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DEPARTMENT OF DEFENSE FISCAL YEAR 2020 BUDGET

HEARING

BEFORE THE

COMMITTEE ON THE BUDGET HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTEENTH CONGRESS

FIRST SESSION

HEARING HELD IN WASHINGTON, D.C., MARCH 27, 2019

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DEPARTMENT OF DEFENSE FISCAL YEAR 2020 BUDGET

WEDNESDAY, MARCH 27, 2019

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE BUDGET,
Washington, D.C.

The Committee met, pursuant to notice, at 10:02 a.m., in Room 210, Cannon House Office Building, Hon. John A. Yarmuth [Chairman of the Committee] presiding.

Present: Representatives Yarmuth, Moulton, Khanna, Doggett, Kildee, Panetta, Morelle, Horsford, Scott, Lee of California, Jayapal, Omar, Peters, Cooper; Womack, Woodall, Johnson, Flores, Stewart, Roy, Meuser, Timmons, Crenshaw, Hern, and Burchett.

Chairman YARMUTH. The Committee will come to order. Welcome to everyone here. Our hearing today is a review of the President's 2020 budget request for the Department of Defense, and our witness is the Honorable David Norquist. So I yield myself five minutes for my opening statement.

Welcome to Under Secretary of Defense Comptroller David Norquist, who is here to testify on the Department of Defense's 2020 budget. I would like to recognize that you are also performing the duties of Deputy Secretary of Defense, and are here in that capacity, as well.

It has been almost five years since DoD has appeared before this Committee, so this hearing is long past due.

We all agree that we need a military that is second to none. But securing our nation requires a comprehensive strategy, which includes non-defense activities. We must begin by raising budget caps as soon as possible.

Unfortunately, the President ignores this immediate need and instead uses a dishonest OCO gimmick to increase defense spending while cutting non-defense investments critical to our national and economic security. This jeopardizes homeland security, diplomacy, veterans' services, law enforcement, food safety, disease prevention and control, and other vital programs.

The President's apparent unwillingness to reach a deal to increase budget caps sets the stage for more continuing resolutions or, worse, another shutdown. We have heard repeatedly from DoD about the harm to our troops and department operations caused by continuing resolutions.

Under Secretary Norquist, I realize the tremendous responsibility shouldered by you and your Department. Securing the safety of the American people and maintaining the best interest of our

troops is no easy job, especially when the Commander in Chief places his personal political objectives above our national security.

I look forward to your testimony.

[The prepared statement of Chairman Yarmuth follows:]

Chairman John Yarmuth
Department of Defense's Fiscal Year 2020 Budget Request
Opening Statement
March 27, 2019

Welcome to Under Secretary of Defense Comptroller David Norquist, who is here to testify on the Department of Defense's 2020 budget. I would like to recognize that you are also performing the duties of Deputy Secretary of Defense and are here in that capacity as well.

It has been almost five years since DoD has appeared before this committee, so this hearing is long past due.

We all agree that we need a military that is second to none. But securing our nation requires a comprehensive strategy, which includes nondefense activities. We must begin by raising budget caps as soon as possible.

Unfortunately, the President ignores this immediate need and instead uses a dishonest OCO gimmick to increase defense spending while cutting non-defense investments critical to our national and economic security. This jeopardizes homeland security, diplomacy, veterans' services, law enforcement, food safety, disease prevention and control, and other vital programs.

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Under Secretary Norquist, I realize the tremendous responsibility shouldered by you and your department. Securing the safety of the American people and maintaining the best interest of our troops is no easy job – especially when the Commander in Chief places his personal political objectives above our national security.

I look forward to your testimony.

Chairman YARMUTH. And I yield the remainder of my time to the gentlelady from California, Ms. Lee, for brief remarks.

Ms. LEE. Thank you very much, Mr. Chairman, thank you for yielding, and good morning, and welcome.

First of all, thank you for being here. And just for context, for 11 years I worked for my predecessor, our beloved, the late congressman, Ron Dellums, who also Chaired the Armed Services Committee. And so the Pentagon budget is an issue that I worked on for many years prior to coming to Congress, so I want to thank the Chairman for giving me a chance to do this opening statement.

First of all, let me just say I believe that the Pentagon budget request of about—$750 billion? It is totally—it is bloated. Here we are yet again, pouring more blank checks into the Pentagon with little congressional oversight less than a year after the Department proved with a failed audit that it doesn't really know where its money is going.

In lieu of that, and in the environment where, of course, top six defense CEOs took $100 million in profits in a single year, and the acting Defense Secretary is under investigation for industry ties, this budget request is driven, I believe, more by making rich men richer than getting—and also getting political applause lines, rather than military necessity.

More money to the Pentagon doesn't buy more security. We need a combination of tools, including discipline, disbursement of Pentagon dollars using our soft power, like diplomacy, foreign assistance, a strong and fair economy, just application of the law, and we also need a strong military to ensure that our nation is safe.

Moreover, this stepped-up trend of Pentagon increases defies public opinion, which does not favor Pentagon increases, preferring money to go to other priorities. There has only been one year—and that was in 1980—where the majority of Americans said that we spend too little on the military. Nowadays, poll after poll, a majority of Americans—this includes Republicans and Democrats—indicate they do not want Pentagon increases.

A University of Maryland poll in 2018 found that Democrats and Republicans alike would make the most and the largest federal spending cuts to defense, and recognizing we still would maintain a strong national security.

So I am sure you are aware that the annual Pentagon spending currently represents more than President Reagan was spending at the height of his Cold War build-up. It is currently more than seven countries in the world, including Russia and China, combined. This request is $20 billion over what the Administration first asked Congress to include in fiscal year 2020, and it is $35 billion above the $716 billion from fiscal year 2019, which the President himself called—and I quote—"crazy," as recently as December.

In the fall the President told his cabinet, a member of this cabinet—and I quote—"Get rid of the fat, get rid of the waste," and he suggested a defense budget of $700 billion, which would have been a 2 percent cut over the previous fiscal year.

And here we are again, with a budget request of $750 billion, of which $165 billion of that is for an emergency war account within the Pentagon known as OCO.

As the wars we are supposedly winding down, which are, quite frankly, many unauthorized, this OCO gimmick is an even more offensive vehicle used to circumvent the budget caps for defense, while at the same time slashing other important domestic priorities which lack a similar release valve.

With approximately $1.8 trillion in appropriations into this account since 2001, Mr. Secretary, we know OCO has expanded beyond any reasonable measure of what a contingency fund should be, and it is really a black box with no oversight. In recent years we have paid nearly all wartime operations and, dismally, a significant proportion of expected base requirements out of a fund off the Pentagon's regular books, which was meant to be a small emergency fund. The Pentagon itself has admitted to using half of OCO to fund enduring requirements, the opposite of a contingency. As this demonstrates, the continued existence of OCO has resulted in less oversight, less certainty, and higher levels of waste.

And really, if this Administration cared at all about smart budgeting and transparency, you would support the idea of moving OCO back to the base. I support eliminating it totally.

[The prepared statement of Barbara Lee follows:]

Congresswoman Barbara Lee
Budget Hearing
Hearing on the Department of Defense's Budget Request
Comptroller General, The Honorable David L. Norquist
March 27, 2019 at 10:00 AM | 210 CHOB

Thank you, Mr. Chairman and our Ranking Member, for holding this morning's hearing on **the Department of Defense's Fiscal Year 2020 Budget Request.**

Thank you, Deputy Secretary Norquist, for your presence here today.

This Pentagon budget request of $750 billion is completely unnecessary. Here we are yet again pouring more blank checks to the Pentagon with little Congressional oversight. Let me be clear – this budget request will only serve to line the pockets of defense contractors and CEOs rather than make us more secure. Strong security does not just mean more money to the Pentagon – it also means using our soft power – like diplomacy and foreign assistance – to help ensure our nation is safe.

Mr. Norquist – I am sure you are aware that the United States spends more on defense than seven other countries combined – including China, Russia, Saudi Arabia, India, France, the UK, and Japan combined. In 2017, world military spending totaled more than $1.8 trillion. The U.S. accounted for 37% of the total.

What's worse – this Pentagon request is also $20 billion more than what the Trump Administration first asked Congress to include for Fiscal Year 2020. And it is $30 billion above the $716 billion from Fiscal Year 2019 Trump himself called "crazy" as recently as December.

In the fall, Trump told his cabinet to, quote, "Get rid of the fat, get rid of the waste," and suggested a defense budget of $700 billion which would've been a 2 percent cut over the previous fiscal year.

And yet here we are with a **budget request of $750 billion, of which $165 billion of that is OCO money**. Can you believe that? This request is once again a complete gimmick solely used to circumvent the budget caps for defense while at the same time slashing other important domestic priorities.

NOW, Mr. Norquist, we know OCO has expanded beyond any reasonable measure of what a contingency fund should be, and it is a black box with no oversight.

In recent years, we have paid nearly all war time operations out of a fund that was meant to be a small emergency fund. This practice has resulted in less oversight, less certainty and higher levels of waste. And really, if this administration cared at all about "smart budgeting" and "transparency" you would support the idea of moving OCO back to the base and eliminating it all together.

This really is part of a pattern of the Department using half of OCO to fund enduring requirements, which is completely outrageous.

The Department had a plan to get rid of OCO, but a GAO report found they refused to provide it to Congress when Congress wouldn't increase their budget.

But it's not just OCO where there is ongoing waste, fraud, and abuse. The Pentagon overall – as I know you are aware - cannot even undergo a full financial audit which means we don't fully understand where the Pentagon spends its money.

There continues to be revelations of massive waste and fraud at the Pentagon. Let me list some out for you:

- During your recent IG report you found that taxpayers were footing the bill for excessive profits for 46 of 47 spare parts they reviewed. For one part the profit was 4,436 percent
- The Pentagon awarded a $7 million cloud-computing contract to a 1-person company
- The Defense Logistics Agency lost track of $800 million in construction projects

This kind of excessive spending--and constraints on the ability of contracting officers to question these prices--led the former pricing czar for the Pentagon to conclude there was "unconscionable greed" that led to "'war profiteering'" and "price gouging" that the Department is almost incompetent to address (p. 103 in the pdf), and that the Department has "no resources...to combat the problems identified in this report."

Why then, Mr. Norquist, **should taxpayers throw more money at a Department unable to combat this kind of waste, fraud, and abuse?**

Let me answer that for you – it's because we continue to see the Department prioritizing profiting the Defense contract industry over our military personnel. While defense contractors are paid millions of dollars – 90% of that excessive pay comes from defense spending. Meanwhile, career military personnel and others at the Pentagon are paid on average $200,000 or less.

Chairman YARMUTH. Gentlelady, my time has expired.

Ms. LEE. Okay, thank you very much, Mr. Chairman, and I look forward to the questions when I return.

Chairman YARMUTH. Thank you very much. I now yield to the Ranking Member, the gentleman from Arkansas.

Mr. WOMACK. Thank you, Mr. Chairman, for the opportunity. And thank you, Mr. Secretary, for being here today.

Today we are here to discuss the President's budget request for the Department of Defense. This is the agency tasked with keeping the American people safe and defending our values at home and around the world.

As I have said before, ensuring the safety and security of our nation is the primary responsibility of the federal government. It is right there, in the preamble to the Constitution. And it is a responsibility we cannot afford to take lightly, especially at a time when our country faces a historically complex range of threats to national security.

After several years of funding instability, this Administration is taking steps to restore the readiness of our military and provide our troops with the tools and training they have to have. With President Trump's support, Congress passed legislation providing $700 billion for DoD in fiscal year 2018, $716—that is $716 billion—in fiscal year 2019.

As a result of these increases, the Department of Defense has been able to rebuild key areas that were neglected under the previous Administration, such as procuring new equipment and ensuring military readiness, both critical components of a strong defense against some of our biggest adversaries.

The President continues that trend by requesting $750 billion for the national defense budget, about a 5-percent increase from the 2019 enacted. According to the National Defense Strategy Commission, this top-line funding level is critical to maintaining the strength of our all-volunteer force and executing the necessary military strategy to keep our country safe.

Conversely, my friends on the other side of the aisle continue to question these investments, expressing concern that there is too much money being directed toward the Department of Defense. If that is the case, what number would you recommend? Would you recommend freezing spending or cutting spending? And if so, by how much? Where is your plan?

Let me be clear. The consequences of failing to fully fund our national defense going forward are deadly serious and far-reaching. A decrease to the national defense budget could lead to fewer investments in new ships, aircrafts, and weapons that ensure our military can safely and effectively implement our national defense strategy. It could also lead to a reduction in training opportunities and lower retention rates. When these resources are reduced, we are essentially ceding ground to our strategic competitors, allowing countries like China or Russia to gain more access and control throughout the international community.

The fact of the matter is we have a constitutional responsibility to ensure the safety and security of the American people. To fulfill our duty, we must provide our brave men and women in uniform with the support and resources they need to succeed. Today—or to-

ward that end, I also believe it is important to ensure taxpayer dollars are well spent. I commend this Administration for completing the first full-scope, department-wide, financial statement audit of the Department of Defense.

Past administrations have made commitments to conduct this type of audit, but the Trump Administration is the first administration to fulfill that promise. This is an important step as we look to improve the efficiencies and effectiveness of this agency, and we look forward to future audits.

I look forward to hearing more from you, Mr. Secretary, about how Congress can support these efforts.

And with that, Mr. Chairman, I thank you again for the opportunity, and I yield back my time.

[The prepared statement of Steve Womack follows:]

Ranking Member Steve Womack (R-AR) Opening Statement
(As Prepared for Delivery)

Thank you, Chairman Yarmuth, and thank you, Mr. Secretary, for being here today.

Today, we are here to discuss the President's budget request for the Department of Defense. This is the agency tasked with keeping the American people safe and defending our values – at home and around the world.

As I have said before, ensuring the safety and security of our nation is the primary responsibility of the federal government. It's right there in the preamble of the Constitution.

And it's a responsibility we cannot afford to take lightly – especially at a time when our country faces a historically complex range of threats to our national security.

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I look forward to hearing more from you, Mr. Secretary, about how Congress can support these efforts.

With that, Mr. Chairman, thank you again, and I yield back.

Chairman YARMUTH. Thank you.

And in the interest of time, if any other members have opening statements, you may submit those statements in writing for the record.

Under Secretary Norquist, the Committee has received your written statement, and it will be made part of the formal hearing record. You will now have five minutes to deliver your oral remarks, and you may begin when you are ready.

STATEMENT OF THE HONORABLE DAVID L. NORQUIST, UNDER SECRETARY OF DEFENSE (COMPTROLLER)/CHIEF FINANCIAL OFFICER AND PERFORMING THE DUTIES OF DEPUTY SECRETARY, DEPARTMENT OF DEFENSE

Mr. NORQUIST. Thank you, Chairman Yarmuth, Ranking Member Womack, distinguished Members of the Committee. I appreciate the opportunity to testify in support of the President's fiscal year 2020 budget request for the Department of Defense. I would like to start by thanking the Members of this Committee for your support for the Department of Defense. I look forward to working with you to ensure the men and women of the Armed Forces have the resources they need to execute their mission.

The fiscal year 2020 defense budget is a strategy-driven budget. As described by the National Defense Strategy, the erosion of our competitive edge against China and Russia continues to be DoD's central problem. And to preserve peace, we must be prepared for the high-end fight against near-peer competitors.

While counter-terrorism will continue to be as a—continue as a core challenge in the future, conventional conflicts with other nations will likely be radically different from the short conventional wars we have fought since the collapse of the Soviet Union.

The world as changed dramatically since then. After the first Gulf War the United States reduced defense investments, and we structured its military to fight violent extremist organizations, while China and Russia studied the capabilities that gave the United States overmatch in Desert Storm, and built militaries to counter them, dramatically reducing our advantage.

In recent years China has fielded its first aircraft carrier, demonstrated the ability to shoot down satellites, continued to field short, medium, and long-range missiles, successfully tested hypersonic glide vehicles, and modernized and expanded its nuclear capabilities. As these developments indicate, wars of the future will be waged not just in the air, on land, and at sea, but also in space and cyberspace.

For example, we must anticipate multi-dimensional attacks not just against our military forces, but on critical infrastructure at home. In order to deter these future conflicts, we need a military capable of winning them. The National Defense Strategy is our road map to get there.

At the beginning of 2017 the Department had suffered from unstable budgets and devastating sequestration cuts that had eroded readiness and exacerbated our challenges. Over the past two years, this Administration, with Congress's support, has made investments to undo the damage, and we are already seeing significant benefits to readiness across military services.

As we move forward we must work together to protect these gains, while building a military to meet the challenges of the future. The President's 2020 budget request, $750 billion for national security with $718 billion of that for the Department of Defense, executes the National Defense Strategy by increasing our investment in four areas.

First, sustaining our forces and building on our readiness gains.

Second, modernizing our capabilities in the air, maritime, and land domain, including $14 billion to modernize and recapitalize all 3 legs of our nuclear capability; and $13.6 billion for missile defense modernization.

Third, we are developing our emerging space and cyber warfighting domains, to include increasing our investments in space by 15 percent, and in cyber by 10 percent.

And fourth, accelerating innovation and technologies such as artificial intelligence, hypersonics, autonomy, and directed energy.

It is the largest RDT&E request in 70 years, the largest shipbuilding request in 20 years. It includes a 3.1 percent military pay raise, the largest in a decade. And it increases our total end strength by roughly 7,700 service members. All this with defense spending remaining near a record low of—as a percent of GDP, 3.1 percent, down from 4.5 percent in 2010, and at 15 percent of the federal budget, down from 21 percent in 2007.

The stakes are clear: If we want peace, our adversaries need to know there is no path to victory through fighting us. Military superiority is not a birthright. Each generation must actively sustain it.

I appreciate your support, and I look forward to answering your questions. Thank you.

[The prepared statement of David L. Norquist follows:]

House Budget Committee
Written Statement for the Record
David Norquist
Performing the Duties of the Deputy Secretary of Defense
27 March 2019

Chairman Yarmuth, Ranking Member Womack, distinguished Members of the Committee, I appreciate the opportunity to testify in support of the President's FY2020 budget request for the Department of Defense.

I would like to start by thanking the Members of this Committee for your support for the Department of Defense. I look forward to working with you to ensure the men and women of the Armed Forces have the resources they need to execute the mission.

The FY2020 defense budget is a strategy driven budget. As described by the National Defense Strategy (NDS), the erosion of our competitive edge against China and Russia continues to be DoD's "central problem" and to preserve peace we must be prepared for the high-end fight against near-peer competitors. While counter-terrorism will continue as a core challenge, in the future, conventional conflicts with other nations will likely be radically different than the short conventional wars we've fought since the collapse of the Soviet Union. Since the 1990s, conventional opponents have typically lacked a Navy or meaningful Air Force, much less space or cyber capabilities. As a result, these conventional conflicts were short and lopsided. For example, Desert Storm took less than 45 days.

To assume future conventional wars will be like those wars would be a tragic mistake. Desert Storm occurred at the pinnacle of our military advantage, and the world has changed dramatically since then. After the Gulf War, the United States reduced defense investments and restructured its military to fight violent extremist organizations, wars that consumed the readiness of a smaller force and diverted resources to current operations instead of modernization. The Department of Defense cut force structure by 30 to 50 percent and reduced research and development in cutting-edge capabilities.

In contrast, China and Russia have spent the last thirty years studying the capabilities that gave the United States overmatch in Desert Storm and building militaries to counter them, dramatically reducing our advantage. In recent years, China has fielded its first aircraft carrier; demonstrated the ability to shoot down satellites; continued to field short, medium, and long range missiles; successfully tested hypersonic glide vehicles; and modernized and expanded its nuclear capabilities, to name just a few examples. Meanwhile, Russia is modernizing its nuclear triad; fielding ground-based directed energy laser weapons; pursuing six new strategic weapons systems including hypersonic systems; and developing counterspace capabilities.

As these developments indicate, wars of the future will be waged not just in the air, on land, and at sea, but also in space and cyberspace. For example, we must anticipate multi-dimensional attacks not just against our military forces, but on critical infrastructure at home alongside space-based attacks designed to take down satellites and disrupt our communication systems and the Global Positioning System (GPS) we rely on for everything from navigating our ships and guiding our munitions to setting time globally.

In order to deter these future conflicts, we need a military capable of winning them. The National Defense Strategy is our roadmap to get there. It has three lines of effort: build a more lethal force, strengthen alliances and attract new partners, and reform the Department to include the first Department-wide full scope financial statement audit.

At the beginning of 2017, the Department had suffered from unstable budgets and devastating sequestration cuts that had eroded readiness and exacerbated our challenges. Over the past two years, this Administration, with Congress's support, has made investments to undo this damage—and are already seeing significant benefits to readiness across military services. As we move forward, we must work together to protect these gains while building a military to meet the challenges of the future.

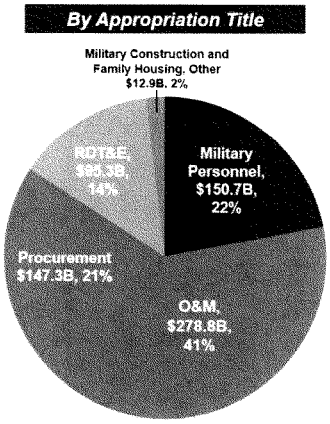
The President's budget request for Fiscal Year 2020 is $750 billion for national security, with $718 billion for the Department of Defense. To put this in context, this Committee has oversight over a $4.7 trillion budget of which Department of Defense budget authority represents just 15%.

Department of Defense Budget

$ in billions	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2020 Request
Base	523.5	599.6	616.1	544.5
Overseas Contingency Operations	82.5	65.2	68.8	66.7
OCO for Base	--	--	--	97.9
Emergency	--	5.8	--	9.2
Total	**606.0**	**670.6**	**685.0**	**718.3**

Of the $718 billion, $545 billion would go towards base funding and of the Overseas Contingency Operations funds, $67 billion would go to direct war and enduring requirements—similar to the amount we spent last year—while $98 billion would fund base requirements. $9.2 billion would fund emergency construction, which includes: an estimated $2 billion to rebuild facilities damaged by Hurricanes Florence and Michael; up to $3.6 billion to replenish funding for any military construction projects should the Acting Secretary decide to use such funds to undertake border barrier projects under the emergency declaration this year; and $3.6 billion in case additional emergency construction is needed to support use of the Armed Forces under the emergency declaration.

The budget is also broken down into five categories based on use—military personnel, operations and maintenance, procurement, research and development, and military construction.



With respect to military personnel, this budget increases end-strength by roughly 7,700 service members over FY2019 projected levels and includes a 3.1 percent military pay raise, the largest in a decade.

With respect to operations and maintenance, it funds readiness to executable levels across the Military Services, including an additional $1.7 billion for Armored Brigade Combat Teams critical training and

infrastructure improvements and $1.2 billion in core Air Force readiness programs such as depot maintenance, contractors logistics support, and flying hours.

With respect to procurement, the FY2020 budget includes the largest ship-building request in 20 years and a $57.7 billion investment in modernizing our air capabilities which includes 4th and 5th generation aircraft and extended range missiles.

$95 billion for research and development is the largest RDT&E request in 70 years, and includes $3.7 billion for unmanned/autonomous systems, $927 million for artificial intelligence, and $2.6 billion for hypersonics.

Finally, within military construction, we are investing in critical infrastructure and key facilities to include $6.1 billion for readiness improvements and $200 million for military and family housing construction associated with critical life, safety, and health repairs.

Other key initiatives include $14 billion to modernize and recapitalize all three legs of our nuclear capabilities, $13.6 billion for missile defense modernization, and the establishment of the United States Space Force.

Although defense spending is sizeable, it is at near record lows as a percentage of the economy and federal spending. Defense spending is now at 3.1% of GDP, down from 11.3% in 1953 and 4.5% in 2010—and at 15% of the federal budget, down from 52% in 1957 and 21% in 2007.

Defense Spending as a % of Gross Domestic Product (GDP)

Source: National Defense Budget Estimates for FY 2019 (Table 6-13); historical and projected GDP from both the FY 2019 and FY 2020 Budget of the U.S. Government.

DoD funding is near a record low as a percent of our economy

The FY2020 budget is about laying the foundation for transformational change—and it executes the NDS by reprioritizing resources through reform and increasing investments in four key areas. First, it invests in the contested space and cyber warfighting domains, increasing our allocations in space by 15% and in cyber by 10%. Second, it modernizes capabilities in the traditional air, maritime, and land domains. Third, it accelerates innovation in emerging technologies such as artificial intelligence, hypersonics, autonomy, and directed energy. Finally, it sustains our forces and builds on our readiness gains. As a result of these investments, we will field a Joint Force that is flexible, adaptable, and capable of operating in an environment that is increasingly complex and contested.

The stakes are clear. If we want peace, our adversaries need to know there is no path to victory through fighting us. Military superiority is not a birthright. Each generation must actively sustain it. I appreciate your support and look forward to answering your questions.

Thank you.

Chairman YARMUTH. I thank you for the opening statement. We now will begin the question-and-answer session of the hearing. And the Ranking Member and I will defer our questions until last.

I now recognize the gentleman from Texas, Mr. Doggett, for five minutes.

Mr. DOGGETT. Thank you, Mr. Chairman.

And thank you so much for your testimony and your service. I represent San Antonio, which is well known as Military City, USA. Among the many institutions in San Antonio that are important to our security and to the community is Brooke Army Medical Center, along with Wilford Hall, but Brooke Army being the place where we have the largest Army-Air Force medical center in the country, and the source of training for personnel throughout the military.

I forwarded you in advance of the hearing some concerns that I am hearing about the future of military medical personnel there. As you know, the Pentagon was required by the National Defense Authorization Act of 2017 to determine the size and composition of our military medical force. And that deadline was not met. I believe you were supposed to have something to us last month that we have not received.

Can you tell me when we will have a formal report and what the impact, or what the plan is concerning active-duty medical personnel?

Mr. NORQUIST. Sure. So as you point out, at the beginning, that—the National Defense Authorization Act directed the Department to look at the medical forces. And there is two issues here, because the goal of this one is improving the care of the members of the military and their families, and improving the readiness of those medics who have a military function.

So what we, the Congress, looked at and noticed was we have a war-fighting mission and we have medical training that individuals are required to have, and we have a care or treatment that—the people performing one are not necessarily learning the skills they need for the war-fighting.

So what we have done in the study is, at the Congress's direction, is looked at what are those types of procedures, what is the training that is best done by somebody in the military to meet their military requirement, and what could otherwise be done by civilian doctors who, with the higher repetitions, would be able to provide equal or better care?

So what the services have put forward is a recommendation about the numbers to be realigned. It would occur gradually. Positions would move as people attrited out, and replacements were put in. I don't, off the top of my head, know whether the report has been submitted yet or not. I will find that for you and get that for the—I am being told we sent it on 22 March, but I will make sure, sir, you get a copy.

Mr. DOGGETT. Okay. So within the last week.

Mr. NORQUIST. Correct.

Mr. DOGGETT. And I would like to get a copy. Do you envision in—through that report and that study, that there will be a reduction in active-duty military medical personnel?

Mr. NORQUIST. There will be not—there will be a reduction in the medical personnel, but not a reduction in the total force. The

services would be able to realign those into others, but those positions coming down, they will potentially doctors——

Mr. DOGGETT. Will they be replaced by civilian doctors?

Mr. NORQUIST. In general, yes. We want to make sure we maintain the same level of care.

Mr. DOGGETT. I am changing subjects to the very important matter of readiness that you focused on.

As you are well aware, $1 billion was diverted to an imaginary crisis, contrary to the determination of both the House and Senate and without their approval. That $1 billion could have been used for readiness, couldn't it?

Mr. NORQUIST. That $1 billion was appropriated for a military personnel account.

Mr. DOGGETT. Yes, sir.

Mr. NORQUIST. And we have had a challenge in recruiting, which meant that we hadn't——

Mr. DOGGETT. Yes, but that—you could have sought congressional approval to use that $1 billion for readiness, could you not?

Mr. NORQUIST. I—we could.

Mr. DOGGETT. Yes.

Mr. NORQUIST. We have been looking at—yes.

Mr. DOGGETT. And one of the other concerns I have—that you are familiar with as well—is the recent comments of the Marine commandant that one of the reasons we have a readiness problem is that he has been forced to cancel or reduce planned military training in at least five countries, and delay urgent repairs at bases because his—of the diversion to the border.

He also says that the hurricane season, with it being only three months away, that we are short a significant amount of money for recovery operations. Again, that $1 billion could have been put aside for use in anticipation of hurricanes, couldn't it?

Mr. NORQUIST. So we talked to the general. We always appreciate and want to understand the challenges they face. His concern was not actually the cost of deployments on the border. The cost for the Marine Corps for that is quite low. His concern was the hurricane damage and the issue of whether or not Congress would approve the——

Mr. DOGGETT. It is correct that he says that he was forced to cancel planned military training in five other countries and repairs on bases.

And seeing my time expire, I would also like to know when we will know which specific projects in San Antonio and across the country are targeted to take the money that Congress appropriated for them for things like a tower, aircraft tower in San Antonio, to be used for this fake wall crisis.

Mr. NORQUIST. So on the second question, which is 2808, when we have identified what the requirements are, and the sources, we will be happy to provide that.

Mr. DOGGETT. Well, when will that be?

Mr. NORQUIST. Right now we have received the request from the—information from the Department of Homeland Security. The Joint Staff and others are looking at it to determine if those projects meet the legal requirements. I expect we will hear back from them in April, so it would be after that point.

Mr. DOGGETT. Sometime in April, you would expect, or——

Mr. NORQUIST. I expect to hear back from the Joint Staff in April. I don't know at what point we will make a determination on the total amount of funding and, therefore, what the—sources would be required.

Mr. DOGGETT. By total amount of funding, you don't know how much more money the President will ask for the wall? Is that what you are asking? Is that what you are——

Mr. NORQUIST. Well, he has talked about using up to $3.6 billion in military construction. But that determination is with the Secretary of Defense. And it depends on our review of the requirements and what it meets.

So whether we do that amount, or some other amount, or we do it in increments is not something I know the answer to yet.

Mr. DOGGETT. My time is up. But your—you say it will be after April. Can you give us any more precise date? Because we've——

Mr. NORQUIST. I don't have——

Mr. DOGGETT.——been asking for this for months.

Mr. NORQUIST. So we provided the list of the unobligated. That is the pool from which it is drawn from. But we won't know the other until we hear back and get the feedback on the initial list, recommendation of uses of the funds.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentleman from Ohio, Mr. Johnson, for five minutes.

Mr. JOHNSON. Mr. Chairman, I appreciate the time. I am looking forward to hearing what our panelist has to say today. It is extremely important that we look at the DoD budget and determine the best way to support our troops.

I have been a—you know, as a 27-year veteran myself, I very, very strongly support strengthening our military. The world is a dangerous place. And without the resources that our troops need, Americans are not safe, the world is not a safer place.

So I am not going to use all of my time. I am going to yield back, but I just want to say thanks for being here, and I look forward to discussing the details that you are going to share with us today.

Mr. NORQUIST. Thank you, Congressman.

Chairman YARMUTH. I thank the gentleman. I now recognize the gentleman from New York, Mr. Morelle, for five minutes.

Mr. MORELLE. Yes. Thank you, Mr. Chair. And thank you, Mr. Under Secretary. I am new here; I am not sure what the title is. Do I call you Mr. Under Secretary, Mr. Secretary?

Mr. NORQUIST. Comptroller, too. Whatever you like, Congressman.

Mr. MORELLE. Very good, sir. Thank you. Thanks for being here.

I wanted to talk about a couple things. First, related to recruitment, readiness, and workforce development, I understand that nearly 350 retired admirals and generals recently submitted a letter to Congress expressing their concern over deep cuts to non-defense discretionary programs, and they note that the armed services are facing a recruitment crisis, as they described it.

According to the letter from Mission Readiness, several branches missed their recruiting goals last year, 2018, by 31,000 potential soldiers. And these national security experts, volunteering their time, are greatly concerned about the erosion of our military

strength due to a shortage of qualified young people, noting that 71 percent of young Americans cannot qualify for military service because they are too poorly educated, medically or physically unfit, or have a disqualifying record of crime or drug abuse.

Do you disagree with the assessment of these retired admirals and generals who argue that cuts to NDD programs, including child care and development block grants—Head Start, which I note the President decreased in his budget from 891,000 to 871,000 slots—and Early Head Start undermine our national security with regard to the development of future recruits?

Mr. NORQUIST. I can't speak to the connection to the domestic programs, but I do understand and agree with the 30 percent of individuals qualified, and the challenges that creates to our recruiting and retention.

Mr. MORELLE. Well, and I would just make the argument that continued investment in these programs—Head Start, early childhood development programs—do actually help us as it relates to making certain that our future workforce and future war-fighters are well trained, and that we can do recruitment.

One other thing I wanted to just touch on briefly in my remaining couple of minutes. Education and workforce development has been very important to the Department of Defense. And my district, which is Rochester, New York, has a long history of technology-based industries: Eastman Kodak, Bausch and Lomb, Xerox, Harris, just to name a few.

Because of our history with these companies, our region is today a hub of technological advancement in optics imaging, photonics. These high-tech areas are educating and developing a workforce, including technicians, baccalaureate, masters, Ph.D. engineers, and scientists, which are, in my view, vitally important to continue U.S. leadership in high-tech areas and defense, which relies more and more on technology.

As you work to develop emerging technologies to the benefit of our war-fighters, development of new educational curriculum, and efforts aimed at attraction of students to these fields, in my view it will be necessary. And from my conversations with researchers, I am persuaded that you cannot just take engineers or physicists and quickly transform them into quantum experts and those experts in an emerging and new field, which is going to be critical to DoD investments of the future.

We have, for example, AIM Academy, which is the American Institute for Manufacturing—integrated photonics, photonic circuits, using optics which dramatically decreases weight of jet fighters and men and women on the ground in the infantry. And I just wonder whether or not you are continuing—you intend to continue to fund education workforce development initiatives such as—that exists in the DoD sponsored by—like AIM photonics and other initiatives.

And if you could, just address that in the last minute or so.

Mr. NORQUIST. Sure. Across the Department of Defense, we recognize the importance of the skill set with the new challenges we face, particularly the STEM type of technologies, cyber, and others. And we will continue to invest in ensuring our military and our workforce has that, and that we are able to draw those types of individuals into service.

Mr. MORELLE. And I do note that some of those countries which would be our adversaries are investing dramatically in artificial intelligence, machine learning, imaging, optics, photonics. And I would just encourage you to continue, to the greatest extent possible, to keep that in mind. The emerging field of quantum engineering and quantum particles, quantum physics, quantum computing is going to be critical to our success in defending the United States and our allies.

Mr. NORQUIST. I agree.

Mr. MORELLE. Thank you, sir.

Chairman YARMUTH. The gentleman's time is expired, and I now recognize the gentleman from Texas, Mr. Flores.

Mr. FLORES. Thank you, Mr. Chairman.

Mr. Secretary, thank you for joining us today. I would like to drill into the allocation of the budget real quickly, if we could. I am looking at the 2020 lay-down of the budget, and I was wanting to compare it to fiscal year 2019, if we could.

So for military personnel—let's start with that—you have $150.7 billion for fiscal year 2020. What was it for fiscal year 2019?

Mr. NORQUIST. A—$150.7 is the 2019 number, Congressman; $155.8 is the 2020 request.

Mr. FLORES. Okay.

Mr. NORQUIST. An increase of about 3.3 percent, which is adding $7,700 and adding the military pay raise.

Mr. FLORES. Okay. And then for O&M, what increase do you show there?

Mr. NORQUIST. Sure. O&M goes from $278.8 billion to $292.7, an increase of about 5 percent.

Mr. FLORES. Okay, Procurement?

Mr. NORQUIST. Procurement goes from $147.3 down to $143.1, so that drops about 2.8 percent.

Mr. FLORES. Okay. And then the one I am really passionate about, R&D.

Mr. NORQUIST. So this is the main area of emphasis, given the types of challenges, so that goes from $95.3 billion in 2019 to $104.3 billion, an increase of $9 billion or 9.4 percent. That is an area of particular emphasis for the Department in this budget, given the range of challenges that we face in the future.

Mr. FLORES. Okay, great. You talked about recruiting. We know that in certain key areas, like pilots, we have shortages. As a pilot myself, I understand the long lead times to develop the personnel to be fully functioning in that area.

What are the other critical recruiting shortages that we have today that have long lead times?

Mr. NORQUIST. Sure. So the first one you have is maintainers. And while, originally, we had—I think the Air Force had a gap of 4,000 maintainers, they have now been able to hire to fill that. But there is a significant difference in the skill set of a first-year maintainer to somebody who has been working those engines and those parts for five or six years. So while we have addressed the numbers, the growth of the skill as those individuals get more experienced, that is one.

Another area you are looking at is cyber and cyber security. That is as challenging environment with a very competitive marketplace. So I think those are two that I would highlight.

You bring up pilots, as well. That is another.

Mr. FLORES. Okay, great. And then, one of the areas you talked about in your testimony was $14 billion for the nuclear triad. We have heard reports about deferred maintenance challenges with respect to our nuclear arsenal. Does the $14 billion get us caught up? Or will we still have deferred maintenance challenges there that will take years to overcome? If so, how long do you think it takes?

Mr. NORQUIST. So the $14 billion is predominantly focused on also the replacement of those systems. What we are doing is we have some very old systems, and our time is running out to bring in the next generation. They have served us well, they have served decades of administrations with the deterrence, which is one of our critical functions.

But at a certain point the amount of maintenance we can do to keep them going is limited, and we need to shift to the next generation. And that is what you are seeing the investments for in this budget.

Mr. FLORES. Okay, so the $14 billion is for next-gen nuclear triad replacement——

Mr. NORQUIST. Well, it includes both, and—but it involves heavily the next generation of technologies.

Mr. FLORES. Okay, very good. You know, like you, I feel it is pretty important for us to stay ahead on the technology curve, to invest in 5G, artificial intelligence, autonomy, robotics, and so forth. And also, in telecommunications networks.

In that area, in last year's NDAA, we had provisions to ban the use of ZTE and Huawei equipment. I assume that those bans are embedded in this budget. Is that correct?

Mr. NORQUIST. That policy would continue.

Mr. FLORES. Okay. Are there any other policies in your budget that help us to secure our telecommunications for defense purposes?

Mr. NORQUIST. So we have a number of investments on the defense side, and the parts of the telecommunication network that we control. I don't know that we have ones that extend into the commercial side, though I know we do cooperative work with them. But let me take that for the record, and see what we have.

Mr. FLORES. Okay, that would be great. And then lastly—and this is my most important question for today, and that is how will the Department be affected if we don't have a caps deal, and if you suddenly wind up with a sequestration cut of $70 billion-plus?

Mr. NORQUIST. So sequestration would be devastating to the Department of Defense. I think if you worked through the steps that would have to happen, the first is you end up with a challenge in filling vacancies. You start to have hollow units, people being asked to do more because there aren't the soldier or the sailor next to them to do their part. You start canceling readiness exercises if you go down—you know, when you are talking about that scale of reduction. Those aren't small things you can work around; those are—$71 million is enormously disruptive.

Think about it. We bring in 270,000 military people a year. And so the amount of training needed to keep that next generation ready is significant.

You also will affect acquisition of new systems, the technologies needed to keep pace. And, of course, one of the things that is almost always the first one to go is the new technologies, and the research that we think is essential to keeping pace with the threat of the next decades.

Mr. FLORES. Thank you for joining us today, thank you for your answers, and I appreciate your service to our Defense Department.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentleman from Virginia, Mr. Scott, for five minutes.

Mr. SCOTT. Thank you, Mr. Chairman.

Mr. Norquist, I have a question about the Truman aircraft carrier. The Pentagon proposal to cancel the mid-life refueling and complex overhaul of the Truman and retire her early would be detrimental to the Navy's ability to strategically deploy carriers in times of crisis. It would also bring our fleet down to 10 carriers, which violates federal law saying that the Navy shall include not less than 11 operational aircraft carriers.

Numerous reports from defense industry leaders and members of both sides of the aisle vehemently disagree with this proposal. If the Truman were to be retired early, it would be—it would have served less than about half of its full operational life, and that would be—and have a detrimental impact on the shipyard—on the shipbuilding industrial base.

Can you tell me what analysis the DoD did on the negative impacts to the strategic dispersal of the fleet, as well as the impact on the shipbuilding industrial base if this decision were to be implemented, and what other alternatives the Navy considered for savings without retiring the Truman, and what the cost of decommissioning and Nimitz-class aircraft carrier early would be, and what cost assumed to be assessed to this RCOH will have to now be assumed by other projects?

Mr. NORQUIST. I appreciate the question, Congressman. This is an important issue. When we started, we—first question we were looking at is whether to do a two-carrier buy, and there was some concern about the additional cost that would put into the budget, because of the acceleration of the second carrier. And the question became, in part, would you be better to do the refueling and wait on the second carrier, or getting the extra capabilities of a new, modern carrier be the right tradeoff?

One of the things that drove us towards that decision is both the savings from the two-carrier buy, the ability of us to make sure that, with the additional investments that we are making in shipbuilding, that we could address the workforce labor requirements.

The other part is that, as we go through the next few years, there is only, I think, $17 million in this budget that is actually related to the refueling. So that is a decision that we bring to Congress now that doesn't take immediate effect. And that allows us to—and I would encourage to have a discussion between our folks to do this analysis with you at a slightly more classified——

Mr. SCOTT. Okay. You recognize that the cost of the decommissioning early and the transfer of cost from this project to other

projects would pretty well diminish any savings that you could have achieved?

Mr. NORQUIST. We estimate that is about $3.4 billion for the decommissioning in savings, and $1 billion a year thereafter, because of the full operating cost. And there is a tradeoff in the other capabilities that you can buy for that. That is part of what the analysis looked at.

Mr. SCOTT. Let me ask two questions in the time I have remaining.

Holding MILCON projects hostage for the wall, we have a project in—that was awarded in fiscal year 2018 at Joint Base Langley, an aviation training facility. I think Mr. Doggett asked about this. There are a lot of projects being held up on reprogramming. And is it my understanding that the previous process was that the reprogramming request would be submitted to Senate and House Armed Services Committee for approval, and these reprogramming requests are just going to be done without approval? Is that right?

Mr. NORQUIST. Okay, so there are two subjects. Let me split them out. The military——

Mr. SCOTT. Well, let me ask another question, because my time is going to run out, so—get them all in.

A 2017 GAO study reported—and I quote—"GAO's analysis of Navy shipyard facilities data found that their overall physical condition remains poor. Navy data show that the cost of the backlog to restoration and maintenance projects at shipyards has grown by 41 percent over five years, to a Navy-estimated $4.86 billion, and it will take 19 years to clear. Similarly, a Navy analysis shows that the average age of shipyard capital equipment exceeds—now exceeds expected useful life, partly as a result of these poor conditions. Shipyards have not been able to meet the Navy's operational needs."

As we are moving towards the 355 Navy fleet to ensure the safety and security of our American people and their sailors, what in the budget would allow—the question is what would allow the Navy to sufficiently address this backlog on restoration and maintenance at our public shipyards?

Mr. NORQUIST. Okay, so let me walk through the three questions that you asked. I will start with the last one, to make sure I don't miss it, and go back to the first.

In the budget we have an increase in what is called FSRM, facilities sustainment, repair, and maintenance. Those are the types of funds that we would use to protect the workyard and the shipyards, and keep them up to date. Those are the funds that we have been increasing each year, particularly this year, across the board because we share those concerns.

With regard to border construction, there is two authorities that are being considered for that. One is 284, that is the reprogramming you mentioned, where the answer is that is the money going from the unused MILPERS account. And that is the reprogramming that went up earlier this week.

You are correct, normally those have traditionally been prior approvals, where the committees would send us letters. The law requires only a notification. So that went up as a notification. That doesn't affect military construction.

The military construction authority is called 2808, and that is one where what the Department has done is identified the pool of projects that have not yet been awarded. But to take, for example, the item you mentioned, any project scheduled to be awarded before 30 September of this year, before this fiscal year ends, there is no delay. We are scheduled to go ahead with those. The intent is to award those contracts.

The ones potentially affected would be those who don't begin until after 1 October. But in those cases we have asked for money in the budget for military construction, so that, should the budget be enacted on time, those items would not be disrupted, either. Our goal is not to cancel any of these projects; our intent is to prevent any delay or disruption to readiness.

Mr. SCOTT. Mr. Chairman, thank you——

Chairman YARMUTH. The gentleman's time expired a long time ago.

[Laughter.]

Chairman YARMUTH. But very valuable information was gleaned. So I now recognize the gentleman from Utah, Mr. Stewart, for five minutes.

Mr. STEWART. Thank you, Mr. Chairman. And I will try not to have you say my time is expired. I will go quickly.

Deputy Secretary, thank you for being here. Thanks for your service. You see I have here my Air Force wings. Actually, that is not true, these are my father's Air Force wings. He was a pilot in World War II. He had six sons. Five of us served in the military. There is members of my family who are deployed today, some of them for the second and third and fourth times. We appreciate what you are trying to do to protect and to train and equip our war-fighters.

I got to comment on a couple things that other members have said very quickly.

First, Ranking Member Womack, he talked about the primary responsibility of the federal government. And this is important to state before we get to my questions, because it kind of sets the table. This is just fundamentally true. It is the fundamental responsibility of the federal government to protect our national security. It is—they are the only organization that can do that. And you are engaged in a great work.

I talk about American exceptionalism all the time. In fact, I am kind of warned not to do that. And when I do that, I am not saying we are better than another country, I am saying that we have a unique responsibility to lead. And if we don't lead, then Vladimir Putin will, or President Xi will. And they will lead the country in a very, very different place. And from refugees to nuclear power, we have a truly global responsibility. And we appreciate what you are doing with that.

Now, to—Mr. Flores has made a comment about Huawei, ZTE. And I would ask—add Kaspersky Lab to that. I am not going to ask a question, I am just going to encourage you please, please be careful in that. I mean talk about shooting yourself in the foot. You are not shooting ourselves in the foot, we are shooting ourselves in the chest if we are not—if we don't make very obvious correct decisions on those things.

Now, I want to hit a local and then a global issue. I have this unique claim that I am the only Member of Congress who has ever actually bombed their own district, because I was a B–1 bomber pilot, and the Utah test and training range is in my district. So I have dropped bombs there many times.

[Laughter.]

Mr. NORQUIST. I appreciate the clarification, Congressman.

Mr. STEWART. I saw the look on your face, and I thought I should clarify this.

[Laughter.]

Mr. STEWART. And UTTR—we called it the UTTR, Utah Test and Training Range—truly is unique. It is the only facility like it, even in the world, and certainly in the United States.

But with new fifth-gen weapons coming out, with hypersonic missiles and much of the technology that is developing and is critical to our—that fundamental responsibility, the training ranges have to stay up with that. And we need your assurance that we are going to spend money—I am talking for defensive emitters, the S300, the S400s, again, that we expand in space.

I have worked very hard over the last three or four years to expand the airspace that would allow us to take advantage of the UTTR. Tell me, can you assure us that we are going to spend the money and make the commitment to make that training range what is necessary for these new weapons systems?

Mr. NORQUIST. So I can't speak to the individual range, but I know the essential value of all of the ranges, the ability to be able to replicate realistic conditions for our pilots, to be able to get the type of training they need is essential to our competitive edge, and we are committed to making sure that we can produce that type of realistic training environment for the pilots.

Mr. STEWART. Well, let me say this. If you have a fifth-gen weapon, and you can't train that, then you may as well not have the weapons system. You have to be able to train the pilots in how to deploy that weapons system. And these ranges are critical to doing that.

And, as I said, they are—the only—we could go to Australia, there is one in Australia that kind of is like the UTTR, but there is nothing else in the CONUS that is. So please commit to us that we will spend the money to make that effective training that is necessary there.

Second issue is more global, and that is, you know, I have to laugh sometimes when people accuse this President of favoring Russia. I just think it is absurd, on its face, as—what his policies and actions have been. And a great example of that is going to NATO and challenging them to do what they promised that they would do in the Wales Summit, which was to spend 2 percent of their GDP on defense.

Now, when you look at the list of those who have done it, I am grateful for them. But then, when you look at a list of those who haven't—UK, Germany, France, others—the largest economies in Europe, and address that, if you would, in the minute that we have left, the importance of our NATO allies aligning themselves and doing what we are doing, and not spending what is necessary to defend our own national interests.

Mr. NORQUIST. We are fully committed to supporting NATO. The President has expressed his support to Article V. But this is also an alliance, and everyone in the alliance needs to participate and carry the burden of collective defense. And so he has been very clear, as has the Secretary and others, upon working with our allies to make sure they increase that.

So we have seen, so far, a $41 billion increase in the last two years, which is the largest in 25 years, in terms of their contribution. We expect to see that continued progress as we go forward.

But this is part of what collective defense is, is collective security, is each of us bringing the right resources so that we are not carrying the majority of the burden, a misappropriate amount of the burden for the team.

Mr. STEWART. Well, and again, my time has expired. Chairman, I appreciate that.

Thank you for those efforts. Please continue to encourage NATO. Again, they need to be as serious about their own defense as we are about helping in that alliance. And I yield back.

Chairman YARMUTH. The gentleman's time is expired. I now recognize the gentlelady from Minnesota, Ms. Omar, for five minutes.

Ms. OMAR. Thank you, Chair. No one really disputes that our military being smart and strong is an essential part of protecting our country. But I tend to agree with the President when he says get rid of the fat and get rid of the waste.

And so I wanted to ask you how many audits has the Department of Defense passed?

Mr. NORQUIST. So let me break it into two parts. We have what we call performance audits that occur on a regular basis. Those look at individual programs. Where I think you are referring to is the full, wide Department financial statement audit. In that case, we have had only one. There are five organizations within the Department of Defense who got a clean opinion. The Department as a whole did not.

Ms. OMAR. No, I appreciate that.

Mr. NORQUIST. Yes.

Ms. OMAR. So you had one audit.

Mr. NORQUIST. One full financial statement audit. Correct, Congresswoman.

Ms. OMAR. And how many did it pass?

Mr. NORQUIST. Five of the organizations passed, but the Department, as a whole, did not.

Ms. OMAR. Okay. And the acting Defense Secretary Shanahan said that he expected for the Department to fail.

Mr. NORQUIST. That is correct.

Ms. OMAR. Do you know why?

Mr. NORQUIST. Because when you do an audit for the first time—and let me just step back. So one of the challenges that I think this Congress and others were frustrated with is the Department had previously taken the position to wait on starting the audit to look at fixed things. I came from defense, but I spent some time at Homeland Security, where I was their CFO. And they could not pass an audit. But we started with the audit there, and we used the auditor's findings to drive change.

So they have now had four more clean opinions in a row. So that is the approach we are taking at defense, which is instead of holding off the auditor, bring them in, take the findings, let's identify what is wrong. Our view is ignorance is not a good strategy. That is the best way.

Ms. OMAR. Okay. I appreciate that. So one audit and one failed audit.

Mr. NORQUIST. Correct.

Ms. OMAR. In most departments we usually are making a cut if that were to happen. So I just wanted to say that.

Earlier my colleague from California referenced the OCO. And I have a quote here: "The OCO is perhaps the worst way to fund the military. It lacks oversight, accountability." Is that a statement that you would agree with?

Mr. NORQUIST. So there—let me split it into two parts. The way we have the OCO funding provided by Congress, appropriated and authorized, is at the line level, similar to the rest of it. It comes with the colors of money and very similar sets of controls. It is a presentation issue, in terms of once we generate the requirement, what do we show in base and what do we show as OCO. And that is usually tied up into the overall budget debate.

Ms. OMAR. Yes.

Mr. NORQUIST. And that is where it creates a—generally, an issue.

Ms. OMAR. Right. And so you—do—you do agree with that statement?

Mr. NORQUIST. I agree that it creates a challenge.

Ms. OMAR. Okay. Wonderful. That was a statement from the current Acting Chief of Staff.

Mr. NORQUIST. I always tend to agree with the Acting Chief of Staff.

Ms. OMAR. So earlier, one of my colleagues on the other side of the aisle talked about American exceptionalism, and I think American exceptionalism is—as someone who came here as a refugee and learned about American exceptionalism, is a little bit more than our military. American exceptionalism is about the American Dream; it is about guaranteeing prosperity for all. And in order for us to have that full American exceptionalism that we export to the outside world be fully realized in this country, we have to make sure that we have budgets that are fully reflective of our full priorities.

Americans who are struggling every day to afford groceries and medical coverage deserve to have that prosperity. Americans who can't get an education without saddling themselves with debt deserve to have that American exceptionalism. Americans who have to worry every month whether they will be able to make rent are looking for that.

And this, this budget, the overall budget that the President put forth, decreases every single program that guarantees that prosperity for Americans. And that includes cuts to SNAP, which gives 23,000 of our military families the ability to feed their families. It is—41 percent of members of the military are carrying student debt, and so they are shackled with debt. And in recent years one-

fifth of households that are using the assistance to heat or cool their homes are military veterans.

And so, when we are talking about American exceptionalism, it isn't only to protect, but it is also to guarantee prosperity for everyone, especially those that are risking their lives and enlisting to make sure that we all sleep safe at night.

Thank you so much, and I yield back.

Mr. NORQUIST. Thank you, Congresswoman.

Mr. MOULTON. [Presiding] Thank you.

And the gentlelady's time is expired. I now recognize Mr. Meuser from Pennsylvania.

Mr. MEUSER. Thank you, Mr. Chairman. Thank you, Deputy Secretary Norquist, for being here with us this morning.

I would like to begin by thanking the President and the Defense Department for their budget proposal. I represent a district that includes Fort Indiantown Gap, which serves as the headquarters of the Pennsylvania National Guard, and the training facility for the 28th Infantry Division. Our district and surrounding areas also include several top-notch DoD supply companies, such as Medico Industries among them, as well as PRL of—Incorporated, of Cornwall, Pennsylvania, which I visited and toured last week. Understandably, my constituency strongly supports the men and women who serve in uniform. So I am pleased to see a budget request that adequately supports our military.

My questions start with there are concerns about the issue of cyber security. What does your budget request include to strengthen the United States Cyber Command? And, as a follow-up, how do we compare with other nations on this front?

Mr. NORQUIST. So I think, to start with, there is a 10 percent increase in our budget for cyber, writ large. We put a lot of support in for Cyber Command. We have set up training areas. So one of the things you have to imagine is, for the infantry, you have a marksmanship range. But if you are trying to train people to do cyber, what is the type of training environment they need to be able to practice and develop their skills on both offense and defense? And so, making sure we are protecting and supporting both of those assets, this is a critical area.

I think you asked about where other countries are. In many of them, they see this as a way around a direct conflict, ways to be able to go fight in what they call the gray zone, and engage in conflict with the U.S. short of a military shooting. But the destruction and the devastation that can be caused by cyber is quite real. So this is a very high priority for us.

Mr. MEUSER. I am aware and understand, as a matter of fact, that the Defense Department suffered during the Obama Administration, particularly in the area of cyber security, due to the lack of proper funding. Is this budget sufficient to guarantee that the U.S. military remains the most dominant on the planet?

Mr. NORQUIST. We are committed to remaining the strongest military. We are committed, and we believe that this budget does that.

Mr. MEUSER. Thank you. The budget also requests the creation of the U.S. space force. It is also my understanding that space defense investments by the DoD is absolutely crucial to securing our

status as a world power. Can you provide some information, describe what the mission and focus of this new military branch will be?

Mr. NORQUIST. Sure. So if you think about when we first came out of World War II, and you had the Army and the Navy and the question of standing up an Air Force, air had become a domain not just for reconnaissance, but for combat, and directly affected operations on the ground.

That is the case for space today. It has moved from being where there is occasional satellites, and looking to being a potential warfighting demand, so the need to have a SPACECOM who thinks of it in that term, to have a space force that is focused on what is the training and doctrine we need to be able to operate in this domain, not as something adjunct to what we do on the ground, but as an essential part of our nation's security.

And when you think about how much of our economy is dependent on space for its communications, its business, its banking, its activities, it is really not just the military function we are worried about, it is the total effect on the United States. So being able to expand and protect that, and organizing around it so that we think about it and fight about it the correct way, and defend it properly.

Mr. MEUSER. Okay. Do you believe that the funding in this budget will achieve the mission at hand?

Mr. NORQUIST. It does. It puts us on a path. Some of these, like cyber, there is a multi-year investment over our program, and that just reflects the fact that you can't do these things overnight. But I think it puts us on the right path to do exactly what you are discussing.

Mr. MEUSER. All right. Well, thank you.

Mr. Chairman, I yield back my time.

Mr. MOULTON. I thank the gentleman. And I would like to recognize myself for five minutes, as I am next on the list.

And I would actually like to continue the same line of questioning Mr. Meuser has gone down.

Mr. Norquist, I am a strong proponent of investing in next-generation defense capabilities, and so I am very pleased to see the increases in this budget, things like cyber, artificial intelligence, or AI, hypersonics. But I just want to be clear about the numbers.

The Administration has proposed slashing the overall federal R&D budget for non-defense by $6.5 billion, with this explanation in the budget materials: "While recognizing the continued importance of R&D spending to support innovation, fiscal prudence demands a more focused approach to the federal R&D budget in the next—in the context of America's multi-sector R&D enterprise."

In return, the defense budget proposal only increases R&D investment from $55.8 to $59.5 billion. That is an increase of only $3.7 billion. So the overall cut in R&D for the United States is $6.5 billion. How do we—how do you explain that delta, and how do we get to where we need to be with our near-peer adversaries?

Mr. NORQUIST. So I can't talk to the civilian side of this. I think on the defense side we continue to protect basic science and technology research as sort of the ground seed for the future technologies that we need, and we think that is an essential part of our national defense.

Mr. MOULTON. Okay, so how much do you—how much has China committed to artificial intelligence, the artificial intelligence industry in China, by 2030?

Mr. NORQUIST. So I don't have a number for what they are——

Mr. MOULTON. $150 billion.

Mr. NORQUIST. Okay.

Mr. MOULTON. $150 billion. So the budget—the President's budget, which includes a total of about $1.8 billion between both DoD and DoE, that is barely 1 percent of China's commitment in the next 10 to 15 years. So how do we keep our technological edge with that level of investment?

Mr. NORQUIST. So I think the—first of all is—one of the things is a one-year number. The other is 10 to 15.

But it—what you are pointing out is the sheer size of the challenge we face, and the capability and interest China has in artificial intelligence, not just from a war-fighting, but from the way a nation designed like China has tried to maintain internal control, and our concern over the development of artificial intelligence is on the war side. But their expanded use of it reflects a broader set of concerns.

We need to be able to keep pace with that. We need to make sure that, in a future conflict, our men and women in the military aren't at a disadvantage because of the types of systems they are facing.

Mr. MOULTON. Mr. Norquist, I couldn't agree with you more. We need to keep pace with that.

Mr. NORQUIST. Absolutely.

Mr. MOULTON. We are not keeping pace with this number in our budget. Do you disagree?

Mr. NORQUIST. I can't speak to the domestic side. On the defense side I think we are committed to this issue.

Mr. MOULTON. You are committed at less than 10 percent over 10 years of what the Chinese are committed to.

Mr. NORQUIST. Well, the number we request is a one-year number.

Mr. MOULTON. Let me—well, just multiply it by 10.

Mr. NORQUIST. Okay.

Mr. MOULTON. It is still less than 10 percent.

Mr. NORQUIST. I will have to see what we have in—but I understand the risk you are talking about.

Mr. MOULTON. I don't—that is a—I mean that just does not seem competitive to me, at all.

Mr. NORQUIST. So this is important to us. We are going to continue to invest in it. What you see in our current year is a mix of what—we have to be careful about how much money we put in something based on what it can deliver.

Mr. MOULTON. Well, that——

Mr. NORQUIST. To the extent we think——

Mr. MOULTON.——Mr. Norquist, I totally agree with. We have to be careful about putting—how much—you know, putting money into things that can't deliver.

So how much money is the President's DoD request for the border wall construction?

Mr. NORQUIST. So the program we set up yesterday was for $1 billion. The President has talked about two numbers, $2.5 billion

in—through the counter-drug program, and up to $3.6 in 2808. Those are the two numbers he used.

Mr. MOULTON. So if you take $3.6 billion for 2020 border wall construction, $3.6 billion to pay back 2019 emergency funding, and then $5 billion that he has requested under Department of Homeland Security, that is $12.2 billion for border wall construction in 2020.

Now, the President's budget also requests $9.6 billion for cyber capabilities. Okay?

So I agree with you, that the most significant national security threat to our country comes from our near-peer adversaries, Russia and China. How many times have Russia and China launched cyber-attacks on the United States in the last year?

Mr. NORQUIST. I couldn't do that——

Mr. MOULTON. In the last 24 hours?

Mr. NORQUIST. I couldn't do that in an unclassified format.

Mr. MOULTON. A lot. A lot. How many times does the DoD expect Russia or China to attack us through the southern border?

Mr. NORQUIST. I don't think the concern on the southern border is Russia and China, Congressman.

Mr. MOULTON. I agree with you.

Mr. NORQUIST. Okay.

Mr. MOULTON. So our greatest national security adversaries are literally attacking us every single day through the Internet. And we are spending 25 percent more money on a 5th century defense technology for our southern border than we are on 21st century cyber defenses for the entire country. That, to me, is not meeting our national security demands.

Mr. NORQUIST. So——

Mr. MOULTON. Thank you, Mr. Norquist. And I now yield to Mr. Timmons of South Carolina.

Oh, I am sorry. Mr. Hern from Oklahoma.

Mr. HERN. Thank you, Mr. Chairman.

Mr. MOULTON. Okay.

Mr. HERN. I appreciate it. Great to be here.

Deputy Secretary Norquist, thank you for being here today and for your dedication to fiscal accountability within your Department. As a taxpayer and as a person who believes that our country's greatest threat is our looming debt and deficits, I genuinely appreciate the Pentagon's first-ever audit, and the Department's commitment to continual audits.

Before we get started, I would like to follow up on or continue the thought that Mr. Stewart had—from Utah—regarding the NATO expense. How much did we spend in fiscal year 2018 above our 2 percent commitment to fund NATO?

Mr. NORQUIST. So as a percent of GDP, the Department of Defense is 3.1 percent.

Mr. HERN. So——

Mr. NORQUIST. So it is 1.1 percent above 2.

Mr. HERN. Okay. And since 2014's codification of the 2 percent commitment, do you know what that total amount might be, just to give a—for the record, how much we have spent above——

Mr. NORQUIST. I could get that for you, for the record.

Mr. HERN. Because it is a lot more than the $2 billion we are talking about, or the $12 billion we are talking about; it is in the hundreds of billions of dollars that we have spent in the commitment to NATO and to security around the world.

As a follow-up to the Chairman's request, while we don't expect Russia and China to attack us from the southern border, they are not our only security threats from around the world.

Mr. NORQUIST. Correct.

Mr. HERN. There are other people, internally. We have seen those; we have seen 9/11. So those were not Russia or China, as well. Just to put that for the record, as well.

Regarding the findings of the audit, are there laws on the book that make effective management harder than it needs to be?

Mr. NORQUIST. So one of the challenges—and it is—I don't want to use the words harder than it needs to be; it makes it harder than in the private sector—is we have to do accounting two ways. We have to do proprietary accounting, which is the way the commercial sector does it, but we also have to do budgetary accounting, which accounts for the power of the purse.

The challenge that creates is we have to modify every accounting system that we purchase in order to manage money both the way that we do for the Congress, as well as the way that the private sector would. So that creates some challenge.

Mr. HERN. Does the budget and the appropriations process create problems in and of itself?

Mr. NORQUIST. The instability in the budget process creates problems throughout the Department of Defense.

Mr. HERN. The CR process is devastating for commitments to contractors and being able to plan, correct?

Mr. NORQUIST. It is, and it builds a delay into everything we do, because people get so used to it they start moving their contracts into the spring. And so you had planned to start an acquisition, you had started to plan on research in a new area, and by default you have already slowed yourself up by six months.

Mr. HERN. And one would argue that that costs more money than necessary.

Mr. NORQUIST. It does.

Mr. HERN. Would greater flexibility in the Appropriation Act, for example, that managers at DoD get better returns for taxpayers?

Mr. NORQUIST. It would. And I think one of the things is being able to allow people to shift money to the highest priority, or to stop programs when they don't think they are paying off. And we always try and encourage that, and the rules that help that make it easier [sic].

Mr. HERN. Before DoD was audited, some argued that we couldn't afford to spend the money to conduct the audit, which I find interesting. Could you give us an overview of the audit process, what we have learned, how much it is expected to save, compared to how it has cost—in other words, an ROI on this process?

Mr. NORQUIST. Sure. So, to start with, any number that ends in a billion is a lot. But the Department's audit is one-sixth of one percent of its budget. And so, when you think about the size of the organization and the desire to have confidence, and the insights that you get from that, particularly as we look at modern data ana-

lytics, where the ability to use that information to change and drive behavior.

So just to give you a couple of examples of the improvements that we have found from implementing the audit is there are places where we have done inventory. And in some of them, like, you go to Osana Kadena Air Base, 14,000 munitions, $2.2 billion, no exceptions. You go to other places, and what you find it they weren't as diligent, and there were spare parts or equipment that are necessary for a military that weren't being recorded in the inventory system.

So the Air Force has—I am sorry, the Navy has moved about $80 million worth of parts that it discovered as it was going through the audit process into the proper inventory process to be available to keep the planes and other—and the ships and other things going. Those types of savings, that type of discipline, is essential to trying to bring the best practices to the Department of Defense.

And so, while I don't think the audit will generate orders of magnitude larger, I think the discipline it brings will at least pay for itself, as well as provide better oversight and information for the Congress, and better decision-making data for the leadership.

Mr. HERN. And wouldn't you agree, also, that that is a responsibility that every organization that takes taxpayer money should be looked at? I mean there have been questions about—for many generations of lawmakers—that the Pentagon is too big to audit, it is too complex to audit. But as an organization that takes taxpayer money, it needs to be audited.

Mr. NORQUIST. Everything people have said about how complex and large and hard-to-audit the Pentagon is true. It is hard. It is enormously complex. We have got all sorts of systems. But my view is that is not the reason not to audit. That is the reason to audit. That is the reason to push that type of discipline into the system, because that is where you can get the efficiencies, you can start to identify some of these challenges.

So I embrace it, I think it is the right way. I am glad this Administration took on this challenge instead of punting it down the road again. But as you point out, absolutely, if you are going to take taxpayers' money, you have a responsibility to subject yourself to an audit, and to act on those findings.

Mr. HERN. What results are you anticipating——

Mr. MOULTON. Sorry.

Mr. HERN. Oh, sorry.

Mr. MOULTON. The gentleman's time has expired.

Mr. HERN. Thank you, I yield back.

Mr. MOULTON. Thank you, Mr. Hern. And I now recognize Mr. Peters from California.

Mr. PETERS. Thank you, Mr. Chairman. And thank you, Mr. Norquist, for being here.

Since being elected to Congress, and on my time in the Armed Services Committee, I voted for budgets that aimed to fix the readiness problem within the DoD. For instance, at MCAS Miramar in my district, Marines were having to cannibalize aircraft in order to try to get their flying requirements completed. Thankfully, we have made strides to address readiness shortfalls.

But deploying active-duty personnel to the southern border for extended periods of time keeps them away from regular training and other activities. And we just learned that the commandant of the Marine Corps had a comment about this. He called it an unacceptable risk to Marine Corps combat readiness and solvency. That is how the commandant of the Marine Corps, Generally Neller, referred to the deployment of U.S. Marines along the southern border, just next to my district in San Diego.

Do you agree or disagree with General Neller's characterization, or is he wrong?

Mr. NORQUIST. So the press coverage of what he said was wrong. We have talked to the general to make sure we fully understood it.

The Marines—his concern was not the deployment of troops to the border. His concern was the reprogrammings and the funding that he needs to respond to the hurricane, because the hurricane costs to the Marine Corps have been quite extensive, the damage to their bases.

Mr. PETERS. Well——

Mr. NORQUIST. So his concern was that Congress would choose not to approve reprogrammings to restore the bases. That turned out not to be the case, but he has to work off of those concerns.

Mr. PETERS. Well, I am sure that is part of it, but that is not exactly correct. He also discussed how the Marines missed or had decreased participation in training exercises with partner nations like South Korea, which is helping us to ensure that North Korea can't hit the west coast of the U.S. with a nuclear warhead.

So is his assessment of missing out on international exercises correct? I mean he mentioned that specifically.

Mr. NORQUIST. He mentions that as what he would have to do if he didn't get relief on the cost of the hurricane damage.

And so we sent up a reprogramming for $600 million, $400 for the Marine Corps, in order to allow him—and his concern was if I don't get that reprogramming—so what he asked the Secretary to do was to make sure, when he met with the committees, he emphasize the importance of getting that reprogramming. The Secretary did. The Armed Services Committee yesterday—I think the day before—approved that reprogramming. So he will be able to get that $400 million.

But we share his concern. Hurricane damage is a significant issue for both the Marine Corps and the Air Force, and we will continue to work with them to cover those costs.

Mr. PETERS. And I share his concern about not being able to defend ourselves against North Korea, which is a true enemy——

Mr. NORQUIST. Absolutely.

Mr. PETERS.——as opposed to Mexico, which also did not have anything to do with 9/11, for instance, as was mentioned before.

The President's budget cuts the State Department and other international assistance programs by 23 percent. It makes these cuts despite public pleas from dozens and dozens of former retired generals and admirals to fully fund the State Department. The President's former Secretary of Defense once put it even more starkly by saying that if the State Department is cut, then, "I need to buy more ammunition."

Is the Department concerned that the President's large cuts to the State Department budget and proposed disengagement with countries looking for help to achieve economic stability and democratic governance in the face of destabilizing influences will increase the need for military intervention and spending in future years?

Mr. NORQUIST. So we work very closely with the State Department. They are an essential part of our mission and what we do with the country.

I will leave it to the Secretary of State to explain what their 2020 budget looks like, and any risks that are drawn from that, or any strengths that come from it.

Mr. PETERS. Well, I would just say it is fairly obvious to me that investment in diplomacy is a—is very cost-effective, in terms of defense, as well as trade. I am personally disappointed at the President's withdrawal from leadership in trade through trade agreements like the Trans-Pacific Partnership. But the State Department is also where we get the big bang for our buck in keeping the peace, and making sure that we are not having to buy bullets, as the Secretary of Defense himself said.

So I appreciate the concern about readiness, I am concerned about wasting money by deploying Marines along the southern border, where there is no threat, and this investment in the State Department, which is a cost-effective investment in our national security. And I will yield back.

Mr. MOULTON. I thank the gentleman and I yield five minutes to Mr. Roy from Texas.

Mr. ROY. Thank you. I thank my friend from Massachusetts for yielding. I would like to thank the Deputy Secretary of Defense for being here today and taking the time to come before us.

Just as a sort of setting mark here, do you know how much our current national debt is?

Mr. NORQUIST. I believe it is around—gross national debt is about $22 trillion.

Mr. ROY. Yes, it is a little over $22 trillion. Would it astound you to learn that we are racking up about $100 million of debt per hour?

Mr. NORQUIST. That sounds about right.

Mr. ROY. It is right. I even got a PolitiFact check on that, agreeing, $100 million of debt per hour. So, while we are sitting in this hearing, $100 million of debt.

Have you heard anything today in this Budget Committee discussion that would suggest to you any solution to reducing the debt coming from anybody in this room, in this Committee?

Mr. NORQUIST. I will let the members speak for themselves, Congressman.

Mr. ROY. Okay. Well, I will speak and say I have heard no such thing. What I have heard is a cry for more money from the magic money trees that the American people are tired of hearing Washington pretend exist.

And so what I would like to know is whether or not you, in looking at what we are dealing with from the—some of the complaints that I am hearing today about expenditures on our southern border, whether or not you think that what you have heard in the dis-

cussions of what is happening on our border, do we have an emergency at our border?

Mr. NORQUIST. We do have an emergency at our border. And when we talk to the folks from DHS and they describe the challenges they face, they are very real.

Mr. ROY. And are the threats that we have at our border, do they need to be the same as the threats that come from other parts of the world, whether it be China or Russia or the Middle East? The threats at our southern border might be different, correct?

Mr. NORQUIST. We respond to a range of threats, everything from, you know, hurricanes striking areas and doing relief operations, to supporting DHS when they give us a request for assistance.

Mr. ROY. And if the Department of Homeland Security had the funding necessary to provide what is necessary at the border, DoD might engage with DHS differently.

Mr. NORQUIST. Correct.

Mr. ROY. Would it surprise you to learn that the CBP has just announced that we are going to have upwards of 100,000 people in March—100,000 people in March—that are illegally crossing, that—they are going to say that is the number that we are seeing in March of this year.

Mr. NORQUIST. I would trust CBP's analysis.

Mr. ROY. And that we expect about 400,000 people to come to the Rio Grande Valley sector alone, of whom 200,000 will not be apprehended. Of the 200,000 who are apprehended, 90 percent will be caught and released because we have a dramatically broken catch-and-release policy that was implemented by judges.

Mr. NORQUIST. There is a number of legal challenges that complicate the life of the CBP agents, you are absolutely correct.

Mr. ROY. And for those who suggest that we have a number of expenditures that are necessary on the other side of the ledger from defense, whether it be a non-defense discretionary, or whether it be with respect to mandatory spending, that having upwards of a million people coming across our border, either undetected or being caught and released into our society, might that burden the other pieces of our budget?

Mr. NORQUIST. I believe that is what the concern—some of the concerns the President had.

Mr. ROY. A quick question on defense spending, because I have only got two minutes left.

You have got a significant background on the audit procedures, and a pretty good amount of oversight in that area. So $750 billion is a lot of money. So here is a question that I think it important.

How much money do you believe is wasted every year by the Department of Defense due to a variety of factors, including rules from Congress, in particular; overall federal regulations; environmental regulations; hiring quotas; specialization requirements; contracting requirements aside from sheer competition; other variables not essential to our national security?

In terms of creating a military whose sole purpose or primary purpose is to kill people and destroy things in defense of the United States and our national security, all of these layers that have been put on the Department of Defense by Congress, includ-

ing, for example, medical research into essential—not essential to the war-fighter, sociology research and social experimentation—we are going to have a discussion tomorrow about transgender transitions.

Is this the kind of stuff that adds layers of burdens to the Department of Defense? And if these things didn't exist, how much money might the Department of Defense be able to save so that they could kill people and blow up things when necessary?

Mr. NORQUIST. So I couldn't put a dollar value on it, but there is a number of layers of complexity that gets put on our processes, on our hiring, on our contracting that complicate and slow up the process, and create additional costs.

Mr. ROY. And a number of those things come from Congress, correct?

Mr. NORQUIST. All of our legislative direction comes from Congress, Congressman.

Mr. ROY. Is there a way for us to, in the audit process, put a number on what that might look like? In a hypothetical universe in which we are able to say to defense, "Look, your mission is to kill people and blow up things when it is appropriate in the defense of the United States of America, when the Commander in Chief calls up our armed forces in support of what Congress is appropriating." If we were to, in a hypothetical universe, say, "You are free from all of the regulations that are put on you," how much more could you squeeze out of the $750 billion or, for example, even less, $700 billion, if necessary?

And that will be my last question, and thank you for being here.

Mr. NORQUIST. So what the audit does is it lets you be able to have better as-is costs to do data analytics. That would allow you to compare to whether other benchmarks—either how a process is done in the private sector, logistics, whatever—and you could see, for those who function with a different set of rules, are they able to produce it for significantly less? And what are those changes we might do to mirror those private-sector practices?

Mr. ROY. Thank you.

Mr. MOULTON. The gentleman's time has expired.

Mr. Roy, I thank you. I just point out that to quote complaints about expenditures are, literally, just that. I now recognize Mr. Horsford from Nevada.

Mr. HORSFORD. Thank you very much, Mr. Chairman. Thank you for holding this hearing to discuss the President's 2020 defense budget.

I specifically want to focus on military construction. DoD's budget includes $9 billion of emergency funds under one line item called "unspecified worldwide construction." The Department provided no detail for this request, other than saying it will use $7.2 billion of these funds to pay back 2019 military construction projects the President is deferring to free up funds for border wall construction as part of his emergency declaration, and for new border wall construction in 2020.

The President's proposal threatens to cut federal funding from previously-approved projects for active-duty military efforts throughout the country and in my district. Creech Air Force Base in our district is at risk of losing $59 million; Nellis Air Force Base

is at risk of losing $5.9 million; and the National Guard Readiness Center in North Las Vegas is at risk of losing $32 million.

DoD released a list of military construction projects that could potentially be deferred from Trump—for Trump's border wall. When the acting OMB Director came before this Committee just a few weeks ago he could not answer this simple question, so I will ask you.

Can you guarantee me and the men and women at Nellis Air Force Base and Creech Air Force Base that this Administration will not strip away their funds to pay for a border wall?

Mr. NORQUIST. So I would need to look at the individual projects. So let me tell you the rules——

Mr. HORSFORD. Can you provide that information to me and this Committee?

Mr. NORQUIST. The answer to your question, so let me tell you how—if we look at the list——

Mr. HORSFORD. I was asking can you respond to—you said you can't answer today. Can you provide that information——

Mr. NORQUIST. For the record?

Mr. HORSFORD. For the record, yes.

Mr. NORQUIST. Yes, sir.

Mr. HORSFORD. Thank you. Please continue.

Mr. NORQUIST. Sure. So what we provided to Congress was a list of all the projects that had not been awarded as of 1 January, and that showed the pool, the universe of projects that were in process.

And so what we committed to was if the project was scheduled to be awarded before 30 September—in other words, during the time period when the budget was under consideration—those projects wouldn't be affected.

So with regard to the ones from Nevada, I would have to look at the award dates. But I believe that was information included in the report we provided.

Mr. HORSFORD. What is the arbitrary standard with an award date? These are critical missions.

As you know, Nellis Air Force Base, Creech Air Force Base provide some of the most critical military operations in our national security interest. So——

Mr. NORQUIST. Nellis is absolutely essential, let me just highlight the value of Nellis——

Mr. HORSFORD. Creech is——

Mr. NORQUIST. Absolutely.

Mr. HORSFORD.——is, as well, as you know.

Mr. NORQUIST. There is a range of facilities in Nevada that are valuable to our national security, they are essential for the training and for a number of different functions they perform.

The reason for the date is that the 3.6 that you mentioned the President requested, if enacted by the Congress, would allow all of those projects to continue. And so if we were to take funds from a project scheduled to be awarded this month, that would be delayed until such time as the appropriation——

Mr. HORSFORD. Right, but is there no determination of the nature of the impact to those cuts to the military bases?

Mr. NORQUIST. Yes.

Mr. HORSFORD. Other than an arbitrary date?

Mr. NORQUIST. The first one is the date. The second is, within that pool, how do we—you know, whatever the numbers that the Secretary eventually identifies, those would be based on protecting those items with the greatest effect on readiness. So which are the projects that we need—in other words, the pool of things that are awarded after 30 September is greater than $3.6 billion.

So it is only a subset of those that would be affected. And, as you point out, the merits of that individual project would play a factor in the determination, absolutely.

Mr. HORSFORD. And when will the Department determine the specific projects it will defer?

Mr. NORQUIST. Sure. So the process we have is we have the request from—we have the information from DHS, where we set, under 2808, what are potential construction projects. They have sent that to us recently. That then goes to our joint staff, who does an analysis of whether or not those projects meet the legal requirements of 2808, of being in support of our military presence.

If it—they concur it does, and identify certain projects that do, the Secretary of Defense will make a decision whether it is $3.6 billion or some lower number, and says okay, this is what we are going to do, either now or in total. We will match those up with these are the projects that we would need to defer, or at least flag until we get an enacted bill, and then we provide that information to Congress, so you would know.

Mr. HORSFORD. So I look forward to your response and the guarantee that you will tell us whether or not these medical—critical missions at Nellis Air Force Base and Creech will be threatened, based on the proposed cuts by this Administration.

Mr. MOULTON. Thank you. The gentleman's time has expired. I now recognize Mr. Timmons from South Carolina for five minutes.

Mr. TIMMONS. Thank you, Mr. Chairman. Thank you, Mr. Norquist, for coming before the Committee today to answer our questions. I want to start out talking about the national debt and its impact on our ability to fulfill the National Defense Strategy.

So in 2010, the Chairman of the joint chiefs at the time, Admiral Mullen, stated that the national debt was the greatest threat to national security. At the time it was $13 trillion. So fast forward nine years, we now have $22 trillion of debt, we are likely going to have a $1 trillion deficit budget this year, and there seems to be no end in sight.

So what I want to ask you is there will be a point where we can no longer borrow money. What happens if we reach that point and we tell the Department of Defense that they are going to have 20, 25 percent cut in their funding?

Mr. NORQUIST. So the point you bring out is very important, which is paying attention to the deficit and addressing the debt issue is as essential as—the key is both solvency and security. They have to go hand in hand. You cannot be—and have long-term security if you do not address, in the long term, the solvency issue.

If the consequence, as you pointed, were a 25 percent—you are looking at, basically, a stronger and deeper version of sequestration. You would dramatically reduce the size of the force, you would cut back on training, you would lose the critical equipment, you

would have bought into a force that you would not be able to sustain.

Mr. TIMMONS. So would you say that our skyrocketing national debt is one of the greatest national security threats facing our country?

Mr. NORQUIST. Absolutely.

Mr. TIMMONS. Thank you. I want to discuss one other issue with you today.

In the budget request for fiscal year 2020 eight new F–15s and 78 new F–35s were requested; last year it was zero F–15s and 93 F–35s. So why did the Department of Defense decide to request additional fourth-generation aircraft, the F–15, this year when there was no money appropriated for them last year? And why did the request for the F–35s decrease?

And if we abide by the request, how will this affect DoD operations in the long term?

Mr. NORQUIST. So what we looked at, as we kept in mind the long-term challenges, is what is the range—first of all, let me—the F–35 is an essential aircraft. It is a fifth-generation. When we talk about being able to compete in the high-end fight, it is the type of aircraft you need for those missions. Its capabilities are exquisite.

It is also an expensive platform, particularly in terms of long-term maintenance. So what we looked at is are there functions that we need aircraft to perform where that is not the necessary requirement? And so you look at capacity. Non-stealthy aircraft can carry more munitions on the wing, so their capacity is greater. Their long-term maintenance costs are lower.

So the answer is you need a mix, and that is one of the things that this budget is designed to do, is to introduce a mix. We are still committed to the F–35; it is the core of our future. But there are missions to which using the F–35 would be an expensive overkill for the type of target and function, and the answer is a fourth-generation can perform that function just fine.

Mr. TIMMONS. That was a very helpful answer, thank you.

I yield back my time. Thank you.

Mr. MOULTON. I thank the gentleman from South Carolina, and now I yield five minutes to Mr. Panetta from California.

Mr. PANETTA. Thank you, Mr. Chairman, I appreciate this opportunity.

Mr. Norquist, thank you for being here, and your preparation—not only for being here, but everything that you have done leading up to this point. So I appreciate your work and your service.

Mr. NORQUIST. Thank you.

Mr. PANETTA. Just some quick questions, I am going to throw you out some softball questions here real quick. Can you describe the benefits to the Department when—to the Department and to the Congress of what it comes down to when reaching another two-year budget deal that would raise the budget cap for 2020 and 2021 the last two years of the Budget Control Act?

Mr. NORQUIST. So the—it is tremendously valuable to the Department of Defense to have stable and predictable funding. So the mechanism Congress uses to do that I leave to you.

But the value of a bipartisan agreement ensures that when we—we do multi-year planning. We look out six years. And so what we

want to do is be clear to the industry, to our own workforce. We don't want to increase the end strength of the military if the budget isn't going to be there to pay them. We will end up pushing the folks right back out of the military. Or we start to ramp up production of something we can't sustain.

So having that predictability is a tremendous benefit both to the military, but also to the men and women in the force who now know their mission and what their future challenges are.

Mr. PANETTA. Okay, all right. And the—obviously – and just briefly, because I think you could probably go on and on about this—continuing resolutions, how do they affect the Pentagon's operations?

Mr. NORQUIST. So continuing resolutions have a number of specific effects, and then a number of lingering effects.

The first one is they immediately prevent new starts. And that means if I was scheduled to have a production line go from five to 10, the answer is it flat lines at five, which is disruptive.

The second is if you had a new start, a new technology, a new area. Well, that is on hold until you get to the end. That is the first and immediate. There is some bureaucratic costs where you have to keep reissuing things in pieces, awarding contracts in pieces.

But I think there are two bigger challenges you are getting to, which is, one, it creates a tremendous amount of uncertainty throughout the country. If you are a depot whose job it is to do maintenance, what is the amount of work you should be expecting? Is it going to be up? Is it going to be down? You are now on a month-to-month, so never mind year-to-year predictability; you don't even have month-to-month predictability. So you might be willing to hire workers to be able to meet the demand for additional maintenance, but you are unwilling to because you can't be confident you are going to see that level of work.

And I think those are some of the challenges that ripple through the system. And it is definitely valuable that Congress enacted the budget on time last year; that was a tremendous help.

Mr. PANETTA. Okay, great. Now, backing up a little bit, obviously I think you have been receiving questions in regards to the use of OCO to get around the budget caps. I mean it seems like the Administration does—just doesn't want to have any negotiations on raising these budget caps, and would rather use this sort of backdoor loophole to increase defense funding. Is that correct?

Mr. NORQUIST. So I will leave it to the Congress and OMB to work out the negotiations. What we did is we built up the requirement and presented it the way we were asked to present it.

Mr. PANETTA. Understood, understood.

Going—moving to another area, the President's budget request reduces non-defense discretionary funding to the USGS, U.S. Geological Survey, by 46 percent; the Department of Energy Office of Science by 30 percent; National Science Foundation by 12 percent; FEMA's flood hazard mapping and risk analysis program about 62 percent, along with another—along with a bunch of other climate and environmental programs that are cut pretty severely, unfortunately, as a budget.

Obviously, climate change affects DoD operations, I think as we have all seen, and has been testified to—at least in my limited

time—on Armed Services last term. What can the DoD do at this point to counter-balance such reductions in non-defense discretionary funding when it comes to combating climate change?

Mr. NORQUIST. So I can't speak to the civilian agencies, but on the defense side one of the things we have to look at is resilience. We have to have equipment and facilities that can operate in the Arctic, that can operate in the desert. We have to have facilities—and as we have had some of these recent hurricanes—redesigning them to be more resistant to the higher winds and other issues that we have to deal with, in order to be able to operate regardless of the conditions we face.

Mr. PANETTA. Great, great. And once again, Mr. Norquist, thank you for your time today.

I yield back.

Mr. NORQUIST. Thank you.

Mr. PANETTA. Thank you.

Mr. Chairman?

Mr. MOULTON. I thank the gentleman from California and now yield five minutes to Mr. Woodall from Georgia.

Mr. WOODALL. Thank you, Mr. Chairman.

Thank you for being here, Mr. Norquist. I wanted to talk about things that we can do better. I think everybody at the table that has a passion for the nation wants to see a strong DoD that is doing—executing the mission the way we want it to be executed.

I am not picking on the Navy in any way, shape, or form, it just happens to be the GAO report that was on the top of my desk most recently, looking at shipbuilding challenges and contractor overruns. What am I seeing in the defense budget this cycle that goes directly in line with we are going to do the audit because we need to know where the challenges are?

Now, we have identified so many challenges in our contract and procurement system, talk to me about some of the changes that we are going to see in this next round of budget requests.

Mr. NORQUIST. Sure. So one of the things we are looking at in the budget, we are looking at—and I will use IT as an example—when you buy licenses through IT, you tend to pay a certain amount if you are buying one, and then slightly less if you are buying 10, and so forth.

One of the things we are trying to do is make sure we have a visibility over all the licenses across it, so we can consolidate them. And we are going through—and then, when you purchase those centrally, you get a lower price. You also get IT security improvements, because you know where they are and how they are deployed. And so, as we work this in parallel with cyber security, we are being able to drive down the cost of what we order.

The same sort of category management approach applies to other areas. People buy pharmaceuticals. We have a range of contracts that do that. Well, that means there are certain drugs that we get at different prices, based on different contracts. The ability to go across those, order it off the least expensive one, save the taxpayers money.

So the series of reforms in those areas—and I believe that, you know, the acquisition folks—I can get you some things for the

record of what they are doing in A&S with regard to shipbuilding and others.

Mr. WOODALL. Because I would call the—I would call much of that the low-hanging fruit. Sadly, HR is getting higher and higher as a percentage of the budget. And so yes, dealing with prescription drugs is a bigger and bigger issue. But when you are talking about a multi-billion-dollar piece of equipment, those overruns, even at the lower end of the percentage scale, become quite the challenge.

We—on the Transportation Committee we have had those conversations about the new way FAA is certifying planes, the ways that technology has led to a faster and more efficient safety certification. Are we seeing that same thing in DoD? What differences will I see in the way that we procure and certify equipment today from, say, 15 years ago?

Mr. NORQUIST. So I think one of the things that OT&E has looked at is how to—when they do testing, how to combine certain tests within a certain operation, or how to combine some things in DOT&E so they know they work by that time to get to OT&E, to not be as segmented in their approach. I have talked to the individual who runs that organization, he is very excited about the reforms and the benefits they are able to get.

Certainly it depends on the program. Certain ones, the answer is you are going to take them methodically, because that is what is required to ensure you get the right product. But where we can see savings and efficiencies, you are going to try and grab them.

Mr. WOODALL. One of the first pieces of advice I got when I came to Capitol Hill was, "Rob, if you need anything on the defense, don't call the Pentagon, call the guy who left the Pentagon yesterday, because that way you can get the answer that may not be the party line, but is where the bodies are buried."

I appreciate the work that you do there. Being the first CFO at Homeland could not have been an easy challenge. And doing the—not only your responsibilities, but your acting responsibilities, we all would be the poorer for it had you not said yes to that challenge. So thank you for that.

I yield back.

Mr. NORQUIST. Thank you so much.

Chairman YARMUTH. I thank the gentleman. I now recognize the gentlelady from Washington, Ms. Jayapal.

Ms. JAYAPAL. Thank you so much, Mr. Chairman. Before I start with my questions for Mr. Norquist, I just wanted to clarify the exchange that I had yesterday for the record with Deputy Secretary Hargan. I mentioned that the CDC budget is being cut by 20 percent, and the secretary responded that it was actually a 1 percent reduction. And then Mr. Woodall and I had an exchange where I said I would go back and just make sure my numbers were right.

So, to be clear, the CDC's budget authority is $5.3 billion for 2020, compared to $6.6 billion for 2019, which is the 20 percent reduction I mentioned.

Secretary Hargan is not wrong that the overall amount allocated is just a 1 percent reduction. But, in fact, what they did is substitute discretionary spending with mandatory spending on vaccines, specifically, which means that all the discretionary programs within the CDC would have to be cut in some combination for that

20 percent discretionary reduction. And in the past, when that has happened, the cuts have been to things like the cancer prevention and control program, the national early childcare program, and many more.

So I am hoping that Mr. Woodall and I can work together on an amendment to restore some of that funding to the CDC, and I look forward to that.

So thank you so much, Mr. Under Secretary Norquist, for being here. I wanted to talk about the audit, and just pick up on Mr. Woodall's questions.

So we appreciate that the Pentagon did finally do its first audit in 2018. Only five of the 21 individual audits received a passing grade, and yet we are still being asked for $750 billion in defense spending for 2020.

And so you have already talked about some of the steps that you are taking. But for this year's audit, how many or what percentage of Pentagon agencies do you expect will receive a passing grade? What is—what are you shooting for?

Mr. NORQUIST. So they have—we hope this original five will continue to get it. There is potentially two more agencies that could move up to a clean opinion; I am watching those very carefully. What I expect to happen over the next several years is some of the other agencies who went under audit for just the first time will start to move to a modified, which is "you are okay, but," which is halfway to the clean opinion, and then see that over some period of time.

This will not be quick, but I think it is an important work, and it reflects the depths of the challenges that we need to address.

Ms. JAYAPAL. And is it possible that you could get to more than a third? I mean I appreciate that you want to add two more, but that would only be seven out of 21 of the individual audits that would pass. How can you get to a higher level, when you are asking for such a big appropriation?

And we all want to support the Pentagon, but we want to make sure that every single dollar is spent wisely. Can you push so that the Pentagon doesn't have just a goal of adding two more clean pieces there? Can we get to at least 50 percent by this year?

Mr. NORQUIST. So what we have done to track it is what the auditors actually issue us is called a notice of findings and recommendations, where every time there is a specific problem they say, "Here is an NFR." And we have, I think, 2,300 or more of those.

In order to get to a clean opinion, you have to reduce those numbers to such a small amount that they can give you a clean opinion. So what we are tracking is, rather than simply pass/fail, how are you doing on reducing those 2,300 NFRs. We have a database to track them, we have people who are accountable.

One of the things I want to be able to do for Congress—because it is a tool that I used when I was doing this at Homeland Security—is a year from now, two years from now, "Here is the organization that used to have 200 NFRs, they are now down to 50; here is the organization that used to have 100, they are still at 100, you might want to invite them to a hearing." And that allows you to get past the question of the Department to organizations within the

Department and individual functions. Are they making progress? Are they fixing it?

But I think, for the Congress, the frustration is, if it is just pass/fail, you are just going to get frustrated——

Ms. JAYAPAL. Well, there is a bigger frustration, which is that the Defense Department has more unheeded audit recommendations than any other agency, according to the GAO. So, as of September 2018, the Pentagon had failed to implement more than half of the 1,122 recommendations that GAO had put forth between 2014 and 2017. So it is not like these are new recommendations; they have been in the books for some time. And actually, of the GAO's 68 priority recommendations, only 18 were implemented.

So how are you ensuring that you are allocating resources to really look at those top-priority recommendations and get those into place right away? I don't know why we would need to wait on implementing those recommendations.

Mr. NORQUIST. So you wouldn't. So what—let me take the two parts, because there is recommendations and then there are the findings from the audit. Some come from IG–GAO, but we do both.

Ms. JAYAPAL. Right.

Mr. NORQUIST. So with regard to the audit, what we said for the priority is real property, inventory, IT security. Of all of the audit findings, those have the most direct effect on the taxpayer, they have the most direct effect on readiness. The Secretary issued a directive to each of the services to prioritize those areas.

Within the other ones, I met with each of the services to go over that larger list with the IG there. We always invite the IG to these meetings. What is the process to track them? What is the organization?

Some of the services, the IG felt, had a much better process. So we have got the other services looking at that and adopting it. But our goal is to be able to identify those—as you point out, those ones that have the highest payoff, and drive those first.

There is a volume issue, but you still can focus on the highest priorities and work on those first.

Ms. JAYAPAL. Thank you. I really appreciate your attention to this. I think it is critical for the taxpayers.

Thank you, Mr. Chairman. I yield back.

Chairman YARMUTH. Absolutely. I now recognize the gentlelady from California, Ms. Lee, for five minutes.

Ms. LEE of California. Thank you very much, Mr. Chairman.

Let me be clear about a couple of things, Mr. Secretary. First of all, there have been revelations of massive waste, fraud, and abuse at the Pentagon. Let me list a couple.

The Pentagon awarded a 7 million cloud computing contract to a one-person company.

The Defense Logistics Agency lost track, mind you, of $800 million in construction projects. Just lost track of that funding.

Last year the Pentagon spent $4.6 million on crab and lobster in an end-of-the-year, I guess, party, or dinner. I know several years ago there was a report—I believe it was issued by the Pentagon—over $100 billion in waste, fraud, and abuse that had been identified.

So, Mr. Secretary, should the taxpayers throw more money at a Department unable to combat this kind of waste, fraud, and abuse, or even understand how much it is spending? Just in terms of being prudent about taxpayer dollars, one would think we would stop the increase, minimally, of funds going into the Pentagon until at least these areas are corrected for.

Why would we continue to give you more money, more money, more money, and—of course the audit hasn't been completed, but we know there is plenty of waste, fraud, and abuse in the Pentagon that warrants us stopping the increase.

Mr. NORQUIST. So let me go and address some of those. And let me, before I do that, begin by thanking you and the other members who were such big supporters of the audit. The only reason I was able to walk into this organization and have the audit begin as quickly as I did with the support I did is because Members of Congress have been beating this drum from the beginning. This is something that needed that level of extra support. I know you were central that. So again, I thank you——

Ms. LEE of California. Well——

Mr. NORQUIST.——for making my life on that easier.

Ms. LEE of California. Thank you, Mr. Secretary. Let me just say, you know, your brother, we had a strange alliance, which worked, Democrat and Republican, and Mr. Norquist—he is your brother, right?

Mr. NORQUIST. He is, and I preached the virtues of the audit to him, as well.

Ms. LEE of California. We worked together on this from the outside.

Mr. NORQUIST. Right.

Ms. LEE of California. So thank you very much.

Mr. NORQUIST. So let me address a couple of the ones that you mentioned.

So, for example, the Defense Logistics Agency, there was an article that talked about $800 million in construction. That was an audit finding that said that they listed $800 million in construction under construction in progress. The proper accounting line for that should have been construction complete, because those projects were finished.

The money wasn't lost; the buildings weren't lost. They had posted it to the wrong line, or, more accurately, they had posted it to the right line, but not updated it when those projects were completed. We care, we need to get that fixed, but that is not a misuse or a misplacement of the $800 million. But it is one of the things that we look for under the audit for discipline.

The other one that got my attention, as you mentioned, the $4.6 million related to lobsters. I saw that article. I had the same reaction you did. I started drilling down and said, "Who is buying this, and what is it for?"

What I discovered, first of all, it is not a year-end issue, it actually is—we buy food for the military all year long. These are then put into the chow halls. Either they purchase it with their own food allowance or, in some cases, the unit they belong to pools their money. And so some days they will have pasta, which is less expen-

sive, and then on Friday they may have a fancier meal, with either surf and turf or something.

So I ran the numbers, $4.6 million, with $1.3 million active duty. You are talking about $4 a month. So you are probably looking at one meal a month which has that sort of seafood.

So I—you are right to raise the concern. Whenever I look at year-end funding, my first question was, was that a bureaucracy organization having a party? And in this case it is not, it is the food for the soldiers, and it is the type of thing that is part of our operations.

So I don't think that one is a concern, but it—I share—when I see those I have your same reaction, which is what is that drawing, is that something I need to go after somebody for, or am I just reading a news story that sensationalized it.

Ms. LEE of California. How about the cloud computing contract?

Mr. NORQUIST. I am not as familiar with that one, Congresswoman, I would have to go look into that.

Ms. LEE of California. Well, I think, generally, though, when you look at the waste, fraud, and abuse over at the Pentagon—and again, I hope you would go back and find the report that the Pentagon issued a couple of years ago, $100 billion plus——

Mr. NORQUIST. Defense Business Board.

Ms. LEE of California. Yes. And what, to me, seems to be totally—you know, I think it is not keeping with what the three pillars of our national security strategy should be, in terms of defense, diplomacy, and development. We are looking at an increased, bloated military budget that far outweighs, now, the other two pillars of our national security strategy. And, in fact, we see now cuts, huge cuts, in diplomacy and development.

And so I would hope that you would find a way to make sure that this Administration understands we need to put some checks on this bloated increase and go back to the drawing board.

And also, with regard to OCO, I know others have raised it. You know, we need to be honest with the taxpayer, and we need to let them know what we have committed to paying. And I, once again, believe you need to include that in—as part of the base budget, or eliminate it totally.

Mr. NORQUIST. So just—we share your concern. One of the things we do is we build the budget for defense off of the requirements. But we have a responsibility for stewardship, so whenever we see these issues we police it.

I have read the Defense Business Board report you are talking about. The challenge I have—and I know the previous Administration was the ones who first received it—is it lays out certain categories, and then says if defense could get 7 percent more efficient a year it could save money. But it doesn't give us particular ways forward.

Some of those areas are the very ones I was talking about earlier, where we have put processes in place to try and drive efficiencies in them because we share concerns about trying to get the most for the taxpayers' money in those areas.

Chairman YARMUTH. The gentlelady's time is expired.

Ms. LEE of California. Thank you, Mr. Chairman.

Chairman YARMUTH. I now recognize the wonderful Ranking Member, my friend from Arkansas, Mr. Womack.

Mr. WOMACK. Thank you, Mr. Yarmuth.

Chairman YARMUTH. Ten minutes.

Mr. WOMACK. Thank you for your time, for the time, and thank you, Mr. Secretary, for your being here today.

Before I ask a couple of questions, I would like to take a minute to address some misinformation that I think has been raised during the hearing today.

First and foremost, one of my friends on the other side of the aisle claimed that there is little congressional oversight on the Department of Defense. I would respectfully disagree. There have been over 50 consecutive National Defense Authorization Acts signed into law. I happen to be a member of the House Appropriations Committee on Defense, and have many oversight hearings relative to defense spending.

I think it is a significant benchmark, especially when you consider the infrequency of some authorization legislation in the Congress of the United States. There are other authorizing Committees that should do a lot better job.

I would also like to point out the conflict my friends on the other side of the aisle seem to be having. They can't seem to agree on a defense top-line number. Some criticize the defense budget—Ms. Lee just said it was bloated, questioning the motives of leadership in the Department of Defense. Others have spent time expressing concern about how failure to invest in certain DoD projects will affect their districts. So we get mixed signals, which leads me to wonder what is the plan. You know? What are we going to do with defense funding?

I would also like to point out that during the discussion one of my colleagues on the other side of the dais said that increasing our defense spending does not align with the priorities of the American people. Well, according to a Gallup poll earlier this year, a vast majority of American people are satisfied with our national defense. This budget request will ensure we continue this level of national security, going forward.

And I would signal that the distinguished witness that we have here today is doing a great job. He did it at Homeland Security, he is doing a great job in the Pentagon, with audits and other oversight matters. And I compliment him on that. So I do appreciate it.

There was also a question raised, though, about the border wall, and the movement of money away from some programs to accomplish better border security; the impact on readiness, if any. The effort, though, is comparable to many of the military's impromptu humanitarian aid missions, isn't that correct, Mr. Secretary?

Mr. NORQUIST. Correct. We respond to requests for assistance from DHA [sic] here. We respond to requirements to go and assist both our country and others in response to a hurricane or other disaster.

Mr. WOMACK. So let me get to a couple of questions. One, assuming that we are successful in satisfying the Pentagon's desire for a $750 million budget in 2020, can you guarantee the national security of the United States of America?

Mr. NORQUIST. I——

Mr. WOMACK. Does that guarantee everything? So we give you the money, you guarantee that we are going to be safe and secure?

Mr. NORQUIST. So the enemy gets a vote, and I think that we have to be attentive to that. But we believe that that type of resources allows us to secure the country and provide a robust deterrence to deter adversaries——

Mr. WOMACK. Because the enemy gets a vote, though, am I hearing you say that that doesn't—not necessarily guarantee—there are some other factors that might be involved in whether or not $750 billion would be, you know, satisfactory?

Mr. NORQUIST. Well, there are some types of challenges where you deter an opponent, but if your opponent is sufficiently unreasonable, then you have to respond. And so what we look for is one that we can deter. And if we—if you have an opponent who is not deterred that we can then defeat. And that is the challenge we face.

Mr. WOMACK. But it is safe to say, though, that if you provide this level of funding, the likelihood is you will have a better chance at peace through strength because——

Mr. NORQUIST. Absolutely. You have a—but you will have a military that deters others from seeking aggression. We want to push them for peaceful competition.

We understand we are going to have competition with other countries, but we want to stay on the peaceful side. And the more we can deter them from either open conflict, or that sort of cyber gray zone conflict, the safer we can keep the country in—both in the near term, as well as five, 10, 15 years from now, making those investments to have deterrents in the future.

Mr. WOMACK. But $750 billion is a lot of money.

Mr. NORQUIST. It is absolutely a lot. Any number that ends in a B is a large——

Mr. WOMACK. Buy a lot of things, wouldn't it?

Mr. NORQUIST. It absolutely would.

Mr. WOMACK. So what would it take—I want to shift away from defense spending for just a minute and go back to non-defense spending, which has been raised by some of my colleagues on the other side.

How much money would it take to guarantee a citizen's prosperity?

Mr. NORQUIST. So I think, in terms of defense, you secure the country. In terms of prosperity, you are looking at what does it take to have solid, economic growth.

Mr. WOMACK. How much would it take to guarantee, say, everybody has free housing? How much would it take——

Mr. NORQUIST.——give you those sort of numbers. They would be large.

Mr. WOMACK. How much would it take to say that everybody—no one goes hungry, that everybody has a job—not only has a job, but how many people would have a wage that would be satisfactory to the living conditions in the economy where they live?

Free medical care, how much would it take to make sure—because I distinctly remember hearing my friend from Minnesota say—and I thought she misspoke, but she said that we should

guarantee Americans' prosperity. I thought she misspoke, but she said it again at the end of her comments, that part of what this country's purpose is is to guarantee somebody's prosperity.

Do you agree with that statement? Is it—should we guarantee someone's prosperity?

Mr. NORQUIST. What we need to do is provide opportunity and the advantages of a strong economy. I think if you were trying to get a sense of your estimate, a third of our budget is dedicated to the pay and maintenance and health care and housing of our own force, and that is only 3 million people. So if you wanted to multiply that out, that would show you the scale at which you would need to operate.

Mr. WOMACK. But clearly, having a safe and secure country, everything begins with that.

Mr. NORQUIST. That is the prerequisite.

Mr. WOMACK. Correct? And if you don't have a safe and secure country, none of those other things make any difference, because we would be vulnerable, we——

Mr. NORQUIST. Absolutely, Congressman.

Mr. WOMACK. Okay. I think I have made my point. The difference is in the Constitution—as I said in my opening statement—in the Preamble it says, "provide for the common defense." That is a constitutional imperative.

And then I think, on the other side, on the non-defense side, it is more a case of creating the conditions on which someone can live that American Dream, can be prosperous if they make good decisions and if the government is there to create the climate on which—that those decisions can cause somebody to enjoy success in their life and, as I say, live that American Dream. I will leave it there.

I want to take the last couple of minutes of my time and talk a little bit about something that you mentioned earlier about budgeting and appropriations.

I personally think—and I am not going to get any argument from the Chairman, because we are both in sync on this issue, we both served on the Joint Select Committee on Budget Process Reform last year, did a lot of great work. We were both yes on the minimal reforms that we were anticipating making.

But you said earlier that longer lead times is preferable. I would argue the Defense Department operates unlike any other federal bureaucracy. You have got to have long lead times. You don't build aircraft carriers overnight, you don't respond to threats—I mean we have to respond to threats. We got the Fight Tonight strategy, but we have also got the implications of long-term and large-scale potential conflicts looming out there that we have to be prepared for. It is a tremendous fight to keep up with the ongoing needs of the Department of Defense.

But how critical is it that the Congress of the United States deliver on some kind of process that can give better certainty to the Defense Department as it concerns budgets and appropriations?

Mr. NORQUIST. I think it is absolutely essential. If you realize the challenge you get if you build a budget, thinking you have one size force, and then the budget radically changes, you spend a lot of

money to build a capability that you can't use, and so you have lost billions of dollars when you have that sort of swing.

You also create instability for the families who live in the military and who serve, in terms of when they have—you know, we had a shutdown, and you think of the National Guard. On Friday they have to—and this was not this year. Luckily we had the appropriation bill on time, our Guard was spared these challenges.

But in prior years they have to decide on Friday whether to drive to their duty station on Saturday. But the vote on the CR is at midnight, or sometime late on Friday. They are already in their car, or their units already canceled the drill. That sort of back-and-forth creates personal disruption. And when you are trying to increase retention and keep people in the force, that sort of stability matters for them as much as it does for our industry and our contractors.

Mr. WOMACK. Mr. Norquist, I thank you for your service. Behind you, you have got a group of staff back there, some familiar faces, and I know the kind of work that they do, and you are blessed to have them, and we appreciate your service to our country and the work that you are doing in the Pentagon, and I thank you for being here today.

Mr. NORQUIST. Thank you. They are amazing.

Mr. WOMACK. I yield back.

Chairman YARMUTH. I thank the Ranking Member. And we have a new arrival. I recognize—I now recognize the gentleman from California, Mr. Khanna, for five minutes.

Mr. KHANNA. Thank you, Mr. Chairman. Thank you, Mr. Norquist, for being here.

My first question is regarding the $1 billion reprogramming. I just want to understand how this works. Is the money already actually available to the Department of Homeland Security? I mean can they start construction? Or is this just an accounting shuffling of resources?

Mr. NORQUIST. So the money at no point goes to the Department of Homeland Security. The request came from them, to us for assistance. The Secretary did the review, we did the analysis, agreed, supported, and complied with the law. The reprogramming went up to Congress. So that money is moving inside the Department between one account and another.

It then goes to the Corps of Engineers, who would actually obligate those funds and put it under contract.

Mr. KHANNA. And when does it go to the Corps of Army Engineers [sic]?

Mr. NORQUIST. At any point. I am not sure exactly at what time it mechanically transfers. They need it before they go to obligation, so they have to go through their contracting process.

I can get you for the record what the status of the funds are, in terms of when it transitioned inside the Department.

Mr. KHANNA. So—and then they can start using it——

Mr. NORQUIST. Correct.

Mr. KHANNA.——to build the wall.

And has the Department of Defense, in your experience, since 1983, ever reprogrammed funds without prior consultation of Congress?

Mr. NORQUIST. I am not familiar with us doing a reprogramming without a prior—the reprogrammings that rise to the threshold of requiring prior approval, the larger ones, I am not familiar with us ever doing it without that.

Mr. KHANNA. It seemed—I am on the Armed Services Committee, and it seems Secretary Shanahan was almost pained that the—of the implications of making this decision. Do you agree with the Secretary, that there are some negative consequences to reprogramming without Congress's consent?

Mr. NORQUIST. There is tremendous benefit to the relationship we have had with the Committee of moving money through those prior approvals, and the ability to protect and maintain that is important, as—I think the Secretary is expressing his concern over that, and I share his concerns.

I have just been passed, by the way, that the money did transfer to the Corps of Engineers yesterday. So just for the record, that is what has happened.

Mr. KHANNA. So at this point they can use it to do whatever——

Mr. NORQUIST. They can put it under contract if the contracts are ready.

Mr. KHANNA. And how long will it take for the contracts? Or is that something——

Mr. NORQUIST. I am not sure.

Mr. KHANNA. So you share the Secretary's concerns. Would you have made a recommendation to the President—and I understand you ultimately have to follow the President's orders, but would you have made a recommendation that this was not wise to reprogram before coming to Congress, and that it would have been better served coming to Congress?

Mr. NORQUIST. So I think I will keep my advice that I shared with the White House between us, but I wanted to make sure people understood the unusual nature of this action, and the potential consequences.

Mr. KHANNA. I appreciate that. Is there anything that you can share publicly about what you may have advised or written or—did you have any memo documenting potential disagreement?

Mr. NORQUIST. I don't know if I did. I think I generally keep—I try and make sure I give very straightforward advice to those I am dealing with, and then they can make their leadership decision when they understand the pros and cons.

Mr. KHANNA. Is there another way the President could have gone about getting these funds, short of the reprogramming, and short of the fact that Congress hasn't allocated them, that you think would have been better in terms of keeping the Department's relationship with Congress?

Mr. NORQUIST. There are, potentially. I don't have ones off the top of my head at this point.

Mr. KHANNA. The other quick question—I wanted to follow up on Representative Panetta's questioning, that—this overseas contingency fund.

My understanding is this $100 billion increase is similar to when President Obama ordered the surge in Afghanistan, and when President Bush ordered a surge in Iraq. And it is a large amount of money. Why do you think we need that kind of increase today

when President Trump is talking about bringing troops home and ending endless wars?

Mr. NORQUIST. So what we did in the budget to make it easier with the staff that we worked in [sic] is we were asked to present the budget in this format. So what we did is we split the OCO into two pieces.

The first one you think of as traditional OCO, it includes both the direct war costs and the enduring costs. And those match very directly with a very similar amount of request last year, just a slightly—bit smaller.

The remainder of the request we put in the budget and presented it differently. This is what you think of as OCO for base. This is not the traditional use of it, and we labeled it as such to be able to have very straightforward and transparent conversations with Congress about what was in each account.

Mr. KHANNA. So we are running out of time, but maybe we can explore this further.

Mr. NORQUIST. Absolutely.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentleman from Michigan, Mr. Kildee, for five minutes.

Mr. KILDEE. Thank you, Mr. Chairman, for holding this hearing and for recognizing me. And I want to thank you—thank our witness for being here today.

I think looking critically but thoughtfully at this budget, at the budget we use to defend this country, is one of our—this Congress's most important roles. So first I want to talk a little bit about a specific issue around military housing in the Department of Defense, environmental issues, specifically PFAS.

We have recently seen that there is a near crisis in military housing. Our service members and their families are sometimes living in some standard—in some often unsafe living conditions.

After it was some time back reported that children in military housing were unknowingly being exposed to lead paint, I asked for—we got a briefing on this, and the Army leadership briefed me saying that this was fundamentally—and this is their term—a perception problem. However, just a few months after that, the Secretary of the Army called some of the housing problems "unconscionable" after the severity of the issue was further revealed.

And this particular instance demonstrates why I am a bit of a skeptic when the Department asserts it is taking these issues very seriously, particularly when I am dealing with issues in my own district around PFAS.

People in my community are dealing with the effects of PFAS, the health impacts of that chemical. And it is directly from military uses and fire-fighting foams. Linked to cancer, thyroid issues, lots of health issues which we are going to continue to learn more about, all coming from PFAS leaching from military bases into drinking water in communities.

So I am particularly concerned that money that could be potentially spent on, literally, ensuring the safety of service members and their families and people who live near those installations are potentially going to fund other priorities. The President, for example, determined to use significant priorities—or funding to build a

wall in Mexico, while leaving these military families unprotected right here at home.

The commander of NORTHCOM command said publicly that there is no military threat on the southern border, so spending money for a wall, potentially at the expense of health of our service members, just doesn't seem like the right priority.

So please know that lead in military housing and this growing problem with PFAS will be issues that this Congress is going to continue to watch very closely to ensure an appropriate response from this Administration, and specifically an appropriate response from the Department of Defense.

So, having said that, let me pursue another approach, and this follows on Mr. Khanna's question somewhat.

The DoD has asked for $165 billion in OCO funding, which is essentially war funding. Understanding that about $98 billion of this is to get around the budget caps, which is a totally separate issue we could address, the DoD is asking for $67 billion in war funding, including for Afghanistan and Iraq.

So soon this country will send the first person not even born on 9/11 to serve in Afghanistan and, soon after, in Iraq. Before spending more money and, potentially, lives on this endeavor, it is important to identify what we, as a country, and us, as a military, are trying to achieve.

So specifically, what strategic objective do we need to achieve that would allow for the reduction or end of this war-funding? Basically, as we continue to fund these wars abroad, we need to know what winning looks like. And, if not winning, what is the acceptable end state our troops are trying to achieve?

Mr. NORQUIST. So let me use—I appreciate the question. So what you have in Afghanistan is two things happening. One is our continued interest in a counter-terrorism role to ensure that it is never a base from which another attack is launched to the United States like 9/11. Part of that is what is going on with Ambassador Khalilzad, who is meeting with the Taliban and working with the government to be able to try and reduce and reach a peace agreement between those. That reduces the disruption in Afghanistan, and provides the type of stability that is necessary going forward.

We fully support those discussions, we are very supportive of what they are trying to accomplish. Success there makes a significant difference to what the requirements are in the United States. We will continue to work with the Afghan Government to make sure they are trained and equipped to provide stability in that region, in lieu of U.S. forces being required to do so. But that is the long-term goal, which is peace and stability in the region and the counter-terrorism mission for the United States, to make sure that it is not a base for an attack on the U.S.

Mr. KILDEE. Well, I appreciate that. I think this has been an awful long time with really unclear delineated outcomes for us to continue to spend this sort of money.

If I could just return to my first point, though, I would really beg that the Administration take a close look at the priorities.

If we see a president who is willing to declare an emergency for something that the Congress itself already deliberated and disagreed with him on, and spend billions of dollars if he has his way,

but leaves at risk military families and people who live around military bases subjected to dealing with either lead in their drinking water or, in the case of PFAS, the Defense Department caused the contamination and seems completely unwilling to address this problem anywhere near the scale that we have a responsibility to address, I would ask very serious consideration be given to whether those priorities are a real reflection of what it takes to protect Americans.

Chairman YARMUTH. The gentleman's time has expired. I now yield myself 10 minutes. And you are about at the end of your two-day ordeal. We appreciate your testimony and your responses and, of course, your service.

You said in your statement that our budget is related to our National Defense Strategy. And I am curious about the defense strategy, because I think a lot of people will look at what we spend on defense, and then, what has been well recognized what the next seven or eight countries spend on defense, and we spend considerably more than anyone else in the world. Presumably, they are faced with similar threats. They—some of them have comparable populations, some of these other countries. Some of them have popular—or, I mean, comparable geography.

So I am curious as to what makes the big difference, in terms of—whether it is strategy or other factors that require us to spend so much more than any other—even a power in the world.

Mr. NORQUIST. So I think the first thing you have to look at—and we will use China as an example—is there has been a significant increase in what they are spending. And then you have to adjust it for purchasing power parity, which is they simply don't pay their military anything similar to what we do. We have a volunteer force. I think that is the right way to go. I think the quality of our force is better for it. But they don't have to make those types of payments, they don't make the investment in the housing, the medical care, the treatment of their soldiers that we do.

Likewise, their cost of assembling items in the military is significantly less because of the way both they do their accounting—there are some challenges over there with how they present their budget—as well as with the way they do their internal costs. So I think, when we look at purchasing power parity with the Chinese, there is a significant difference.

The second is that we intend to fight everything, if we can, as an away game. And so our intent is not to have to fight immediately on our shores, but to be able to protect allies abroad and keep the fight away from the United States. That requires sealift, airlift, it requires tankers, it requires a lot of capability. But the benefit to the United States of deterring conflicts in Europe and Asia, rather than bringing them here, has its own significant benefit to our security.

Chairman YARMUTH. I appreciate that response. I also had a question as to how we know exactly what all these other countries are spending, because I am sure that they don't have FOIA laws that would allow us to get that information.

But on the question of national strategy, do you have—does the Department have kind of an evaluation of cost benefit analysis? Or is the idea that we have to—regardless of the cost and effort, we

have to defend against every conceivable threat that exists in the world?

Mr. NORQUIST. You can't defend against every conceivable threat. And so one of the things we pay very close attention to—and we have offices in the Department of Defense who do careful analysis of this—is what are the things that the other countries do that are cost-imposing on us, that our ability to respond in a like manner is unreasonably expensive for us?

And what are the ways that we can operate that puts the cost on them, so that we can deter for less than they would have to spend to be aggressive? That is an absolutely essential part of our analysis.

When we look at shifting from certain types of weapons systems to others, it is, in part, driven by that calculation to play to our strengths, to play to things that either we can do, they can't, or that we can do at a lower cost.

Some cases, you have to spend the money because the threat is so serious. But in others you try and maneuver to present a different challenge and a different face to the opponent that drives up their costs, compared to ours.

Chairman YARMUTH. Okay. The President has on numerous occasions over the last two years criticized and certainly questioned the intelligence communities in this country. And I was wondering what role the intelligence—our intelligence agencies play in the development of the Defense Department and National Defense Strategy.

Mr. NORQUIST. It is absolutely essential. It is actually the starting point. I mean one of the first things you do is you—before you begin a budget process—is what does the world look like. Not just the threats; the demographics, the technology, all of that comes from, overwhelmingly, from the intelligence community. And you use that to then decide, okay, so what do we need to be doing? What technologies are they researching? Where are they going to be in 10 years? What are their intentions? And that is the driving factor behind the strategy and the budgets that you build.

Chairman YARMUTH. And I would ask you do the leaders at the Department have confidence in our national intelligence system, in our agencies?

Mr. NORQUIST. We take their information very seriously, and we have confidence in the quality of the data we are receiving.

Chairman YARMUTH. Thank you for that.

So I have got—I am going to let you go, but I have one question that I am really curious about. I have this—I talk about it all the time, that, you know, we have a Congress that, at its optimum efficiency, moves at 10 miles an hour. And we are probably nowhere near optimum. But we are operating in a world that is moving at 100 miles an hour, and there are—the world is changing so quickly in so many ways that it—I don't know how we can conceivably make reasonable policy considerations.

I have thought that we often should stock the staffs here with futurists who could tell us what is going to happen five years from now, 10 years from now. Does the Pentagon have futurists?

Mr. NORQUIST. We actually—we do, in effect. In fact, I would just like to note one of the great minds in that area, Andy Marshall,

just passed away yesterday, I believe in his 90s. He led a group called the Office of Net Assessment, who does a significant amount of very long-drawing thinking—long-range thinking. I would encourage anyone interested in this field to read the types of works that he has produced, and his organization has produced.

But there are some very smart and brilliant minds looking into this, and we greatly appreciate their work.

Chairman YARMUTH. Very good. Well, I am glad to know that. That is reassuring. I hope every agency of government has one. And again, I think Congress needs more of them.

With that, I am going to yield back the balance of my time and thank you once again for appearing before the Committee.

Please be advised members can submit written questions to be answered later in writing. Those questions and your answers will be made part of the formal hearing record. Any members who wish to submit questions for the record may do so within seven days.

Without objection, this hearing is adjourned.

Mr. NORQUIST. Thank you, Mr. Chair.

[Whereupon, at 12:14 p.m., the Committee was adjourned.]

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CONGRESSWOMAN SHEILA JACKSON LEE OF TEXAS

STATEMENT
HEARING:
"U.S. DEPARTMENT OF DEFENSE FISCAL YEAR 2020 BUDGET"

COMMITTEE ON THE BUDGET
210 CANNON
MARCH 27, 2019
10:00 A.M.

- Thank you Chairman Yarmuth and Ranking Member Womack for convening this hearing on the President's proposed FY2020 budget for the U.S. Department of Defense, and related agencies.

- Let me welcome our witness, David L. Norquist, Under Secretary of Defense (Comptroller) and Performing the Duties of Deputy Secretary of Defense.

- Thank you for being here and sharing your expertise with the this Committee.

- Mr. Chairman, the Republican penchant for making deep cuts to nondefense funding reveals an exceedingly narrow and shallow understanding of national security and reflects the false and naïve assumption that military spending is the only source of national strength and security.

- This ignores the critical components of national strength and greatness such as economic opportunity, vigorous diplomacy, international alliances, safe and healthy communities, an educated citizenry, shared prosperity, and equal justice for all Americans.

A growing economy is key to our national security.

- Foreign policy experts from both sides of the aisle agree that our national power begins with a strong national economy.

- To compete and win in today's global economy, we must have world-class education, transportation, research and development, and health care systems.

- As Michael Morell, the Former Acting Director and Deputy Director of the CIA, stated on February 28, 2016:

> "the health of a nation's economy is the single most important determinant in its ability to protect itself, the single most important determinant in its ability to project power, the single most important determinant in its national security."

- Mr. Chairman, I strongly support lifting the caps imposed by the Budget Control Act of 2011 and ending this awful policy of sequestration.

- Republicans do not want to negotiate a fair and balanced fiscal plan that; instead they seek to slash non-defense discretionary spending and shield the Pentagon from budget cap strictures by resorting to the gimmick of allocating an additional and eye-popping $165 billion for Overseas Contingency Operations (OCO).

- Combined with the $576 billion base defense budget, and $9 billion requested in emergency funding, this brings the total amount allocated to defense spending to $750 billion!

The Republican Budget vastly undervalues diplomacy and foreign aid.

- According to military experts, diplomacy and foreign aid are critical components of our national security.

- Both Trump's own former Secretary of Defense, James Mattis, and former Secretary of Defense Robert Gates have stressed the importance of diplomacy and foreign aid:

  "If you don't fully fund the State Department, then I need to buy more ammunition." – then Commander of U.S. Central Command, General James Mattis, 2013

  "...based on my experience serving seven presidents, as a former director of C.I.A. and now as secretary of defense, I am here to make the case for strengthening our capacity to use 'soft power' and for better integrating it with 'hard power.'" – Secretary of Defense Robert Gates, 2007

- Inadequate nondefense funding levels lead to State and Foreign Operations appropriations bills that:

  1. slash embassy security funding by more than 21 percent; and
  2. decrease assistance to multilateral organizations, including our UN contributions, signaling to the rest of the world that the U.S. no longer keeps its word.

Sequestration ignores other national security threats.

- Failure to lift the budget caps and leaves agencies that respond to public health threats and emergencies vulnerable to harmful cuts.

- The National Institutes of Health and the Centers for Disease Control, along with the State Department and U.S. Agency for International Development, play unique roles in preparing for and responding to threats domestically and abroad.

- At a time when there are numerous challenges – from outbreaks of Ebola and Zika, to the Flint water crisis, to chronic diseases like Alzheimer's and cancer, to the opioid epidemic – it is clear we cannot neglect these investments.

- Climate change threatens crop yields, infrastructure, water and energy supplies, and human health.

- Climate change poses risks to federal property and resources, increases potential outlays from flood and crop insurance, and creates looming disaster assistance needs.

- But congressional Republicans and the Trump Administration deny the problem exists, dramatically underfunding agencies dealing with this threat and removing resources for the public from government websites.

- Withdrawal of the U.S. from the Paris Climate Agreement undercuts the global commitment to reduce greenhouse gas emissions.

- For nearly 75 years, since the end of World War II, the world has been impressed by *examples of American power*.

- But what has inspired people the world over is the *power of America's example*.

- To defend America and keep her great and strong, we need to reject sequestration and lift the budget caps so we can invest in America and her people and restore their faith in their government.

- Thank you.

Question for the Record
Congressman Bill Flores (TX-17)
Department of Defense's Fiscal Year 2020 Budget Request
March 27, 2019

I understand that under Section 1006, the reporting requirement applies only to "accounting firms." It is my understanding that in some cases, a non-accounting firm may seek to bid on contracts for audit remediation services but that as a non-accounting firm, it would not have to submit information about proceedings to which that firm may be subject. Please explain how a contractor officer plans to ensure a level playing field in such circumstances.

Also, please explain how the Department will ensure that a contractor officer does not use proceedings information reported by an accounting firm in connection with a bid on a Department audit when the same accounting firm submits a bid on a Department solicitation for services wholly unrelated to audit / audit remediation work. If there is no such protection, won't this create an uneven playing field and drive up costs for taxpayers?

Congressman Steven Horsford (NV-04)

Question for the Record
3/27 DoD Hearing – Deputy Secretary of Defense David Norquist

1. **Mr. Norquist,** can you provide a list of military construction projects that could potentially be deferred for President Trump's southern border wall construction? Additionally, what factors will go into determining which military construction projects are chosen? What date will you have a final decision for the list of military construction projects to have its funds deferred?

Rep. Chip Roy | Budget Committee Hearing
FY20 Department of Defense Budget Request

Top Line numbers:

Total budget request: $4.7 trillion
- Mandatory spending: $2.8 trillion
- Discretionary spending total: $1.4 trillion
- Defense discretionary (base defense): $576 billion
- Non-defense discretionary: $542 billion
- Total interest on the debt: $500 billion

Total budget request for national security: $750 billion
- Department of Energy and other security components not in DOD: $32 billion
- Department of Defense: $718 billion (15% of total $4.7 trillion U.S. federal budget)

Department of Defense Budget

$ in billions	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2020 Request
Base	523.5	599.6	616.1	544.5
Overseas Contingency Operations	82.5	65.2	68.8	66.7
OCO for Base	--	--	--	97.9
Emergency	--	5.8	--	9.2
Total	606.0	670.6	685.0	718.3

Table S-7. Proposed Discretionary Funding Levels in 2020 Budget
(Net budget authority in billions of dollars)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Totals 2020-2029
Current Law Funding Levels	647	576	590	605	620	635	651	667	684	701	719	6,448
Proposed Base Changes	--	--	--	+135	+138	+139	+91	+91	+90	+89	+88	+861
Defense Cap Adjustments:												
Emergency Requirements	----	9	----	----	----	----	----	----	----	----	----	9
Overseas Contingency Operations (OCO) Level	69	185	156	20	20	10	10	10	10	10	10	420
Total Defense	716	750	746	760	778	784	752	768	784	800	817	7,738

Questions:

Total Defense Spending:
Mr. Deputy Secretary, you and I both know that $750 billion is a lot of money. I also know that you have been the lead on completing the first ever audit of the Pentagon. Congratulations on this achievement. First, how did we get the number $750 billion? And, how much money do you believe is wasted every year by the DoD due to a variety of factors, including: rules from Congress; overall federal regulations; environmental regulations; hiring quotas and specialized requirements; contracting requirements aside form sheer competition; and other variables not essential to our national security? If all of these things were stripped away, and you could just do your job of building the most lethal force and taking out those who seek to do us harm, how much money could you save?

> [Follow-up]: In past years, the Pentagon has been unable to spend all of its money. I know a variety of factors contribute to that. What are the lead factors to having remaining unobligated balances at the end of a fiscal year?

Defense Spending Priorities // Force Structure:
This administration's National Defense Strategy pivots back to the idea of grand strategy, near-peer threats, and great power competition. I applaud this shift, as the long-term future of our freedom depends not on if we can take out a few bad guys in the Middle East who hate our way of life, but on our ability to out-compete – both economically and militarily – with those who seek to change the world order and don't share our values of liberty and democracy.

When it comes to the budget, do you believe this budget proposal strikes the right balance in terms of readiness and research, development, test, and evaluation (RDT&E), as well as all the other necessary elements of cyber and space, etc., to continue the mission of taking on non-state actors, terror threats, and other rogue actors, while also modernizing and preparing for long-term strategic success?

> [Follow-up]: How do new force structure elements, such as Army Futures Command, for example, play a role in this approach of balancing these – shall we say two missions – of fighting terrorism while competing for the long term primacy of America?

Southern Command:
U.S. Southern Command is probably the least discussed Combatant Command on Capitol Hill. Yet, it is a critical component to the stability of our hemisphere. How does this budget prioritize resourcing Southern Command and fulfilling their requests?

The Border:
If Congress did its job of providing adequate funding to secure our borders, would there be less strain on our Department of Defense resources? This year, your budget requests $9 billion for emergency spending, with $7.2 billion of that for securing the Southwest border. Does that money only include expenditures associated with constructing structural elements, or also account for personnel? Aside from physical barriers, do you anticipate other costs to DOD associated with patrolling, protecting, and securing our border as this humanitarian crisis continues? Does your budget account for possible continued requests from DHS to continue assisting with missions on the border?

QFR Title: Bid Integrity
Requestors: Rep Bill Flores
Witness: Norquist, David L
QFR ID: HBC-01-001 QFR
Question Number: 1

Question: I understand that under Section 1006, the reporting requirement applies only to "accounting firms." It is my understanding that in some cases, a non-accounting firm may seek to bid on contracts for audit remediation services but that as a non-accounting firm, it would not have to submit information about proceedings to which that firm may be subject. Please explain how a contractor officer plans to ensure a level playing field in such circumstances.
Also, please explain how the Department will ensure that a contractor officer does not use proceedings information reported by an accounting firm in connection with a bid on a Department audit when the same accounting firm submits a bid on a Department solicitation for services wholly unrelated to audit / audit remediation work. If there is no such protection, won't this create an uneven playing field and drive up costs for taxpayers?

Answer: Section 1006 of the National Defense Authorization Act for FY 2019 requires that accounting firms providing financial statement auditing or audit remediation services to the DoD provide the details of any disciplinary proceedings with respect to the accounting firm or its associated persons. The Department has included this requirement in their contracts, and is evaluating the implementation of this requirement in practice. At the same time, the Department is also going through the deliberate rule making process to impose the same requirement on non-accounting firms to ensure consistent availability of data for contracting officer evaluation and appropriate use.

QFR Title: Deferred Military Construction
Requestors: Rep Steven Horsford
Witness: Norquist, David L
QFR ID: HBC-01-002 QFR
Question Number: 2

Question: Mr. Norquist, can you provide a list of military construction projects that could potentially be deferred for President Trump's southern border wall construction? Additionally, what factors will go into determining which military construction projects are chosen? What date will you have a final decision for the list of military construction projects to have its funds deferred?

Answer: On March 19, 2018, the Department identified and provided to Congress a complete pool of un-awarded military construction projects from which funding could be reallocated to support the construction of a border barrier should the Acting Secretary of Defense decide to use 10 USC 2808 authority. To support his determination on utilizing this authority, the Department is reviewing the pool of un-awarded projects with award dates in fiscal year 2020 or later to minimize potential impacts of delays of resourcing. No military housing, barracks, or dormitory projects will be impacted. No definitive date has been set for the Secretary of Defense's determination on the use of Section 2808 authority or for identifying a final list of military construction projects that could be deferred.

QFR Title: Total Defense Spending
Requestors: Rep Chip Roy
Witness: Norquist, David L
QFR ID: HBC-01-003 QFR
Question Number: 3

Question: Mr. Deputy Secretary, you and I both know that $750 billion is a lot of money. I also know that you have been the lead on completing the first ever audit of the Pentagon. Congratulations on this achievement. First, how did we get the number $750 billion? And, how much money do you believe is wasted every year by the DoD due to a variety of factors, including: rules from Congress; overall federal regulations; environmental regulations; hiring quotas and specialized requirements; contracting requirements aside from sheer competition; and other variables not essential to our national security? If all of these things were stripped away, and you could just do your job of building the most lethal force and taking out those who seek to do us harm, how much money could you save?

Answer: The $750 billion number requested in the President's budget is the amount needed to execute the National Defense Strategy by re-prioritizing resources and increasing our investments in the following four areas. First, it invests in the emerging space and cyber war-fighting domains. Second, it invests in modernizing capabilities in the air, maritime and land domains. Third, it accelerates innovation in technologies such as artificial intelligence, hypersonics, autonomy and directed energy. And, finally, it sustains the force and builds on readiness gains. This level of funding ensures America maintains an asymmetric military advantage with a more lethal, agile, and innovative Joint Force.

I have no figures for how much money may be wasted or saved due to the factors listed. The Department is committed to reform efforts that identify processes that are not responsive to need. The Department will continue to leverage the scale of operations to drive greater efficiency in procurement of materiel and services while pursuing opportunities to consolidate and streamline contracts in areas such as logistics, information technology, and support services.

QFR Title: Total Defense Spending
Requestors: Rep Chip Roy
Witness: Norquist, David L
QFR ID: HBC-01-004 QFR
Question Number: 4

Question: In past years, the Pentagon has been unable to spend all of its money. I know a variety of factors contribute to that. What are the lead factors to having remaining unobligated balances at the end of a fiscal year?

Answer: The lead factors for unobligated balances can change from year to year, but some causes identified from previous years budgets are: contract changes or delays, funds held for contingent liability associated with DoD weapon system contracts and Permanent Change of Station (PCS) orders issued in the prior year, among other factors.

Contract contingent liabilities associated with complex weapon systems often are not realized until after funding has cancelled so accounting records will reflect these as unobligated balances.

PCS orders are issued and obligated approximately 6 months before the service members execute the orders. There are many instances where the travel occurs after the fiscal year in which the orders are issued, resulting in de-obligations after the funds have expired.

Changes in contract expenditures due to schedule delays in programs or pricing changes cause funds to be de-obligated after the funds have expired.

The Department submitted several proposals as part of its FY 2020 budget request that address some of the above issues in an effort to reduce unobligated balances.

QFR Title: Defense Spending Priorities // Force Structure
Requestors: Rep Chip Roy
Witness: Norquist, David L
QFR ID: HBC-01-005 QFR
Question Number: 5

Question: This administration's National Defense Strategy pivots back to the idea of grand strategy, near-peer threats, and great power competition. I applaud this shift, as the long-term future of our freedom depends not on if we can take out a few bad guys in the Middle East who hate our way of life, but on our ability to out-compete – both economically and militarily – with those who seek to change the world order and don't share our values of liberty and democracy. When it comes to the budget, do you believe this budget proposal strikes the right balance in terms of readiness and research, development, test, and evaluation (RDT&E), as well as all the other necessary elements of cyber and space, etc., to continue the mission of taking on non-state actors, terror threats, and other rogue actors, while also modernizing and preparing for long-term strategic success?

Answer: The Department's FY 2020 Budget strikes the right balance between near and long term readiness and focuses on ensuring the Department produces full-spectrum ready forces to decisively address today's operational demands while also allowing us to invest in modernization and evolving technologies. Our investments in game changing/next generation technologies (hypersonic, artificial intelligence, micro-electronics, and autonomous vehicles) underpin our focus on the future. Investing in these technologies, along with our requested increases for space and cyber activities need congressional support. The Department has always been a leader in adopting game changing technologies to address evolving threats. As enabling technologies are developed and become available for fielding, our operational commanders have cultivated the culture of quickly and effectively adopting advanced technologies and techniques into their operations. Having a ready force that incorporates advanced technologies provides the Department the agility to shape and apply the most appropriate force elements to address a full spectrum of potential adversaries.

QFR Title: Defense Spending Priorities // Force Structure
Requestors: Rep Chip Roy
Witness: Norquist, David L
QFR ID: HBC-01-006 QFR
Question Number: 6

Question: How do new force structure elements, such as Army Futures Command, for example, play a role in this approach of balancing these – shall we say two missions – of fighting terrorism while competing for the long term primacy of America?

Answer: The Department's force structure elements are organized to balance the requirements of both continuing the fight against terrorism and the focus on near peer competition. Army Security Force Assistance Brigades are specifically built to train, advise, assist, and enable foreign security forces, which allows Brigade Combat Teams to focus on their warfighting missions against near-peer competitors. The Army Futures Command is focused on streamlining and accelerating acquisition and rapidly delivering warfighting capabilities to the future force as they focus on near-peer competition.

QFR Title: Southern Command
Requestors: Rep Chip Roy
Witness: Norquist, David L
QFR ID: HBC-01-007 QFR
Question Number: 7

Question: U.S. Southern Command is probably the least discussed Combatant Command on Capitol Hill. Yet, it is a critical component to the stability of our hemisphere. How does this budget prioritize resourcing Southern Command and fulfilling their requests?

Answer: The Fiscal Year 2020 budget request recognizes the important role that U.S. Southern Command plays in our National Security, and provides increased funding to: enhance U.S. Southern Command's ability to deploy Civil Affairs Teams to build partnerships with key partner nations ($2.7M); increase information technology and communications support for U.S. Southern Command Headquarters and stations within the area of responsibility ($1.6M); and enables the command's Human Rights Program and increases the Commander's ability to ensure U.S. forces participate in meetings and conference that contribute to the building of partnerships among nations within the Southern Command area of responsibility ($1.3M).

QFR Title: The Border
Requestors: Rep Chip Roy
Witness: Norquist, David L
QFR ID: HBC-01-008 QFR
Question Number: 8

Question: If Congress did its job of providing adequate funding to secure our borders, would there be less strain on our Department of Defense resources? This year, your budget requests $9 billion for emergency spending, with $7.2 billion of that for securing the Southwest border. Does that money only include expenditures associated with constructing structural elements, or also account for personnel? Aside from physical barriers, do you anticipate other costs to DOD associated with patrolling, protecting, and securing our border as this humanitarian crisis continues? Does your budget account for possible continued requests from DHS to continue assisting with missions on the border?

Answer: The Department of Defense (DoD) support to the Department of Homeland Security (DHS) at the southern border is being executed pursuant to the President's direction, including his April 4, 2018, Presidential memorandum, "Securing the Southern Border of the United States." As such, the DoD is providing this support on a non-reimbursable basis to the extent legally permitted by law.

The $7.2 billion requested for securing the Southwest border is only for the costs of the border barrier including $3.6 billion to backfill any projects deferred under section 2808 and $3.6 billion for additional construction projects. The DoD anticipates additional costs associated with border support to DHS for approved DHS Requests For Assistance (RFAs) supporting transportation, force protection, and medical requirements.