health & Safety and Intellectual Property Management organizations.
- January 2009 to April 2016
  - Senior Vice President & General Manager, Airplane Programs
  - Everett, WA
  - Description: Managed over 36,000 employees globally with P&L responsibility of \$60 billion. Responsible for the profitability, design, assembly and delivery of the 737, 747, 767, 777 and 787 airplanes. Executed 20 production rate increases to deliver over 4,300 airplanes on revenue growth from \$23 billion to \$59 billion.
- October 2007 to January 2009
  - Vice President & General Manager, 787 Dreamliner Program
  - Everett, WA
  - Description: Managed over 8,000 employees globally with P&L responsibility of \$4 billion. Responsible for all aspects of design, test, certification, deployment of a globally-distributed supply chain and development of follow-on derivatives.
- December 2004 to October 2007
  - Vice President & General Manager, Missile Defense Systems
  - Arlington, VA
  - Description: Managed 4,200 employees in nine locations with P&L responsibility of \$2.8 billion. Responsible for development and deployment of advanced missile defense technologies and systems. Key programs included Ground-based Midcourse Defense and Airborne Laser.
- April 2002 to December 2004
  - Vice President & General Manager, Army Programs
  - Philadelphia, PA
  - Description: Managed 10,000 employees between Ridley Park, PA and Mesa, AZ with P&L responsibility of \$2.9 billion. Responsible for the design, production and profitability of the RAH-66 Comanche, AH-64 Apache, CH-47 Chinook helicopter programs.
- February 2000 to April 2002
  - Vice President & General Manager, 757 Program
  - Renton, WA
  - Description: Managed over 1,400 employees with P&L responsibility of \$1.6 billion. Responsible for the design, production and profitability of the Boeing 757 family of airplanes.
- March 1999 to February 2000
  - 767-400ER Program Manager
  - Everett, WA
  - Description: Responsible for the development, certification and delivery of the Boeing 767-400ER.
- July 1997 to March 1999
  - 767 Manufacturing Business Unit Director
  - Everett, WA
  - Description: Managed 1,200 person business unit with an annual budget of over \$150 million. Oversaw factory operations including body structure assembly, systems installation, final body join, functional test and interior installation.
- December 1995 to July 1997
  - Manufacturing Business Unit Manager, Fabrication Division
  - Auburn, WA
  - Description: Managed 1,500 person, 500,000 square foot autonomous business unit with an annual budget of over \$200 million. Responsible for engi-



neering, manufacturing and procuring detail-production and assembly tooling. Accomplishments include: 80 percent improvement in delivery; 57 percent reduction in pickups; 50 percent reduction in lost time accidents; and meeting budget.

- September 1995 to December 1995
  - Tooling Superintendent, Fabrication Division
  - Auburn, WA
  - Description: Managed tool engineering and fabrication operations composed of 850 employees and over 300,000 square feet of design and manufacturing facilities.
- February 1995 to September 1995
  - Tool Engineering Manager, Fabrication Division
  - Auburn, WA
  - Description: Managed Tool Engineering organization composed of 215 employees (115 tool designers, 50 manufacturing engineers, 40 N/C programmers and 10 supervisors). Accomplishments include: 100 percent improvement in delivery; 40 percent cost reduction; and 25 percent improvement in productivity.
- January 1994 to February 1995
  - General Supervisor, Fabrication Division
  - Auburn, WA
  - Description: Managed 250,000 square feet of manufacturing facilities with 400 employees (350 union represented, 15 managers and 35 support). Responsible for the design, N/C programming, machining and assembly of sheet metal and composite tooling. Accomplishments include: 40 percent decrease in cycle time; virtual elimination of all order shortages to customers; 25 percent improvement in productivity; and 50 percent reduction in accidents.
- March 1993 to January 1994
  - Major Assembly Manager, 777 Division
  - Everett, WA
  - Description: Responsible for the assembly of Boeing 777 rear spar. Managed crew of 15 mechanics who installed all major flight control and landing gear support fittings. Accomplishments include: reduced rejection tags 75 percent; reduced pick-ups 50 percent; and consistently delivered assembly under budget and ahead of schedule.
- July 1991 to March 1993
  - Tooling Supervisor, Fabrication Division
  - Auburn, WA
  - Description: Managed 37 hourly toolmakers and machinists responsible for designing, N/C programming, machining and assembling sheet metal tools. Determined applicability, appropriateness and comprehensiveness of an automated shop floor control system for Commercial Airplane Group tooling organization. Developed project strategy, functional requirements and implementation plan.
- June 1989 to July 1991
  - Graduate Student, MIT
  - Cambridge, MA
  - Description: Obtained two Masters Degrees, one in Mechanical Engineering, one in Business.
- November 1988 to June 1989
  - Senior Engineer, Boeing Computer Services
  - Seattle, WA
  - Description: Directed a data processing staff responsible for the operation and maintenance of an eleven-node VAX network. Performed systems engineering, capacity planning, budget forecasting, and user consulting.
- March 1986 to November 1988
  - Engineer, Boeing Computer Services
  - Seattle, WA
  - Description: Developed integrated simulation of Stealth bomber fuel system using DEC, CDC and Cray computers. Used simulation models to evaluate air vehicle performance for contract specified flight missions.

*Honors and Awards:*

- 2016 International Honor Award: Society of Manufacturing Engineers (SME) Eli Whitney Productivity Award

*Affiliations.*

- Chair, University of Washington Board of Regents
- Member, Washington Roundtable
- Fellow, Society of Manufacturing Engineers
- Associate Fellow, American Institute of Aeronautics and Astronautics

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate to complete a form that details the biographical, financial, and other information of the nominee. The form executed by Mr. Patrick M. Shanahan in connection with his nomination follows:]

UNITED STATES SENATE  
COMMITTEE ON ARMED SERVICES

ROOM SR-228

WASHINGTON, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF  
NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in Committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)  
Patrick M. Shanahan.
2. **Position to which nominated:**  
Deputy Secretary of Defense.
3. **Date of nomination:**  
June 7, 2017.
4. **Address:** (List current place of residence and office addresses.)  
The nominee responded and the information is contained in the Committee's executive files.
5. **Date and place of birth:**  
1962, Palo Alto, CA.
6. **Marital status:** (Include maiden name of wife or husband's name.)  
Not Married.
7. **Names and ages of children (if over age 18):**  
Kayla Shanahan, William Shanahan
8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
  - Harvard University, John F. Kennedy School of Government (Cambridge, MA)
    - 2004
    - Program: "Senior Executives in National and International Security"

- Stanford University, Graduate School of Business, School of Engineering (Stanford, CA)
  - 1996
  - Graduate Certificate: "Product Development and Innovative Manufacturing"
- Massachusetts Institute of Technology (Cambridge, MA)
  - 1991
  - Master of Science in Mechanical Engineering
  - Master of Business Administration, Sloan School of Management
- University of Washington (Seattle, WA)
  - 1985
  - Bachelor of Science in Mechanical Engineering

**9. Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

- The Boeing Company
  - Senior Vice President, Supply Chain & Operations
  - April 2016 to June 2017
  - Mukilteo, WA
- The Boeing Company
  - Senior Vice President & General Manager, Airplane Programs
  - January 2009 to April 2016
  - Everett, WA
- The Boeing Company, Vice President & General Manager, 787 Dreamliner Program
  - October 2007 to January 2009
  - Everett, WA
- The Boeing Company Vice President & General Manager, Missile Defense Systems
  - December 2004 to October 2007
  - Arlington, VA

**10. Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

None.

**11. Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

- University of Washington, Officer, Board of Regents.

**12. Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

- Fellow, Society of Manufacturing Engineers.
- Associate Fellow, American Institute of Aeronautics and Astronautics.
- Member, American Helicopter Society International.
- Fellow, The Royal Aeronautical Society.
- Member, The American Society of Mechanical Engineers.
- Member, Boeing Management Association (I have resigned from this Association effective June 7, 2017.)
- Member, Seattle Golf Club

**13. Political affiliations and activities:**

(a) if you have ever been a candidate for or have been elected or appointed to a political office, list the name of the office(s), whether you were elected/appointed/candidate, the year(s) the election was held or the appointment was made, and the term of office (if applicable).

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all individual political contributions of \$100 or more to any individual, campaign organization, political party, political action committee, or similar entity

for the past 5 years. List each individual contribution and not the total amount contributed to the person or entity during the year.

As an employee of the Boeing Company, I contributed to the Boeing Political Action Committee through a recurring bi-weekly payroll deduction. My contributions for the last 5 calendar years were:

2017 – \$2,112  
 2016 – \$4,992  
 2015 – \$4,992  
 2014 – \$5,000  
 2013 – \$4,992  
 2012 – \$4,992

I have also contributed to the following:

- Senator Patty Murray (2016) – \$500
- Governor Jay Inslee (2016) – \$1,000
- Representative Elise Stefanik (2016) – \$500
- King County Executive Dow Constantine (2016) – \$1,000
- Representative Frank Chopp (2014) – \$250

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

- 2016 International Honor Award: Society of Manufacturing Engineers (SME)  
 Eli Whitney Productivity Award

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the Committee with two copies of any formal speeches you have delivered during the last 5 years of which you have copies and are on topics relevant to the position for which you have been nominated.

None.

17. **Commitments regarding nomination, confirmation, and service:**

(a) If confirmed, will you adhere to applicable laws and regulations governing conflicts of interest?

Yes.

(b) Have you assumed any duties or undertaken any actions which would appear to presume the outcome of the confirmation process?

No.

(c) If confirmed, will you ensure your staff complies with deadlines established for requested communications, including questions for the record in hearings?

Yes.

(d) Will you cooperate in providing witnesses and briefers in response to Congressional requests?

Yes.

(e) Will you promise to enforce or ensure whistleblower protections for all those witnesses?

Yes.

(f) Do you agree, if confirmed, to appear and testify upon request before this Committee?

Yes.

(g) Do you agree to provide documents, including copies of electronic forms of communication, in a timely manner when requested by a duly constituted Committee, or to consult with the Committee regarding the basis for any good faith delay or denial in providing such documents?

Yes.

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[The nominee responded to Parts B–F of the Committee questionnaire. The text of the questionnaire is set forth in the Appendix to

this volume. The nominee's answers to Parts B–F are contained in the Committee's executive files.]

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SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

PATRICK M. SHANAHAN

This 8th day of June, 2017

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[The nomination of Mr. Patrick M. Shanahan was reported to the Senate by Chairman McCain on June 28, 2017, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on July 18, 2017.]

