

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND**

BROCK STONE, et al.,
Plaintiffs,

vs.

DONALD J. TRUMP, et al.,
Defendants.

Case No. 1:17-cv-02459

**PLAINTIFFS' REPLY MEMORANDUM IN SUPPORT OF
CROSS-MOTION FOR SUMMARY JUDGMENT**

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INTRODUCTION

On July 26, 2017, President Trump abruptly rescinded the Defense Department's Open Service Directive and instead declared that "the United States Government will not accept or allow Transgender individuals to serve in any capacity in the U.S. Military." ECF 40-22. The President then went on national television to announce that he had done the military a "great favor" by short-circuiting the military's own review of its enlistment policy and "just coming out and saying" what the result should be. ECF 40-12. One month later, President Trump issued a memorandum ordering the Secretary of Defense to "submit . . . a plan for implementing" his new Ban. ECF 40-21 ("Transgender Service Member Ban," or "the Ban"). On March 23, 2018, consistent with and "pursuant to" the President's order, the Department of Defense ("DoD") published its February 2018 implementation plan. ECF 120-1, -2, -3 ("Implementation Plan").

Defendants do not even attempt to dispute that President Trump violated the U.S. Constitution in imposing the Transgender Service Member Ban. *See, e.g.*, ECF 107 (February 6, 2018 order memorializing counsel's representation that "[Defendants] will not be defending the policy now at issue but will be defending the policy to be disclosed on February 21, 2018"). Instead, they present a revisionist history in an attempt to characterize the Implementation Plan as "independent" from the very order that called for it. As discussed at length in Plaintiffs' Memorandum in Support of Cross-Motion for Summary Judgment, the government's own contemporaneous documents conclusively establish that the military's independent review was limited to determining how the Ban should apply to existing service members. There was no "independent" review of the underlying question: whether transgender people should be barred from enlisting and serving in the future. ECF 163-2 at 9–11, 28–30.

Even on its own terms, the Implementation Plan violates equal protection. It facially discriminates against people who are transgender—and triggers heightened scrutiny—by predicating eligibility for military service on whether a person has undergone gender transition, or instead is capable of serving in their “biological sex.” *See* ECF 120-1. Instead of applying generally applicable standards for fitness and deployability, the Implementation Plan irrationally singles out transgender people for special, disfavored treatment. Again, the government’s own documents demonstrate that the military allows people to enlist and deploy when taking hormones as medication management for conditions *other* than gender dysphoria; Defendants never provide *any* explanation for why transgender service members who take hormones to treat gender dysphoria should be treated differently. Defendants’ arguments about the effect of gender transition on military cost and readiness are simply irrelevant to the population they wish to bar from enlisting: transgender people who have *already* transitioned. And Defendants’ arguments about “sex-based standards” and unit cohesion are discriminatory on their face. Because Defendants have not created a genuine dispute of fact—under any standard of scrutiny—summary judgment should be granted for Plaintiffs.

I. DEFENDANTS’ INSUBSTANTIAL JURISDICTIONAL ARGUMENTS PRESENT NO BARRIER TO SUMMARY JUDGMENT.

Defendants continue to attempt to insulate their discriminatory policy from judicial review on the theory that Plaintiffs lack standing to challenge it. They are wrong. Because the Enlisting Plaintiffs unquestionably have standing to challenge Defendants’ implementation of the Transgender Service Member Ban, and Defendants have failed to establish that the Serving Plaintiffs’ claims are now moot, these arguments fail, and there is no obstacle to the grant of Plaintiffs’ cross-motion for summary judgment.

A. The Enlisting Plaintiffs All Have Standing to Challenge the Implementation Plan.

1. Plaintiffs Branco and Wood have standing.

There is no dispute that Plaintiffs Branco and Wood are harmed by the Implementation Plan: under the Open Service Directive (ECF 40-4), they are eligible to enlist *today*, while under Defendants' policy they are barred. ECF 148 ¶¶ 201, 203. Although Defendants originally disputed the eligibility of Branco and Wood under the Open Service Directive, ECF 158 at 16–17, Defendants now admit (in a footnote) that their standing argument was based on a factual error. ECF 176 at 17 n.6.

But if their original standing argument was an honest mistake, Defendants have replaced it with a blatant misrepresentation. Defendants now assert, with no citation to any record evidence, that Plaintiffs Branco and Wood are “not attempting to [enlist] now” in order to “manufacture standing.” *See* ECF 176 at 17. This is simply false and an insult to two patriotic Americans who in fact *have* devoted enormous time and energy to joining the military as soon as possible. *See, e.g.*, ECF 148 ¶ 203; ECF 139-32 ¶¶ 11–14 (Branco completed military entrance exam, engaged recruiter, completed all necessary military and transition-related paperwork); 139-36 ¶¶ 7–9 (Wood updated civilian records, worked with recruiter to complete enlistment paperwork, and underwent medical screening and clearance process); 163-14 ¶¶ 2–6 (Branco confirmed all required medical and transition-related paperwork submitted); 163-15 ¶¶ 2–4 (Wood confirmed all necessary paperwork related to transition submitted). Plaintiff Branco has been informed by his recruiter that “the Army did not require any further information related to [his] gender transition” and “that the recruiting center would submit my completed paperwork to the United States Military Entrance Processing Command.” ECF 163-14 ¶¶ 4, 6. Likewise, Plaintiff Wood declares that “all necessary medical paperwork related to my transition” is in the

possession of the recruiting center, ECF 163-15 ¶ 2, and that he is simply “awaiting medical clearance,” ECF 139-36 ¶ 8. The enlistment of Plaintiffs Branco and Wood is now entirely in the hands of Defendants, *see* ECF 148 ¶ 203, who are actively seeking the dissolution of this Court’s injunction so that Plaintiffs can be categorically banned.

It is difficult to understand how defense counsel can represent to the Court on this record that Plaintiffs Branco and Wood are “not attempting to [enlist]” in order to “manufacture standing.” ECF 176 at 17. Forced to correct their earlier factual misstatements, it is Defendants that are ignoring facts to manufacture a standing *argument*.

2. *Plaintiffs D’Atri, John Doe 2, and Jane Roe 1 have standing.*

Under the Open Service Directive, Plaintiffs D’Atri, John Doe 2, and Jane Roe 1 would be eligible to enlist in the imminent future. *See* ECF 40-4; ECF 148 ¶¶ 203–04. By contrast, the Implementation Plan permanently bars these Plaintiffs from enlisting simply because they have recently undergone—or will soon undergo—surgery related to gender transition.¹ ECF 139-34 (D’Atri Decl.), ¶¶ 6, 10–13 (will undergo final transition-related surgery in August 2018); ECF 140-1 (John Doe 2 Decl., filed under seal), ¶¶ 14–17 (underwent transition-related surgery and is actively seeking a waiver to excuse or reduce the 18-month stability requirement); ECF 140-3 (Jane Roe 1 Decl., filed under seal), ¶¶ 7–8, 15–16 (recently underwent transition-related surgery in April 2018 and will have final transition-related surgery in July 2018); ECF 148 ¶¶ 203–04; *see also* ECF 120-1. By depriving them of any possibility of enlisting in the future, the Implementation Plan causes injury in fact. *See Karnoski v. Trump*, 2017 WL 6311305, at *5 (W.D. Wash. Dec. 11, 2017); *see also Shea v. Kerry*, 796 F.3d 42, 50 (D.C. Cir. 2015) (“[A]

¹ Defendants speculate that Plaintiffs D’Atri, John Doe 2, and Jane Roe might not meet the remainder of the Open Service Directive’s accession standards even after the 18-month waiting (continued...)

plaintiff may claim an injury in fact from the purported denial of the ability to compete on an equal footing against other candidates for a job. Because the injury lies in the denial of an equal *opportunity* to compete, not the denial of the job itself, we do not inquire into the plaintiff's qualifications (or lack thereof) when assessing standing.” (emphasis in original) (citations omitted)). The Open Service Directive's 18-month waiting period does not minimize the immediacy of the harm. *See* ECF 163-2 at 25–26 (explaining that courts “routinely find that 18 months is a sufficiently short time period to demonstrate an impending injury,” and citing cases).

3. *Plaintiff John Doe 3 has standing.*

As a threshold matter, Defendants are wrong when they assert that Plaintiffs did not argue and therefore “waived” the issue of John Doe 3's standing. ECF 176 at 10 n.1. In discussing the Enlisting Plaintiffs' standing, Plaintiffs began by addressing Plaintiffs Branco and Wood, as to whom Defendants had introduced declarations in support of Defendants' motion to dismiss. *See* ECF 163-2 at 16–17. However, Plaintiffs then continued: “The other Enlisting Plaintiffs likewise face a substantial risk of harm,” and they explained at length why. *Id.* at 17–18. It is self-evident that “the other Enlisting Plaintiffs” include John Doe 3, who has taken concrete steps to complete his transition and enlist in the U.S. Coast Guard once he is age-eligible. ECF 163-2 at 13; *see* ECF 148 ¶ 204; ECF 140-2 (Doe 3 Decl., filed under seal), ¶ 8. The Implementation Plan will plainly prevent Plaintiff John Doe 3 from enlisting—affording him standing to challenge its constitutionality. *See* ECF 163-2 at 25–26.

period. *See* ECF 176 at 16. That is beside the point. What matters is that Plaintiffs *could* have enlisted before the Implementation Plan. Now, they cannot. That is harm.

B. Defendants Cannot Meet Their Heavy Burden of Showing that the Serving Plaintiffs' Claims Are Now Moot.

This Court has already held that the Serving Plaintiffs have standing to bring their claims. ECF 85 at 31, 33, 38.² Plaintiff ACLU's associational standing is derivative of the standing of Serving Plaintiff Brock Stone. *Id.* at 30. Defendants bear the heavy burden of showing that the Implementation Plan has somehow mooted these Plaintiffs' claims. *See* ECF 163-2 at 18–19. No doubt recognizing that they cannot meet that burden, Defendants attempt to skirt it altogether by asserting that the Serving Plaintiffs must re-prove their standing because they have amended their complaint. ECF 176 at 11–12. Defendants are wrong.

The doctrines of standing and mootness safeguard Article III's case-or-controversy requirement in two distinct ways. The standing inquiry "focuse[s] on whether the party invoking jurisdiction had the requisite stake in the outcome *when the suit was filed.*" *Davis v. FEC*, 554 U.S. 724, 734 (2008) (emphasis added); *Lujan v. Defs. of Wildlife*, 504 U.S. 555, 570 n.5 (1992) ("[S]tanding is to be determined as of the commencement of suit."); *Gonzalez v. ICE*, 2014 WL 12605369, at *6 (C.D. Cal. Oct. 24, 2014) ("[T]he relevant date for purposes of determining a particular plaintiff's standing is the date on which that plaintiff entered the case."). The mootness doctrine governs after standing is initially established, to ensure that an actual controversy exists "at all stages of review." *Friedman's, Inc. v. Dunlap*, 290 F.3d 191, 197 (4th Cir. 2002) (internal quotation marks omitted); *Nat'l All. for Accessibility, Inc. v. CI Md. Bus. Tr.*, 2013 WL 4229262, at *2 (D. Md. Aug. 14, 2013) (observing that a plaintiff who brings claims for injunctive or declaratory relief "must demonstrate a personal stake in the outcome" that exists

² This Court found that, as of November 21, 2017, the Serving Plaintiffs "certainly face[d] a substantial risk of being discharged solely on the basis of being transgender." ECF 85 at 30. "This revocation of equal protection is an injury." *Id.* As discussed *infra*, the same is true today.

“at the commencement of the litigation (standing)” and “continue[s] throughout its existence (mootness)” (internal quotation marks omitted)).

Thus, “[t]he initial standing of the original plaintiff is assessed at the time of the original complaint, even if the complaint is later amended.” *Schreiber Foods, Inc. v. Beatrice Cheese, Inc.*, 402 F.3d 1198, 1202 n.3 (Fed. Cir. 2005). “Assessing standing from the time a claim is first asserted is consistent with the common-sense understanding of the admonition that ‘[s]tanding is determined as of the time the action is brought.’ An amended complaint does not ‘bring’ an action; the original complaint does. Moreover, once a claim is asserted, the court’s power to continue to entertain that claim is better thought of as an issue of mootness, not standing.” *Saleh v. Fed. Bureau of Prisons*, 2009 WL 3158120, at *5 (D. Colo. Sept. 29, 2009) (citations omitted); *accord Biovail Labs. Inc. v. Abrika, LLLP*, 2005 WL 8154800, at *3 (S.D. Fla. June 27, 2005) (“[Plaintiff] had constitutional standing rights at the time the initial Complaint was filed. Whether or not it had standing at the time of the Filing of the Amended Complaint, therefore, is not dispositive.”); *see also* Fed. R. Civ. P. 15(c) (providing that, “[a]n amendment to a pleading relates back to the date of the original pleading when . . . the amendment asserts a claim or defense that arose out of the conduct, transaction, or occurrence set out—or attempted to be set out—in the original pleading”).

The Fourth Circuit’s decision in *Daniels v. Arcade, L.P.*, 477 F. App’x 125 (4th Cir. 2012) (cited by Defendants, ECF 176 at 11–12), does not support Defendants’ position. There, the court considered whether the sole remaining plaintiff (who was not named in the original complaint) had standing in light of his allegations in the amended complaint. *Id.* at 130–31. *Daniels* establishes that standing *can* be based on events that occurred between the original filing and the amended complaint—not that standing *must* be re-established at the latter juncture. *Id.*

The rule for which Defendants argue is illogical; it would mean that the Serving Plaintiffs lost standing *only* because they decided to update their complaint to reflect the steps taken to implement the President's unconstitutional actions.³

Finally, Defendants note that an amended pleading generally supersedes the original. ECF 176 at 12 (citing *Young v. City of Mount Ranier*, 238 F.3d 567, 572 (4th Cir. 2002)). “While this statement is true for purposes of determining the allegations in the complaint, it is not determinative for standing purposes.” *Gonzalez*, 2014 WL 12605369, at *6. Indeed, standing was not at issue in *Young*. See 238 F.3d at 572 (addressing whether plaintiffs' failure to include claims against individual officers in their amended § 1983 complaint waived their right to challenge the dismissal of claims in the original complaint against an individual officer).

The Serving Plaintiffs had standing to bring their initial complaint, as this Court has found. ECF 85. Accordingly, it is Defendants' burden to show that the Serving Plaintiffs' claims are now moot. To do so, Defendants must establish that (i) “there is no *reasonable expectation* that the alleged violation will recur,” and (ii) “interim relief or events have *completely and irrevocably eradicated* the effects of the alleged violation.” *Todd v. Prince*

³ Defendants mistakenly rely on *G&E Real Estate, Inc. v. Avison Young-Washington, D.C., LLC*, 168 F. Supp. 3d 147 (D.D.C. 2016), and *Rockwell International Corp. v. United States*, 549 U.S. 457 (2007), in arguing that standing *must* be assessed anew each time a complaint is amended. ECF 176 at 11. In *G&E Real Estate*, 168 F. Supp. 3d at 159–60, an out-of-circuit decision, the district court measured standing as of the time of the amended complaint based on the Ninth Circuit's decision in *Northstar Financial Advisors Inc. v. Schwab Investments*, 779 F.3d 1036, 1046 (9th Cir. 2015). However, the Ninth Circuit has since explained that its *Northstar* decision and the Supreme Court's decision in *Rockwell* “do not actually address whether standing is measured at the time of an initial complaint or at the time of an amended complaint.” *In re Zappos.com, Inc.*, 888 F.3d 1020, 1022 (9th Cir. 2018) (Order, *amending* 884 F.3d 893). Instead, *Northstar* and *Rockwell* addressed “whether the allegations in an amended complaint may sometimes be considered in evaluating whether there was standing at the time the case was originally filed” or “whether an amended complaint may be considered a supplemental pleading under Federal Rule of Civil Procedure 15(d).” *Id.*

George's County, 2015 WL 2129702, at *3 (D. Md. May 6, 2015) (emphases added). Because the Implementation Plan is “sufficiently similar” to the Ban and Plaintiffs are disadvantaged “in the same fundamental way”—that is, by virtue of their transgender status—the challenged conduct continues, and Defendants’ jurisdictional argument must fail. *See infra* Part II; ECF 163-2 at 19 (citing ECF 148 ¶¶ 184–204); *Ne. Fla. Chapter of Associated Gen. Contractors of Am. v. City of Jacksonville*, 508 U.S. 656, 662 & n.3 (1993); *Karnoski v. Trump*, 2018 WL 1784464, at *6 (W.D. Wash. Apr. 13, 2018), *appeal filed*, No. 18-35347 (9th Cir. Apr. 30, 2018).

Defendants insist that this Court lacks jurisdiction due to the “grandfather provision” in the Implementation Plan, which Defendants contend permits the Serving Plaintiffs to serve and receive medical treatment. ECF 176 at 13. However, that protection can end at any moment, depending on how this and related litigation play out. ECF 120-2 at 43 (“[S]hould [DoD’s] decision to exempt these Service members be used by a court as a basis for invalidating the entire policy, this exemption is and should be deemed severable from the rest of the policy.”). With four separate lawsuits challenging the Implementation Plan before four U.S. district court judges in three circuits and on different tracks, Defendants cannot meet their burden of showing (i) “there is no *reasonable expectation* that the alleged violation will recur,” and (ii) “interim relief or events have *completely and irrevocably eradicated* the effects of the alleged violation.” *Todd*, 2015 WL 2129702, at *3 (emphases added). Indeed, Defendants do not even try.

C. Plaintiffs’ Claims Against the President Are Redressable.

Plaintiffs have already briefed at length why President Trump may be subject to a declaratory judgment. *See* ECF 117 (Plaintiffs’ Opposition to Defendants’ Partial Motion for Judgment on the Pleadings); ECF 163-2 at 25–26 (Plaintiffs’ Opposition to Defendants’ Motion

to Dismiss). For all the reasons described therein, Defendants’ argument that Plaintiffs’ injuries are not “redressable” is meritless.

II. THE IMPLEMENTATION PLAN IS A CONTINUATION OF THE PRESIDENT’S UNCONSTITUTIONAL DECISION TO BAN TRANSGENDER SERVICE AND IS THEREFORE EQUALLY UNCONSTITUTIONAL.

This Court already found at the preliminary injunction stage that the President’s Ban on military service by transgender people was rooted in discriminatory intent—not genuine military concerns. ECF 85 at 22–23, 43–44 (agreeing with the D.D.C. court that the Ban was “driven by a desire to express disapproval of transgender people generally”). Defendants “respectfully continue[] to disagree” with this Court’s finding, ECF 176 at 25, but they do not support that “disagreement” with any argument or evidence—or otherwise retract their earlier concession that they are not defending the constitutionality of President Trump’s Ban. *See, e.g.*, ECF 107 (February 6, 2018 order memorializing counsel’s representation that “[Defendants] will not be defending the policy now at issue but will be defending the policy to be disclosed on February 21, 2018”). In opposing a motion for summary judgment, Defendants must come forward with evidence and argument sufficient to create a disputed question of fact. Fed. R. Civ. P. 56(c). Because Defendants have failed to do so, the Court should “consider the fact” that President Trump’s original action was rooted in discriminatory animus, not legitimate military considerations, “undisputed for purposes of the motion.” Fed. R. Civ. P. 56(e).⁴

⁴ Defendants call it “illogical” for Plaintiffs to have filed a cross-motion for summary judgment while also opposing Defendants’ motion for summary judgment, pursuant to Rule 56(d). ECF 176 at 47–48. Defendants are mistaken. Courts routinely consider, and decide, cross-motions for summary judgment. *Fed. Sav. & Loan Ins. Corp. v. Heidrick*, 774 F. Supp. 352, 356 (D. Md. 1991). Moreover, because each motion must be considered on its own merits, *see Towne Mgmt. Corp. v. Hartford Accident & Indem. Co.*, 627 F. Supp. 170, 172 (D. Md. 1985), “[t]he contention of one party that there are no issues of material fact sufficient to prevent the entry of judgment in its favor does not bar that party from asserting that there are issues of material fact sufficient to prevent the entry of judgment as a matter of law against it,” *Zook v. Brown*, 748 (continued...)

The undisputed record evidence further demonstrates that the Implementation Plan is a direct result of the President’s discriminatory Ban on military service by transgender people. The Implementation Plan was, consistent with its name, designed to implement the President’s Ban. *See Karnoski*, 2018 WL 1784464, at *6 (“The Court finds that the 2018 Memorandum and the Implementation Plan do not substantively rescind or revoke the Ban, but instead threaten the very same violations that caused it and other courts to enjoin the Ban in the first place.”). Because President Trump’s directive to ban transgender people from serving was plainly a “substantial or motivating factor” behind the Implementation Plan, summary judgment must be granted unless Defendants carry their burden of demonstrating that the Plan “would have been enacted without this factor.” *Hunter v. Underwood*, 471 U.S. 222, 228 (1985).⁵

Defendants have failed to make that showing. Indeed, they have failed to supply *any* evidence—much less raise a genuine dispute—that the Implementation Plan would have been issued in its current form absent the pervasive animus on which it was based. Plaintiffs are

F.2d 1161, 1166 (7th Cir. 1984) (internal quotation marks omitted).

⁵ Importantly, this analysis is unaffected by the decisions in *Trump v. Hawaii*, __ S. Ct. __, 2018 WL 3116337 (June 26, 2018), and *Abbott v. Perez*, __ S. Ct. __, 2018 WL 3096311 (June 25, 2018). In *Trump v. Hawaii*, the Supreme Court declined to consider extrinsic evidence of animus when applying rational-basis review to a policy that was “neutral on its face.” 2018 WL 3116337, at *19. Here, on the other hand, Defendants seek to implement a policy that is facially discriminatory. Evidence of the President’s improper motive goes to show that Defendants’ asserted justifications for the Implementation Plan are pretextual, which is exactly the inquiry that the Constitution requires when a policy discriminates on its face. *See United States v. Virginia*, 518 U.S. 515, 533 (1996).

Nor does the Supreme Court’s ruling in *Abbott v. Perez* change the *Hunter* analysis. In *Abbott*, the Court distinguished the redistricting at issue on the basis that the 2013 Texas state legislature did not “use criteria that arguably carried forward the effects of any discriminatory intent on the part of the 2011 Legislature” and instead enacted a different plan that had already been explicitly approved by the court. 2018 WL 3096311, at *14. *Abbott* contrasted *Hunter*, in which the state legislature had reenacted provisions that “did *not* alter the [discriminatory] intent with which the [law] . . . had been adopted,” which necessitated a showing that the state’s discriminatory intent had been eliminated. *Id.* (emphasis added).

entitled to summary judgment on their claim for equal protection, for this reason alone.

First, Defendants claim that their review process must have been independent of the Ban because it began prior to the Ban’s issuance. This is revisionist history at odds with the actual record. DoD did initiate a review of the Open Service Directive in June 2017. ECF 40-11. However, that review assessed the military’s readiness to implement the Open Service Directive by July 1, 2017, not whether to implement it at all. *See* Decl. of Marianne F. Kies (“Kies Decl.”), Ex. A (USDOE00003258 at 3263). Indeed, each military department was explicitly informed that DoD “d[id] not intend to reconsider prior decisions unless they cause readiness problems that could lessen our ability to fight, survive and win on the battlefield.” *Id.* Consistent with that guidance, some of the branches recommended delays to study whether the post-transition waiting period for accessions should be extended beyond 18 months. Tellingly, *no* branch recommended reinstating the historical ban on transgender service. *Id.* at 3258 (Air Force: recommending 12- to 36-month delay to starting accessions), 3260 (Army: recommending 24-month delay to starting accessions), 3262–64 (Navy: finding “no impediments” to the July 1, 2017 start date for accessions, but requesting consideration of one year delay), 3265 (Marine Corps: recommending 12-month delay to starting accessions). In July 2017, President Trump interrupted and preempted DoD’s review—in his words, doing the military a “great favor” by resolving this “confusing issue” himself and ordering the military to reinstate the historical ban. ECF 40-12. Nothing in the record supports the idea that the military would have reinstated a complete ban in the absence of President Trump’s directives.

Second, Defendants attempt to distinguish the Implementation Plan from the directives that initiated it by cherry-picking language from Secretary Mattis’s Terms of Reference. *See* ECF 139-5. The Terms of Reference defeat, rather than support, Defendants’ position; indeed,

they articulate DoD's understanding that it had been "direct[ed]" to "prohibit[] accession of transgender individuals into military service." *Id.* Far from instructing the Panel of Experts to consider all of the evidence and reach the best conclusion, Secretary Mattis's instruction simply repeated what "[t]he Presidential Memorandum directs" (i.e., "generally prohibit[ing]" accession of transgender individuals into military service), and requested "update[s]" to the "terminology" DoD should use to describe this ban. *Id.* Although Defendants acknowledge the Terms of Reference (*see* ECF 158 at 46), they do not explain how these instructions could be consistent with the type of independent judgment they claim took place.

Consistent with this direction, military officials acknowledged that DoD had "received formal guidance from the White House reference to transgender personnel serving in the military" and committed to "develop a [sic] implementation plan to meet the President's intent," that is, a ban on military service by people who are transgender. ECF 163-9 at 4; *see also* ECF 40-22 (Tweets). While Defendants cite boilerplate language asserting that Secretary Mattis provided his "professional military judgment," ECF 176 at 24, the Secretary's "judgment" was confined to the clear parameters provided by his Commander-in-Chief. *See* ECF 85 at 39; *Karnoski*, 2018 WL 1784464, at *6 ("The 2017 Memorandum did not direct Secretary Mattis to determine *whether* or not the directives should be implemented, but instead ordered the directives to be implemented by specific dates and requested a plan for *how* to do so.").

To show a genuine dispute of material fact, Defendants must present some evidence that the military actually conducted an independent review beyond the parameters set by President Trump's directives and the Terms of Reference. They have failed to do so. Indeed, they have shielded highly relevant evidence from this Court's review through sweeping and unfounded assertions of deliberative process privilege. *See* ECF 177-3, 177-33. In the face of the clear

words of the Terms of Reference, demonstrating the importance of the President’s “direction” and the heavily circumscribed nature of the implementation process, the bare assertions of defense counsel are insufficient to survive Plaintiffs’ cross-motion for summary judgment.

Third, Defendants assert that the Implementation Plan is similar to the Open Service Directive in most respects. *See* ECF 176 at 7–9. This is a gross mischaracterization. Contrary to Defendants’ claim, the Open Service Directive and the Implementation Plan differ not simply in the scope of their exceptions, but in the most fundamental respects. The Open Service Directive’s enlistment policy allowed transgender people to enlist and serve if they have completed gender transition (with a waive-able requirement of an 18-month waiting period before enlistment). The Implementation Plan’s enlistment policy *permanently and categorically bans* transgender people who have transitioned from enlisting, and further *mandates* that transgender service members serve in their “biological sex.” *Compare* Open Service Directive (ECF 40-4) at Attachment § 2 (“ACCESSIONS”), § 3 (“IN-SERVICE TRANSITIONS”), *with* Implementation Plan (ECF 120-1) at 2–3 (“Transgender persons who require or have undergone gender transition are disqualified from military service”; “Service members diagnosed with gender dysphoria . . . may be retained if they do not require a change of gender”; “Transgender persons without a history or diagnosis of gender dysphoria . . . may serve . . . in their biological sex.”). Thus, to enlist under the Implementation Plan, transgender service members must deny their gender identity and forgo any treatment for gender dysphoria, effectively excluding service

by transgender persons.⁶

Defendants argue that the Implementation Plan's mandate to serve in one's "biological sex" and never transition is the same as the Open Service Directive's requirement that service members comply with the sex-based standards consistent with the gender they were designated at the time of enlistment (their original DEERS marker) until their gender transition is finalized (and their DEERS marker updated). *See* ECF 176 at 21. That is no comparison at all. The Open Service Directive requires compliance with sex-based standards consistent with one's gender marker but *allows service members the opportunity to transition and to alter their gender marker accordingly*, whereas the Implementation Plan categorically bars service by those who have transitioned. ECF 40-4 at Attachment § 3. This aspect of the Open Service Directive addresses people transitioning in service who had previously been serving in their birth-assigned gender. Individuals enlisting who had already transitioned would have been assigned a DEERS marker consistent with that transition and would never have been subject to standards consistent with their birth-assigned sex.

The Implementation Plan thus carries out President Trump's directive to ban transgender people from enlisting. Assertions by counsel that the Implementation Plan is "different" from President Trump's original directives do not raise a genuine dispute of material fact about its constitutionality.

⁶ Defendants also omit any discussion of the Open Service Directive's order that "discrimination based on gender identity is a form of sex discrimination" and that all service members should have "equal opportunity in an environment free from sexual harassment and unlawful discrimination"—statements that are noticeably absent from the Implementation Plan. *Compare* ECF 40-4 at Attachment § 5 ("EQUAL OPPORTUNITY"), *with* ECF 120-1.

III. THE IMPLEMENTATION PLAN VIOLATES EQUAL PROTECTION ON ITS FACE.

Even without considering its unconstitutional origins, the Implementation Plan is unconstitutional on its face. It singles out transgender individuals for different and unequal treatment without any constitutionally adequate justification—or any justification at all.

A. The Implementation Plan Requires Heightened Scrutiny.

Defendants’ claim that the Implementation Policy is subject only to rational basis review relies on two faulty premises: that the Implementation Plan discriminates based on only gender dysphoria, not transgender status; and that forcing transgender individuals to serve in accordance with their sex assigned at birth is not discriminatory at all. Both arguments are contrary to overwhelming medical consensus and constitutional doctrine. They do not raise genuine disputes as to either the applicability of heightened scrutiny or the fact that Defendants’ Implementation Plan fails under that scrutiny. *Infra* pt. III.C.

The Implementation Plan triggers heightened scrutiny because it subjects current and prospective transgender service members to standards different from those applied to non-transgender individuals who are similarly situated. Differential treatment on the basis of transgender status triggers at least heightened scrutiny. *M.A.B. v. Bd. of Educ. of Talbot Cty.*, 286 F. Supp. 3d 704, 719 (D. Md. 2018) (holding that transgender status is “at least” a quasi-suspect classification); *F.V. v. Barron*, 286 F. Supp. 3d 1131, 1145 (D. Idaho 2018) (“transgender people bear all of the characteristics of a quasi-suspect class and any rule developed . . . should withstand heightened scrutiny review to be constitutionally sound”). There is no support for applying a lesser level of scrutiny for discrimination against a protected class in the military context. *See* ECF 85 at 43–44 (adopting reasoning of *Doe 1 v. Trump*, 275 F. Supp. 3d 167, 208–10 (D.D.C. 2017)); *Karnoski*, 2018 WL 1784464, at *9 (holding that transgender

individuals “are a suspect class, such that the Ban must satisfy the most exacting level of scrutiny if it is to survive”); *see also Rostker v. Goldberg*, 453 U.S. 57, 69 (1981) (rejecting the government’s request to apply rational-basis review rather than “the heightened scrutiny with which we have approached gender-based discrimination”).

Defendants insist that the Implementation Plan is constitutional because its framework “turns on gender dysphoria” rather than a person’s transgender status. ECF 176 at 20. That is simply not true. Eligibility for service is determined not by a diagnosis of gender dysphoria, but rather by whether the person has transitioned. Specifically, under the Implementation Plan, a person whose gender dysphoria has been completely *cured* as a result of gender transition is barred from enlisting, whereas a person with a history of gender dysphoria is permitted to enlist after 36 months *so long as they serve in their sex assigned at birth*. ECF 120-1 at 2–3. A policy that bans transgender people from transitioning and serving consistently with their gender identity facially discriminates based on transgender status. *See Karnoski*, 2018 WL 1784464, at *6 (a person’s medical need to transition is the “very characteristic that defines them as transgender in the first place”).

Defendants further attempt to distinguish between discrimination based on transgender status and discrimination based on gender transition. However, courts refuse to distinguish between status and conduct in deciding whether to apply heightened scrutiny when—as here—a particular characteristic or trait is a defining element of a protected class. *Christian Legal Soc’y Chapter of the Univ. of Cal. v. Martinez*, 561 U.S. 661, 689 (2010) (recognizing that even though lesbian, gay, and bisexual people can choose to be celibate, requiring them to do so is discrimination based on status); *Lawrence v. Texas*, 539 U.S. 558, 583 (2003) (O’Connor, J., concurring in the judgment) (explaining that state sodomy ban was unconstitutional because “the

conduct targeted by this law . . . is closely correlated with” being lesbian, gay, or bisexual); *cf.* *Bray v. Alexandria Women’s Health Clinic*, 506 U.S. 263, 270 (1993) (“A tax on wearing yarmulkes is a tax on Jews.”).

In any event, even if Defendants could plausibly recast the Implementation Plan as discriminating based on gender transition, that still would not save their discriminatory policy from heightened scrutiny: discrimination based on the act of gender transition is on its face discrimination on the basis of sex. *See, e.g., EEOC v. R.G. & G.R. Funeral Homes, Inc.*, 884 F.3d 560, 577 (6th Cir. 2018) (rejecting distinction between transgender status and gender transition because “transitioning status constitutes an inherently gender non-conforming trait”); *Glenn v. Brumby*, 663 F.3d 1312, 1321 (11th Cir. 2011) (same).

B. Defendants’ Call for Blind Deference to Military Judgment Should Be Rejected.

Unable to escape heightened scrutiny, Defendants return to their mantra that this Court must “defer” to military judgments. No such deference is owed here, but even if it were, the Implementation Ban would still fail to pass constitutional muster.

As an initial matter, the mere fact that this case implicates military accessions does not, standing alone, mandate deference to Defendants’ decisionmaking process. In *Rostker*, the Supreme Court stressed that the judicial branch should grant a high degree of “deference to Congress in military affairs” and emphasized that the policy at issue had been “extensively considered by Congress in hearings, floor debate, and in committee.” 453 U.S. at 69, 72 (emphasis added). By contrast, the policy here has its genesis in an arbitrary Twitter announcement by the President, which, as explained above, remains a critical driver of the Implementation Plan. *See* ECF 85 at 43 (observing that the Ban “did not emerge from a policy review” and “was not driven by genuine concerns regarding military efficacy”); *cf. Youngstown*

Sheet & Tube Co. v. Sawyer, 343 U.S. 579, 588 (1952) (“The President’s order does not direct that a *congressional* policy be executed in a manner prescribed by Congress—it directs that a *presidential* policy be executed in a manner prescribed by the President.” (emphases added)). Moreover, *Rostker* concerned two classifications of individuals that, in the Court’s view, were not similarly situated. 453 U.S. at 78. Here, the Transgender Service Member Ban and Implementation Plan set apart transgender individuals for disparate treatment for no other reason than their transgender identity. *See M.A.B.*, 286 F. Supp. 3d at 718.⁷

Even if deference were owed to the Executive here, “deference does not mean abdication.” *Rostker*, 453 U.S. at 70. This Court must still determine whether the President and the military “transgressed an explicit guarantee of individual rights.” *Id.* As discussed in pt. III.A, *supra*, this question should be answered under a heightened scrutiny analysis. But even under a rational basis test, it is plain that such a transgression has occurred. As explained below, Defendants rely on such faulty logic and irrational conclusions that no degree of deference could save them.

C. The Implementation Plan Does Not Survive Heightened Scrutiny.

Defendants do not contend that the Plan is “substantially related” to an “exceedingly important” government interest; that its justifications are “genuine, not hypothesized or invented *post hoc* in response to litigation”; or that its justifications do not “rely on overbroad generalizations about the different talents, capacities, or preferences” of transgender people. *See Virginia*, 518 U.S. at 533. Instead, Defendants argue only that the Plan satisfies rational-basis review under a highly deferential military standard—which, even in that context, it does not, *see*

⁷ Defendants also rely on *Goldman v. Weinberger*, 475 U.S. 503 (1986). *Goldman*, unlike this case, concerned a facially neutral rule.

infra pt. III.D. As Defendants have conceded that the Implementation Plan cannot survive heightened scrutiny, that is a sufficient basis on which to find it unconstitutional.

D. The Implementation Plan Fails Even Rational Basis Review.

The Implementation Plan also fails even rational basis review. Defendants’ stated concerns about gender dysphoria and gender transition “ma[k]e no sense in light of how the [military] treat[s] other groups similarly situated in relevant respects,” revealing that the policy is designed to burden transgender individuals as a group—not to address a “medical condition.” *See, e.g., Bd. of Trs. of Univ. of Ala. v. Garrett*, 531 U.S. 356, 366 n.4 (2001); *Bostic v. Schaefer*, 760 F.3d 352, 382 (4th Cir. 2014) (rejecting justification that is “so underinclusive” that its real motivation “must have rest[ed] on an irrational prejudice” (internal quotation marks omitted)). Because the Ban and the Implementation Plan are not “rationally related to a legitimate governmental purpose,” they do not withstand rational basis scrutiny. *City of Cleburne v. Cleburne Living Ctr., Inc.*, 473 U.S. 432, 446 (1985) (superseded by statute on other grounds).

As set forth in Plaintiffs’ cross-motion for summary judgment, Defendants’ purported justifications for banning transgender people from enlisting in the military are baseless in light of how the military treats individuals with other medical conditions that raise the same purported concerns. ECF 163 at 34–44; *cf. Crawford v. Cushman*, 531 F.2d 1114, 1123 (2d Cir. 1976) (“Why the Marine Corps should choose, by means of the mandatory discharge of pregnant Marines, to insure its goals of mobility and readiness, but not to do so regarding other disabilities equally destructive of its goals, is subject to no rational explanation.”); *cf. City of Cleburne*, 473 U.S. at 450 (“[T]he expressed worry about fire hazards, the serenity of the neighborhood, and the avoidance of danger to other residents fail rationally to justify singling out a home [for people with disabilities] for the special use permit, yet imposing no such restrictions on the many other uses freely permitted in the neighborhood.”).

In response to this charge, Defendants have provided neither evidence nor any rational explanation sufficient to survive summary judgment. Instead, Defendants attempt to muddy the waters by accusing Plaintiffs of asking the Court to “substitute its own judgment for that of current military leaders on matters of military policy” through consideration of “the opinion of a civilian doctor.” ECF 176 at 33. To the contrary, the military’s own documents establish that the military allows people to enlist and deploy when taking hormones as medication management for conditions *other* than gender dysphoria. *See* ECF 133-15 (Administrative Record) at AR3068 (internal “white paper” memorandum regarding hormones and deployability); *accord* ECF 40-32 (Brown Decl.), ¶¶ 62, 77–83. Defendants never attempt to provide *any* explanation for why transgender service members who take hormones as medication management for gender dysphoria should be treated differently. There is no military judgment to “second guess,” because the military has offered no explanation at all.

1. Deployability

Defendants assert that transgender individuals warrant disparate treatment because transition-related medical care poses deployability concerns. But under the Open Service Directive, transgender people must already have completed transition-related care at least 18 months before enlisting. ECF 40-4 at Attachment § 2(a)(2). Plaintiffs have already explained this fundamental disconnect: Defendants seek to ban enlistment because of concerns that *by definition do not apply* to those who would be eligible to enlist. *See* ECF 163-2 at 35–39. It is dispositive of the Implementation Plan’s irrationality that Defendants still cannot explain this basic contradiction, continuing to rely on concerns that simply have no applicability. *See* ECF 120-2 at 32–34 (focusing almost entirely on the deployability of service members who are in the process of gender transition and may require monitoring while initiating hormones, or who may be nondeployable for limited periods of time while recovering from transition-related surgery).

For service members who have already transitioned before enlisting, the only relevant medical treatments are maintenance hormone therapy, and military regulations already permit service members in combat settings to take hormones and other medications for various medical conditions, including abnormal menstruation, dysmenorrhea, and endometriosis. ECF 139-19 (Brown Supp. Decl.), ¶¶ 33–38. Moreover, according to the military’s own research, “the long-term monitoring requirements, adverse outcomes, and deployment opportunities” for transgender service members receiving cross-sex hormone maintenance “are similar to other common hormone-based therapies” provided to other service members who are able to deploy. ECF 133-15 at AR3068; *accord* ECF 139-19, ¶ 36 (“The risks associated with use of cross-sex hormone therapy to treat gender dysphoria are low and not any higher than for the hormones that many non-transgender active duty military personnel currently take. The medications do not have to be refrigerated, and alternatives to injectables are readily available, further simplifying treatment plans.”). The white paper noted that there are many non-transgender service members with diagnostic codes for “low testosterone and low estrogen conditions who are receiving testosterone and estrogen therapy,” and that “[i]ndividuals who are stable on their regimens are deployable.” ECF 133-15 at AR3074 (emphasis added). In 2016–17 alone, 352 men and 19 women deployed while receiving hormones for these conditions; during the same period, 620 service members were deployed while receiving hormones for hypothyroidism. *Id.* at AR3073–74.

Remarkably, Defendants once again fail even to acknowledge the white paper or provide any explanation, much less evidence, for why transgender service members’ need for hormone therapy should be handled any differently from that of other service members. *See* ECF 163-2 at 39–40.

2. *Readiness*

Defendants also assert that a history of gender dysphoria represents a rational basis for exclusion from military service, because (according to Defendants) people with gender dysphoria disproportionately suffer from anxiety and depression. ECF 176 at 34.⁸ But it is undisputed that the military *already requires* that new enlistees undergo examination for potentially disqualifying mental health diagnoses. ECF 139-19 ¶ 21. A history of suicidal behavior is disqualifying under these general criteria, while a history of anxiety or depression is disqualifying unless the individual has been stable and without medical treatment for a period of 24 or 36 months, respectively. *Id.* Defendants have provided no evidence to support their view that a gender dysphoria diagnosis requires exceptional treatment. Moreover, because transgender individuals must be certified as being stable in their gender for 18 months prior to accession under the Open Service Directive, enlistees under the terms of that policy will no longer be experiencing gender dysphoria. *Id.* at 11.

Defendants respond by asserting that there is uncertainty regarding the efficacy of transition-related treatment. But the medical consensus on this issue is clear and is directly contrary to Defendants' position: transition-related medical care is effective at treating gender dysphoria. ECF 40-32 ¶ 32. This is not a "battle of the experts"; it is a rout, with science on one side and Defendants' irrational animus on the other. National medical organizations, including the American Psychological Association, the American Medical Association, the Endocrine Society, and the American Psychiatric Association, among others, all agree that transition-related

⁸ Defendants cite the supposedly disproportionate number of visits to mental health care professionals made by transgender service members, ECF 176 at 34, while ignoring the "critical fact" that "service members were required to meet with mental health providers numerous times to document their gender dysphoria as a precondition for receiving health care for gender dysphoria, and for continued access to cross-sex hormones." ECF 139-19 ¶ 29.

medical care is effective. *See id.* ¶ 34; *see also* ECF 139-19 ¶¶ 13–14. Defendants offer no expert medical judgment to contradict this professional consensus. The Implementation Plan’s disregard for the established medical consensus reflects stigma, not fact.

The irrational prejudice underlying the policy is further illustrated by Defendants’ disparate treatment of people with a history of gender dysphoria who transition and people with a history of gender dysphoria who attempt to serve in their sex assigned at birth. The notion that gender dysphoria can be “cured” by living in accordance with one’s sex assigned at birth has been soundly rejected by the scientific community. *See* ECF 139-19 ¶ 9. There is no rational medical basis for concluding that people with a history of gender dysphoria should be able to enlist if they serve in their sex assigned at birth while continuing to assert that there is too much medical uncertainty to allow transgender people to enlist after their gender dysphoria has been cured through transition-related care.

3. *Costs*

Defendants repeatedly highlight various costs and impacts that they assert would necessarily flow from providing transgender service members with medical treatment and accommodations under the Open Service Directive. ECF 176 at 43–45. Again, however, the Open Service Directive permits transgender individuals to enlist *only after completing their transition*, including a medical certification of stability for a period of 18 months. ECF 40-4 at Attachment § 2. The supposed spike in military medical costs seen since the Open Service Directive issued is illusory, as it reflects the medical costs for existing service members pursuing transition-related surgeries that new enlistees would not need. The same is true for the “negative budgetary impact” cited for accommodating travel related to transition surgical care. New enlistees will have no anticipated surgical needs, and thus they will generally need only maintenance levels of hormone therapy, unlikely to require any travel. *See, e.g.*, ECF 139-19

¶ 35 (“The Military Health Service maintains a sophisticated and effective system for distributing prescription medications to deployed service members worldwide.”) (quoting M. Joycelyn Elders et al., *Medical Aspects of Transgender Military Service*, 41 *Armed Forces & Soc’y* 199, 207 (Aug. 2014)). This is well within the range of typical medical costs the military bears for any number of other medical conditions requiring hormone treatment.

4. *Unit Cohesion and Privacy*

Defendants assert that DoD was reasonably entitled to exclude transgender individuals out of concerns regarding unit cohesion. ECF 176 at 40–43. Even the leaders of the services do not share those concerns.

Marines Commandant Gen. Robert Neller told the U.S. Senate that he was “not aware of any issues” in the areas of unit morale related to transgender service. Kies Decl., Ex. B at 50. Army Chief of Staff Gen. Mark Milley echoed those statements, saying that he had not heard of any issues with unit cohesion. *Id.*, Ex. C at 58. Chief of Naval Operations Adm. John Richardson said the same, *id.*, Ex. B at 50, as did Air Force Chief of Staff David Goldfein, *id.*, Ex. D at 48. If transgender service members posed a real concern for unit cohesion, one would expect the military’s most senior officers to be aware of it after presumably receiving extensive pre-hearing briefings.

Defendants also claim that the Implementation Plan reflects the concern that there could be a perception of unfairness if transgender individuals are permitted to adhere to uniform standards not in line with their birth sex, while others are not. ECF 176 at 41. However, under current military regulations individuals must meet the uniform standards associated with their military gender marker. ECF 40-9 at 11 (Implementation Handbook of Open Service Directive). This standard can thus be fairly applied without an appearance of favoritism or inconsistency, alleviating any threat to unit cohesion.

Finally, Defendants assert that transgender service members pose a potential threat to the privacy rights of other service members. Once again, Defendants ignore the existing military frameworks for resolving problems of this kind. Commanders have flexibility to implement practical solutions to alleviate any issues that may arise from, *inter alia*, locker rooms or shared bathroom facilities. ECF 139-29 (Carson Supp. Decl.), ¶¶ 24–29; *see* ECF 63-2 at 41–43 (citing cases and sources). Defendants present no evidence that such issues have, in fact, arisen, nor have posed any threat to unit cohesion. As discussed above, several of the military’s senior officers have affirmatively testified that such problems have not arisen. Manufactured privacy concerns have arisen in the military before, both in the context of “Don’t Ask, Don’t Tell” and in the context of resisting the integration of women into the military. This argument has been debunked each time. It is no more persuasive here.

CONCLUSION

For the foregoing reasons, and for the reasons stated in Plaintiffs’ opening brief, Plaintiffs’ Cross-Motion for Summary Judgment should be granted.

Dated: July 6, 2018

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CERTIFICATE OF SERVICE

I hereby certify that, on July 6, 2018, a copy of the foregoing and its exhibits were served on Defendants via CM/ECF.

/s/ Peter J. Komorowski
Peter J. Komorowski

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND**

BROCK STONE, et al.,

Plaintiffs,

v.

DONALD J. TRUMP, et al.,

Defendants.

Case No. 1:17-cv-02459

**DECLARATION OF MARIANNE F. KIES IN SUPPORT OF PLAINTIFFS’
REPLY IN SUPPORT OF CROSS-MOTION FOR SUMMARY JUDGMENT**

I, MARIANNE F. KIES, depose and say as follows:

1. I make this declaration in support of Plaintiffs’ Reply Memorandum in Support of their Cross-Motion for Summary Judgment. The following facts are based on my own personal knowledge, except those stated upon information and belief, and as to all such facts stated upon information and belief, I am informed and believe that the same are true.

2. I am an attorney with Covington & Burling LLP, and I represent Plaintiffs in this action.

3. Attached hereto as “Exhibit A” is a true and correct copy of a document produced by Defendants bearing the Bates range USDOE00003258–66. This document appears to contain several Memoranda, each on the subject, “Readiness of Military Departments to Implement Accession of Transgender Applicants into Military Service.” They appear to have been prepared by Acting Secretary of the Army Robert M. Speer, with a handwritten date of May 25, 2017; and Acting Secretary of the Navy Sean J. Stackley, with a date of May 31, 2017, respectively.

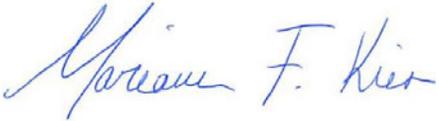
4. Attached hereto as “Exhibit B” is a true and correct copy of the transcript of the April 19, 2018, Senate Armed Services Committee hearing on the subject, “Navy Posture.”

5. Attached hereto as “Exhibit C” is a true and correct copy of the transcript of the April 12, 2018, Senate Armed Services Committee hearing on the subject, “Fiscal 2019 Budget Request for the Army Department.”

6. Attached hereto as “Exhibit D” is a true and correct copy of the transcript of the April 24, 2018, Senate Armed Services Committee hearing on the subject, “Air Force Posture.”

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 6th day of July, 2018.

A handwritten signature in blue ink that reads "Marianne F. Kies". The signature is written in a cursive style and is positioned above a horizontal line.

Marianne F. Kies (Bar No. 18606)

Exhibit A



MAY 31 2017

FOR: DEPUTY SECRETARY OF DEFENSE

FROM: Heather Wilson

SUBJECT: Readiness of Military Departments to Implement Accession of Transgender Applicants into Military Service

- In response to your subject memorandum, dated 8 May 2017, we recommend a 12-36 month delay from the current 1 July 2017 accession policy implementation to allow for a period of further study to assess the readiness implications of transgender accessions. We reaffirm our commitment that currently serving transgender members be allowed to serve openly, freely, without discrimination and to ensure that all Airmen have the opportunity to focus on the mission and be successful. The Air Force is complying with OSD direction to educate our force through general Transgender Awareness Training, and anticipates completion by the OSD-directed target date of 1 July 2017.
- We believe that the combination of developing, but still immature, medical information and information received from Combatant Commands (CCMDs) raises significant concerns about the potential availability, readiness, and deployability of potential transgender accessions that warrants more study.
- It has been further noted that currently serving transgender members have had some significant readiness and deployment issues. Early medical evidence indicates that gender transition medical treatment may not be providing a lasting resolution to gender dysphoria and there is not sufficient data to draw conclusions on cited medical issues. This additional period would allow the opportunity to build upon a growing body of medical evidence on which to base a more informed decision on the readiness impacts of transgender applicant accessions.
- As a force provider, the Air Force takes these concerns seriously, particularly in light of understandable restrictions required by our warfighters. For example, US Central Command (USCENTCOM) MODIFICATION (MOD) 13, *Individual Protection and Individual Unit Deployment Policy*, provides that members with gender dysphoria, and those actively undergoing gender transition, are, due to complex medical and mental health needs, generally disqualified from deployment to the USCENTCOM Area of Responsibility until the process, including all necessary follow-up and stabilization, is completed without complication or persistent concerns (identified as stability). Additionally, other CCMDs have policies that limit deployment of any member, not solely transgender members, who have a condition with complex multi-specialty medical concerns without an approved waiver by the gaining CCMD, which is consistent with established Military Department and Service standards.

- ♦ Our point of contact is Martha P. Soper, SAF/MRR, (703) 693-9512 or via email at Martha.p.soper.civ@mail.mil

COORDINATION: None

Attachment:

DepSecDef Memo, 8 May 17

Prepared by: Martha P. Soper, SAF/MRR, (703) 693-9512



ACTION MEMO

05-25-17 A09:40 -OUT

FOR: DEPUTY SECRETARY OF DEFENSE

FROM: Robert M. Speer, Acting Secretary of the Army

Robert M. Speer, 5-25-17

SUBJECT: Readiness of Military Departments to Implement Accession of Transgender Applicants into Military Service

- This responds to your May 8, 2017 memorandum to assess the Army's readiness to begin accessing transgender applicants into the Army on July 1, 2017 (TAB A). The Army requests a delay in implementing the draft accessions policy until July 1, 2019, to allow for a meaningful analysis and determination regarding the impact of transgender accessions on the Army's readiness to meet the statutory requirement under 10 USC 3062, specifically the Army's obligation to be organized, trained, and equipped primarily for prompt and sustained combat operations.
- While the Army is on track to complete our transgender in service tiered training program by July 1, 2017, our assessment identified several impediments to starting accessions on July 1, 2017, potentially impacting our future ability to conduct "prompt and sustained" combat operations in furtherance of our statutory mission.
- Some transgender Soldiers experience extensive medical non-deployability both before and after transition. The Army reviewed the records of the 36 Soldiers with an approved gender marker change and found that seven (19%) were permanently non-deployable after their transition compared to 2% permanently non-deployable in the rest of the force. This rate is in addition to the 6 - 12 months medically non-deployable time (exclusive of time needed to recover from surgery) most transitioning Soldiers experience. Accessing additional individuals when the only empirical evidence collected suggests a 19% permanently non-deployable rate hurts the overall readiness of the force and reduces the ability of the Army to achieve our statutory mission of providing prompt and sustained combat operations. As we have just begun retaining transgender Soldiers, insufficient data exists to determine if more time would resolve the associated non-deployable conditions.
- Empirical evidence is not available to identify if the contemplated 18-month stability period is sufficient to support the overall readiness of the force. Many medical conditions require a waiting period to determine stability. The waiting periods are based primarily on published medical standards of care used to determine complete healing times or the point at which one reaches such a low risk of recurrence that the condition is considered medically resolved, for example, a 6-month stability period following refractive eye surgery. Gender dysphoria has a higher than average risk of being associated with mood and anxiety disorders and suicidal behaviors. Some of the waiting periods for disorders sometimes associated with gender dysphoria are greater than the contemplated 18-months of stability for gender dysphoria, for

SUBJECT: Readiness of Military Departments to Implement Accession of Transgender Applicants into Military Service

example depression (requiring a period of 36 months without treatment prior to accession), and anxiety (requiring a period of 24 months without treatment prior to accession). The minimum waiting period for transgender individuals should be that time necessary to resolve the dysphoria or any other attendant conditions.

- * Data to assess impact on readiness has only been available since October 2016. To address this insufficiency, the Army requests delaying implementation of an accessions policy for at least 24 months. The delay provides the necessary time to develop actual practical experience regarding the length and type of medical treatment needed to resolve periods of non-deployability and validate the presumption that transgender Soldiers will access in their preferred gender and experience no additional distress or dysphoria, requiring only routine behavioral health and endocrinological follow-up with minimum training disruption during service.

RECOMMENDATION: Approve the delay of implementation until July 1, 2019.

Approve _____ Disapprove _____ Other _____

COORDINATION: NONE

Attachment:
As stated

Prepared by: LTC Daniel McTigue, (703) 695-5666



May 31, 2017

MEMORANDUM FOR DEPUTY SECRETARY OF DEFENSE

SUBJECT: Readiness of Military Departments to Implement Accession of Transgender Applicants into Military Service

Pursuant to your memorandum of May 8, 2017, the Department of the Navy (DON) evaluated our readiness to begin accessing transgender applicants into military service on July 1, 2017. While both the Navy and Marine Corps are prepared to begin accessing applicants on July 1, 2017, as outlined in the attached Service assessments from the Director, Navy Staff and Commandant of the Marine Corps, I request consideration be given to extending the accession deadline by one year to July 1, 2018.

As directed, the Navy and Marine Corps developed Service-wide education and training plans to ready the force and ensure successful integration. Navy completed training as of April 30, 2017, and the Marine Corps will be complete by July 1, 2017. Additionally, DON published transgender policy in Secretary of the Navy Instruction 1000.11, *Service of Transgender Sailors and Marines*, on November 4, 2016.

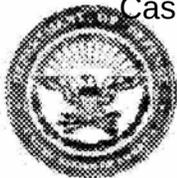
A one-year delay will enable DON to assess the effectiveness of our policy to evaluate, treat, and integrate transgender Service Members within the existing population. This will allow us opportunity to apply the experience of our current efforts to identify any potential impacts of transgender service on readiness and deployability and to standardize and clarify DON procedures as required to preclude such impacts. During this period we will also assess the detailed policy impacts on individual Service Members and their ability to have full, uninhibited careers offering world-wide assignability. Additionally, we will work with the other Services, the Combatant Commanders, and the Office of the Secretary of Defense to promote consistency in implementation regarding deployed environment requirements, non-deployability periods, and the optimal stability period associated with the unique stressors of military life.

Those who join our all-volunteer force today do so with an expectation of being able to serve wherever the nation needs them. We owe them consistent and clear policies that maximize readiness while simultaneously ensuring individuals have the ability to contribute to the mission based solely on their abilities and qualifications.



Sean J. Stackley
Acting

Attachments:
As stated



DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MAY - 8 2017

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHIEFS OF THE MILITARY SERVICES

SUBJECT: Readiness of Military Departments to Implement Accession of Transgender
Applicants into Military Service

In coordination with the Under Secretary of Defense for Personnel and Readiness, I direct you to assess the Department's readiness to begin accessing transgender applicants into military service on July 1, 2017.

The personnel policies of this Department are designed to enhance the warfighting readiness and lethality of the force that protects our country. We do not intend to reconsider prior decisions unless they cause readiness problems that could lessen our ability to fight, survive and win on the battlefield.

Current guidance prohibits the involuntary separation of otherwise qualified Service members solely because of gender identity and directs the Military Departments to prepare for the accession of transgender applicants into military service by July 1, 2017. That guidance also contained directions for each Department to conduct force-wide education and training to ready the force and ensure successful integration. Please report your assessment to me no later than May 31, 2017.

R. O. D. J. K.

cc:
Chairman of the Joint Chiefs of Staff
Under Secretary of Defense for Personnel and Readiness
General Counsel of the Department of Defense



OSD008501-17/ICMD007570-17



22 May 17

MEMORANDUM FOR SECRETARY OF THE NAVY

SUBJECT: Readiness of Military Departments to Implement Accession of Transgender Applicants into Military Service

Mr. Secretary, we are prepared to access transgender (TG) applicants into military Service on July 1, 2017. We conducted extensive policy reviews and training of the force, and established the required conditions for implementation of TG applicant accessions. The following criteria served as the basis for our assessment.

- Required revisions to Navy policy were outlined in NAVADMIN 248/16 and BUMEDNOTE 6000. Applicable Navy instructions were reviewed and any changes required are nearing completion and will be in effect by the planned date for TG accessions.
- All Navy policies and regulations are consistent with the standards of military readiness, effectiveness, unit cohesion, and recruiting and retention needs.
- As of April 30, 2017, the Navy completed TG policy training for both the active and reserve components.
- The Navy Service Central Coordination Cell continues to provide assistance and clarification to command triads and individual Sailors regarding personnel policies and gender transition, responding to over 460 inquiries since the July 5, 2016 standup.
- BUMED successfully stood up east and west coast transgender care teams, completed physician training and developed a multidisciplinary approach to care for transitioning Sailors.
- Navy Recruiting Command recruiters are prepared to accept TG applications.
- Navy accession sources at Naval Service Training Command and U.S. Naval Academy are ready to begin accessing TG recruits and officer candidates.
- Recruit Training Command (RTC) is on track to complete the minimum necessary modifications to ensure appropriate privacy for incoming TG personnel. No other facilities modifications are planned by Navy outside of RTC.

While Navy sees no impediments and assesses limited risk to start accessing TG applicants, I would not oppose a shift in the final implementation date if required by our sister Services. Navy agrees to the plan of 18 months stability requirement for Service entry of TG applicants, but awaits decision and release of DoD accession medical standards to review and update our policies and instructions accordingly. The accession of TG personnel is not expected to cause significant impacts to readiness, effectiveness, cohesion, recruiting and retention.


J. G. FOGGO



May 30, 2017

**MEMORANDUM FOR DEPUTY SECRETARY OF DEFENSE
SECRETARY OF THE NAVY****SUBJECT: Readiness of the Military Departments to Implement Accession of Transgender Applicants into Military Service**

The United States Marine Corps acknowledges the 30 June 2016 decision by the Secretary of Defense to begin accessing transgender applicants into the Marine Corps on 1 July 2017. The Marine Corps will comply with all Department of Defense (DoD) directives on this issue, but recommends extending the accession deadline to 1 July 2018. Since the implementation of the DoD transgender policy, we continue to learn from our transitioning in-service Marines who have bravely stepped forward. An additional year will give us the opportunity to continue to learn and to address ongoing concerns including:

- Since the implementation of the policy, we are beginning to better understand, via our in-service transitioning Marines, how transition impacts deployability and readiness. This information is important because the majority of Marines serve only a single term and we expect these Marines to be ready to train and deploy multiple times. With an additional year to implement transitioning/transgender accessions, we will be able to gain more insight from our experience with our in-service transitioning Marines and will be able to offer DOD a well-informed assessment on the impact on readiness.
- Facilities modifications are necessary at numerous training locations to respond to privacy concerns. These modifications have been impacted by the extended Continuing Resolution and, therefore, have not yet been completed. An additional year and a signed budget will allow us to complete these modifications.
- Notable inconsistencies exist between the clinical guidelines for transgender care and the DoD policy, specifically with respect to the requirement of real life experience (RLE). Defense Health Agency policy mandates DoD clinicians use guidelines requiring at least three months RLE prior to initiating hormone treatment. However, DoD policy which was developed with input from DoD medical experts does not permit RLE during duty hours and only allows partial RLE when Service members are off-duty. This incongruity reflects the lack of agreement within the medical and behavioral health communities and must be resolved to ensure appropriate care for our transitioning service members. By deliberately increasing this population before we have resolved the inconsistencies, we potentially expose newly accessed transitioning Marines to unacceptable health risks.
- Lastly, an extension would allow DOD and the Services to gain more certainty about DOD's interpretation of 10 U.S.C. §§6931, 9319, and 4319 which require the Services to provide sleeping and latrine areas separated by "male" and "female" at recruit training. The statutes

do not define the terms "male" or "female," but DOD General Counsel has suggested in a 5 July 2016 opinion that the terms will be interpreted to mean the member's gender marker as reflected in the Defense Enrollment Eligibility Reporting System (DEERS). The DOD General Counsel opinion indicates a belief that Congress will defer to DOD's interpretation of "male" and "female" because of the significant authority Congress has conferred on the Secretary of Defense and Service Secretaries concerning the administration of DOD and its personnel. DOD should take additional action prior to the accession of transgender applicants to ensure this view is consistent with congressional intent, in order to avoid potential risk of violation of these statutes.

In addition to these concerns, we continue to recommend the stability period for new accessions be established as 24 months, vice 18 months under the current policy. This 24-month stability requirement is consistent with other stability requirements within DOD's medical standards for accession in DODI 6130.03. Accession to military service is a significant and stressful event for all applicants; physical and mental stability are vital for success during recruit training or officer candidate school. A longer stabilization requirement would provide a better foundation for our transgender applicants and better position them to successfully complete rigorous initial training.

In summary, the Marine Corps will execute as required, but recommend the effective date for new accessions be delayed to 1 July 2018 so the Services can review and learn from current in-service transgender cases to better serve our transitioning/transgender members and to better understand the impacts of this new policy. We further recommend the stability period for new accessions be lengthened to 24 months.



Robert B. Neller

Exhibit B

CQ CONGRESSIONAL TRANSCRIPTS

Congressional Hearings

April 19, 2018 - Final

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Senate Armed Services Committee Holds Hearing on Navy Posture

LIST OF PANEL MEMBERS AND WITNESSES

INHOFE:

Our meeting will come to order.

The committee meets today to receive testimony on the posture of the U.S. Navy and its fiscal year 2019 budget request.

We welcome our witnesses, the Honorable Richard Spencer, secretary of the Navy - welcome -- Admiral Richardson, the chief of naval operations; and General Robert Neller, commandant of the Marines.

Welcome, all three of you. We thank you for your dedicated service.

The National Defense Strategy aims to build a more lethal and ready force, and reform the Department of Defense for greater performance and affordability. We look forward to hearing from each of you as to how the Navy and the Marine Corps plan to support these objectives.

I was pleased to see requested procurement increases that align with the new strategy, including 11 warships, dozens of aircraft, and expanded investment in long-range precision fires, air defense, electronic warfare and other critical capabilities over the next five years.

I continue to be concerned about the readiness, with a number of the recent air and sea mishaps and the tragic loss of life that results, and I hope we have a chance to talk about that.

You know, when we have these accelerated mishaps that we have had, obviously, it

has something to do with -- with OPTEMP, with maintenance, with training and it's -- but it's difficult to identify just where that is. However, I think it's something that we need to be talking about.

I'm encouraged to see the Navy and Marine Corps prioritizing manning challenges during a time when our sailors and Marines have been asked to maintain a high operational tempo. We look forward to hearing where you would use additional end-strength to fill in gaps at sea and support the priorities outlined in our National Defense Strategy.

Finally, recognizing your service in the military is inherently difficult, I'd like to ensure we're doing all of the things that we can do to relieve stress on our sailors, Marines and families and prioritize the readiness of the force.

Senator Reed?

REED:

Thank you very much, Mr. Chairman.

And let me welcome Secretary Spencer and Admiral Richardson and General Neller. Thank you, gentlemen, for your service over many, many years, and to all the men and women of the Department of the Navy and their families. We're grateful for that service and please give them our appreciation.

As the leaders of the Navy and the Marine Corps, you face huge challenges as you strive to balance the need to support ongoing operations and sustained readiness, with the need to modernize and keep the technological edge so critical to military success.

The Department of the Navy face serious readiness problems caused by deferred maintenance, reduced steaming and flying hours, and canceled training and deployments. We are all keenly aware of the number of ship collisions, and want to work with the Navy to implement changes that should help prevent such incidents in future operations.

These challenges have been made particularly difficult by the spending caps imposed in the Budget Control Act. Fortunately, we have a budget deal of the defense topline for two years, but additional challenges loom on the horizon as the Budget Control Act will be back in force for fiscal year F.Y. 2020.

I look forward to hearing your testimony on progress you're making in correcting these readiness problems, while the funding levels are increased.

All the areas of our naval forces are maintaining extremely high operational tempo. Demand is overwhelming for attack submarines, air and missile defense cruisers, destroyers and strike fighter inventories.

In addition, the Navy is now in its sixth year of operating with fewer than the required 111 aircraft carriers. And during the next decade, as a first priority, the Navy will need to buy the new Columbia-class ballistic missile submarines to replace the Ohio-class submarines.

REED:

I am interested in hearing how the Navy is managing current demands on its assets and how it plans to manage future modernization demands. Particularly, how it is using the additional authorities that are granted under the National Sea-Based Deterrence Fund, beginning with the Columbia-class program funding in fiscal year 2018.

The Marine Corps continues to make modernization of ground vehicles a priority by balancing the procurement of new systems while upgrading existing platforms to meet current operational needs. The amphibious combat vehicle will replace the aging inventory of assault amphibious vehicles in order to provide Marines with increased force protection and enhanced lethality. The Marine Corps is also partnering with the Army to develop the joint light tactical vehicle, the JLTV, to replace the Humvee.

I would welcome an update from our witnesses on the status of these programs.

Last year we were presented with a document that identified a new force structure goal as recommended by the chief of naval operations. That was the new Force Structure Assessment, the FSA. The Navy's current high-level of operations contributed in part to the CNO's conclusion in this assessment that calls for increasing the goal for the Navy fleet from 308 ships to the level of 355 ships.

The Navy submitted a new 30-year ship building plan with the fiscal year 2019 budget request. While the plan would lead to increasing the size of the fleet, it would not meet the new 355-ship goal. This 30-year plan would achieve the attack submarine force goal of 66 boats in 2048. However in the same year we would have a force of nine aircraft carriers compared to a goal of 12 carriers, and 92 large surface combatants versus the goal of 104. We need to understand the steps the Navy will be taking to address these shortfalls.

In addition, a significant fact that bears on our discussion this year is that Secretary Mattis has published a new defense strategy that is intended to guide force structure development and modernization programs to increase capability. It is reasonable to speculate that the implications of this new defense strategy on the Department of the Navy could yield increased demand for naval forces and complicate the Navy's plans to achieve its force structure goals.

I am interested in hearing how the Department is implementing these strategy decisions and how this might affect future force structure goals of the Navy and the

Again, I thank the witnesses and look forward to their testimony.

INHOFE:

Thank you, Senator Reed.

Let's start with you, Admiral. Your entire statement will be made a part of the record, so we'll be anxious to hear your opening statement then have your questions.

Let me start with you, Secretary Spencer.

SPENCER:

Thank you.

Senator, Ranking Member Reed, distinguished members, it -- I want to thank you for the opportunity to come before you today and present to you the posture of the Department of the Navy. It's an honor -- truly an honor to sit here with Admiral Richardson and General Neller, who over the last nine months, ladies and gentlemen, have truly become my business partners in tackling the issues that are facing the Department of the Navy, specifically as they pertain to my Title 10 responsibilities.

On behalf of the Navy and Marine Corps team, thank you for the effort put forth by Congress in reaching a bipartisan agreement to support the president's budget request. We completely understand and appreciate that this stretched people to the farthest extent of their comfort zone, and we are very supportive of this, and just want to know (sic) that we thank you all for your efforts collectively.

We look forward to receiving these resources as soon as possible to enhance the readiness and lethality across the team while expending them in a focused manner in support of the National Defense Strategy.

Today 94,000 sailors and Marines and 101 ships are forward-deployed and stationed using the global maritime commons as a medium of maneuver, ensuring the maritime lanes of commerce remain free and open, assuring access to overseas regions, defending key interests in those areas, protecting United States citizens abroad, and leveraging -- and preventing adversaries from leveraging the world's oceans against us 24 hours a day, 365 days a year.

SPENCER:

Our budget request enhances readiness and continues increasing capability and capacity of the Navy-Marine Corps team.

As directed in the 2018 National Defense Strategy, our budget submission supports

a more lethal, resilient, agile force to deliver and defeat aggression by peer competitors and other adversaries in all domains, across all spectra.

My priorities for the department center on three categories: people, capabilities and process. The ability to accomplish our mission relies on people; 800,000 sailors, Marines, active duty and reserve, and their civilian teammates and families comprise that number. We are building a more lethal, agile, talented and rapidly innovating workforce as we speak.

The ability to accomplish our mission relies on having capabilities necessary to fight tonight, challenge competitors, deter our rivals and to win. We're investing in modernization of key capabilities and new technologies to attain this goal.

Lastly, the ability to accomplish our mission relies on having efficient processes in place that will speed the value and ability to support our warfighters in more effective and efficient manners. We are creating a continuous improvement mindset in both our culture and management systems to deliver performance with affordability and speed.

I deliver to you today a plan with urgency. We cannot and will not allow our competitive advantage to erode. With your guidance and help, these planned investments will provide combat-credible maritime forces for the future.

We will ensure we are good stewards of the money and resources you give us. We will drive efficiency across the department to maximize every dollar and invest smartly in order to leverage the return on our investments.

I look forward to your questions.

INHOFE:

Thank you, Mr. Secretary.

Admiral Richardson.

RICHARDSON:

Senator Inhofe and Ranking Member Reed and distinguished members of the committee, thank you for the opportunity to testify today to discuss our Navy.

I'm honored to be here with Secretary Spencer and General Neller, two great leaders with whom I'm working to increase the war fighting-lethality and readiness of our Navy-Marine Corps team.

That Navy-Marine Corps team is the nation's response force, and a strong and responsive Navy matters to America's security and economic prosperity now more than ever.

As our National Defense Strategy makes clear, more naval power is essential in a new era of great power competition. With a rising China and a resurgent Russia, America no longer can enjoy a monopoly on seapower or sea control. Meanwhile, regimes like North Korea and Iran threaten global stability.

Given these challenges, it's absolutely critical that we increase American naval power with a sense of urgency, just as Secretary Spencer said. Every day, we must earn our place as the world's best Navy. To do that, we must take a balanced approach to building the Navy the nation needs.

The Navy the nation needs requires a bigger fleet, as you said, Senator -- more ships, submarines, aircraft and special operating forces. Congress agreed with the conclusions of several thoughtful studies and a 355-ship Navy is now the law of the land.

This will increase our Navy's ability to protect our homeland and our allies, to expand our influence as America's global maneuvering force and to support American prosperity by safeguarding access to critical waterways.

And, while there will always be a debate about the eventual number of ships to build, we can all agree on one thing: The Navy must get bigger, and we must start building now.

The Navy the nation needs requires a better fleet -- more capability achieved through modernization, networking and agile operating concepts. The Navy the nation needs requires a ready fleet -- more at-sea time, more flying, more maintenance and more weapons of increased lethality that go faster and farther.

All of these things demand a talented force of sailors and civilians, with officers of calm (ph) character and competence to lead them. Thank you to the efforts of this committee and the Congress.

The readiness funds in 2017 and the enactment of the fiscal 2018 authorizations and appropriations has put us on a strong trajectory towards increasing American naval power.

As we discuss the 2019 budget request today that will help us achieve a bigger, a better and a more ready fleet, I commit that your Navy will be a good steward of every precious taxpayer dollar.

Finally, on behalf of all the sailors serving around the globe, I think we all agree and wish Senator McCain a speedy recovery. And I look forward to being grilled by him in this room in the future.

I am grateful for his work, and that of the entire committee, to increase our naval power. We started down a good course, and I look forward to navigating with

Congress to build the Navy the nation needs -- a Navy lethal to our enemies, committed to our partners and safe for our sailors.

Thank you, and I look forward to your questions.

INHOFE:

Thank you, Admiral.

General Neller.

NELLER:

Chairman Inhofe, Ranking Member Reed, I would just associate myself with the comments of the secretary and the CNO. You expect a lot of your Marines, and 34,000 of them are deployed right now, outside the continental United States, doing what you expect them to do, prepared to fight and win.

We appreciate the appropriation, and we're hopeful that we'll get the same in '19 so that we have consistency and stability in our budgeting process. That's -- I'll curtail the rest of my comments, because I think it's more important we get to the questions.

And I look forward to your questions.

INHOFE:

Well, you know, your last comment was significant, what you said (ph) in fiscal year '19. My concern is fiscal year '20 and fiscal year '21, and I think that we -- maybe, during the course of these questions, you'll be asked what happens if we don't continue what we started with the two-year budget? It could be a disaster.

Let's start off with China a little bit. Three (ph) of us -- four of us on this committee just got back recently from South China Seas, visiting with our -- our allies there, and just -- just -- it's -- most people don't know what really is going on with China in that part of the world.

You know, they hear about the islands that are out there, and they talk about reclaiming islands. It's not reclaiming, because there's nothing to reclaim. It's building, creating. And now they're up to -- to seven different areas -- very important areas for our movement in that part of the world.

Everything that we see there is as if they're preparing for World War III. Everything's military -- not offenses. It's defense. And it's -- it's really gotten the attention of our allies.

And one of the things that I think all of us would agree on is that, whether it's the Philippines, South Korea, Taiwan, Japan, they're all concerned and kind of covering both bases.

This sounds pretty extreme, but -- but it's almost as if they're trying to decide whose side are they going to be on when this happens. I mean, that's the kind preparation that is taking place.

And we know that the -- that China is producing at least a dozen warships a year, developing new long-range weapon systems and fifth generations.

So I'd like to have -- let's start with you, Admiral Richardson. What do you see those potential challenges in the -- what are they up to in this (ph) -- what they refer to as their reclamation projects that they have that now exceeds -- what, 3,000 acres, I guess?

INHOFE:
Admiral?

RICHARDSON:
Sir, I think you characterize that exactly right. And I would say that the Chinese have been very clear about what they're up to with their discussions of the "Belt and Road" initiative, which may begin in the South China Sea, but actually extends around, through the Straits of Malacca, into the Indian Ocean, up into the Middle East and into Europe. And so...

(CROSSTALK)

INHOFE:
Yeah, no, it's -- it's all around. We understand that. We know what they're doing right now in Djibouti. This is the first foreign-based operation that they've had, I guess, in recent history.

And so it's not just there. It's in -- it's certainly in Europe, the same. But that's a place where we recently were. And this really does affect the Navy's attention more than the other areas.

How about you, Mr. Secretary? What's your thinking about -- what are they up to over there in the South China Seas?

SPENCER:
Well, Senator, I -- we know what their activity is in the South China Seas. I'd actually elevate it and tell you what they're -- what we're observing they're doing across the whole spectrum.

Yeah, I understand that. Yes.

SPENCER:

Just the other day, we were about to let a contract to one of our primes, and we found out that, in that division that we are going to contract to, Huawei was a joint venture partner.

And we turned around and said, "Whoa, stop the horses. We'd like to know what this means." Talked to the prime, the prime said, "No problem. We're not going to use any of the assets of Huawei, nor its software." It was a very enjoyable call.

Then, all of a sudden, we said, "Great. Can we see the governance documents of the joint venture?" And things got very frosty. We have not put prophylactic language in this agreement to prevent any creeping further.

I bring this up as an example, too. It's not just the South China Sea. It's across the full spectrum that China is coming at us.

INHOFE:

Yeah, and I agree. That's why I said -- but, right -- this is fresh in our minds right now, and it's something very overt, and it's one that is considered serious enough, in that part of the world, that our allies -- historically, our allies are kind of divided as to what they think, where their allegiance may be changed to. And that's very, very concerning.

Let's talk a little bit about the pilot shortage. I understand it's not quite as serious with you guys as it is with the -- with the Air Force, but are you looking down the road now that we've made some changes and we're looking at two years?

In fiscal years '18 and '19, we're going to be able to make some changes. Any -- express your concern right now, with -- maybe with you, General Neller, and the Marines, or...

NELLER:

So we share the same concern. Our numbers are not as drastic or dramatic as the Air Force, but we have instituted a bonus that we haven't paid for many, many years, and we've extended it out to 16 years.

We're looking at different ways to take advantage of people that might be leaving, to keep them in the Reserves. And we're in direct competition with the commercial airlines, because they're -- have a huge pilot shortfall around the world.

It's not just pilots. It's maintainers. We just offered a reenlistment bonus to our younger maintainers, and a significant number of them took it, which will give us

some stability, because that's an experience base that you...

INHOFE:

What about flying hours? It's been our concern...

NELLER:

Flying hours, Senator, is -- they've gone up. I can show you...

INHOFE:

OK, that's good.

(CROSSTALK)

NELLER:

... four hours -- four hours per model, type, series, across the force, in the last year. I saw a story the other day that said it was really only the forward deployed forces, so I got the data call on that.

Actually, dependent upon what model, type, series you are talking about, some of the home-station forces are actually flying more than the forces that are forward deployed.

Is it where we want to be? No. And this budget that you have given us will allow us to create a steady stream of parts and spares, because parts and spares, or a lack of...

INHOFE:

Sure.

NELLER:

... is the number one downing requirement for aircraft to...

(CROSSTALK)

INHOFE:

Well, and in the -- in the -- in the Marines, specifically the F-18 has been a problem in terms of -- of what's ready to fight. And I know that that's gone up from about 40 percent, to 50 percent, right now. Do you project getting on -- up where we need to be, which I understand to be about 65 percent?

NELLER:

We want to get it as high as we can. We funded, in this budget -- this budget funds parts and spares and aviation maintenance at a higher level than we ever have before. So is -- there is a certain "flash to bang" time on that.

The secretary has done some work with the depots to require them to provide back to us, upon completion of depot maintenance, an aircraft in a better state of condition so that it's more ready to fly at a sooner time.

We reached 753 (ph). So you are correct: The two most distressed communities in Marine aviation are F-18s and CH-53s (ph).

INHOFE:

Yeah. Well, the secretary and I share in our backgrounds some of these things, and I think you pretty much agree with the comments that he's making. Thank you.

Senator Reed.

REED:

Thank you, Mr. Chairman.

Mr. Secretary and Admiral Richardson, I mentioned in my comments the National Sea-Based Deterrence Fund. Could you tell us how you're using that to provide for the efficient acquisition of Columbia, which is a -- not only a big-ticket item, but actually essential to the national security?

Whoever wants to go first.

SPENCER:

Senator, I'll go first on that.

Yes, that vehicle does provide us authorities that do provide us the flexibility to address Columbia specifically, which is going to be, as you know, the biggest modernization leg of the nuclear triad. And it is our number one priority in the Navy.

That -- like I said, that vehicle has been very helpful in providing us authorities for future buy, long-lead buy, to keep Columbia on track. We will continue to use it -- the authorities in there primarily -- and I'll tell you that we now have no margin -- no time margin at all involved in Columbia. And we are marking this program with great sight going forward, because we can't have any slippage.

REED:

Right. All right. Admiral.

RICHARDSON:

I'll -- I'll just pile onto that, sir. As I see the combination of appropriations and authorities that are going to be required to get this major acquisition program delivered on time, I see that the flexibility of the National Sea-Based Deterrent Fund both lowers cost and lowers risk, at the end of the day.

You can buy materiel at its optimum time, rather than the last time, and it allows you to move things to the left as much as possible to buy margin back into the schedule.

REED:

I only would ask, if there are additional authorities or additional techniques that you want to apply because of the importance of this program, please let us know as we go forward.

Commandant, General Neller, the Marine Corps has had a series of accusations and cases of sexual misconduct. You're not the only service that's facing this.

But some of them have been quite notorious: Marines United, a recent incident involving a colonel who had a record of misbehavior and -- but was only discovered when he abused a young child, and then you have, also, a Marine brigadier general whose responsibility included the sexual assault prevention, and he made some comments that are -- I think have drawn appropriate criticism.

Can I ask you very seriously, and -- and -- and with a difficult challenge that you face -- is how are you addressing a culture that might be contributing to this issue?

NELLER:

Senator Reed, you and I have talked about this, and I appreciate the question. Aside from those events, as -- as disturbing as they are, I think, today, you look at our Marine Corps -- your Marine Corps -- we're as diverse, as integrated, and inclusive as we've ever been.

And I would -- I would give credit to members of this committee for holding the mirror up and making us look at ourselves and ask ourselves some hard questions.

So, since the Marines United, we've clarified policies and rules and regulations so all Marines know what's expected of them. We had to clarify commanders -- what they could do to hold people accountable.

That doesn't mean we're perfect. I've had a couple of my senior officers -- one was an allegation, and one was investigated by ourselves and was substantiated -- where I had to say that I didn't have confidence in them to lead their organization.

They are not the majority. They're not even close to the majority. And -- and, yes,

you should expect more from a more senior officer. So are we where we want to be?

Are we where you want us to be? No. Are we in a better place than we were a year ago? I believe we are.

That's on me, and I'd just remind everybody that, in my heart of hearts, I've gone out and talked to thousands and thousands and thousands of Marines, and I'm not going to use it as an excuse that 62 percent of the Marine Corps is 25 years old or less. That's no excuse.

But it's going to take us some time, and I assure you -- give you my word that anyone who does violate the rules, regardless of whether they're a general or a private -- they're going to be held accountable. And, with the help of this committee, we'll continue to work to make ourselves even more inclusive than we are today.

REED:

General, are -- are you concentrating on just -- on senior leadership? I know you're -- you're addressing the entire Corps, but making a special effort to ensure that senior leadership is -- is fully attuned with your views?

NELLER:

Yes, Senator.

REED:

Thank you.

One other issue, too, is do you reflect adherence to these standards, specifically, in the efficiency (ph) reports for Marines? Is there some -- something in the efficiency report that the rater would have to indicate, yea or nay, "follows the Marine Corps policy regarding sexual harassment, sexual conduct"?

NELLER:

If -- if someone -- obviously, if someone were to do something which would cause them to -- the commander or their senior to lose confidence, then they would receive an adverse report. But, in the actual report itself, that would (ph) -- something would have to be in the narrative.

We are in the process of reviewing our -- what we call fitness reports, or OERs. And one of the categories we're going to put in there is something to do with diversity, or something like that.

Because I believe that we need a command climate -- you know, we're in a tough business, and it -- it's taken some people some adjustments. And those that can't adjust are going to have to either get on board, or get out.

But, to answer your question, right now, our fitness report does not reflect that, unless the reporting senior chose to write it in. But, in the future, it will.

REED:

Well, I -- I think that is a -- an important step.

My time has expired, but thank you, Mr. (inaudible).

INHOFE:

Thank you, Senator Reed.

Senator Cotton.

COTTON:

Mr. Chairman, and thank you, gentlemen.

Admiral Richardson, I want to discuss the littoral combat ship and what I view as some concerning news. According to a U.S. Naval Institute story published this week, the Navy will not deploy an LCS in 2018. Eleven LCS ships have been delivered to the Navy yesterday (ph), but we'll have none deployed (ph).

Two days ago, at a seapower hearing, Admiral Merz testified, quote, "The typical deployment model is three to five ships to one, to keep one deployed. So this is really just math. There's going to be gaps that will fill in over time. We're not concerned about that," end quote.

However, in September, just eight months ago, the commander of Naval Surface Forces in the Pacific Fleet said that (ph) you can maintain three to four littoral combat ships deployed when you take on the blue-gold crew system.

What is the answer here to the actual deployment ratio?

RICHARDSON:

Senator, I'll tell you, as you know, the littoral combat ship has been a program that has been through some troubled times. And I would say that, in the past, we probably pushed that ship out forward deployed a little bit ahead of its time, before the system had -- the program had stabilized and we'd done the appropriate testing and gained the confidence.

As soon as I got in as the Chief of Naval Operations, I directed the commander of Naval Surface Forces to take a look at that program, rationalize it and make it look a -- a lot more like a normal shipbuilding program and a ship-operating program.

So this is what led to changes in the maintenance approach, changes in the blue-

gold crewing, the way that we are going to homeport these squadrons and forward deploy them.

2018 is really a reflection of that shift, and so it is -- well (ph), starting in 2019, we're going to start forward deploying those. They'll be sustainable. They'll be more lethal by virtue of the enhancements we're putting on those littoral combat ships.

We have 24 deployments planned between '19 and '24. And so, you know, it -- it really -- '18 is a -- is a reset year to get maintenance and manning in place so that we can deploy this in a sustainable fashion.

COTTON:

So -- so, starting in 2019, then, which of those ratios will be correct? Will we be able to keep three out of four ships deployed, or one-fifth to one-third of those ships deployed?

RICHARDSON:

Sir, I'll tell you what: There's a little bit more to the math. If I could get back to you, for the record, on exactly how that ratio works out, I'll be happy to show you the -- the way this all manifests itself.

COTTON:

I would -- I would appreciate that for the record.

There's a second question I want to ask, as well. Even by Admiral Merz's statement of one-fifth to one-third of ships deployed, we should still have two or three LCS ships deployed this year.

I think you may have just answered that question, though, by saying this is a reset year to try to get to your future model.

RICHARDSON:

This -- this is part of that plan that Surface Forces put together.

COTTON:

We've spent \$6 billion, now, on these ships. I think the taxpayer deserves to have them out, performing their job.

RICHARDSON:

Could not agree more.

I hope that's the case, starting next year.

General Neller, I want to speak to you about some changes in foot march standards at the Infantry Officer Course. It was recently changed from requiring infantry officers to pass five out of six evaluated foot marches, to only three evaluated foot marches.

I find that a little worrisome, given that the overall physical fitness testing standards have increased for everyone, to include enlisted Marines, which means we may be lowering standards for our infantry leaders, compared to our enlisted Marines, on something that is, I would say, a pretty core competency for an infantry leader. I assume you would agree with that?

NELLER:

Sir, there was a change because we looked back at the -- at what was going on at Infantry Officer Course. There's nine foot moves during the course of that curriculum. At one time, there were -- you had to pass five of six to graduate.

A couple of those six -- we could not relate them to events in the training and requirements manual for infantry. So I got a group of my senior infantry leaders together, and I said, "OK, you know, why are we doing what we're doing?"

A couple of them -- the one, in particular, an event, I thought, that the load was -- I didn't -- I wouldn't think I would ever have anybody do that.

So they came back to me, and they said, "Look, these are the three that equate." We're still doing all of them. They're still all done. They're all still a part of the overall evaluation.

COTTON:

But they're -- but -- but fewer -- fewer are being evaluated.

NELLER:

They're all evaluated.

COTTON:

They're evaluated as a...

(CROSSTALK)

NELLER:

They're all evaluated, and, overall, there's (ph) the performance of that officer -- to

graduate from that course. But three -- three of three, now, to include the one with the heaviest load and the time and duration -- those three all have to be passed in order for an officer to graduate from that course.

COTTON:

Let me just read you a statement from General Bohm, the commanding officer of the Marine Corps Training Command. He said, quote, "The principal driver behind us making a modification to the course -- it was not about lowering attrition, it was about making students more successful to compete -- complete the course."

I don't really understand the difference between lowering attrition and making students more successful to complete the course. Both of those sound like you're tailoring the standards not to the mission, but to the graduation rates that you have at the course.

NELLER:

I'm not going to speak for General Bohm. But my view is, when I was -- when I was approached with this, I said, "This is what we can equate to the training and requirements manual for the infantry. These are the three that we should evaluate as go or no go for a graduate from the course," and that's what we did.

COTTON:

Thank you.

My time's expired.

INHOFE:

Thank you, Senator Cotton.

Senator Nelson?

NELSON:

Admiral, long ago we learned a lesson from having too many assets in one place at Pearl Harbor, and today we have six aircraft carriers at Norfolk.

But it's not only an aircraft carrier problem. I understand we face a dispersal problem with other ships as well, including those that make up the amphibious readiness groups.

I know you'll be releasing a strategic laydown and dispersal plan shortly, so I don't want us to get ahead of that. But what are some of the viable options as far as homeports for helping to achieve dispersal objectives when it comes to these ships?

And knowing that different infrastructure exist at these ports, once you decide to move ships or to place new ships in a port, typically how long does it take to get that specific base ready for having those ships? And how critical is it that we begin the planning and design now in order to support these ships that will be moving in the future?

RICHARDSON:

Sir, I thank you for that question.

And we've had a number of conversations about this critical strategic issue of laydown and dispersal, particularly on the East Coast. And, as you mentioned, were in the final phases of putting together this strategic laydown and dispersal plan, and I look forward to coming with -- to you with that final plan.

As part of the considerations in that plan, there is not only the warfighting strategic dispersal that we have to take into consideration, but also the infrastructure in each of those ports. And so, as we consider Norfolk, Little Creek, Mayport for -- primarily for our surface ships on the East Coast, our submarines there at Norfolk, Kings Bay and Groton, there is the geographic dispersal from a force protection standpoint.

There's the infrastructure of the port itself to be able to accommodate those ships pier side, particularly under heavy weather conditions if we're talking a port like Mayport.

And then there's the maintenance capacity of those ports so that we can keep them repaired and ready to go to sea.

So, as we -- in terms of how long it takes to get a port ready, it really, sort of, depends on where you're starting and what you're goal is. But three to four years is not an unreasonable number to start to consider these sorts of plans. And as -- you know, the sooner you get started, the more prepared you are.

NELSON:

OK, thank you, Admiral.

Mr. Secretary, it's good to see you. Thank you for the good job that you're doing.

We have the E-2D Hawkeye. It's manufactured in Florida. Knowing that these planes are vital to the Navy mission and combatant commander requirements, we have an opportunity to block-buy these planes at a significant savings to the taxpayer.

Have you got any comments that we might have been able to see cost savings when negotiating the next multi-year contract? And if so, is it in line with industry standards?

SPENCER:

Senator, underway and more to come, I think, is the best explanation that I can give you.

We will share with you what we see as we come to closure with the options available to us. But you're exactly right, that is one path that we can extract savings and efficiencies.

As you've heard, we've said it since my feet were on the ground: We're looking to industry to be our partner now; not simply just a transaction orientation. And in that light, we hope that we can work together to get the best goal; i.e., what do we both need to succeed? And that's the conversations that are having that now.

NELSON:

Thank you.

Thank you, Mr. Chairman.

INHOFE:

Thank you.

Senator Perdue?

PERDUE:

Thank you, Mr. Chair.

And I thank you guys for being here today and for your service, no kidding.

Secretary Spencer and Admiral Richardson, Admiral Harris in repeated visits to the Hill in the last couple of years has previously stated that approximately 230 of the 400 foreign national submarines worldwide are located in the Indo-Pacific region. And of those, 160 belong to China, Russia and North Korea.

We've got about 74 submarine capabilities around the world. Without asking how many are in the Pacific, the question I have is, as the NDS focuses more pressure on naval marine capabilities, particularly with regard to the near competitors, Russia and China, how does this bode -- what -- how does it -- what does this -- how does this impact the shortfall in undersea capability?

Talk to us a little bit about unmanned capabilities, in terms of development. I know Admiral Moran has talked to us a good bit about.

In this setting, can you talk to us about how you're going to mitigate the potential attack submarine shortfalls in the 2020s?

RICHARDSON:

Sir, I'll tell you we're looking at this from a very integrated approach. And I'll just speak to the U.S. Navy approach and the secretary will speak to his efforts with our allies.

The -- maintaining our superiority in the undersea domain is going to rely -- is going to need an integrated approach between manned and unmanned technologies. And so, we're working very closely with the undersea submarine industrial base to make sure that as we move through the Columbia-class program, as we move through enhancing the Virginia-class submarine with the Virginia payload module, and look forward to all those manned types of approaches, that we are doing so in a way that really maximizes the capacity of industrial base to deliver those submarines at the -- at the best possible (inaudible).

PERDUE:

Do we have the supply chain now? And if not, how long will it take to -- to develop that supply chain to meet those needs?

RICHARDSON:

This supply chain, particularly the second and third tier vendors, have really -- has really been leaned out over the past years. And so, the signal that has started in '18, and hopefully will continue in '19, they had the 18 months of uninterrupted, stable and sufficient funding, will be a tremendous bolster of confidence to those second- and third-tier suppliers. It will allow them to make some investments to bring that system back to health.

RICHARDSON:

But even if we do all that, sir, I don't think that an only-manned approach is going to get us where we need to go.

That's why I've made a family of undersea -- unmanned undersea vehicles an acquisition priority. It's in the accelerated acquisition program for the Navy. And so you can start to see this combination of manned enhanced by vehicles as being the key to maintaining our superiority undersea.

PURDUE:

Mr. Secretary?

SPENCER:

Senator, coupled with that, the second pillar of the National Defense Strategy is a

robust constellation of partners and allies. And I will tell you that we are spending a good amount of time out there hugging our allies and partners, to include Australia, Japan, Singapore, Korea, and more recently coming into the fold India and even Vietnam. And it's going to be a collective effort that's going to make up any gapping that we have there.

They are committed, they are -- are buying the right equipment, they are working with us. I invite everyone on the Senate Armed Service Committee, this is a formal invitation to join us in RIMPAC, where you're going to see a complete coordination of -- of faces and partners...

PURDUE:

Will China -- I'm sorry to interrupt. Will China be a part of that this year?

SPENCER:

China has been invited.

PURDUE:

Will they be a part of it?

SPENCER:

I don't what their response was from the invitation, but they have been invited...

PURDUE:

Thank you, sir.

SPENCER:

... to select series.

PURDUE:

With my time remaining, I -- I'd -- I'd like all three of you, or -- or certainly Admiral Richardson and -- and General Neller, to comment on the risk we have with regard to space and cyber domains -- these are the two -- two new domains that you guys are having to deal with -- particularly with our precision, munitions and our communication capability, on the ground and -- and on the sea.

What are we doing right now to mitigate the -- the risk that we now are realizing we have in the space domain and in -- in the cyber domain?

NELLER:

Well, Senator, I -- I think you characterized it correctly. We -- We recognize that we built a way of war which is not totally but significantly dependent upon -- on space and the network.

And so we realize that we have to keep our network up, it has to be resilient, and we have to be able to operate with a minimum of bandwidth, and we've got to make in the requirements for any thing else that we buy that it has more than one way to find its way to its destination.

PURDUE:

Yes, sir.

NELLER:

So the cyber piece is first defend, protect yours and deny the adversary theirs, and then make sure that the munitions you have are going to operate even if that network is degraded or the constellation is degraded.

So space is a place where we're going to operate in -- in a different kind of way. If General Hyten were here, he would tell you that, you know, there is maneuver in space and there is shaping operations in space. And other than that, we'd probably get into a classified and (ph) beyond -- and beyond my capacity to explain it to you.

But clearly it's something that's on everybody's mind. It's the number in -- for us in the Marine Corps and with the Navy and through the secretary's leadership, we realize we got to have integrated network, we've got to have an able grid so that all ships can communicate and airplanes can communicate with the ships and ground forces.

And so that's a big effort and that's part of the modernization and that's part -- what the -- the appropriation that we have is going to help us figure out a way to do.

RICHARDSON:

So I'll just pile on quickly, because I know we're getting out of time.

But I will tell you that in addition, the command and control of the entire battle space, including those two new domains that you mentioned, has got to be something that is completely integrated as well. And so, we are starting to wargame more and more robustly how you would command and control those -- those two domains, really down to nanosecond timing to be effective there.

Finally, just to address your comments on GPS, we're accelerating our efforts to get precision navigation and timing techniques that will allow us to continue to operate in the absence of GPS if that's the way it goes.

PURDUE:

Thank you.

INHOFE:

Thank you, Senator Purdue.

Senator Shaheen?

SHAHEEN:

Thank you, Mr. Chairman.

And thank you all for your service and for being here today.

Secretary Spencer, I -- I was really pleased to hear your anecdote about the contract with Huawei and how the Navy handled that.

I think just as we saw with Kaspersky software, the threat from our adversaries is not just external based on weapons systems and firepower, but it's also internal based on information, disinformation campaigns and cyber.

According to a February 2018 article in Breaking Defense, the commander of naval information forces, Rear Admiral Matthew Kohler, said that -- while he actually likened the Navy's I.T. workforce situation to that of recent ship collisions in the Pacific. He's concerned about the assumption that if I.T. professionals are operating all the time, they're getting all the practice they need and they don't need training.

So can you talk about the extent which the Navy is looking at training that our I.T. professionals need and what you might need also in the way of equipment?

SPENCER:

Yes, Senator.

We've brought this up not only I.T., but collectively in the cyber community. We look at the work that N1 has done with Admiral Burke on our future force needs.

We are tailoring, we are looking at new ways to get at this. We're going to be coming in front of you all possibly to nibble on the sides of DOPMA.

As an example, the ability to have people come in and out of the service to remain current, this -- this would specifically pertain to our cyber community and probably also to parts of our I.T. community.

We have to -- and I underscore this heavily. We have to start thinking outside the box in order to accommodate, access and retain the talent that we need in these areas.

And I turn it over to the CNO if he had any further.

RICHARDSON:

Thank you, Mr. Secretary.

I'll -- I'll just pile onto that, ma'am, is -- I would highly encourage you to take a quick visit down to Suffolk, Virginia, where we -- Admiral Kohler has his command, and you get to see the stunning talent that the secretary alluded to in our sailors and civilians that are actually prosecuting this fight in the cyber domain.

Right now, our recruiting and our retention is good there, which is a tribute to the values and ideals and dedication of that team. But I do take the point that you cannot assume that just because you're doing operations, that you're doing the sets and reps that are necessary for full readiness.

And so, Admiral Kohler and I, Admiral Tighe and the rest of the information warfare community are looking at that very closely.

SHAHEEN:

Well, thank you. I'm pleased to hear that. And I'm sure this committee is interested in supporting those efforts.

There's a report to Congress on extending the service life of the Los Angeles-class sub. I support this effort. I think it is important to span the gap between 2021 and 2031, where we will need those submarines to address the threat that we face.

I was pleased to see that the report proposes that most of the work be done at the Portsmouth Naval Shipyard, which obviously I'm very interested in, and that it includes the need for investments in infrastructure in order to support that effort.

But it doesn't really speak to the workforce that's going to be needed. And given what we're seeing already at the shipyard in terms of the challenge of getting the STEM workers that we need for those jobs, can you speak to what your thinking is about how we make sure the workforce is there to do this work on the Los Angeles-class subs?

RICHARDSON:

Yes, ma'am. Thank you.

And just -- I'll -- kudos to the team at Portsmouth Naval Shipyard. They really do terrific work on our nuclear-powered submarine force, and...

SHAHEEN:

Absolutely. I'm going to be meeting with some of the superintendents later; I will

share that with them.

RICHARDSON:

Thank you, ma'am.

But I'll tell you that the workforce is, I think, the central challenge when we talk about expanding capabilities, whether it's in acquisition or in maintenance, repair. Finding those talented people is the principal challenge.

We're on a plan to increase our shipyard workforce up north of 36,000 nationwide. We think that that will be the proper number to get our arms around the workload, which includes the potential life extension of -- of a Los Angeles-class submarines. One is in the budget, and we're looking at the engineering basis for more.

We addressed this through, one, you know, heavy-duty recruiting, but also successful intern programs and all of those -- the word escapes me right now, but the schools that really go out to the community and bring these people in and give them the essential training that they need to be effective shipyard workers.

SPENCER:

I -- I want to just put a footnote on there, Senator, which is addressing workforce. One of the -- I find one of the beauties of this job is to go incognito and wander around the assets. And, two weekends ago, with my blue jeans on and a hat, I wandered into the STEM festival which was going on at the Walter Washington Convention Conference.

And, first of all, I was wildly invigorated seeing the number of kids that were there. But, on the first floor, front and center is Lincoln Welding with its welding exhibition.

And I have to -- and I went up to them, and I said, "Bravo. This is exactly what we need to get people interested in science, technology, engineering, mathematics and manufacturing." So it's happening.

SHAHEEN:

Absolutely. And I applaud the Navy's work to support those kinds of programs, like the SeaPerch Challenge that Admiral Richardson and I were talking about.

SPENCER:

Yes, ma'am.

SHAHEEN:

Thank you.

Thank you, Mr. Chairman.

RICHARDSON:

It's these apprentice programs -- is the thing that's...

(CROSSTALK)

SHAHEEN:

Yes. Absolutely. That's critical if we're going to get the workforce we need for the future.

INHOFE:

Thank you, Senator Shaheen.

Senator Wicker.

WICKER:

Thank you.

Secretary Spencer, how often do you go around incognito? And do you feel safe?

(LAUGHTER)

SPENCER:

I do. I do Senator.

(UNKNOWN)

I don't, when he does that.

(LAUGHTER)

WICKER:

OK.

Well, let me ask both of you, the Navy is at 324,000 active duty sailors. I'm told that is the lowest in almost a decade. The Navy reportedly is 11,000 sailors short of the required manpower levels in the near term and 50,000 short of the estimated force needed to crew a 355-ship Navy, which is the requirement that was set by the admirals and generals.

The -- Senator McCain and I have introduced the Surface Warfare Enhancement

Act. And, Secretary Spencer, you and I have discussed this previously. The legislation, among other things, includes provisions to help the Navy retain critical personnel by offering some relief from DOPMA and Goldwater-Nichols.

What steps do each of you recommend that we take in Congress to help the Navy attract and retain the personnel required to operate a 355-ship fleet? And, I might mention, thank you for the decision to extend the service lives of destroyers.

Of course, this will give us 355 ships much earlier, but we must also accelerate the -- the end strength of the force. So if you would discuss that -- and I guess we'll begin with you, Mr. Secretary.

SPENCER:

Thank you, Senator.

I think, starting with 355 and working down, you know, we -- we will get there. We've told you we will get there. And I think, when -- in October, when we came to a coalition on this, we said that there were a couple of plans underway.

You see the extension of the DDG-51s for 45 years, Los Angeles-class. We also have some other plans we're working on, so stand by. And we also realize that we have to drive the anvil and build new, also. And we're going to work every way we can find the resources necessary to do that.

When, in fact, we do sign up for new platforms, i.e. ships, just putting my business hat on, that's just one tube -- that is just one column of the resources needed.

We also need the maintenance column, and we also need to have on the graph the personnel column so -- to really have the full-life-cycle cost of the weapons platform itself.

WICKER:

Let's but let's talk about the sailors...

SPENCER:

Yes.

WICKER:

... aspect.

SPENCER:

As we see -- I'm working into that. As we see 7,500 that we're asking for, going forward, we are going to have to work at -- tooth and nail, because we're fishing in

the same pool as the Air Force and the Army.

We believe we have a very compelling story. We believe we have the ability, right now, to attract those necessary. We're not seeing a tremendous stress yet, although we are to prepare for it.

"Forged from the sea" is the message going out there. And, right now, we believe that the 7,500 we're looking for is within reach and not threatened by any targets to date.

RICHARDSON:

Sir, I'll just pile on to what the secretary said. As you know, the budget does request 7,500 new sailors this year, which is really more of -- you know, more than -- an increase in the end strength, which really is regulated by about the maximum capacity that we can bring them through the training program and get them to be useful sailors.

With respect to DOPMA reforms, I can't thank this committee enough for their support in our proposals to allow -- I -- I would say sort of three things would provide some tremendous flexibility.

One is sort of merit reordering, so that we can get our talent to go to the top and -- and accelerate that talent. One is to -- the opportunity to maybe postpone your -- your board for promotion so that you can make sure that you've got all of the wickets met before you go the -- before the promotion board.

And then, finally, the opportunity, as we have hinted at earlier, to bring in talent horizontally, particularly in areas like cyber and those niche skills that would allow us to inject, you know, those highly-skilled people at the appropriate level. Again, you know, the committee has been very supportive in these efforts, and I -- I thank you for that.

WICKER:

Thank you.

General Neller, the -- let's talk about lethality of -- the tagline, "If it floats, it fights." Do you have any thoughts for us on increasing the lethality of our amphibious ships?

NELLER:

Well, Senator, I think every service combatant is exactly that. It's a warship. And there's capabilities that we can leverage on LPD -- whole form, for example.

WICKER:

What if we put the vertical launch system on the Flight 2 LPDs?

NELLER:

I think that's a great idea.

WICKER:

Do you agree, Secretary Spencer?

SPENCER:

Most definitely.

WICKER:

All right. Thank you very much, gentlemen.

INHOFE:

Thank you, Senator Wicker.

Senator King.

KING:

Thank you, Mr. Chairman. I just want to be clear for the record that the Portsmouth Naval Shipyard is in Kittery, Maine. We just want to clarify that. Senator Shaheen has -- had some -- she and I sued each other over that, 20 years ago.

(LAUGHTER)

KING:

United States Supreme Court solved that question.

INHOFE:

How many years ago?

KING:

It was about 25.

(UNKNOWN)

Who won?

KING:

The answer is contained in the fact that it's Kittery, Maine.

(LAUGHTER)

First I want to compliment our naval personnel for having the foresight to hire the pilot of the Southeast Airlines, who did such a marvelous job landing that plane, who, by the way, was rejected by another armed service, which we won't mention in this hearing, at the time, who did not take female pilots; the Navy did.

KING:

And the training and work that she performed in the Navy saved a lot of lives this week. So I want to acknowledge that.

Admiral, can you give us a -- a quick update, given the time constraints, on the collision review -- what happened, root causes and what's -- what we're doing to -- to prevent that kind of tragedy in the future?

RICHARDSON:

Yes, sir. Thank you, Senator. I'll -- I'll tell you, I just echo the -- the impressive performance of -- of the pilot and a representative of the professionals in naval aviators, men and women, in all parts of our naval aviation force right now.

With respect to the collisions, you know, we are moving out briskly on the plan that addresses, to our -- to our very best ability, the root causes of those collisions, those root causes being, you know, the fact that, as we discussed earlier, you must spend some time on just, first of all, completing the maintenance completely and then, once out of maintenance, doing the training required to get those skill sets up to where they need to -- to do the combat missions and -- and just the basic operations and then certifying that the training has met all of the requirements before you go on out and do that.

And so we've taken a number of steps, from examining the career path of surface warfare officers to make sure that they're getting the requisite time at sea as they execute their career and go on up to becoming competent and confident commanding officers -- along that career path, there's not only at-sea experience, but also education and certification.

We've adjusted the command and control structure to make sure that we've got firm advocates for training and certification in each of our own ports.

KING:

Let me interrupt because of the -- because of time constraints.

RICHARDSON:

Yes, sir.

KING:

Could you supply, for the record, an outline of -- of where you are...

RICHARDSON:

I'd be happy to, yes, sir.

KING:

... and -- and next steps, root -- root causes, next steps?

RICHARDSON:

Yes, sir. And, as you know, we've committed to come over and -- briefing both the staff and the members quarterly on our execution of that plan. The vice chief of naval operations and the undersecretary have already provided the first of those updates. And we look forward to continuing those.

KING:

Thank you.

Mr. Secretary, the -- the Navy and the Marine Corps are undergoing their first full audit. Can you give me a quick update on where that process is and -- and any lessons learned thus far?

SPENCER:

Yes, Senator. You'll find out here, if not today, that we at the Navy side -- we'll (ph) have a qualification announced by the auditors. And I want to manage everyone's expectations as to what that means.

As we said originally, the -- the audit process is not only creating a tool for us to manage by, but it's also an educational process. As the auditors get in there and start drilling down, we are -- already (ph) started learning.

The qualification comes from the fact that the number of transactions the Navy has, the dissimilar systems that we're using to actually collate this information -- and it's -- I believe this is actually a benefit, because what the auditor's going to stop doing is sample testing, and actually get down to rolling up the sleeves and doing individual education on systems to understand how the buildup comes.

KING:

When can I tell the people of Maine we're going to have a -- a final launch (ph)?

SPENCER:

A clean audit?

KING:

Yes, sir.

SPENCER:

Maybe five to seven years.

KING:

But you're -- but you're in the process now of performing (ph)...

SPENCER:

We are -- we are clearly in the hunt.

KING:

Thank you.

I spent some time earlier this week with the joint force in -- in Florida that does drug interdiction. And this is just a request. We are only able to interdict 25 percent of drug shipments by sea that we know of.

In other words, we have intelligence to tell us there are 100 units out there, we can only stop 25 of them. The problem is assets, particularly in the Coast Guard. My request is simply that you think creatively, cooperatively with the Coast Guard to see if there's a way to -- to improve that miserable record.

SPENCER:

Senator, timely observation requests -- the CNO and I have been working on this, now, for a couple of months to see what we can put down there as usable resources, because we're painfully aware of the situation.

It's not a quick and easy fix in that we -- we -- you have the difference between our titled responsibilities -- and we will have to cooperate and gladly cooperate with not only the Coast Guard, but with the Department of Homeland Security.

KING:

Well, I understand the limitations, but, in the -- since we've been talking for the last

hour, four people in America have died from drug overdoses. And we're under attack, and this is a place where we should be able to shore up our defenses.

So thank you for taking that initiative, and I look forward to updates.

SPENCER:

Yes, sir.

KING:

Thank you, Mr. Chairman.

INHOFE:

Thank you, Senator King. Senator Ernst.

ERNST:

Thank you, Mr. Chair. And, Secretary Spencer, Senator King brought up some great questions about incidents and collisions at sea. And I'm going to move that up a little bit. Let's go to the air.

I've been closely following the physiological episodes, those incidents that have plagued the Air Force and the Navy aviation platforms. And, just yesterday, it was reported that the T-6 Texan II trainer aircraft pilots have experienced 12 P.E.s since the first of March.

I know that you're working with the Air Force to solve the problem, but going back to Senator King's point earlier is, what is that root cause? We still don't have a root cause for those physiological episodes. And so can you please update our committee on the efforts to identify and remedy the Navy's physiological episodes?

SPENCER:

Senator, I'd be more than happy to, for the record, put our latest update, which has -- it's quite voluminous -- as far as efforts. I will provide a topical overview, though, which is -- is fascinating, when you come to a -- a numbers analysis.

We are not -- the Navy is not witnessing the same failures that the Air Force is witnessing in the same type aircraft. And I'm not saying that one's better than the other. We -- we're -- we're doing the same type maintenance and analysis, and we're -- this is kind of a confounding issue.

We are working the root causes. We are replacing parts, OBOGS -- we are re-plumbing, we are re-softwareing (ph). When it comes to the F-18, as you know, some of the depressurizations were just due to age of aircraft.

But it still means we have to come to solutions. We -- we are at it. We are tooth and nail. And we are also reaching across to the Air Force to work hand in hand with them.

ERNST:

And I appreciate the collaboration on that.

Is there a way that Congress can provide additional supports in that effort?

SPENCER:

We will definitely let you know when we find more, yes, ma'am.

ERNST:

I'm sure you will. I expect it. OK. Thank you, Mr. Secretary.

General Neller, through my work as -- as chairman of the Emerging Threats and Capabilities Subcommittee, which has jurisdiction over SOCOM, I've really learned a lot about the care and the treatment programs that our special operators have, as -- as well as their families.

And one of the programs that I feel -- that has been very, very helpful in this regard is the Preservation of the Force and Family, which is also known as POTFF.

Senator Heinrich and I recently held a hearing with our SOCOM and -- with the SOCOM and its component commanders, and they all agree that this particular program of POTFF has been very, very successful in getting our warfighters back into the fight.

Would you be able to speak to the value that -- that POTFF provides for MARSOC? And then, as well, is this a program that you think could be expanded to the rest of the Marine Corps?

NELLER:

Well, clearly, the preservation of the force or -- and the efforts that SOCOM is able to deliver as far as mental health and fitness to their family, because of their smaller numbers, is a big deal.

And, because of the frequency of their appointments, albeit shorter, and the type of actions that they take when they deploy, it's very critical for them to keep those soldiers, sailors, airmen and Marines in the fight.

So, we fully support that. I'm always talking to General Mundy, our MARSOC commander, about what they're doing as far as health of the force. Several years

ago, the Marine Corps, from our aviation community, used that -- we adopted almost every -- every unit has a -- what's called a force preservation council...

ERNST:

Yes.

NELLER:

... where they sit down -- where the leadership sits down when a new Marine checks in, and they go over -- they review their record, any stressors in their life.

When people have an issue or something happens that would elevate, whether it's the discipline or something like that, then they're -- they'd they'd become reviewed by the force preservation council to see, OK, what do we have to do to help this individual Marine?

We have the Marine life intercept counselors that go -- we do this. We're still -- the mental health capacity of the force is much better than it was 15 years ago, but it's probably never going to be what we want it to be.

So I think that that type of activity has transitioned itself into the active duty or the conventional...

ERNST:

OK.

NELLER:

... force. And -- but we -- and we work with it, but we're never going to get the results we want, which is everybody is healthy and nobody -- everybody is successful as they can be.

ERNST:

I think the point is that we try to do the absolute best we can for our warriors. So, if there are best practices that we can take from Preservation of the Force and Family, we certainly would like to make sure that those are extended into the Marine Corps and then, as well, of course, across the Navy.

RICHARDSON:

I'm working with Naval Special Warfare.

ERNST:

Yes.

RICHARDSON:

They also have a very vigorous...

ERNST:

Yes, they do.

RICHARDSON:

... Preservation of the Force and Family and ask that exact question, "What can we do, across the entire Navy, to adopt best practices?"

ERNST:

Absolutely. And, if there are ways that we can support, we certainly want to do that.

Thank you, gentlemen, very much for being here today.

INHOFE:

Thank you, Senator Ernst.

Senator Warren.

WARREN:

Thank you, Mr. Chairman, and thank you to our witnesses for being here today.

So the Defense Department spends hundreds of billions of taxpayer dollars every year on goods and services provided by contractors. Federal workplace safety inspectors have found that some companies, including Navy shipbuilding contractors, have endangered their workers, resulting in deaths, extensive burns and other serious injuries, and they keep right on getting massive government contracts.

We have plenty of laws requiring these federal contractors to operate more safely, but all the laws on the books won't do any good unless there's serious enforcement.

So, Secretary Spencer, I appreciate your willingness to work with me to ensure that American workers employed by the Navy can work in safe conditions. Can you briefly describe the efforts that you've directed the Navy to undertake to improve contractors' compliance with worker protection laws?

SPENCER:

Thank you, Senator. One (ph) -- when I first testified to take this position, I think you and I had this conversation.

WARREN:

Yes, we did.

SPENCER:

And I promised you that we would take action. What we have done -- this really is a whole-of-government solution, and I'm certainly not taking the responsibility off the back of the Navy whatsoever, but OSHA is in here front and center.

And they, like many organizations, have their constraints, both fiscally and manpower -- does not alleviate the fact -- the situation is being focused upon.

We have spoken to those that we are contracting with that have violations and said, one, we will not tolerate this on our -- next (ph), if in fact, there is a breach from normal safety manners to cause accident and/or detriment to the workers, we have the ability, through funds, to correct behavior.

WARREN:

OK. So I'm glad you've started with them in a conversation. But I think we're going to have to be systematic about this in order to make sure that they keep everyone safe. Let me ask you about some examples.

To comply with federal rules, Navy contractors must have a safety officer on site to identify dangerous conditions and enforce occupational safety standards. But the person could be anyone, from a trained and certified professional, to the most junior person hanging out at the -- at the site.

So, when the Navy signs a contract, the contracting officer can designate a list of key personnel. These are specific skilled or technical individuals who are identified as being critical to the success of the work.

Secretary Spencer, for contracts that meet a threshold of cost or complexity, do you think that the Navy should consider designating the safety officer as key personnel?

SPENCER:

Yes.

WARREN:

Good. I like that. I know that (ph) contractors need to know that the Navy expects them to protect their workers if they're going to get taxpayer dollars.

Last year, the NDAA required the Government Accountability Office to study DOD's procedures for evaluating workplace safety records for the contractors, but we don't have to wait for a GAO report. We can start now, and I appreciate your help on this.

SPENCER:

Most definitely.

WARREN:

Good.

So let me ask about another area. The Trump administration -- recently released National Defense Strategy says that, quote, "Long-term strategic competitions with China and Russia are the principal priorities for the Department of Defense. The strategy stresses the need to invest in advanced capabilities for a high-end fight."

The Navy has a number of ambitious technological goals in the coming years, from unmanned autonomous systems, to electronic warfare, to nanotechnology. Today, a lot of this cutting-edge technology is not developed within the Pentagon. It comes from the commercial sector or laboratories at our colleges and universities.

So, Secretary Spencer, how does the Navy intend to capitalize on commercial and academic developments in advanced technology? And can you just say a brief word about what steps you're taking to make sure that the Navy is closely tied to outside innovators?

SPENCER:

Senator, it's a -- it's -- it warms my heart to answer this question, because we do...

WARREN:

Good.

SPENCER:

... have a tall task in front of us. One of the things we're doing right now, just to start at the top, is we are binning (ph) our science and technology investments to align with the National Defense Strategy -- the ten buckets that Mike Griffin is helping us identify and bin (ph).

It is imperative that we do not only our work internally within the Office of Naval Research, but it is imperative that we reach out into the -- our private-sector community.

As you know, up in Massachusetts, between Lincoln Labs and other efforts we have up there -- Woods Hole -- we have some amazing research going on outside the organization.

One of the things that I have taken on, at the turn of the year, was a crown jewel,

senators, that we have in the Navy, which is the Naval Postgraduate School. It is a research-oriented educational institution. We are now supercharging it to put it into its next orbit.

We had conversations with the likes of Eric Schmidt and some others from the Innovation Board and said, we continue to try to have a relationship with you and drive up and say, what can we buy, what can we do together?

And the thesis that I had was, what better way to create a relationship than to research -- basic, relevant research, where we can get two organizations working together on a solution?

If, in fact, they can commercialize that solution, we'll take a licensing agreement and provide some value to us and value to them. And then we can take that intellectual property and apply it within the DOD. The Naval Postgraduate School will be the center of excellence for this for not only the Navy and the DOD, but, we hope, all of government.

WARREN:

Good. I'm very glad to hear this, Secretary Spencer. You know, the Navy needs to stay closely integrated with our innovators, whether they're in government or out of government, and I'm glad to see you take this approach.

SPENCER:

And, actually, the conversation I had just last week, Senator, was with Bob Millard, at MIT, who welcomes this and looks forward to doing what he can do with the Naval Postgraduate School.

WARREN:

Good. Well, let us know how we can help. Thank you.

INHOFE:

Thank you, Senator Warren. Senator Graham?

GRAHAM:

Thank you. Thank you all for your service. That was a good discussion about the high-end fight. I want to get down to the trenches on how we can protect this nation from radical Islam.

To the American people -- you may be tired of fighting these people, but they're not tired of fighting you. You can build a wall on the southern border, but that's not going

to protect you from Middle East threats. If some of us are not over there, working with our partners, they're going to come here again.

So that's my general thing. If you want to be safe against radical Islam, you need to be in their backyard, so they're not in our backyard. Does that make sense to the Marine Corps?

NELLER:

We don't want to play any home games, Senator.

GRAHAM:

Great answer. What about the Navy? Just say I agree with the Marines.

RICHARDSON:

I agree with the Marines, sir.

GRAHAM:

Never thought I'd hear the Navy say that. Okay, so this is a breakthrough moment.

(CROSSTALK)

GRAHAM:

He objects (ph). So let's talk about what that means. Do you support a residual force in Iraq, to make sure ISIS never comes back, if the Iraqis would agree to that force, General?

NELLER:

If -- if the Iraqis were to ask us to stay, it would be in my opinion that that would be a good decision for us.

GRAHAM:

Okay, thank you. Syria -- we have 2,200 people in eastern Syria, working with the Syrian Democratic Forces to make sure ISIS is destroyed. Is that correct, General?

NELLER:

The mission of that force is to defeat ISIS.

GRAHAM:

Right. About 250 Marines, is that correct?

NELLER:

I'd rather not get into (ph) the exact ...

(CROSSTALK)

GRAHAM:

That's all right. Some Marines.

NELLER:

There are some Marines there, yes, sir.

GRAHAM:

Okay. So here's my question: to hold the territory, there has to be a holding force, or they'll come back?

NELLER:

If there's a vacuum, then they will move into it, yes.

GRAHAM:

I like partners helping us hold. Do you believe it would be smart for America to be part of that holding force?

NELLER:

In order to get to some sort of a political settlement, at Geneva or elsewhere, there -- there -- we have to have stability, and if the decision were made that our partners were to come in there, I think our -- we cannot create a vacuum, because it'll be filled by somebody that we don't want.

GRAHAM:

Right.

NELLER:

And so I think that that would be part of the negotiation, as to who would be in there. But I agree with you, there has to be stability. Someone's got to be there.

GRAHAM:

Right. And so, as to that someone, would you agree that we have capabilities no army in the region has, and that we add some value that probably can't be replaced

NELLER:

I would agree with that.

GRAHAM:

Okay. Secretary Spencer, on 12 June 17, Secretary Mattis said, "No enemy in the field has done more to harm the combat readiness of our military than sequestration." Do you agree with that?

SPENCER:

I do.

GRAHAM:

Would you tell every member of this committee, without hesitation, don't put me back into sequestration?

SPENCER:

Don't put my back in sequestration.

GRAHAM:

There you go. You all are really good. I think it's the single biggest mistake I've seen since I've been here, and that's saying a lot given congress's record for the last 20 year.

Navy: do you agree that a bigger Navy provides more deterrence, Admiral?

RICHARDSON:

I do, sir.

GRAHAM:

Have you ever seen a time when we need more deterrence than now?

RICHARDSON:

This is (ph) as complex as it's been in my career.

GRAHAM:

So as a matter of fact, the threats have gone up since sequestration, not down, is

RICHARDSON:
Absolutely.

GRAHAM:
So as we cut our force, the threats did not reduce proportionally, did they?

RICHARDSON:
The assumptions of the security environment didn't pertain. It got more complex, not less.

GRAHAM:
So as we were trying to deal with a chemical weapons attack in Syria, I think a -- more than a handful of ships were sent to the region to provide that capability and deterrence, is that correct?

RICHARDSON:
Yes, sir.

GRAHAM:
So a bigger Navy means that you'll have more -- more ships in more places, which will, hopefully, make some of our adversaries think twice, is that a fair statement?

RICHARDSON:
That's a very fair statement.

GRAHAM:
So you think 355 ships in 2030 gets the job done?

RICHARDSON:
That's the best estimate we've got right now. In light of the National Defense Strategy, we're going to reassess those numbers in the context of great power competition and the other threats that face us.

GRAHAM:
So, final question: a bigger Navy and a bigger Marine Corps provides more deterrence, more capability. Don't you think it also improves the quality of life for

those who serve, because they don't have to be gone so much, and they'll have more help?

RICHARDSON:

Absolutely. You get that rotational math going, and you get more time to recover?

GRAHAM:

Do you agree with that, General?

NELLER:

We would like to get back to a three to one, because it's better for the preparation, the training of the force, and it's better for our families.

GRAHAM:

Well, I think the Department of Navy should be proud of what it's done, and you're the best in the business. And pound for pound, the Marine Corps is the best on the planet, so thank you all.

INHOFE:

Thank you, Senator Graham. Senator Peters?

PETERS:

Thank you, Mr. Chairman, and thank you, gentlemen, for being here today, as always.

I'd like to take an opportunity to follow up on Senator Cotton's questions regarding the LCS. And I think I agree with Senator Cotton that those ships need to be out to sea, they need to be deployed.

I certainly understand that this may be a reset year, as described by Admiral Richardson, in terms of that deployment, but I would follow-up to say that shipyards don't get a -- a reset year, as you may have with deployment, and today's Navy's acquisition strategy certainly underpins the ability to deploy for -- for many years in the future.

Secretary Spencer, earlier this week I joined my colleagues, Senators Baldwin, Stabenow, and Johnson, as well as a number of House members from Michigan and Wisconsin, including Speaker Ryan, in sending you a letter on acquisition strategy for the littoral combat ship in fiscal years 18 and 19.

We're all concerned that under the current acquisition strategy, the Navy may be missing out on a variant that provides the best value when accounting for differences

in capabilities, service life, and total lifecycle cost.

Given the transition from LCS to the competition for a new frigate, the decision made today will impact the shipbuilding industrial base for years to come, as well as impact the Navy's ability to grow to the fleet size that it needs in an affordable and timely way.

And I know the Navy has used an alternating contracting strategy for LCS, awarding two ships to one shipyard, and then one ship to the other, in alternating years, which the shipyards have optimized for.

But my question to you, Mr. Secretary, is -- I look forward to your response, certainly, to the letter, but in the meantime, could you please provide an update on LCS acquisition strategy, and, specifically, will the Navy award two Freedom variant LCSs across FY-18 and 19?

SPENCER:

Senator, I've said this before and I -- I just want to highlight it. One of the jobs, and one of my responsibilities wearing (ph) the Title X (ph) hat is to care and be aware, and nurture, when necessary, the industrial base.

I want to make sure that everybody in here knows that that does not mean it's a welfare situation, and that our pocketbook is open just to be open. It is not. We will use the contracts that we have in the most meaningful manner to keep everybody healthy within the bounds that we can, and we are portfolio managers. There is a lot of demands obviously on our resources and we have to manage a full portfolio of acquisition. That being said, Senator, we will provide you the letter.

The overview is that is that there will be the ability for the Secretary to be involved in the allocation of the ships and the awarding of the ships. As you know when it comes to Wisconsin, the Saudi award is up there. One of the other levers -- levers that we would like to see what we could do is see how do we pull that the left. How do we -- how do we manage the industrial base with all the tools available to us in light of the awards that we have? But, rest assured that the health of the -- both -- all the organizations involved in supplying goods and services to the Navy are -- are being taken care of and analyzed.

PETERS:

Thank you Mr. Secretary, I appreciate that. General Neller, as you are well aware the future of warfare will be changing dramatically. We have had those discussions on many occasions as I've had with the other two gentleman here. But as we bring in new technology, whether it is autonomous vehicles or AI systems, you need to make sure that you can actually deploy those and the men and women who are out in the field are able to integrate that into doctrine and tactics.

And I was taken by an article that recently came out that showed the Marines are giving quad copters to every squad; that you are actually integrating that technology into -- into the field as we speak. Could you speak to that and the importance of it and how we need to continue to be looking at integrating this technology in our -- in our units every day?

NELLER:

Senator, thanks for the question. That's a fact that we are going to deploy, whether we make them ourselves and our own fab labs or we procure them that every rifle squad is going to have this ability to fly a quad copters in front of them so that they can get a better appreciation what lays in front of them. But it's not -- it's not just that; it is all the things that you mentioned whether we are autonomy robotics.

I think we're still trying to figure out what AI can do as far as the analysis of big information, making decisions, the future of the biomedicine things like that. So the way were doing it, and I think the other services certainly my shipmate, Admiral Richardson, spoke the same where you take an exercise that we're going to do and we'll take some technologies and we'll apply them in that exercise so we don't have to create another event and we'll use the exercises and experiment.

And whether it be autonomous ships or undersea vehicles or swarming drones under the water to find mines or to find pathways or to destroy mines, unmanned aircraft provide radio relay or electronic warfare, or to give you a better ISR. All of those things are going on and what we're trying to do is we realize that we needed to go faster. And as was mentioned about the development of technology in the commercial world, we all have officers out in the Silicon Valley.

They maintain contacts through an office called DOAX. There's also one in Boston -- in Austin that was developed by the previous Administration, Secretary Carter.

So we're out there kind of doing reconnaissance of what's out there so that we know what's happening. We look at these different technologies and we take a chance of play with them. We make a bunch of small bets and then if anything works and we let the Marines look at it and they say yes, this is good or this is not, and then we'll try to figure out how we're going to put some money down on it and further develop it.

PETERS:

Thank you General. I appreciate it.

INHOFE:

Thank you Senator Peters. Senator Sullivan.

Thank you Mr. Chairman and good to see you gentlemen. Thank you very much. I very much appreciate your fine leadership as demonstrated by your decades of service to your country and -- and by your testimony today.

I think it has been outstanding and direct. I want to get back to this topic of the National Defense Strategy and the return to great power competition, which means countries like Russia, China, North Korea, not that their great power, but that kind of battle. And as you know gentlemen, through history that also means particularly when you're looking at that part of the world or those countries, that means cold-weather, that means mountainous terrain, that means large-scale maneuver and high-end fights.

The last time we did that as a country was in the Korean War. I know all of you have read T. R. Fehrenbach's "This Kind of War." But as you know, that didn't go so well initially in that fight because we weren't ready. So a couple questions that relates to getting back to that. You may have seen in the Arctic Strategy that was required by this committee. Secretary Mattis stated that Arctic is key strategic terrain. Russia is taking aggressive steps to increase its presence there. I will prioritize the development of an integrated strategy in training for the Arctic.

Two questions, General Neller, I was glad to see that the Marines had just taken part, I think several hundred Marines in Arctic Edge 2018 up in Alaska and I would welcome your thoughts on more cold-weather training, more large scale maneuver training, lessons learned, perhaps from your Alaska training, more opportunities for training in cold-weather places like Alaska, which has enormous ranges as you know.

And Mr. Secretary, Secretary Spencer, I would -- I would like to get your views just on, you know, the NDAA last year required the DOD and DHS to look at the strategic Arctic Port idea. The Arctic Strategy talks about FON ops in the Arctic, which Admiral Richardson has mentioned. It's a good idea but right now we don't have the capacity or capability, so your thoughts-actually both you gentlemen, you know, on the 355 ship Navy, the idea of ice hardening.

What are we doing in terms of a strategy? The high-end great power competition fight could be in the Arctic, certainly could be cold-weather mountain-training, large-scale, high-intensity. What are the Marines and Navy doing basically focused on those questions, maybe General Neller, if we could start with you Sir?

NELLER:

Well Senator, do you know that we've gotten back into the cold weather business? When Soviet Union was the only pacing threat, we had a mission to Norway as part of the defense, the NATO mission and with it be (ph) at the end of Desert Shield/Desert Storm and the dismemberment of the Soviet Union and then

operations in Iraq and Afghanistan, you know we just kind of went away with it. We still sent units up there because going to cold weather is a good training -- is a good discipline builder.

But the skill sets, the equipment and the expertise atrophied and we...

: Particularly at the large scale level.

NELLER:

To lead to more than small units. And so we realize we needed to get back into it. So part of it was what we did up there in Arctic Edge. We've had engineers, as you know, up there working on a road project. We've got 300 Marines in Norway. We're waiting for the Norwegian government to potentially give us the opportunity to send more there to work with our NATO partners because it's an opportunity to learn from them because they really do understand how to operate and move large formations.

There will be a large exercise in NATO exercise this -- this fall called Trident Juncture which will be a big amphibious exercise where the Navy -- many navies will be there operating in a cold environment for all the reasons you said. We -- we can't assume that we're going to fight in the desert. It's not going to be a temperate climate. It could be in the Arctic. It could be in the northern edges of any point of latitude of longitude of the world.

And so we're working hard on that, and the whole force is not going to be able to get trained in that. We just need enough people who know what they're doing, so if we get there, (inaudible) maneuver forces are able to function in -- effectively in that type of an environment.

But we're a work in progress, but we're headed in the right direction.

SULLIVAN:

You see more opportunities for training in Alaska?

NELLER:

You know, I've been up there with nature (ph) imitation, and then Alaska, we send our aircraft up there because that Eielson Air Force Base, the range up there is three times the range -- size of the range at Nellis.

It's a great place for our partners to go, but I do think we're going to try to do our very, very best to get certainly more deployments for training up to Alaska to take advantage of the terrain and the climate.

SULLIVAN:

Thank you. Mr. Secretary.

SPENCER:

Senator, you and I have spoken about what Alaska has to offer, and suffice it to say that I'm a bull in that regard. You have infrastructure up there, you have the ranges up there, and we have the ability, as the commandant just said, to access that and we look forward to seeing how we can maximize that going forward.

When it comes to the Navy and -- and the Arctic -- how we're handling the Arctic, as you know, in 2014 we had our Arctic Roadmap. And now, you'll see this summer, we would deliver the Navy's Arctic Strategy.

In October of last year, one of my first trips OCONUS was to go to the Arctic conference in Reykjavik, and before that, I stopped off with our terrific allies in Norway, who are just doing yeoman's work monitoring the gap.

But they open my eyes as to what's going on in the Arctic. I'd read about it, but when you see what's going on there, what Russia is doing, repaving 12,000 foot runways, 10,000 speznav (ph) up there in barracks for search and rescue.

We need to have presence up there. The complication, as you well know, because we've talked about this, is -- is icebreaking is one of the complications, it's not a mission of the Navy, we are working hand in hand with the Coast Guard.

In fact, we have just finished helping them design and requirements for the next class of icebreaker. But that is their mission. That being said, we do not have ice hardened ships. There is a new terminology up there called the blue water Arctic, that there now is open blue waters up there.

The -- the CNO and I have talked about how do we have presence up there, we're working on that, and when we see our -- our strategy roll out, you will see more this summer.

SULLIVAN:

Great, I appreciate it, thank you gentlemen.

INHOFE:

Thank you, Senator Sullivan. Senator Gillibrand.

GILLIBRAND:

Thank you, Mr. Chairman. Admiral Richardson and General Neller, General Milley told me last week that there were quote precisely zero reports of issues of cohesion, discipline, moral and all sorts of things in the Army as a result of open transgender service.

Are you aware of any issue of unit cohesion, disciplinary problems or issues with moral resulting from open transgender service?

RICHARDSON:

Senator, I'll go first on that. By virtue of being a Navy sailor, we treat every one of those sailors regardless with dignity and respect that is warranted by wearing the uniform of the United States Navy.

By virtue of that approach, I am not aware of any issues.

GILLIBRAND:

General Neller?

NELLER:

Senator, by -- by reporting those Marines that have come forward, there's 27 Marines that have identified as transgender, one sailor serving. I am not aware of any issues in those areas.

The only issues I've heard of is, in some cases, because of the medical requirements of some of these individuals, that there is a burden on the commands to handle all their medical stuff.

But discipline, cohesion of the force, no.

GILLIBRAND:

Can you amplify what burdens on the command are related to medical issues?

NELLER:

Some of the individuals, and you know, they've resolved whatever it was and that -- that -- as they went through the process of indentifying (inaudible) sex, and so they're going forward, and I think those that came forward, we have a -- we have to honor the fact that -- that they came out and they were (ph) -- and they trusted us to say that, and that we need to make sure that we help them get through that process.

Some of them are in a different place than others, and so there is -- part of it's an education (ph) but part of it is that there are some medical things that have to be involved as they go through the process of transitioning and real life experience and whatever their level of diaspora is.

So for commanders, some of them have said no it's not a problem at all, others have said that there is a lot of time where this individual is maybe (ph) or may not be available. So we're -- we're all about readiness, we -- we're looking for deployability, but in the areas that you talked about, no I have not -- I have not heard of or had

reported to me any issues.

GILLIBRAND:

Have you had the opportunity, General Neller, to meet with any of your transgender troops.

NELLER:

Yes.

GILLIBRAND:

And what did you learn from those meetings?

NELLER:

I learned that -- I learned a lot about the experience that they had, I learned that -- I met with four, actually one was a -- a naval officer, one was an Army staff sergeant, one was a Marine officer, and one was a Navy corpsman.

And I learned about their desire to serve, and I learned about, you know, where their (ph) recognition of their identification opposite their birth sex, and we had a very candid, frank conversation, and I respect as CNO said, respect their desire to serve and then all of them, to the best of my knowledge, were ready and prepared to deploy, and -- and they've -- as long they can meet the standard of what their particular occupation was, then I think we'll move forward.

GILLIBRAND:

Thank you, General Neller. Admiral Richardson, what are you doing to ensure readiness at the personnel and unit level in light of this new policy that's come forward from the White House in terms of a new burden placed on transgendered sailors and marines?

RICHARDSON:

Ma'am, I will tell you that we're -- we're -- it's steady as she goes. We have a worldwide deployable Navy, all of our sailors or the vast, vast majority of our sailors are worldwide deployable.

We're taking lessons from when we integrated women into the submarine force, and one of the pillars of that was to make sure that there were really no differences highlighted in our approach to training those sailors.

That program has gone very well, and so maintaining that level playing field of a standards based approach seems to be the key to -- a key to success, and that's the

approach we're taking.

GILLIBRAND:

Thank you, Admiral. You and I had a long conversation about military justice, and we talked about some of the sexual harassment assault issues that are within the Navy.

We had a issue with regard to Bad Santa, as you know, where your public affairs officers was allowed to stay in his position for several months despite his clearly inappropriate behavior.

Do you have a sense of what message members serving under you received from him being allowed to stay in that position, and have you changed your approach because of that incident?

RICHARDSON:

The beginning of that approach was really defined by making sure that we got a thorough investigation into a complicated scenario there, with allegations and counter allegations.

So that investigation took some of the time. Having said all that, I've become acutely aware that that may have sent a bad message, particularly to the survivors of the behavior. And so that -- you know my -- my radar has become completely retuned in terms of sensitivity to that message, and I -- I hope that we've arrived at a good place at the end of -- at the end of this event.

It took longer in hindsight than it should have, if I was going to do it again, I would move faster.

GILLIBRAND:

Thank you, sir. Thank you, Mr. Chairman.

INHOFE:

Thank you, Senator Gillibrand. Senator Scott?

SCOTT:

Thank you, Mr. Chairman, and thank you to the panel. Thank you all for your service to the country.

Secretary Spencer, good to see you again. I'm sure that you're fully aware of the Navy Working Capital Fund created back in 1949. These Working Capital Funds insulate the military services from government shut-downs, labor strikes, and other disruptions.

They ensure many of our government-owned repair depots and (ph) facilities can stay operational, and keep our most highly-skilled workers employed when Navy requirements for similar work slows down.

We have some of the greatest (ph) capabilities in and around Charleston - SPAWAR to be specific. Capitals - their capabilities are pretty powerful.

My question is, as you look at the restrictions on the work that the SPAWAR and other facilities like that can do outside the scope of the Navy - I know that there were some restrictions placed on how those resources can be used - do you see any restrictions being lifted?

Because, as I think through the process of finding the talent that we see at SPAWAR, it's really difficult to replace that talent if we don't use and maximize their potential outside the scope of the Navy.

SPENCER:

Senator, that's - that's a question that is front-and-center when it comes to our human resources allocation, and what we're going to do to keep people.

Obviously, whether a pilot, you want to give them flight hours, whether an I.T. technician, you want to give them challenges, you want to provide work, whether SPAWAR is doing exploratory work. You want to keep them engaged, because that's the quality of life, and that's what they're there for.

We are working, right now, at (ph) any way possible to make sure that we're at 100 percent capacity for the people, to give them the desire to stay, and have a career in the Navy.

SCOTT:

Does that suggest that looking for work in other service branches outside of the Navy is something that's on the table?

SPENCER:

If, in fact, we have the bandwidth, yes.

SCOTT:

Okay. I understand that Russia is building several new classes submarines. Are you concerned that Russia may develop an advantage in this area?

SPENCER:

Always concerned (ph), Senator. If you look at the era that we're entering now with the power competition, they did not put down their research pens and pencils over

the past 20 years. Case 1:17-cv-02459-MJG Document 190-3 Filed 07/06/18 Page 55 of 70

They've launched a new submarine that - that - it - I - I can safely say is closing the gap on some of our technologies, but we are hard at work, also, to make sure that gap does not close, and the rate of the gap does not increase.

SCOTT:

All right. Thank you. Thank you, Mr. Chairman.

INHOFE:

Thank you. Senator Hirono?

HIRONO:

Thank you Mr. - Mr. Chairman. General Neller, I share Senator Reed's concerns regarding what you are doing to address sexual harassment and assault in the Marines, and the importance of staying the course, so thank you for what you're doing, and keep doing it.

And, of course, the concern regarding sexual harassment extends to the other services, and - as brought up by Senator Gillibrand.

I have a question for Secretary Spencer. The Navy has laid out an ambitious plan to spend \$21 billion over 20 years to modernize our public shipyards, which I applaud, because, as you know, Hawaii has one of these public shipyards.

But I am concerned that, as we talk about shipbuilding and service life extensions to get to the 355 ship Navy, we might lose focus on maintenance capacity and capability.

What is the impact on the shipyard modernization plan, now that the Navy is pursuing service life extensions of five attack submarines?

Will the modernization timeline be sufficient to meet this new demand, in addition to other work already programmed, and still meet the biggest challenge of being ready to handle the Virginia Payload Module equipped ships in the future?

SPENCER:

Senator, the maintenance equation in the three pipes that I talked about - platform, people, and maintenance - is front-and-center.

Just last week - we - we have a - a terrific repository of institutional knowledge, and a fellow by the name of Ev (ph) Pyatt (ph), who worked under the Reagan Administration in building and maintaining the Navy's growth during that period of time - he has been charged by me to go look, specifically, at the present state of

shipyard maintenance, and what is needed going forward with our projected plan to grow the fleet and maintain the fleet.

Right now, as we look at the steady state, as the report said, we can accommodate what we have now. As we grow, we're going to, obviously, need to not only fix - and when I say fix, that means improve the flow through our existing yards, and also enhance the processes available to our existing yards.

We're going down to speak to - it's fascinating - speak to some of our civilian counterparts to talk about flow control, and that's the key thing when it comes to maintenance through yards.

HIRONO:

Well, I'd like to have your commitment that we will continue to focus on the need to modernize, and increase capacity and capability of our people at the shipyards, because they are all ready and eager to go, but they need the tools in which to proceed.

And I'd also like to point out that the Pearl Harbor Navy Shipyard has a special challenge, in that a huge percentage of that shipyard is historically preserved, so, you know, it - it - it takes more to get the kind of modernization infrastructure changes that we need to do at Pearl Harbor. I (ph) just (ph) wanted (ph) to mention (ph) that (ph).

SPENCER:

Senator, I will put a footnote on there that we are going to have to come back to you all about historical preservation. Because historical preservation and industrial modernization do not go hand-in-hand ...

(CROSSTALK)

HIRONO:

Often, there is a big tension there. I am well aware. So I want to work with you to figure out how we can make sure that our shipyard in Hawaii gets what they need, also.

Admiral Richardson, in your written testimony, you mentioned that the Navy was able to arrest the decline in readiness with the request for additional appropriations, RAA, in 2017, while using 2018 and 2019 funding to further restore readiness.

How long will it take to get fleet-readiness to an acceptable level that we are able to sustain?

Ma'am, thanks. A lot of that's going to depend on the continuation of stable and adequate funding, and the passing of - of budgets on time. The most toxic thing to readiness has been continuing resolutions and the Budget Control Act.

And so, you know ...

(CROSSTALK)

HIRONO:

Assuming that we give you adequate funding, and it's not a start and stop every three months in (ph) C.R.s.

RICHARDSON:

... yes, ma'am.

HIRONO:

How long will that take?

RICHARDSON:

We see - you know, it took some time, a decade, to get into this. We anticipate in getting out of this in about half of that time. And so I look to the early 2020s, 21 and 22, to start getting back to that level of readiness.

HIRONO:

And totally dependent on the steadiness ...

(CROSSTALK)

RICHARDSON:

100 percent dependent on that, ma'am.

HIRONO:

Secretary Spencer, you noted in your written testimony that the department has taken risks by underfunding infrastructure investment and installation operations over the last decade, and I'm pleased to see the budget request includes the largest request for MILCOM in quite some time.

Besides the public shipyard plan, how long and how much MILCOM funding will be required to dig out of the whole we have in infrastructure and installations? And, again, let's assume steady funding.

SPENCER:

Yes, underscoring, again, steady funding. Right now, Senator, we're going to - I think that what - what the number is, we're coming up to funding 80 percent of our needs, which, to me, is an anathema, but I realize we are portfolio managers.

Our infrastructure is a key component of readiness, and we have to address it in such. With the present line, you're probably looking at the same for readiness with the fleet, which is in the early '20s.

HIRONO:

Thank you. Thank you, Mr. Chairman.

INHOFE:

Thank you, Senator Hirono.

Senator Tillis?

TILLIS:

Thank you, Mr. Chairman. Gentlemen, thank you for being and for your service. General Neller, I had the pleasure of sitting next to Mrs. Neller yesterday in a meeting with a few dozen military spouses. I tallied up the number of years that they have experienced. About 467 years of experience in the room, as military spouses, some as, in your case, as far as 40 years back.

Can you tell me a little bit about your belief or agreement that making sure that we take care of the families and we take care of the issues of multiple deployments as have some effect on the readiness of the marine?

NELLER:

Well, Senator, first, thanks for taking the time to meet with our spouses. There's a lot of experience in the room, a lot of wisdom, a lot of PCS moves, a lot of overseas time, a lot of time without us being around. But, clearly, we all know when we serve, or even in corporate world, I think you recruit the individual and then you've got to retain the family.

The families got to be on side with doing what they're doing, particularly, this kind of a life. So, I don't think they expect everything, but they do have a certain expectation that there's going to be housing available and schools available. And they're going to be able to live their lives. And that, those that wear the uniform are going to be around on occasion.

And if they have a profession, then the demographic has changed. When I came in,

not that many, particularly, of the officer spouses, worked. Now, that's very different.

And so, there's an expectation that they'll have an opportunity, at least, to compete for a job in certain places where we are or in a more rural area, more isolated area, finding that job, particularly, if you have a profession, is difficult.

You know, so I don't think they expect special treatment. I think they just expect - would appreciate, you know, recognition and some opportunity. Obviously, in a place like Washington D.C. or in Southern California, it's not anywhere near the issue as it is in some place like Camp Lejeune in North Carolina or Twentynine Palms.

So, we have to work to make sure that, not just the service member wants to stick in or stick around, but the family does too. And so, that's part and parcel, whether it be facilities or recreational opportunities or schools or stuff for the children. Mental health, medial is a big deal. All those things go together as a whole package to try to retain the best and most capable members of our force.

TILLIS:

Well, we're working with the staff on some specific ideas that came out of the meeting yesterday and that I've heard time and time again. But I think that many - people need to understand that the unemployment rate among military spouses, depending upon which numbers you want to believe, is somewhere between twelve and 28 percent.

The national average is about four. That's a problem. If you've got a marine worried about paying the bills and putting their kids through school, that's a problem, it's a distraction they don't need. So, we're going to work on that, but I think we're - we also need to gather better data so we can be directed.

It's not only the professional positions. It's somebody that just wants a job. And we've got to figure out a way to do it - make them more mobile and make it less costly and less disruptive to them as their deployed.

In my remaining time, one, Mr. Secretary or Admiral, I'd - they - we tend to get caught up with numbers here. We have a checklist. The magic number for the Navy is 355. I believe that we're going through a period of time, now, that I'm more worried about the capabilities that that current 355 number looks like than the number 355.

So, as you move forward and you think about modernization over time, I'd be, kind of, curious to see how you're going to come back to us and say, guys, the number is a little bit different because we've got - we may have to have fewer or more, but we're going to a capability for the least amount of money spent, particularly, because Congress is not, particularly, good at completing its mission, getting a certainty over funding.

So, I'd like to get your thoughts on exactly how you're going to deal with that. Because you're not going to go to another hearing, in the foreseeable future, where

people are going to be taken (ph) off. Where are my ships going to be built, particularly, if it's in my state? How am I getting to that 355 number? And I want to, really, start changing our thinking on that, so, you're focused on capabilities and not hitting a one number target.

RICHARDSON:

Senator, that's a great question and I will tell you, as I think about it, it's about naval power. And naval power has a lot of components. Capacity, you know, we - there is a big convergence of intellectual thought that says we do need a bigger navy, right? Capacity, quantity has a quality all of its own.

But, to your point, we also need a better navy, right? We need a more capable navy that incorporates new technologies, directed energy, high power microwave, hypersonics and so forth that make each one of those platforms more capable.

And then, finally, we need to find a way to increase the power of that force by networking it together to allow it to adapt and reconfigure, on the fly, in the face of threat. So, there's much more to naval power than just the number of ships.

TILLIS:

Thank you.

SPENCER:

Senator, I'd just reverberate that. I mean, the whole goal is whether in a F-22 in the air targeting a target and pushing a butting and the GMLRS rockets hit it or the tomahawk out of the submarine hits it, or that the Standard Missile 6 off the DDG hits it. It's all going to be intertwined and that is the game changer.

So, it's power we're really focused on. Yes, we need a goal to increase the capacity, totally agree. But we need to focus on the power, which is exactly what we're going to use technology as a force multiplier.

INHOFE:

Thank you, Senator Tillis. Senator Kaine, and Senator Tillis presiding.

KAINE:

Thank you, Mr. Chair. And thank you to the witnesses for your service and your testimony. General Neller, I was also at the event yesterday with D'Arcy, who's a great example and the folks around the table were really, really sharp in offering us perspectives.

I have two pieces of bipartisan legislation, the Military Spouse Employment Act of

2018 and the Jobs and Childcare for Military Families Act that have been introduced

with bipartisan colleagues on this committee that we're hoping to add to the NDAA as we work on the coming weeks.

But I appreciate Mrs. Neller's leadership in this area. I want to ask each of you, sort of, a budget question. I'm happy with the budget we passed, the F.Y. '18 budget, in terms of support for investments to do the kinds of things you're talking about. But there can always be a challenge.

When the budget gets done six months into the fiscal year, and then, the money comes at the end of the fiscal year, there's the question about whether you can spend the money and do it responsibly. So, we want to increase the investment. We also want to do it responsibly. We made that challenge harder by being so late. What are you doing to grapple with that issue?

SPENCER:

I'll start at the top, Senator, and then defer to my business partners here, but we have started the message before the turn of the year with the BSOs, in saying, we are going to, hopefully, have the pressure to put resources out in a very responsible manner. So, get your teams lined up. At this point, let's start executing to 100 percent of where we were, which, at that point, was F.Y. '17 and get the muscle movements correct.

We now have the due (ph) dollars and cents. The curve (ph) is now working on the F.Y. '18 curve. We have teams set up and, and the art now of de-obligating money down to a much more of a science than we had before, to be very frank with you. And if, in fact, teams are saying, I don't think I can make my goal. We're going to come back to you. We're going to hit the BTR at 25 percent or we're going to come back to you for the reallocation. And we're having the other projects lined up so we can use as much of these funds as totally possible, and that's the mind set everyone's working at in both services.

KAINE:

Admiral Richardson, General Neller, you want to add to that?

RICHARDSON:

Sir, I'll tell you, it's like that -- that quote about real estate. For us it -- it's just the three most important things are execution, execution and execution, and we are monitoring that day by day to make sure that we are one, executing those funds, two executing them on things that are going to deliver naval power, and three, executing in a (ph) way that is auditable and transparent to you.

KAINE:

NELLER:

Sadly we're getting pretty good at this, because we've gotten a lot of practice. We had a -- kind of a -- a game last -- last F.Y. where we got the money late and we had to spend a certain amount of money every day and everybody -- everybody kind of raised their game up.

It -- it would be nice year to just get the money at the beginning of the year and have all year to spend it. I think we'd make better decisions, I think it would settle the force down, I think everybody would realize that hey, we're going to get -- there's -- it's going to be there.

I think our vendors would appreciate it. But to answer your question, Senator, you know, we were -- we're pre-staged (ph), we're ready to go, we -- we watch it every single day and at a certain point, people can't spend it, then we'll move it to other people who have other things that are viable that we can put on contract.

Contracting is kind of the long pole in the tent, just to write the contract in a proper way so that the money is spent properly. And we're not going to go out there and buy furniture and carpet, you know, we got other really more important things to do.

KAINE:

Gentlemen (ph), now what I want to ask you, just an example of this, because it affects readiness, and I'm looking at your written testimony, how you're dealing with this challenge, page 12.

Are most acute readiness issues are in aviation units, a combination of aging aircraft, a lack of ready basic aircraft, an unresponsive supply of parts and spares and maintenance backlogs that the depots (ph) contribute to high overutilization rates, unavailable aircraft needed for training and certifications.

This, in turn, hastens the induction of these aircraft in the maintenance cycles. Lack of predictable and stable funding effects industry, often when funding becomes available late in the year, through C.R.s, the industrial base is not energized to meet demand.

Talk a little bit about how you're trying to grapple with this aviation issue in light of the budget that we just passed.

NELLER:

There are a number of things that we're trying to do. The most important of which is buy new aircraft, and make sure that the aircraft we get are -- are of sufficient quality that we can replace old aircraft and we don't have to spend money twice to buy new.

And -- but there will be in (ph) a legacy fleet, you're always in a legacy fleet whether it's ground equipment or air equipment. So first, buy new, second we funded readiness in this budget at a much, much higher level than we ever had before.

So we got more money for parts and spares, the Flight Hour Program is out there, flight hours are up, not yet to where we want it to be. It's hard to say that you could ever fly too much, but we've -- part of our recent readiness issues and some of the things that have happened is we've got a whole like five or six years of pilots who were -- used to be if they were senior, captain and major, they are (ph) like 1,500 to 2,000 hours.

Now they've got under 1,000 because they haven't been flying enough. And so we're trying to remedy that, and just like the CNO said, we didn't -- it didn't happen overnight to get to this point, it's not going to get fixed overnight.

So steady consistent funding is what's going to allow suppliers out there to get us parts, because they're going to believe that the government's going to be there, that they keep their workforce, they can order the stuff that they need to build the parts and then we can get it faster and get more airplanes and other equipment ready.

SPENCER:

Senator, let me add something on there. One of the things that we've been working on, obviously, is a statement that I make that the best solution provider for a problem is the person looking at the problem.

And this bubbled up through the wings all the way up to our depot maintenance. And we have a new pilot program underway called depot readiness initiative. What we were finding out was, in the case of a legacy plane, it goes up into depot, it's 1,000 man hours to take it apart and do the depot level of maintenance.

While back at the squadron, the calendar maintenance clock was still running. So down plane (ph) comes back to squadron and you've got to spend another 500 hours taking things apart and putting things back on to make sure that it's brought up to certification.

Why not do that up at the depot level of maintenance? Sounds like a very simple thing to do, but there were funds that had to be arranged from different pools of money. We're trying this, the flow is increasing, we think this is something we're going to do.

But this is an example of how we're getting at it.

KAINE:

Excellent, thank -- thank you, I'm over my time, I appreciate it, Mr. Chair.

TILLIS:

Senator Kaine, I also wanted to thank you for participating in the Marines Spouses meeting yesterday morning, appreciate your focus on the issue. Senator Blumenthal.

BLUMENTHAL:

Thanks Mr. Chairman, and I want to reiterate my thanks to all of the families as the numbers of deployments have increased and the proportion of Americans involved directly in these wars over the last 15 years has diminished, we've been fighting a longer period of time in our history than ever before.

We are (ph) smaller part of the population, which exacts a heavy toll on our families, and I appreciate your sensitivity to those issues, and we need to do more and do better to support them.

Mr. Secretary, in last year's NDAA, I required, through an amendment that I offered, or the NDAA did, the Navy to submit a report on how the maintenance backlog will be addressed.

I know there's been some discussion already this morning. Your (ph) report delivered in February stated, quote, the Navy intends to execute all the workload program at the Naval shipyards with no availabilities moving from public to the private sector.

In the House Armed Services Committee just last month, you stated and acknowledged that private yards have to be more involved with maintenance. It's a simple fact that there's more work than the public yards can be done.

Is that still your view and just for the record let me state my view that with respect to submarine maintenance, the private yards are tremendously important, and use of them is vital not only because there's more work than the public yards can do, but also because our defense industrial base, our workforce needs to be retained and in fact enhanced because of the need to smooth the maintenance work and new work and keep those people on the job.

So perhaps you'd care to comment.

SPENCER:

I'd -- I'm going to use your statement as my answer, Senator. Definitely the -- the way that we are looking at it is we'll load the public yards to 100 percent and then we have to look at elsewhere to relieve the pressure.

This goes in concert with not only the efficiencies that we'll get by putting ships through the maintenance process on a flow controlled basis, but this also addresses your concern and mine also, which is the health of the industrial base.

BLUMENTHAL:

So you would commit to shifting a number of near term backlog maintenance availabilities to the private yards to help smooth out the workload?

SPENCER:

If -- yes, if in fact, Senator, we have the -- the workflow charts that we can actually work with to make sure that we're not overloading someone, yes, we're going do it for efficiencies.

BLUMENTHAL:

Admiral.

RICHARDSON:

Sir, I think in fact, we've already decided to do some of that. So our behavior is really the biggest indicator of where our thinking is and it's just a plain fact that the way we got to work together to get this done.

BLUMENTHAL:

While I agree that actions speak louder than words, and I am glad those actions are taking place.

SPENCER:

And the -- and the public yards, I mean in the private yards, Senator are also very engaged in this.

BLUMENTHAL:

Let me ask you, General Neller and I spoke a little bit yesterday about the F-35. Could you give me your assessment in terms of the Navy and the Marine Corps about the capabilities of the F-35 and your commitment to continuing that program?

SPENCER:

Senator, the F-35 is an amazing piece of gear in -- in many fronts. In fact, I will say all fronts, including the procurement side and the sustainment side. It's proving out in the Marine Corps to be what we've advertised it - what they advertised it to be, it's hitting the requirements, I would not be - I'd be remiss if I was to say that we don't have our challenges as far as procurement price and sustainment which we are working on tooth and nail right now from the Deputy Secretary on down to the JPO, Ms. Lord and the Service Secretaries - Air Force and Navy.

You saw our latest move that was made. We are going to be a responsible client and

we are not accepting gear that is not of quality. We will work with the prime to make sure we come to a conclusion on how we're going to handle that, but going forward all parties are focused on, as I said earlier, not only the acquisition cost, but almost more importantly, the sustainment costs.

BLUMENTHAL:

And I think there is agreement among all the contractors from the prime to the subs that driving down the cost is a priority. The war on costs...

SPENCER:

Exactly.

BLUMENTHAL:

... as it's been called, is a common objective here.

SPENCER:

We are partners in that regard.

BLUMENTHAL:

Thank you, thank you very much Mr. Chairman.

TILLIS:

Senator Donnelly.

DONNELLY:

Thank you Mr. Chairman. I want to thank the witnesses for being here with us and Secretary Spencer, I've had the privilege of having Admiral Richardson and General Neller at Naval Surface Warfare Center-Crane. I am hopeful that you'll be able to come out as well and see the hard work of all those good people.

SPENCER:

Most definitely. It's on the list Senator.

DONNELLY:

Thank you very, very much. Additionally, Admiral Richardson and General Neller, I appreciate all the work you've done on addressing military suicide. You know that suicide risk often isn't tied to deployments or combat experiences. We can't be restricting our most rigorous mental health assessments just to the deployment cycle. You've been incredibly helpful in all of this and in implementing legislation.

You told me last year that your services were on track for full implementation of the (inaudible) requirement for the annual mental health assessment by October of 2017. Can you confirm that you've reached that milestone and were there any difficulties or were there any other things that you feel we might be missing in this area on this end?

RICHARDSON:

Sir, we've reached that milestone last July, so we're ahead of the October deadline. We've conducted close to 100,000 of these types of assessments. I will tell you that it is a vexing problem and last year was not a great year for us with respect to suicide in the Navy. And it is not linked all the time to deployment cycles as you say, or even deployment in any sense.

We've also had some tremendous, I guess, stories where service members have seen their shipmate in trouble, have intervened, and saved a life. I think that that -- that is where the center of gravity of our efforts are is that that peer-to-peer...

DONNELLY:

Pushing it down.

RICHARDSON:

...exactly right, yes Sir. And so those are the people that have the most sensitivity, the most awareness. I think that they are the most capable in terms of stepping in, making feel - making that sailor feel like they're not alone, there's hope at - at the end of the tunnel here and shepherding them through that hard time.

SPENCER:

Senator as an example I'll throw out a vignette because I think it's important. Last Christmas holiday time, one of our sailors out at Joint Base Andrews was coming back from an engagement with fellow airmen and noticed something was wrong.

They checked into their rooms and the sailor went back to knock on the door and prevented a suicide.

DONNELLY:

General, how's the Corps doing and is there anything on our side here that we can do to be of help to you Sir?

NELLER:

With regard to suicides, like the Navy we, you know, we despite our best efforts, I

mean your goal is none. We know we're never going to get to zero. The people that have issues when we do the health assessment that are willing to come out and say they have issues, then we get them help and there's things that we can do.

All too often though, we find - I mean in some cases when someone is - does take their own life, there was some knowledge in the command. In many cases though, Senator, there is - it comes as a complete surprise despite our best efforts to know our people then get involved through force preservation.

Particularly the more senior - we've had a number of officers and senior enlisted and - and everybody just kind of sits around and goes, I mean I just talked to him or her the other day and we can't explain it.

So I think the Congress and you particularly have been very helpful. I think we have all the tools that we need. This is, you know, it's a mystery life; I'm not gonna blow it off. We're never going to stop trying to get to zero and make sure that people know of that if they have an issue, you know, there's no problem that can't be solved if you're willing to come forward and talk about it.

But we're - we're kind of - it's kind of a steady state. I'm not saying that's where we are but I can show you the numbers and it's been pretty consistent over the last few years.

DONNELLY:

Well please let us know if there is anything else we can do here to be of assistance to you. I just want to mention quickly, Mr. Secretary, Admiral, yesterday the USS Indianapolis was launched and our city is very proud of it. Our state is very proud of it. And it is going to be going into harm's way and you have extraordinary crew members and extraordinary group of people who are serving to make that successful.

I just want to follow up on Senator King's discussion about opioids very quickly and the role the Coast Guard is playing and anything you can do to help. We lost 60,000 young people last year; 40,000 opioids another 20,000 on top of that to overall losses to drug abuse.

And so this product is coming in from Mexico, it's coming in through our shores, and at the end of the road on each of these is - is somebody who makes a tragic decision where -- where we lose the next nurse in Jennings County or the next teacher in Marion County or the next sailor or Marine from Evansville.

And so anything you can do as you coordinate with the Coast Guard, as you work with them to help with the scourge and anything you as you look at and do it in a very unvarnished way, anything you see that we can do better because as I said, 60,000 this year and next year's expected to be even more.

And it -- it is an American tragedy and an American crisis. I want to thank you both

for all your service. Mr. Secretary, also you for your service. It is -- it is the highest

honor and we're really grateful to have you here.

TILLIS:

Thank you, Senator Donnelly. Gentlemen thank you for being here, for your service.

This committee is adjourned.

List of Panel Members and Witnesses

PANEL MEMBERS:

SEN. JOHN MCCAIN, R-ARIZ., CHAIRMAN

SEN. JAMES M. INHOFE, R-OKLA.

SEN. ROGER WICKER, R-MISS.

SEN. LINDSEY GRAHAM, R-S.C.

SEN. DEB FISCHER, R-NEB.

SEN. TED CRUZ, R-TEXAS

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SEN. DAVID PERDUE, R-GA.

SEN. TIM SCOTT, R-S.C.

SEN. JACK REED, D-R.I., RANKING MEMBER

SEN. BILL NELSON, D-FLA.

SEN. CLAIRE MCCASKILL, D-MO.

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SEN. RICHARD BLUMENTHAL, D-CONN.

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SEN. TIM KAINE, D-VA.

SEN. MARTIN HEINRICH, D-N.M.

SEN. ELIZABETH WARREN, D-MASS.

SEN. GARY PETERS, D-MICH.

SEN. ANGUS KING, I-MAINE

WITNESSES:

NAVY SECRETARY RICHARD V. SPENCER

NAVY ADM. JOHN M. RICHARDSON, CHIEF OF NAVAL OPERATIONS

AND MARINE CORPS GEN. ROBERT B. NELLER, COMMANDANT OF THE
MARINE CORPS, TESTIFY

Source: **CQ Transcripts**

Exhibit C

CQ CONGRESSIONAL TRANSCRIPTS

Congressional Hearings

April 12, 2018 - Final

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Senate Armed Services Committee Holds Hearing on the Fiscal 2019 Budget Request for the Army Department

LIST OF PANEL MEMBERS AND WITNESSES

INHOFE:

Come to order. Let me explain what we'll be doing. We have two votes. One vote's taking place right now. Those members who are here, now, have already voted.

We're going to be working right through the second vote so that we won't have to keep you folks any longer than necessary.

(OFF-MIKE)

The committee meets today to receive testimony on the posture of the United States Army and its fiscal year 2019 budget request. We welcome Dr. Mark Esper, secretary of the Army, and General Mark Milley, chief of staff of the Army.

The National Defense Strategy directs our nation's military to prepare for the return of great power competition. This means that we must be prepared to deter and, if necessary, defeat potential near-peer adversaries -- both China and Russia.

With their alarming speed of modernization of both conventional and nuclear forces, these adversaries now present a credible threat to America and our allies in the regions.

It's time for us to take stock and act. Senior Army leadership has said the service is outranged and outgunned. That's a frightening thought, and we've heard it over and over again, and it is a fact (ph). As currently organized and equipped, the future of the Army's readiness and relevance is -- requires modernization now.

The Army's modernization program, unveiled last fall, shows you take this challenge seriously. The solutions for acquisition and program management will help the Army repair identified capability gaps within the force.

INHOFE:

Any successful modernization strategy must focus on results. Rapid prototyping (ph) and the realistic experimentation will be vital to getting modern, reliable, lethal weapons into the hands of our soldiers, and doing so on time.

With the calculation of the Crusader and Future Combat Systems, we have fallen woefully behind in our artillery, and that's something I'm very sensitive to when we remember how much money both the Crusader and the Future Combat System ended up costing.

And, really, we got nothing from it, and we're not going to let that happen again. A lot of that is going to be the acquisition that we are working on now.

And, now, we have a system that -- of the -- integral (ph) in solving these issues. We have no doubt that the cross-function teams currently operating there -- we're talking about force sale (ph) -- will help solve the disparity with our adversaries.

We look to you gentlemen to lead the effort for real, sustained modernization. It will be -- require your engagement, leadership; it will require you to make hard choices, set priorities and accept some risk; and it will require an open and transparent dialogue with Congress along the way.

We look forward to working with you to make our shared modernization vision a reality as the Army reinvents itself to become the 21st-century fighting force prepared for -- you know, we're waiting, now, for Senator Reed to get here, and we're going to get his opening statement and start right away.

But this is a different than any time that I recall, and I've been on this committee for 24 years and on the House committee for eight years prior to that. And, to see that we're going to finally have to do something with acquisition -- but we've never been faced with -- several of us just came back from the South China Sea.

We watch what China is doing with the islands they're building out there -- it's almost as if they're preparing for World War III, and our allies in that part of the world -- and I've talked to you folks about this before -- realize that this is a -- that they're watching China flex its muscles out there, and they are kind of taken to (ph) deciding who to take sides with.

These are our allies. So this is something that I suggest you guys have not had the opportunity to experience, prior to the time that we're experiencing today. Let me just see. Is there any...

(CROSSTALK)

INHOFE:

OK. And is it all right if we go ahead and start?

Yeah, what we're going to do -- we're going to start with your opening statements, and Senator Reed is on his way, and what we'll do is interrupt your statements so that he can give his opening statement.

Is that all right? Very good. Let's start with you, Secretary Esper.

ESPER:

Well, Senator Inhofe, distinguished members of the committee, good morning and thank you for the opportunity to appear before you today.

Let me say up front that the Army's readiness across its formations is improving and, if called upon today, I am confident we would prevail in any conflict. This is due in part to the increased funding Congress provided last year, and for this, I would like to say thank you.

The Army's mission to defend the nation has not changed, but the strategic environment has. Following 17 years of sustained combat, we now face a future characterized by the reemergence of great power competition and the continued challenges posed by rogue states and non-state actors, making the world ever more complex and dangerous.

To address these challenges, the Army is changing. We have a comprehensive plan to ensure our long-term dominance. In fact, since my previous testimony before the committee on December 7th of last year, we have released our vision for the Army.

Our vision is fully consistent with the National Defense Strategy and one that General Milley and I believe will ensure our success for years to come.

ESPER:

We will achieve this vision through focused and enduring priorities encompassing several major long-term lines of effort. But a vision alone will not make the Army successful. We must have predictable, adequate, sustained and timely funding.

Fiscal uncertainty has done a great deal to erode our readiness and hamper our ability to modernize. While the Army must be ready to deploy, fight and win anytime, anywhere, against any adversary, the National Defense Strategy has identified China and Russia as the principal competitors against which we must build sufficient capacity and capabilities.

INHOFE:

... said that's all right with you.

Yes, thank you, Mr. Secretary. Just for a moment, would you like to give your opening statement now?

REED:

Well, Mr. Chairman, would it be better for the secretary and the chief to finish, and then I'll do mine?

INHOFE:

That's a good idea.

ESPER:

OK.

INHOFE:

Continue.

ESPER:

Yes, sir.

With regard to Russia and China, both countries are taking a more aggressive role on the world stage and either possess or are building advanced capabilities that are specifically designed to reverse the tactical overmatch we have enjoyed for decades.

In support of the National Defense Strategy, the Army is increasing our lethality along three focus priorities: readiness, modernization and reform.

Readiness is the top priority because only a ready total army -- that's regular Army, Guard and Reserve -- can deter conflict, defeat enemies and enable the joint force to win decisively.

We are refocusing training for our soldiers to be more lethal and more resilient on the high-intensity battlefield of the future. We are also increasing home-station training, getting more repetitions for our formations at the company level and below.

We are giving training time back to commanders by reducing certain self-imposed, mandatory training requirements not tied to increased lethality and by eliminating excess reporting.

We have maximized the number of combat training center rotations to 20 per year.

Four of which are dedicated to the Reserve component. These rotations are focused on the high-end fight, replicating near-peer competitor capabilities, including increased enemy lethality, degraded communications, persistent observation and a contested environment.

And, while the quality, training and esprit (ph) of our soldiers are what make the U.S. Army the most ready and lethal ground combat force in history, our superiority is enabled by the best weapons and equipment we can provide.

As such, our second priority is modernization, or future readiness. To ensure our soldiers never enter a fair fight, the Army is now increasing the investments in modernizing the force. Our modernization strategy is focused on one goal: making our soldiers units far more lethal and effective than any adversary.

The establishment of the Army Futures Command this summer is the best example of our commitment to the future lethality of the force. Army Futures Command will address the key shortcomings of the current acquisition system, providing unity of command, effort and purpose to the modernization process.

The Army has also identified its top six modernization priorities for the coming years. Each of these priorities is detailed in my written statement, and each is the purview of a newly established Cross-Functional Team.

The purpose of these CFTs is determine the requirements of needed capabilities, to ensure all stakeholders at the table from day one and to focus Army resources on accelerated experimentation, prototyping and fielding.

In order to ensure battlefield success, our doctrine must reflect the threat environment we face and remain apace with our efforts to modernize our equipment.

Our third priority is reform: freeing up time, money and manpower to enhance readiness, accelerate modernization and ensure the efficient use of resources provided to us by the American people.

Our reform efforts, particularly within the acquisitions system, are long overdue. While Futures Command is probably the boldest reform we are pursuing, other reform initiatives owe much to the acquisition authorities delegated to the services in prior NDAAAs.

Within these authorities, we are reinvigorating the Army Requirements Oversight Council, moving major defense acquisition programs back to the service and using other transactional authorities to accelerate fielding in limited situations.

Another essential reform effort is development of a modernized personnel system based on the principles and practices of talent management found in the private sector; a system much more open, flexible and dynamic, so that we can better

attract, develop and retain the best and brightest our Nation has to offer.

A ready and modernized Army is critical to defend the nation, but we must not overlook what makes us remarkable. For this, I've outlined three enduring priorities: first, taking care of our soldiers, civilians and their families; second, a service-wide recommitment to the Army's values, especially by leaders, to treat everyone with dignity and respect; and, finally, strengthening our alliances and partners by building stronger ties through a number of initiatives. I look forward to discussing these with you as time permits.

With that, let me thank you again for this committee's continued support of the Army, and specifically the defense authorizations and funding increases requested in the F.Y. '18 and '19 budgets.

I look forward to your questions and appreciate the opportunity to discuss these important matters with you today. Thank you.

INHOFE:

Thank you, Secretary Esper.

General Milley.

MILLEY:

Thanks, Senator Inhofe. I appreciate the opportunity. And thanks, Ranking Member Reed and all the distinguished members of the committee, for the opportunity to testify today.

And, although he's not here today, I also want to acknowledge and recognize Chairman McCain for his immeasurable support to our Army and his lifetime of incredibly brave and dedicated service to our nation. And each of us in the Army prays (ph), as you do, for his speedy recovery and return to the Senate.

I want to start by thanking Congress for the '18 bill. That was significant. It has a tremendous impact on the future readiness and the current readiness of our Army and impact on morale of the force.

And, as you know, this funding is vital, and we will all work diligently to spend these dollars in a responsible manner over the last two quarters of this fiscal year.

And thank you, also, for the general increases in the defense caps for '18 and '19. These increases support the new National Defense Strategy and advance the Army's readiness and lethality, while allowing our Army to modernize for the future.

In short, what these monies have done is stopped a steep decline -- it stopped the bleeding of the Army, and we are on the mend. And I can report out to you today that, 2 1/2 years after I became the Chief of Staff of the Army, we are in significantly

better shape, through the generosity of the American people and this Congress.

It's essential, though, that we maintain these increases, as returning to BCA caps will halt our ability to modernize and it will reverse any recent gain in readiness.

The demand for a ready, able and lethal Army continues. Today, we have about 180,000 or so soldiers supporting combatant commands around the globe, including ongoing operations in the Middle East, and supporting our posture in order to deter operations -- or deter adversary operations in Europe and Asia-Pacific.

The Army roughly fills about 50 percent of annual planned demand by any of the combatant commanders, and, of emergent demand or unplanned demand, the Army fills between 60 and 70 percent of all of those requirements.

Our newly created SFABs, for example, are already in high demand from all the combatant commanders. One of them, just yesterday, asked for an SFAB to be assigned to him.

The first deployed this past couple of months, and the second has been activated, and we are quickly proceeding with the third, fourth, fifth and sixth. Your support has allowed the Army to field those units and has allowed the Army to become significantly more combat-ready today than we were just 24 months ago.

MILLEY:

We have increased the number of combat training center rotations. As Secretary Esper talked about, we've improved our equipment operational readiness rates. We've improved these -- flow of spare parts.

We've replenished our Army pre-positioned stocks in both Asia and Europe. We've improved munitions around the world, and we've significantly improved our manning shortfalls and filled holes inside of our operational and deployable units.

In short, we have a better Army today than we had just a short while ago. The bottom line is that the United States Army continues to meet all the missions required of us, and, thanks to your support, we are more ready.

But we cannot be content with simply being ready for today's global demands. Instead, we must focus on readiness, both now and in the future.

The National Defense Strategy calls for us to build a more lethal force. As noted by Secretary Esper, we face long-term competition with China and Russia, and regional and serious threats from Iran and North Korea, as well as ongoing operations against terrorism. The strategic global environment is increasingly unstable and increasingly dangerous, and there is no time to pause.

We know these competitors -- these great power competitors, both China and

Russia, have made significant advances in the development of advanced weapons, technology and the capabilities of their military forces, and I would be happy to go into great detail in a classified briefing on that.

We must maintain our overmatch to achieve victory against any adversary at any time, and the increased lethality on a future battlefield is going to require that to both stay ready and to build a force of the future.

That's going to require predictable, adequate, sustained and timely funding. The Army's F.Y. '19 budget requests (ph) our priorities: to grow and maintain a highly capable force, both today and to modernize and build our future force; and to take proper care of our soldiers and family members and Army civilians, while being good stewards of the taxpayer dollar.

We recognize the American taxpayer entrusts us with a significant amount of money to meet these demands. We will be diligent stewards of our resources, and we will enforce accountability to make effective use of every single dollar.

Your support for the F.Y. '19 budget will ensure our soldiers remain ready to fight tonight, as we prepare for the unforeseen conflicts of tomorrow.

Thank you for the opportunity to testify, and I look forward to each of your questions.

INHOFE:

Thank you, General Milley.

Senator Reed.

REED:

Thank you very much, Mr. Chairman. Let me join you in welcoming Secretary Esper and General Milley. Thank you, gentlemen, for your service, and please thank the men and women in the Army for their great service. And I look forward to your response to our questions as we move forward.

The president's budget request for F.Y. 2019 includes \$182 billion in funding for the Army. Of that amount, \$148 billion is for base budget requirements, and \$34 billion for overseas contingency operations.

And, as the committee considers -- excuse me -- the Army's funding request, we must be mindful, as you've pointed out, of the risks facing our country and our national security challenges.

The new National Defense Strategy is focused on the reemergence of long-term strategic competition, which makes the threat posed by China and Russia the primary focus of the department.

This strategic shift will require the Army to train for full-spectrum operations and to field equipment necessary for high-end fight. The new strategy also assumes risk in our counterterrorism mission, as it is no longer the primary national security concern.

And, as you go forward, your comments on -- views on how the Army's going to balance that shift to the high-end near-peer fight, while seeking more efficient approaches (ph) to counterterrorism, would be deeply appreciated.

Several months ago, the Army created a number of Cross-Functional Teams, as you pointed out, Mr. Secretary, that were designed to break down acquisitions stovepipes so new technologies and modernization platforms could be delivered to the force in a more effective manner.

I would ask, going forward, this morning, that you would share with us what you've learned, so far, from these efforts and how these teams will inform your modernization efforts throughout the Army.

In addition, given the new emphasis on great power competition, I hope you will also discuss the necessary investments in modernization that you're emphasizing in this budget -- and not this -- just this budget, but budgets that might follow.

Modernized military platforms and upgraded equipment are necessary to prevail in great power competitions, but success against a near-peer adversary also requires the Army build and maintain readiness levels, as you've pointed out. And this hearing an opportunity to update, in more detail, the Army's current efforts to rebuild and sustain readiness.

Finally, the budget request seeks an increase of 4,000 active-duty soldiers, as well as increased full-time support for the reserve components. It's imperative that, as the Army grows, it remains focused on the quality of our soldiers, rather than the quantity.

The training and readiness of our soldiers is paramount. In enhancing (ph) the fighting ability of the force, we must have a situation where we don't allow size to overcome quality.

The president's budget also requests an across-the-board pay raise of 2.6 percent for all military personnel, which I think has universal support here. But the president does not request an increase in civilian pay. In fact, there's a freeze, and that will make it very difficult to recruit the high-quality civilians that you need and reward those that you need to stay with the Army.

I hope, again, to get your comments on these and many other issues. Again, thank you very much for your testimony and your service. Thank you, Mr. Chairman.

INHOFE:

Thank you, Senator Reed.

Let's -- let's start off with -- we've -- we've talked about the condition that we were in a year ago, in terms of our brigade combat teams, our readiness.

We -- we are, you know, understandably (ph) happy with what happened with our fiscal year '18 and fiscal year '19 budgets. The problem is that is good only up to fiscal year '20. Now, I think it's a good time to get on record.

Let's assume that we, for some reason, had to go back to the BCA spending caps, starting in 2020, and that we were not fortunate enough to keep up the increase that we achieved in 2018 and 2019.

I would like to have each of you express what our condition -- the condition of our Army would be if that were to occur and we had to go back to those caps.

Secretary Esper.

ESPER:

Well, thank you for that question, Senator Inhofe. It's clear that what it would mean if we are unable to sustain funding is that we would revert back to where we were a few years ago; that we would reverse the gains we are currently making with regard to either training readiness, equipment readiness, munitions purchases that are critical for war fights, and the personnel gains that are necessary to ensure that we have sufficient end strength to meet the demands of the combatant commanders and are prepared to execute the National Defense Strategy.

So it would be a lost opportunity, as we -- we're really building momentum right now. I think, to address Senator Reed's question, the critical thing is, as we continue to improve our readiness, which is -- which we've seen good growth in -- is making sure that we can sustain it, then, through '20, '21, '22, because, after 9, 10 years of warfighting and budget challenges, it will take many years to get back to the readiness posture we need to be in.

INHOFE:

Yeah. Right.

General Milley?

MILLEY:

Yes. And we've done extensive analysis over the last couple of years, just in the event that that would happen. And, if we went to sequestration caps, bottom line is, for the ground force, the Army, that we would end up essentially doing individual training and collective training up through squad level and, in some cases, platoon

level.

Squad and platoon training an Army does not make. You've got to be able to do company, battalion, brigade and so on. And training only at those levels and -- funded only at those levels would not work.

MILLEY:

Flying hours -- right now, we're coming in at close to 14, 14 1/2 hours, with current budgets. We'll drop back to 10, 11, 12. That's not good for our aviation rotary wing.

Home-station training will come to a halt. The CTCs will come to a halt. It will not be good if we went back -- backwards.

And, if the intangibles -- the effect on morale, cohesion, enlistment -- re-enlistment right now -- in terms of re-enlistment, we've already exceeded our '18 re-enlistment; we're working on '19 re-enlistment, which is indicator that morale has gone up -- all of those things would take steps backwards. So I would strongly encourage not to do that.

INHOFE:

Yeah, I think it's important to get that out in the open now and talk about it now. Now, another area that I'm particularly interested in, of course, is our artillery -- the fact that other -- both China and Russia have passed us up (ph) in terms of range, in terms of rapid fire.

And, right now, we're in a position -- we're -- are working on the system to correct that. The PIM (ph) program -- and, of course, I -- in my opening statement, I talked a little bit about what's happened in the past with the Crusader and the Future Combat System.

But, now, we have this program that I think is going to be -- put us in a position where we should be getting back up in -- ahead of our adversaries. That's what we want to get done.

Secretary Esper, can you articulate what your number one priority is for modernization to meet the new National Defense Strategy? Let's start with that.

ESPER:

Yes, Senator.

The Army has outlined six modernization priorities, beginning -- number one -- with long-range precision fires, and the sixth being soldier lethality.

With regard to long-range precision fires, we are pursuing technologies at the

tactical, operational and strategic levels. So, at the tactical level, as you mentioned,

the PIM (ph) program is very important. At the operational level, it's the extended-range cannon artillery. And, at the strategic level, it would be hypersonics, the ability to really reach deep and -- in support of the Navy and Air Force -- to do that.

I will tell you that, as I have traveled the Army, in the 4 1/2 months, and spoke to combat -- to a few combatant commanders, they have also conveyed to me the importance, the criticality of long-range precision fires to their respective war fights.

INHOFE:

That's good.

And, General Milley, I -- just one real quick question as to -- your goal has always been to be up to 66 percent. We -- actually, in -- my information was we dropped down, and our (ph) BCTs' capability went down as low as 33 percent.

Now we're -- I understand we've improved dramatically on that. We're going to continue to do it. But how close are we now to your goal, 66 percent?

MILLEY:

Our readiness goal for the regular Army -- the active duty Army is 66 percent of all units, all types of units: brigade combat teams, logistics units, aviation units, et cetera. So 66 percent for the regular army and 33 percent for the reserve component -- both Guard and Reserve.

Now, we are not at those benchmarks right now, but we are working towards them. And we predict, given consistent funding and if the world stays the way it is right this minute, then we should achieve those benchmarks sometime in '21, '22.

We have made significant progress. What you're citing as 30 percent or so is from a year or so ago. We're -- for brigade combat teams, which is only one slice of the total force, we're in the range of the 50 percent mark. So we have made significant progress in the last 24 months.

INHOFE:

Yeah. That's good.

Senator Reed.

REED:

Well, thank you very much, Mr. Chairman. And my question -- first question will follow on at least the themes the chairman set, and that is that he pointed out one area of technological overmatch by our adversaries, but there's several, unfortunately, including command-and-control, disruption for the (ph) cyber.

So, in general, how are you going to -- dealing with this issue of technological overmatch not just in precision fires, but in a host of other issues?

ESPER:

Senator, another one of the six modernization priorities is the network. And so we know that we've learned from various studies, what -- what we saw the Russians do in Ukraine, that we need a network that is reliable, that is resilient, that is mobile, that can meet our needs in -- in such an environment.

We are fairly confident that the future adventures will certainly strike asymmetrically at our space systems, at our information systems, our networks. So we need to do everything from looking at the next-generation technology to make sure we have resilient systems.

At the same time, we need to look at training, make sure soldiers are training now to operate in an environment in which they either have no data or comms, or limited.

And I was pleased to see, on my first trip to National Training Center in November, that the 1st Cavalry was actually doing that. The OPFOR out there were presenting that type of scenario, and we were training in an environment of limited communications. And that's the guidance we have set out for our commanders, as well, to be able to train along that spectrum.

REED:

General Milley, are there other areas of overmatch that you want to emphasize?

MILLEY:

The six priorities that we've laid out, which are related to the fundamental functions of an army -- to shoot, move, communicate, protect and sustain -- so long-range precision fires, the upgraded vehicles, rotary-wing aircraft, future vertical lift, the network that the secretary just mentioned, ballistic and air missile defense, and then all of the soldier improvements and soldier lethality -- those are the areas where we want to laser focus, where we think that we can make significant advances.

There's two particular technologies that we need to put the pedal to the metal to, both as a country, a Department of Defense and as an Army: artificial intelligence and robotics. Those are significant.

We're in a period of changing character of war, and those two technologies, perhaps more than others, will have fundamental impact on the character of war coming up. So we are shifting monies in our R&D and S&T accounts into those technologies, as well as many others.

REED:

Do you think there's enough resources going to those accounts, not just in the Army, but DOD-wide and government-wide?

MILLEY:

I think we should put more -- is my personal -- or my professional opinion is we should add monies into those particular research-development, science-technology accounts.

ESPER:

And I would add...

REED:

Yes, sir?

ESPER:

... Senator, that I meet frequently with Secretary Spencer, the SECNAV, and Secretary Wilson.

We've had these same discussions about those technologies -- hypersonics and a couple others -- where we really need to pull our efforts together and -- and look at how we can make sure that we're making advances, and not duplicating efforts, to get more bang for every dollar we put toward it.

REED:

As I mentioned in my opening statement -- as I think we've all mentioned -- is that the new defense policy has pushed us up into the area of near-peer competition. And there is a tendency of armies, based on my experiences: You only can do, really, one thing, and that's what you focus on.

So, you know (ph), when -- '70s and '80s, we got out of counter-guerrilla-warfare, and we got into the AirLand battle, and we did it very, very well. But we had to reimmerse ourselves into counterinsurgency warfare techniques and equipment and practices in Afghanistan and Iraq.

Now we have not just two dimensions, but probably three dimensions. You have conventional warfare; you have hybrid warfare, which is right below that, with a sophisticated enemy with technological advantages or (ph) disadvantages; and then you have counter-guerrilla-warfare, like we're practicing in -- or counterinsurgency -- in Afghanistan.

How are you going to keep that balance between these three missions and avoid the

danger of "We just do -- and we do it very well -- X"? General Milley, do you want to start?

MILLEY:

Well, I think you're correct that, post-Vietnam, we -- we sort of did away with any kind of skill sets that we had, for the most part, within our inventory in terms of counter-guerrilla, counterinsurgency warfare. We don't have that luxury.

Guerrillas, insurgents, terrorists are going to be around for a long time in various different forms. We have to maintain the skill set. We can't throw the baby out with the bathwater.

MILLEY:

So we have to keep that going and we intend to keep that going. That's part of the SFABs -- is a large resident capability within our special operations forces for that. But our conventional forces also need to have skills in that regard.

But, at the same time, we have to recapture our skills at combined arms maneuver warfare against near-peer competitors and great power competition because, you know, frankly -- you know, probably, the word (ph) "peace through strength" is sometimes overused, but it's true.

And, in the international environment, you have to maintain the capabilities so that your opponent, your adversary, believes and knows that you have incredible dominating strength and incredible lethality on a battlefield.

So we have to be able to do both capabilities as a military, not just as an Army, in order to deter any potential aggression from any other country. If we don't do that, then you invite aggression, in my view. So it's incumbent upon us to do that -- to invest in those capabilities, to maintain those skills.

And that's a very expensive proposition, and we recognize that. But maintaining the peace is a very expensive proposition. The only thing more expensive than that is fighting a war, and the only thing more expensive than that is losing one.

So it's really important, I think, as we go forward in these budgets, that we continue to sustain predictable funding to be able to do both counterinsurgency, counterterrorist-type operations within our force structure, and higher end conventional operations against a great power competitor.

REED:

Thank you.

INHOFE:

Thank you.

The second vote has started and Senator Reed is, I believe, going to go down and vote at the first of it, and I'm going to wait toward the last.

Senator Cotton.

COTTON:

Thank you, gentlemen, for your appearance, again, and I thank you for your service to our country.

General Milley, let me just follow up on what you just said about sustained funding. So we passed a budget a couple months ago. Last week, or last month, we passed a spending bill for this fiscal year. I don't think we should spike the football about those things, though. Those were long overdue.

We still have to pass a defense appropriations bill for the next fiscal year. So is the point you're making -- and, Secretary Esper, you made it to Chairman Inhofe -- is that you need a -- Department of Defense appropriations bills done in a timely and predictable fashion, this summer?

ESPER:

Absolutely, Senator. If -- timeliness is critical to that. If not, what it does is push back our spending authority. If we are under a C.R., as you know, we are not allowed new starts. We are not allowed to spend money greater than a previous-year funding level. We are not able to procure additional munitions.

It impacts training, because we have reduced O&M dollars. So there are -- any number of reasons why the timeliness is critical to ensuring we are able to maintain the positive glide slope we're on with regard to readiness.

COTTON:

And that carries us out to the next fiscal year, fiscal year 2019, that is covered by the two-year budget we just passed. But we still have fiscal year 2020 and 2021 ahead of us, about 16, 18 months away, for which the Budget Control Act and sequestration still comes into effect.

Is it your judgment that Congress needs to act now to stop that kind of sequestration from even looming over the Army's head, come the summer of 2019?

ESPER:

Yes, sir, for all the services. It's critical to all of us achieving our readiness goals and,

with regard to the Army in particular, as I said earlier, we endured seven, eight, nine years of falling budgets at a very high operational pace.

It's going to take many years to get out of that. And, if you step back, we have this goal of reachieving our readiness status by around '22. It's that point in time where we want to -- really want to start making significant investments and start fielding -- prototyping the next generation of technologies that we've outlined in our modernization priorities.

COTTON:
General Milley.

MILLEY:
Absolutely, Senator. I mean, you're not going to dig out of a 10 year trough -- eight-year trough in readiness and modernization (ph) -- you're not going to do that in two years. It's not a one-and-done sort of thing.

So it has to be consistent. It has to be predictable over time. And the sequestration, the BCA's caps -- they just need to go away. It's an incredibly efficient -- inefficient means of funding when we're only given part of the year to spend.

And, with industry, it's not predictable, so you can't do long-term contracts. And there's a wide variety of reasons why it is not an effective or efficient means of using the taxpayer dollars. It needs to go away.

COTTON:
Yeah. So -- so the Budget Control Act was designed to have eight years of potential (ph) sequestration cuts if budget caps weren't met. We have now gone through three iterations of two-year budget cycles.

I predict that, if we don't repeal the Budget Control Act, we'll have a fourth iteration in 2020 and 2021, before that law expires. I think Congress should just repeal it outright, this summer.

General Milley, I want to return to what you said about readiness. So you predict that, barring some significant increase in the demand for land forces, all Army elements will be -- will meet your readiness goals by 2021, 2022?

MILLEY:
That's the glide path I'm currently estimating. That's correct.

COTTON:
And where are brigade combat teams today?

MILLEY:

I don't want to give specific numbers in open testimony. I would be happy to do it in a classified testimony. But it's in the range of 50 percent.

COTTON:

Where were they when you took this job, three years ago?

MILLEY:

Significantly less than that. When I came in, two and a half years ago, we had two brigades at the highest level of readiness.

COTTON:

OK. Good work.

Secretary Esper, I'd like to turn to -- the point about (ph) long-range fires -- it has a policy implication. So the Department of Defense, Department of State have long recognized and acknowledged publicly that Russia is violating the INF Treaty.

If Russia continues to violate the INF Treaty and the United States continues to observe the INF Treaty, doesn't it stand to reason that there's no way the United States can make up the gap in long-range fires in Europe?

ESPER:

It is -- we are looking at hypersonics as a potential way -- a promising way to be able to reach beyond the treaty constraints imposed by the INF. So that's one option. But, clearly, as I've spoken to industry, if that constraint did not exist now, we could certainly do it with missiles.

COTTON:

It'd be the easier -- easier way to do it than developing hypersonics that might...

(CROSSTALK)

ESPER:

Probably easier and quicker, although hypersonics provide -- have some benefits in terms of volume of fire and other things that you can do. But yes.

COTTON:

General Milley, I'd like to turn to an operational aspect of another one of the six

modernization priorities: the network, and specifically, fighting in a denied environment.

Both of you have discussed with me how we're working with our soldiers to make sure that they can go back to the old-fashioned way of fighting, with compass and map and so forth, and the call for fire and navigation and what have you.

If that were to happen -- if we're -- if our soldiers had to fight in a denied environment, surely, the enemy soldiers would also be fighting in a denied environment, as well, right? There's no situation in which, to use a football term, it won't be raining on both sides of the field?

MILLEY:

No, I think that all modern militaries are incredibly reliant on very sophisticated command-control-communication systems. They're reliant on space systems: GPS, you know, precision and -- navigation and timing capabilities. All modern militaries rely on those.

And those are vulnerable for all forces. So, yes, I guarantee that any adversary that takes on the United States will be operating in a significantly degraded environment.

COTTON:

So, they would -- so, if our soldiers are using compasses and the hand and arm signals, so to speak, to put it in colloquial terms, their soldiers will be using compasses and hand and arm signals?

MILLEY:

I would imagine that that is very likely.

COTTON:

Do you have any doubt that our soldiers, fighting on those terms, are going to be able to defeat their soldiers?

MILLEY:

Well, as -- you know that our Army, like modern armies -- we're very reliant on these things for navigation and for precision munitions and for calling in close air support.

And it's important that we have systems that are resilient, that are capable of operating in degraded environments, and that our soldiers are trained to do so.

MILLEY:

I'm confident that our soldiers' ability to operate in a degraded environment is improving. A couple of years ago, we started doing cyber operations against ourselves at the National Training Center. It's a very effective way to increase the training levels and the comfort of our soldiers to operate in those environments.

So it's not going to be a perfect world. Combat's not a perfect environment. It's a very lethal environment, and it is something that we'll have to adapt and overcome -- the ability of operating in a degraded electronic warfare environment. There's...

COTTON:

Thank you, gentlemen (ph).

MILLEY:

... no question about it.

COTTON:

My time is expired.

INHOFE:

Senator Rounds presiding.

And Senator King.

KING:

Thank you, Mr. Chairman. I also have to go to vote, so I'm going to be quick with my questions.

I think, to follow up on Senator Cotton's questions, are we training our troops, now, with compasses and maps, just as, at Annapolis, after a 20-year gap, they're now teaching how to do celestial navigation? In other words, are we -- are we specifically training for the failure of the GPS system?

MILLEY:

Yes.

KING:

That's -- that's a -- very succinct, and that's the answer I hoped I would get.

ESPER:

And we're reinforcing, Senator, the importance of doing that in training scenarios and

training activities -- that you have to be prepared to operate without communications, without electronics...

KING:

Good.

ESPER:

... across a range of specialties.

KING:

I think one of the most important things that's going on now is the Army Futures Command. I guess my question is should that be a four-star, in order to give that person sufficient authority to do the kind of coordination and pulling-together of authorities to make it work, Secretary?

ESPER:

Yes, sir. We believe so. Not just that, but the Army Futures Command is envisioned to be a peer institution to the other four-star major commands -- that's Army Materiel Command, TRADOC and Forces Command.

KING:

I think that's important, because there's a -- there's going to be some important turf battles, I think, going on there, and I think it's important that the authorities be equivalent.

Secretary Esper, this isn't a hostile question, but it's a challenging question. You talked about acquisition, and the Army doesn't have a very stellar record in the history -- in recent history, in terms of acquisition. You talked about "We're going to do it better."

Why? What -- the people that didn't do so well before weren't bad people, and they were doing their best. What are -- what is changing, systematically or structurally, in order to give you the assurance that we're not going to have some of the disasters that we had in the '90s?

ESPER:

Yes, sir. It's a fair question. Needless to say, we have taken a hard look at what experts have said in the past, who have revealed -- reviewed Army programs. We have studied reports, such as the Decker-Wagner report.

We've officers working on this for a couple of years. We know that one of the

fundamental problems with the current big A acquisition system is lack of unity of command and unity of effort. In other words, we have piece (ph) parts of the acquisition system spread across multiple commands and, in some cases, not under a specific command.

So the promise of Army Futures Command, in one aspect, is to pull them under -- get -- pull them all together under a single commander, who can manage everything from what he or she believes the future threat environment may look like, to operational concepts, into material solutions, all the way through testing and evaluation and procurement, and so you'd have that single chain of command. That's number one.

The other problem has been a requirements process that has crept along, that has extended the timelines and cost...

KING:

Retirements (ph) -- requirements creep.

ESPER:

... yes, sir.

And so what the Cross-Functional Teams are doing now -- have been doing, and successfully -- and we will -- this will be imported into Army Futures Command -- is to put all of those stakeholders that I just described at the table, up front, and to agree on what is a -- what are the reasonable requirements that we know that we can achieve and a date certain that provides us overmatch that the technology is sufficiently available to do, and move along that type of line.

And, as technology matures, we would continue to incrementally approve -- improve vehicles or systems, whatever the case may be.

KING:

Well, one way to make sure that happens is to -- is to build the initial platform in a modular way that -- so it can be upgraded without having to scrap the whole platform.

ESPER:

Yes, sir. We're doing that right now, as we look at deploying a mobile SHORAD -- short-range air defenses in Europe in the next couple of years. We've already decided on a chassis to do that, and we're working on the effectors.

But one of the things, as I've talked to the CFT lead on, is to make sure that you build sufficient size, weight and power into that vehicle, so that, as the technology

matures, for example, we can put lasers on it, because lasers provide an unlimited magazine, if you will, at a very minimal cost.

KING:
Well, I'd like to follow up with you offline, because -- just the number of hearings that we've had -- there are lots of lessons, and I think it's so important to try to avoid some of those issues that have plagued us in the past.

ESPER:
Yes, sir.

KING:
And I appreciate your attention.

General Milley, my understanding is that the increases that have taken place in your funding in the last -- in the last few months are going almost entirely to capital, and not to personnel. Is that accurate?

MILLEY:
In terms of the capital -- in terms of modernization and putting it into, you know, remanufacturing of the helicopters or new helicopters, new aircraft -- is that what you're talking about, Senator?

KING:
Well, just the -- the increase -- the increment of increase...

MILLEY:
Yes.

KING:
... is going into capital improvements, rather than manpower and other...

MILLEY:
Well, we've taken the additional monies, and we're putting them in modernization.

KING:
That's my point.

MILLEY:

Yeah, into -- absolutely, into modernization, because modernization -- we, the Army, took a modernization holiday in the last 16 years, and we've been fighting a war. We've been consumed with current operations in Iraq and Afghanistan and elsewhere.

And our modernization has lagged behind significantly. So we're to redress that and dig ourselves out of that hole. And that's really -- in part, is the reform of AFC. But we are shifting monies.

KING:

But we have to realize...

MILLEY:

Yes.

KING:

... that there are still unaddressed issues on the personnel side.

MILLEY:

There are, but we are increasing by 4,000 -- this budget, '19 and '18, is an increase of 4,000 personnel. We have a steady growth in the -- in the military personnel -- 4,000 a year. We're shooting to get north of 500,000 -- or 500,000 in the regular Army. And we'll cap out at about 343,500 in the Guard and 199,000 in the Reserve.

So, in terms of military end-strength growth, there's a gradual, modest growth in order to fill the holes in the existing units. But we think we needed to shift additional monies into modernization. That's the need.

KING:

I understand.

Thank you, gentlemen. I want to thank you, particularly, for the progress that you've made -- both of you. It's, I think, quite remarkable, necessary, and I just hope that we can see it maintained.

And I look forward -- I'll have some questions for the record, and, Mr. Secretary, talking to you about the acquisition process. We've got to get it right this time.

ESPER:

Absolutely.

KING:

Thank you.

Thank you, Mr. Chairman.

ROUNDS:

On behalf of the chairman, Senator Graham.

GRAHAM:

Thank you.

I want to echo what Senator King said. Bottom line, I think you all make a heck of a team for the Army, and hats off to you. You've been in a bad spot, and we're trying to dig out, and I appreciate both of your leadership.

So let's talk a little bit about Syria, because it's sort of a hot topic. The president said that Assad is an animal who killed innocent children by using chlorine gas and maybe some other form of gas, and he is going to pay a big price. Do you agree with that statement, Mr. Secretary -- that Assad should pay a big price?

ESPER:

Senator, it's something that -- you know, as (ph) -- my responsibility is for Title 10, making sure the Army is organized, trained and equipped. It's something that is -- it obviously is playing out real time. So I would, at this point, defer to SECDEF (ph).

GRAHAM:

General Milley, do you agree with that statement?

MILLEY:

Absolutely, yes.

GRAHAM:

OK.

MILLEY:

No question, he should.

GRAHAM:

So do you agree with the following: If Assad doesn't pay a big price, we will, because we have now challenged him?

MILLEY:

Well, in -- you know, Asaad or any others...

GRAHAM:

Once you challenge somebody ...

MILLEY:

... unanswered aggression leads to more aggression.

GRAHAM:

I couldn't agree with you more. The only thing worse than war is losing a war, and you said that.

MILLEY:

That's right. That's right.

GRAHAM:

So, the president, I think rightly, said that enough is enough when it comes to Assad. You're a war criminal by any definition, and a big price. Do you think a big price should include that he'll have less capability to gas people in the future?

MILLEY:

I think his ability to use chemical munitions on the innocent needs to be significantly degraded.

GRAHAM:

Do you think he's the legitimate target, given what he's done?

MILLEY:

I'll ...

GRAHAM:

Assad?

MILLEY:

... not answer that question in public at this time.

GRAHAM:

Okay, fair enough. I just hope a big price, when it's all said and done, that Kim Jong-un says, "Hey, that was a big price." I hope that the Iranians believe that Assad paid a big price, the Russians believe that he paid a big price. I hope they start paying a price for supporting Assad.

Because the president's right to say he's going to pay a big price, given the fact that he's killed 500,000 of his own people, disrupted the entire Mid-East, and is a war criminal by any measure.

The question of whether or not it's a big price is yet to be determined, and I would say this: if after saying that he doesn't pay a big price, America will pay a big price.

Residual forces -- do you support leaving residual forces in Iraq if the Iraqis would agree, to make sure ISIS doesn't come back, General Milley?

MILLEY:

I think we need to continue to sustain our level of effort in order to achieve our national security objectives, which have been fairly...

(CROSSTALK)

GRAHAM:

Which would include a residual force?

MILLEY:

Well, I think the Iraqis -- absolutely. Because I think the Iraqis need continued support ...

GRAHAM:

Yes. Sure.

MILLEY:

... so you don't see the return of ISIS. That's important. We learned this lesson in 2011, we don't want to learn it again.

GRAHAM:

Well, that's right. And it's in our national security interest to make sure we don't do this twice.

Syria -- we have a couple thousand troops training the Syrian Democratic Forces

and doing operations against ISIL. Do you think that's in our national security

interest, to have that presence?

MILLEY:

I believe it's in our national security interest to destroy ISIS ...

(CROSSTALK)

GRAHAM:

Right. And make sure they don't come back.

MILLEY:

... absolutely. And that's what we're doing.

GRAHAM:

And make sure they don't come back.

MILLEY:

That's correct, and that's what ...

(CROSSTALK)

GRAHAM:

Do you think it's in our national security interest to counter the Iranian aggression throughout the Mideast?

MILLEY:

I do.

GRAHAM:

Okay. As to all of these things that we're asking you to do, do you think it's in our national security interest to maintain troops in Afghanistan?

MILLEY:

I do.

GRAHAM:

All right. So the bottom line is, Russia's on the prowl, China's making it difficult for us, in their part of the world, and only God knows what's going to happen in North Korea.

Bottom line is, the budget we just passed -- how much of help has it been to the Army?

MILLEY:

In my view, it's enormous -- enormously helpful. And -- and again, what I mentioned earlier, it can't be one and done, though. You can't dig yourself out of an eight or 10-year trough in readiness and modernization, which was getting consumed (ph) with current -- we can't do that in just two budgets. This has got to be sustained over time.

GRAHAM:

Do you agree with that, Mr. Secretary? Do you agree with that?

ESPER:

Absolutely. The -- what we're getting in '18 and what we'll see in '19 is tremendous. We thank the Congress, but it will take many years to get to the readiness level, and then get to the next generation of technologies we need for the future fight.

GRAHAM:

Yes, I couldn't agree with you more. In 2011, CBO projected that military spending in 2018 would be 801 billion and it's (ph) 700 billion. In 2010, non-defense spending was 611; today it's 589. So these are just facts. Sequestrations cost us a lot.

So is it fair to say that the congress needs to understand that we're making progress, but we're a long the way -- long away -- long way away from actually fixing the problem caused by sequestration? Is that true, General Milley?

MILLEY:

In my view, I think that's accurate in terms of the readiness and modernization of the United States Army. I think that's true.

GRAHAM:

Yes, sir. Thank you. Thank you both for your service.

INHOFE:

On behalf of the Chairman, Senator McCaskill.

Thank you very much. Thank you both for your service, and we are glad that you are there.

I -- as you both probably are aware, I've spent a lot of time on this committee talking about contracting, and I want to really drill down on some contracting issues in my time here this morning.

I began some oversight on the Legacy Program, beginning way back in October of 2012. And as you all know, the Legacy Program is a very expensive American effort to build the intelligence capacity of Afghanistan and Iraq.

We are now very engaged in an investigation into parts of this contract. I have sent a lengthy letter in August of last year to Secretary Mattis requesting a lot of information. The -- we -- through both SIGAR and -- Robert Portman and I, we have all been asking for more oversight on this and we learned that in August of 2017 that there was a non-public DCAA audit of the sub-contractor, New Century Consulting.

And this audit, we know, includes question costs amounting to over \$50 million, including Bentleys, Alpha Romeos, assistant salaries of \$420,000.

It is -- you know, it's so discouraging to me, after all the work we've spent on contracting, after all -- after the War Contracting Commission, and all the reforms we've done in contracting, that we have not yet figured out how to get at these abuses close in time and close to the source.

And I don't even think leadership finds out about this until it's way too late. And we're always engaged in the claw-back process.

So I have been on this for a while, and I would like a couple of things that we're not getting right now, and I'd like to bring them to your attention.

One of the things that we would like is a full list of contracts and subcontracts in which New Century Consulting is still engaged in. We would also like the NCC Performance Assessments.

Now, we are being told we can't get the audit, because the audit agency is worried that if they publicly disclose some of the audits that that would discourage contractors in the future, because their financial information would become public.

I think we can get around that, and I think we've got to figure out a way to get all of this information out. Because if I just don't embarrass the hell out of you guys, I don't know how we're ever going to stop this stuff.

And ultimately what -- I'm not going to issue this investigative report until I figure out who was seeing this stuff and not saying anything. Who on the ground?

Which brings me, Secretary -- and when you were here on your confirmation, you

know I talked to you about the I.G. report, the DOD I.G. report in terms of top management challenges.

And, ironically, the DOD I.G., no surprise, said overseeing contracting officers representatives was one of the biggest challenges, and assessing and reporting on contractor performance was one of management's biggest challenges.

MCCASKILL:

Can you give me some good news, Secretary, as to whether or not you've now digested this report, and whether or not you, along with General Milley, are actually strategizing how we can -- I mean, we've made progress on course (ph), because I went to Iraq, in the beginning, it was clear that a guy was just getting a clipboard.

I mean all that stuff with LOGCAP, and all of the abuses with the cost-plus (ph), that was really sitting at the feet of a very ineffective course training and assessment program. Those are in the contracting representatives there right there on the ground, can see what is going on.

So give me some good news about how you view this problem and please tell me that a senator 20 years from now is not going to be sitting here and going, how in the world are taxpayers paying for -- for Alfa Romeos and Bentleys.

ESPER:

Yes ma'am. You are -- you are correct. After you raised the issue with regard to the - - the contract with regard to aviation, I think it was 2,000 separate contracts amongst hundreds of contractors for hundreds of millions of dollars, and in many cases for the same parts at different prices.

I went back and went through that report. I've discussed with folks internally. I will stay in the four months on the job, I have met with contracting command twice, as recently as three weeks ago, I had a conversation with my senior acquisition executive. It's something that General Milley and I recognize as a challenge. The head of the Army material command saw this week.

We recognize that as -- as that report outlined, is we need to have clear metrics and hold leaders accountable for meeting those metrics with regard to accounting -- a contract, I am sorry. One of the reform initiatives we're pursuing right now is to is -- is -- is aim to reduce number contracts, reduce that process. We're looking at savings of possibly over \$1 billion over a multi-year period. But there's a lot more work when you do with regard to this, and it's -- we just don't have -- we have to be good stewards of the taxpayers' dollars and that means reform includes certainly contracting.

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I look forward -- I know we -- we need to have a meeting and you've been kind to try to reach out to my office and have a meeting. When we have that meeting, let's talk about these contracting representatives on the ground and what next step we need to take to augment their ability to be the eyes and ears. I won't regale you now because I'm out of time with all of the time and energy that has been spent on this. And general, if you could help get this information I've asked for, I would really appreciate it.

MILLEY:
We'll get you the information.

MCCASKILL:
Thank you so much.

MILLEY:
What you're describing is unacceptable. Smacks of corruption and criminal activity. It's unacceptable and the people are going to be held accountable.

MCCASKILL:
And by the way, we keep doing business with them. This goes all the way back to the alcohol at parties.

MILLEY:
I got it, we owe you answers.

MCCASKILL:
All right.

ESPER:
I would just add briefly I had a good meeting with the head GAO a couple weeks ago to talk about a number of issues, past reports, along the same line you raised and we made a commitment to work together that -- for them to help us look at issues and solve them.

INHOFE:
Senator Rounds.

ROUNDS:

Thank you Mr. Chairman. General Milley, I commend the Army for already reaching full operational capability on the fielding the cyber force ahead of the October 2018 requirement. Can you share the lessons learned on that process from the Army's experimentation with placing offensive and defensive cyber capabilities out of the brigade combat team level.

Also, would you share your perspective on integrating artificial intelligence to enable both superior performance and security of Army networks?

MILLEY:

I'd say really, two or three things on the cyber piece. first of all, we have a lot -- even though we've achieved FOC, we have, on our objectives that we stated in terms of our organizations and our capabilities of cyber protection team and the offensive teams, there's still more growth -- that's a big growth industry. Cyber is an area -- domain of warfare -- that is going to require us to continue to grow in the out years.

So we're into really done even though we've achieved FOC for the stated objectives that you're referring to. Some of the key lessons learned, I think one of the biggest lessons learned is to empower the youth. You and I and probably most in this room are essentially digital immigrants into a world in which we are really semi-familiar with a lot of the digital technologies that are out there. But these young soldiers and sailors and airmen and Marines that are coming into the force, they're digital natives. I mean, this is all second nature to them.

So it's best to arm them, equip them and listen to them as they create the capabilities and the forces that are going to be required in this new domain of war. That's probably the biggest lesson. We've embedded them into the units, the tactical and operation units and we also have ones at operational and strategic level as well.

But the tactical unit ones are doing tremendous work. We're learning a lot more about the vulnerabilities of our systems and how to make them more resilient. But I think the biggest single lesson learned is listen to the young on this one. This is one where they have far more wisdom than the rest of us.

ROUNDS:

These young people are vital to long-term security defense...

MILLEY:

No question.

ROUNDS:

...in our nation.

MILLEY:

That's right.

ROUNDS:

We want them to stay in the Army, we want them to feel like this is a good profession for them and that there's a place for them long-term. Fair enough?

MILLEY:

Absolutely.

ROUNDS:

And part of that, I'm going to ask your personal opinion now, and part of it is because I think you do listen to these young people coming in. What's the scuttlebutt on TRICARE?

MILLEY:

TRICARE is a very large capability -- insurance capability that takes care of our soldiers. And I am -- as well as my family, recipients of that and have been for years. There are -- like there are with any large system, there are bureaucratic issues, sometimes with it. I will tell you that on balance ,TRICARE is an effective system for our soldiers. There are areas of -- of improvement that we need in terms of its responsiveness, but on balance it's not a bad system at all.

ROUNDS:

Part of the challenge is, is making sure the claims get paid on time.

MILLEY:

That's right.

ROUNDS:

Are they getting paid on time?

MILLEY:

I'd have to look at the exact statistics, but I have not -- I don't have any evidence that there's any wide disparity of being paid on time.

ROUNDS:

Thank you. One of the other items that I think a lot of these young people appreciate

is the fact that they don't get paid a whole lot of money and they want to make that money go as far as it possibly can. We provide on bases, the commissary.

MILLEY:

Right.

ROUNDS:

Do you think those commissaries re valuable to the young people that are coming in?

MILLEY:

My professional opinion is yes, because the commissary -- you know, food is one of your big -- bigger household item expenditures; housing, food, medical, educational, those sort of things -- but food is a big one. So a family of four -- our demographic is the majority of our soldiers -- well (ph) over 50 percent are in the E-45 range, they're in the 26, 27, 28-year-old range and they are -- about 60 percent are married, and of those that are married on average there's two children.

So on average, the bulk of the Army is about a family of four. Family of four, on average, their monthly food bill is several hundreds of dollars. The commissary -- use of the commissary knocks off a significant portion of that in lieu of having to go to some commercial entity to buy food every month. So the commissary is a big benefit and advantage to the soldiers, sailors, airmen and Marines out there in my view.

ROUNDS:

Do you think those young people coming in, the ones we want to keep in, do you think they feel that the commissary system is working to their benefit today?

MILLEY:

I think so, yes. I -- I think -- you know, commissary is one of those areas where you almost universally get positive comments in terms of the cost, performance, the quality and diversity of goods that are sold there. Commissary gets pretty high marks.

ROUNDS:

Very good. Thank you. Thank you both for your service to our country. Thank you, Mr. Chairman.

INHOFE:

Thank you, Senator Rounds. Senator Warren.

WARREN:

Thank you, Mr. Chairman. And thank you to our witnesses for being here. I'd like to follow up on an issue that really hits a nerve in my home state. Secretary Esper, during your confirmation hearing, you may remember that I asked you look into complaints from National Guard officers about delays and federal recognition of their promotions.

According to the National Guard Association, many Guard officers are waiting 200 days or more and this can have a really negative effect on their pay, on their benefits, on their command opportunities. So, Mr. Secretary, what have you found and what actions is the Army taking to address this issue?

ESPER:

Yes, Senator. Thank you for that question. And then, after we did have that exchange during the hearing, I spoke to the TAG of the Massachusetts Guard, and then, about four weeks ago I met with all 54 TAGs at the Army National Guard headquarters and this issue came up again.

I took it back and had a meeting with my manpower and Reserve (inaudible) personnel and, you're right, the numbers are too long and it's unacceptable. And, frankly, I endured my time in the Guard, I had a similar type of action, you know, happen to me.

So, what we're doing is, we're digging through it right now. Part of the challenges, there are multiple steps. The process begins at this state TAG level, goes through NGB, the G1, all the way through and, in some cases, the Senate if it's a Colonel or above.

There are things we need to do to improve the process. We have added additional manpower. We're looking at greater automation. I think there are ways we can reduce the time. There's about, anywhere, from 30 to 45 days added on to determine that they exhibited exemplary behavior.

And then, there are other things out there that may require congressional action. For example, part of the process, as I understand it, is de-scrolling (ph), which is an antiquated pen and paper process that also adds time to it, so.

WARREN:

OK.

ESPER:

We're trying to attack it on a number of fronts, but we need it needs to be much, much more timely.

WARREN:

OK, well I really do appreciate your working on this. I'm going to keep pushing on this. You know, I understand the need to thoroughly vet our officer corps, but this has become a morale issue for the Guard. And I don't think it's right to make our junior officers pay the price for bureaucratic delays and antiquated systems, regardless of where those delays originate.

So, let me ask you another question on this, would you support proving back pay to the Guardsmen whose promotion sits idle for months while they're waiting for federal recognition and actually doing the next level job?

ESPER:

Senator, I think that's a fair approach to it. As I discussed with you, I would want to make sure I talked to the National Guard, make sure it's fair to them, we understand what the implications are. But I think in principle that's fair.

WARREN:

Good. I'm glad to hear that. You know, these young men and women who volunteer to serve their country don't get paid all that much and I think it's just plain wrong when National Guard officers earn their promotions, serve at a higher level of responsibility for months and then don't get that ranks pay while they're waiting for federal recognition of that. We've got to find a way to speed this up and - or else I worry that it really is going to do a lot of damage to morale.

ESPER:

I do too, Senator. The National Guard has become integral to our operational readiness. They're serving around the world, now, in support of world activities. I was with the Guard in both Poland and in Ukraine in January, doing a fantastic job. So, we need to fix these things. And not just - we have similar problems in Reserves and the active side, as well. It's just to get the bureaucracy out of the way and...

WARREN:

Good.

ESPER:

...make the system much more efficient.

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Good, I'm really glad to hear that. And, with my remaining time, what I'd like to do is follow up on Senator King's question. You know, the Army has announced plans to establish a new Futures and Modernization Command.

The idea is to bring people who need new technology and the people who acquire that technology together under one roof so that they can get the technology into the hands of our soldiers faster.

But, today, a lot of the cutting-edge technology is not developed within the Pentagon, but in the commercial sector or in laboratories at our colleges and universities. Secretary Esper, how important is it to capitalize on commercial and academic developments in advanced technology? And, here's the key, as the Army establishes this new command, what steps are you taking to make sure it is closely tied to outside innovators?

ESPER:

Yes, Senator, you're right. Army Futures Command, it's critical that we have access to talent. Talent, not just on the material side, particularly with the hard sciences, but also talent that can help us think about the future strategic environment.

Thinking in the 2030s, 2040s because that will inform, in many ways, the steps we take with regard to material. So, we are looking at a number of locations. I think we started out with around 150. We've winnowed it down to around 30. And I think the next step in a week or so will be to get it down to ten, 11 and 12.

But each time we go through this we look at different filters, whether it's talent, it's then specific areas of talent. It's a proximity innovation. It's a proximity to academia and then our other issues, of course, that we have to look at -- quality of life, cost of living, you know, all of these things. So, we're really trying to be smart about it. We want to make sure we can attract the top talent. We have access to an ecosystem of talent where we put it. And that's why we're really trying to get into an area that really offers much of that.

WARREN:

Well, I'm really glad to hear that the Army is focused on taking advantage of existing talent where technological innovation is occurring. Of course, General Milley and I both come from a state from a state where a lot of that is going on. I know you've lived there, Secretary Esper, and anytime you want to come to Massachusetts and look around, you're welcome.

ESPER:

Thank you, ma'am.

INHOFE:

Thank you. Senator Peters.

PETERS:

Thank you, Mr. Chairman. And, gentlemen, thank you for being here. Thank you for your service to our country, as well. We appreciate having you before the committee. Secretary Esper and General Milley, I'd like to ask about the Army's plans for production of the Stryker vehicle.

I understand that the army intends to produce a Stryker A1s which include, both, improved protection of the Double V-Hull and improved mobility and the power provided by engineering and change proposal number one.

But I'm concerned that the current budget request for Fiscal Year '19 doesn't seem to provide for converting the Army Stryker brigade combat teams to modern Stryker A1s quick enough, getting them out in the field seems to be important, particularly, with new threats emerging around the world. Could you please give me an update on the Army's plans for production of the Stryker vehicle?

ESPER:

Yes sir, we are looking at, like you said, improving the survivability by adding the Double V-Hull. We're looking at improving lethality by adding the 30 millimeter gun and some anti-tank weapons.

I had the privilege of actually seeing a Stryker when I was in Grafenberg, Germany in January. Walked around the vehicle, spent some time with soldiers, they are very impressed with what they're doing. It will go through operational testing, now, for several months. And, I think, that we will make an assessment with regard to its performance and all of the feedback now is good.

I would note, in terms of procurement, we've increased about over 18 percent over the F.Y. '18. So, it's something that General Milley and I are watching closely, but, you know, the commitment is to make sure we improve the survivability and lethality of all of these vehicles as we look at, you know, this great power competition that we're in now.

MILLEY:

And, as you're aware, Senator, yes, we are putting money against it. But we're also - it's a balance right now. So, for the Bradley, the Abrams and the Stryker, these systems were designed and came online many, many years ago.

Now, they've had various upgrades and improvements over the years, but they are products of technologies and ideas that come out of the 60s and 70s, vice (ph)

today's world. So, the next generation combat vehicle -- ground combat vehicle that we're working on, it's in the RND and SNT phases in the prototyping, et cetera.

MILLEY:

That will eventually replace the entire family of vehicles that we have. The Abrams, Bradley and Strykers, realistically, they're life span is probably 10, maybe 15 years. So, we are putting improvements in Double VL lethality and some other things, but what we really need to do now is to make the shift in money and investments to a next-generation combat vehicle, and that's what we're doing with -- with our modernization accounts.

PETERS:

Well, speaking of the -- the product -- or the next combat vehicle, could you please talk a little bit about, or at least give us an update on the prototyping effort, which is something different that seems to make some sense?

MILLEY:

Yeah, the -- the philosophy, or the -- the methodology was shifted, and -- and we're incorporating much more prototyping, which will crunch down the amount of time it takes. Because a long -- there's a long lead time to the Army acquisition process. It's very linear. It's step-by-step. It's left, right, and left, right, and left, right, and left, down the line. So what we want to do is accelerate that by bringing in prototypes.

And in terms of the next generation combat vehicle, one of the things that we're accentuating in it -- it must be optimized for urban operations, which our current families of vehicles are not. It must be optimized so that it can be both manned and either autonomous, or semi-autonomous, robotic, depending on what the commander chooses to do at the time, and the situation in -- in the battlefield. Those are significant radical changes to the current system or family of vehicles.

So there are companies, there are corporation and industries out there that are already producing robotic vehicles. They're -- they're just getting modified, and we are prototyping them. We have several experimental prototypes going on right this minute that are showing some promise. We're not there for down-selecting, or picking vendors or anything. But we are experimenting with the various technologies, and we think that by 2028, we should be able to begin fielding a next-generation combat vehicle that's optimized for urban operations; that's both either manned or unmanned for ground operations; that has lethality, power, speed, weight; that's optimized for the next generation of -- of a battlefield that we perceive. And we think we'll have that fielded inside of 10 years, which under current Army practices would take 15 or more.

PETERS:

And as mentioned in a previous question a great deal of this work is being done in the civilian side. Obviously, I'm very -- very involved in self driving vehicles from Michigan...

MILLEY:

Yes.

PETERS:

... and what's happening in the auto industry. A lot of work is being done in Michigan, in TARDEC and other places.

MILLEY:

Absolutely.

PETERS:

You mentioned the next generation of vehicle with the autonomy features. Do you see having two different variants, or will all of these capabilities (inaudible)

(CROSSTALK)

MILLEY:

There'll be multiple variants. There'll be a tank-like variant. There'll be an infantry carrier-type variant. There'll be logistics and medical variants. I mean, it's a family of vehicles. It's not a single -- single vehicle, but they'll be based off of common chassis, and common engines, and power packs, and so on.

PETERS:

But my -- my question related to those variants. Will they all have autonomous capabilities, or will some be...

MILLEY:

Yes. Every -- every ground and -- and rotary wing vehicle that the United States Army produces from now on, the -- the next generation, after Bradley, after Abrams, every single one of them has to have the base requirement. It has to be either manned or unmanned, robotic, either fully autonomous or semi-autonomous built into its very basic requirement. It has to be able to have that option so that the commander on the battlefield of the future has the option, based on mission, and enemy, and terrain, and time, and troops available to pick whether he wants this objective to be seized with manned vehicles or not. And it depends. It depends on

the situation sort of thing at the moment in time.

But we want that option to be available to company commanders, battalion commanders, brigade commanders in the future. So the requirement for all vehicles in the air or on the ground is both manned and unmanned.

ESPER:

And Senator, to be clear, we're looking expansively. It's -- it is beyond combat vehicles, as the chief just alluded to.

So for example, within this year, the 101st will be experimenting with an unmanned squad support vehicle. I'm talking to our senior acquisition executive about unmanned trucks, so we can transport, you -- you know, supplies, and we hope to accelerate that as well, so we could be experimenting in the next couple years with regard to, you know, unmanned sustainment, logistics support.

INHOFE:

Senator Tillis?

TILLIS:

Thank you, Mr. Chairman. Gentlemen, thank you for being here, and for your service.

General Milley, thank you. Actually, for the three years that I've had the opportunity to get to know you, the only thing I don't like about you is you're a Patriots fan, but I thank you for your generous time in the office. The -- yesterday --

Just a quick update -- you -- you and I talked. I think it bears repeating. Talk a little bit about what it means to become a more lethal force, and you know, in -- in hopefully, a limited amount of time. I've got one, two other questions. But I think running through that's very important.

MILLEY:

Well, just -- just briefly, I mean, the -- the way I look at it is you evaluate an organization both based on its individuals, but also on its collective capability. And we look at the training, the equipping, the manning and the leadership.

So for training, we want to make sure that a lethal force, a collective entity, a squad platoon, company, et cetera has got many, many reps at their basic, mission-essential tasks. Not one or two reps, but hundreds of reps, if not thousands of reps. That's what makes the Patriots a great football team, is because they do it thousands of times before they win, except against the Eagles.

So the -- but -- but reps matter. Reps matter. So one of the things the initiatives were

doing is a synthetic training environment which will give leaders and collective units

thousands of reps relatively cost-free, without going out into the field. So training's important, lots of reps. That applies to the individual, as well.

In terms of equipping, to make sure that not only you have the right amount of equipment on hand, but that equipment works. So spare parts and the maintenance of that equipment, so it's fully operational, and we want to make sure that that organization has the most modern equipment that is available, really, that money can buy.

And then in terms of your -- your manning levels, we don't want units going out to training at home station, or at the combat training center at 75 or 80 percent fill. But we want them going out into the field to train at 90, 95 or 100 percent, or even more to train, because they get the full benefit of the collective training experience.

And then the leadership is key. We want leaders who can operate in intense environments -- middle of the night, smoke's going on, bombs are going off, people are screaming and bleeding right next to you, and yet you can still make incredibly complex and difficult decisions under intense pressure. They can be morally correct decisions, ethically correct decisions, and tactically correct decisions. And you can do that in unbelievable pressure. That's what it takes in -- in -- in a modern environment, but that's the same type of leaders that it took in World War II at Normandy or Iwo Jima, in the Korean War and Vietnam, and so on.

So that's what increased lethality is. It's a combination of training, equipping, manning and having excellent leaders that are up to the task. Units that are fit. They're able to shoot, move, communicate, protect themselves and sustain themselves.

TILLIS:

Do any of you all think the sequestration's going to be helpful to achieving that increased lethality?

MILLEY:

No, it'll kill it.

TILLIS:

The -- I want to talk briefly about futures command. I believe that the Army futures command, that Senator Warren made a -- may have brought it up. I look forward to seeing you all go through the process, and assessing the various states that may be the most hospitable to -- to house that command. I know that you're going to start proceeding through the process over the next week or two. And it's like I've said a

number of times before. I will never fight for a dollar in North Carolina. They can be better spent somewhere else. I look forward to that selection process being a level playing field, absent political pressure to go one place or another, because of the jobs or economic impact.

When we're constantly trying to fight to get you all more money, the last thing we can possibly do is satisfy the political pressure of any one person or anyone delegation when you know in your heart of hearts there's a better and more optimal place to put it.

And the states that are under consideration, the cities are under consideration have the onus on presenting the best possible case. And your onus is to make sure that whoever doesn't get it, should it be North Carolina, Massachusetts, any other state you may be considering, that you've got a well articulated reason for why whatever choice you had, based on the numbers based, on the empirical data, was the best place and I wholeheartedly support that decision, regardless of where it goes. I obviously would like for it to be in North Carolina, but only because it's the best and highest use of the limited dollars that you have.

MILLEY:

I can assure you, senator, that Secretary Esper has laid out a rigorous process. It's totally apolitical. It's totally based on data and analysis and that we are very rigorously and deliberately going through that and evaluating each location based solely on its own merits with no political interference whatsoever.

TILLIS:

Thank you all very much for your service. We may submit a few questions for the record.

INHOFE:

Thank you.

Senator Heinrich.

HEINRICH:

Thank you, chairman.

Secretary Esper, I understand you'll be visiting White Sands Missile Range next week.

ESPER:

Yes, sir.

HEINRICH:

So I want to thank you for taking the time to -- to visit that facility. I think you'll be incredibly impressed at the -- just the scale of the range and in part, which is very unique. I want to ask if you're able, if you might take a few minutes and quickly visit what used to be the old Second Engineer Battalion facilities. It's about \$170 million worth of brand-new facilities at White Sands that is currently sitting vacant. At the very least, drive through that footprint, and I think it'll give you a better understanding of the potential for -- for hosting the security force assistance brigade at that site.

So if you would, I'd ask you to fit that into your schedule.

ESPER:

Yes, sir.

HEINRICH:

Super, I very much appreciate that. As you know, the full New Mexico delegation and local community support the addition of that mission and I think one of the things you'll find at White Sands is that it's an incredibly safe community with good quality family housing, and for that matter, one of the best schools in the states. So it's a very attractive place for folks to -- to serve.

General Milley, I was really glad to see the Army place a high priority on modernization. And the short range air missile defense in particular, was particularly impressed to see that the General McIntyre and the Army's new cross functional team have accelerated some systems by up to five years.

I think that's good news to all of us here who recognize, as you said, that we sort of taken a break from modernization for far too long. Do you believe that CFTs will be able to shorten the prototype development and fielding timelines for your modernization objectives and -- and how are you seeing that come together?

MILLEY:

I do, I think there -- its come together tremendous and I think that the -- the process we put in place, the organization we put in place and the governance and oversight are put in place is very effective, and I have no doubt that is shorten the -- the procurement acquisition timeline.

The vice chief of staff of the Army, General Jim McConville, and the undersecretary Army, Ryan McCarthy, are driving this and these guys are driving is hard, and they're sitting on top of the six cross functional teams -- there's actually eight, but two of them are embedded under two others, so there's six total teams that are working each of those six modernization priorities, long-range position fire, next generation,

Future Vertical Lift and so on.

With respect to air missile defense and McIntyre, he's doing a great job in driving that. You are correct, we the Army have been blessed by having the greatest Air Force ever known throughout the history of mankind, in that we the Army have not come under enemy fixed wing air attack since the beaches of Normandy.

If we get into a conflict with a great power, those days will be gone. We will likely be under attack from enemy fixed wing. Our Air Force will again, do a tremendous job, but we the Army must protect us ourselves. So air and missile defense is a critical capability to protect our unit formations, and it's a critical vulnerability right now.

So we want to speed up as fast as we can. We're doing that, and McIntyre is leading the way under the supervision of McCarthy and McConville. So the three Mc's are bringing it home.

HEINRICH:

Are you comfortable with how much the Army is budgeting towards RDT&E funding to meet those modernization and testing goals?

MILLEY:

Well, from my perspective, I would always like more to put in there, but it's a balanced portfolio. And we think -- the secretary and I think that we have balanced it for the F.Y.-- this proposed budget '19. We think we have about the right amount. We've increased, so I think its 8 percent or so in terms of our R&S and S&T capabilities. So we think it's balanced. It's not optimized, but it's balanced.

HEINRICH:

Right. I very much appreciate that approach. During the AUSA Global Force Symposium, General McIntyre said that the first prototype platoon of strikers equipped with directed energy weapon systems will be fielded by 2023, but that he'd like to move that timeline further to the left. What can we do? Is it just a matter funding or are there other things that we can do to assist with that because I think that's a very important development.

MILLEY:

I think, senator, it's a -- I have to look at whether it's the funding challenge, but there is a technology challenge as well, that's why we're trying to the other services on that. And he's talking about fielding, we are trying to push hard to move left as much as we -- as quickly as can. It does get to the bigger issue about sustained funding beyond '19, to make sure we can make those big procurement bets at that point in time.

HEINRICH:

You know, secretary, if anything, I finally see that we're turning a corner on the recognizing just how far the technology has moved and now it's more a matter of getting all these technologies to the various processes, working out how they're going to be used in the field. It's not so much a limitation in my view, on the technology anymore, it's a limitation on how quickly we can work out the details of how they will operate in the field.

ESPER:

Right, and our view is, don't make the perfect the enemy of the better. So even if we get limited powers at limited range, we'll start there and we'll continue to upgrade -- upgrade as the technologies mature and build upon it.

HEINRICH:

I look for to working with you on that, secretary. Thank you both.

INHOFE:

Thank you. Senator Cruz.

CRUZ:

Thank you, Mr. Chairman. Secretary, general, welcome. Thank you for your service. Secretary Esper, the -- the capability gap separating the United States and its competitors, Russia and China has reached a troubling inflection.

Over the past two decades for a whole lot of reasons, the U.S. military hasn't been able to match the rapid pace of a Russian and Chinese military modernization. Both nations are reaching parity in some areas once dominated by the United States, such as field artillery, reactive armor, air defense artillery, electronic warfare and antitank guided munitions. .

Furthermore, the training and professionalism of the Russian and Chinese militaries have seen steady improvements as well. That is why the recently released National Defense Strategy explicitly directs the U.S. military to prioritize the threats emanating from Russia and China.

CRUZ:

The NDS will have far-reaching implications for how the U.S. military trains, equips and postures its forces. Each of the services will play a significant role in the implementation of the NDS which requires new and innovative ways of conducting joint operations. In light of the NDS, what does the Army see today as its primary

mission?

ESPER:

Our primary mission is to deploy, fight and win the nation's wars, senator. And as the National Defense Strategy has outlined in this era of great power competition, our focus is on high intensity, near-peer threats, possibly Russia and China or, mainly Russia and China.

So, that is our core focus. Now, in addition to that, the NDS outlines the need to, of course, protect the homeland. The need to preserve irregular warfare a core competency, but those two strategic competitors are our primary focus.

CRUZ:

How is the Army prioritizing the threats posed by Russia and China, but, both, in the context of weapons procurement, but also, transitioning the mindset of our soldiers from a global war on terror to a more expeditionary posture?

ESPER:

So, we have moved to focus on high intensity conflict in our home station training and our national -- our training centers, particularly, the National Training Center. When I was there in November visiting and the 1st Cavalry was going through the training. They were, actually, facing scenarios that the Ukrainians saw in eastern Ukraine against the Russians, high intensity, use of drones, et cetera. So, training is one.

With regard to material, as we've outlined today, there are six modernization priorities that we think if fully exploited, will ensure our overmatch in the out years. So, that's the second part of it.

And again, we must, as the Chief spoke eloquently on earlier, continue to develop our leaders to make sure that they are prepared for the future battlefield and train the soldiers, as well, so that they can fight along the entire spectrum of conflict, which well may, may -- well may mean that they don't have access to communications, electronics, et cetera.

CRUZ:

I'm also concerned about the modernization of our armored brigade combat teams such as those at Fort Hood and Fort Bliss in Texas, technology such as active protection systems and reactive armor have failed to keep pace with where Russia is currently.

I understand the Army has started fielding systems like Trophy before deploying to Europe. What is the status incorporating APS systems like Trophy on our armored

vehicles such as the Bradley or the Stryker?

ESPER:

Senator, you are correct. We are looking to -- we are outfitting some armor brigades with anti-protection systems -- active protection systems. We're looking at the same with regard to Bradleys and Strykers.

But there are other things going on, as well. We are upgrading the Abrams tanks we -- this -- the budget we see in '18 and '19 will allow us to accelerate the upgrade of five ABCTs from ten years to five years. And, of course, we're pursuing other ways to improve the survivability and lethality of these systems.

CRUZ:

Additionally, how are you working to ensure that our armored formations incorporate technology such as APS, FLIR (ph) and other off-the-shelf technologies to keep -- keep pace with the threats that exist today?

ESPER:

I would say, and I would defer to the Chief here, as well. This is one of the areas where the school houses are looking requirements for the future fight, certainly the cross functional teams, to make sure that we are incorporating whatever technologies are available, to do that.

Certainly, with regard to communications, with -- we have pivoted now to looking at a lot more commercial off the shelf technology that we could ruggedize. I've seen that already, with regard to how we are outfitting the Stryker and infantry brigade combat teams. And it's the only way we're, actually, going to be able to keep up with what's the, the changing pace of technology in the communications sphere.

CRUZ:

General, anything to add on that?

MILLEY:

Yes, in the seconds remaining, I would just tell you that we are actively upgrading our Bradley and Abrams formations. But, as I mentioned earlier in a previous question, the Bradley and the Abrams came into service when I was commissioned as a Second Lieutenant.

They have served the nation extraordinarily well, but they are fundamentally at the end of their lifespan. We'll probably get, max, another ten maybe 15 years out of these vehicles. We have maxed out their weight, the technological upgrades that we can do. So, hence, the modernization program of a next generation combat vehicle.

But we are aggressively upgrading Abrams and Bradley and Stryker in all of our formations throughout the Army. And I'm very confident that those weapon systems will continue to serve us well, even against a Russia or China in the near term because, you know, armies don't go to war, nations go to war. And armies don't win wars, nations win wars.

And we go as part of a joint force. So it's not just the Army. It's the Army with the Marines, the Navy, the Air Force, the CIA and so on and so forth. And it's the synergistic effect of all that combat power and time and space against the opponent, whether it's China, Russia, no matter what the country. That's what brings victory or defeat.

We do know that decision in war happens on the ground. We know that because that's the worst part of politics. People live on the ground and so on. So, it's important, the Army's contribution to that piece is critically important that we have a decisive, conventional capability that can conduct campaigns over extended periods of time. To do combined arms maneuver and defeat the armies of the opponent, and then, to take control of the land mass from the enemy army.

That's the fundamental task of any army, that's our task as well. We're confident in our current capabilities. We're confident in our current systems, relative to Russia, China or anyone else for that matter.

But we are keenly aware of the modernization programs of, both, Russia and China, right now. And we are keenly aware that we need to shift gears rapidly into the modernization in order to make sure that we don't have parity or that they don't close the gap or cross the gap.

We want a military, across the board, to be unbelievably lethal and unbelievably dominant so that no nation will ever challenge the United States, militarily. That's what we want.

CRUZ:

Thank you, gentlemen.

INHOFE:

Good statement. Senator Hirono.

HIRONO:

Thank you, Mr. Chairman. This is for, both, Secretary Esper and General Milley and Senator Cruz touched upon the National Defense Strategy and how ready we are, but I want to focus on the Asia-Pacific area. And China, of course, is a significant rival in the Pacific and it's important for the U.S. to project strength. Reassure our

allies and build partners in the Asia-Pacific, particularly, in light of the actions of China and North Korea.

So, I have a series of questions for both of you. How are you resourced for mil-to-mil exercises in the Asia-Pacific region? Are you resourced to cover Army (ph) requirements in the region? Is the Army's force laid out appropriate to meet current threats? And does the Army envision directing additional assets to the Asia-Pacific area of operations? We'll start with you, Mr. Secretary.

ESPER:

Senator, I'll take a shot at the first question. I -- one of the most important programs we have out there for improving interoperability and addressing training in the Pacific is the Pacific Pathways program. The U.S. Army Pacific Commander has request \$61.8 million for that program in F.Y. '19. And the Army fully funded it.

So, I think we will continue to sustain that level of training and readiness as we look ahead. With regard to disposition of forces, there are currently no plans to put more forces in the Pacific that I'm aware of. I'll defer to the Chief if there's something else, but, really, what we're focusing now is to make sure that we, the troops, prepare, both, at home station and through our training centers for the high end conflict. Whether it occurs in Europe, Asia or elsewhere.

MILLEY:

I would echo that, senator, that our -- we have a very wise variety of exercises into eh Pacific that you're very familiar with, pathways is one of those, and we think we have adequate funding in '17, '18 series of bills and we're requesting adequate funding in the '19 series of bills.

And those are really important, but the United States Army remains continually engaged because China, Asia-Pacific, Indo-Pacific, really, is the priority in the National Security Strategy and in the National Defense Strategy that Secretary Mattis has laid out for us.

We think we have adequate funding and resources to do that and we have a considerable amount of Army forces, not only in your state of Hawaii but up in Alaska, on the West Coast in Washington and forward in Guam, Japan and Korea. So we've got a good array of forces throughout the Pacific region.

HIRONO:

Well, there is a concern about the fact that the service deputy has testified in the Readiness subcommittee in February, and they all stated that nearly 70 percent of young people in the U.S. today are not qualified to join the military. And your fiscal year 2019 request calls for an increase in end strength of 487,500 regular Army

soldiers. And will you be able to continue increasing end strength without lowering standards, giving the small pool of people who meet the current standards?

MILLEY:

The short answer is yes. I believe -- we've done a lot of modeling and estimates on that - that we can increase our force by 4,000 or so each year, that we've been shooting for. We've been meeting that to date and I think we'll meet it in the future without lowering any standards. So the key is standards, it's a standards-based Army, we're not going to lower those, and I think we can meet the end strength.

As far as what the vices all said, 70 percent, that's a statistic that's been out there for a considerable length of time, that's well known. And -- but we focus on those that do meet the standards and we're not going to move the standards.

HIRONO:

If you have nothing...

ESPER:

I completely concur, and I would say actually in many ways, you know, we all face that same problem, but we being the services, in terms of how we attract youth, we are putting more money into recruiting, and other ways in which we can attract youth, the National Guard is doing the same. And so it's a challenge but we will not lower standards to bring a young man or woman into the service.

And in fact if anything, we are raising standard and we are looking at, for example, how can we extend either basic training or one station unit training to make sure that the product we put through is ready to go, that young man or woman, when they arrive at their first unit.

HIRONO:

Let me get -- as a question about cyber capacity because that is an issue of concern for us throughout the -- all the services. Last month, General Nakasone testified about the success of the Army's Cyber Center of Excellence, that they're -- you're having in developing and training a cyber workforce, including the first class of them, and this is cyber operated -- she (ph) graduated from the Army Cyber School last August.

What percentage of soldiers trained at Army cyber school from the Reserve and Guard components, do you envision growth and these numbers in the future? And as the Army continues to successfully train cyber operators, how will that effect the Army cyber -- Army's cyber efforts across the service and could the model -- Army employ the Cyber Center of Excellence be scaled up and train other services

throughout the government.

ESPER:

Senator, if I can, I'll meet and speak broadly, and then I'll get to one of your questions there. One of the things I was most pleased to find when I came into this role about 4.5 month ago was, how far the Army had progressed and what it had achieved with regard to cyber. So we have a cyber school, a cyber command, a cyber MOS, a cyber branch, and are doing really well with regard to bringing people in.

The -- the goal is to have 62 cyber mission forced teams. We currently have 41 regular Army and are building 21 in the Guard and Reserve. I was at the Guard bureau a couple weeks ago, and they told me that they're up to like 30 teams in the states and building more. So I think there is -- we continue to grow.

I think the guard, the states provide good opportunities because there's a lot of talent out there that is familiar with these skills, and they're working in the private sector. So to bring them in as a guardsman is a great opportunity to capitalize on skills they already have.

HIRONO:

If you want to answer...

MILLEY:

Yes, on the percentage. It's roughly a third. We can get you the exact numbers. You were asking about RSC (ph) that are getting trained. And in terms of growth, absolutely. Cyber is a domain of warfare, land, maritime and -- and air, the normal three traditional ones, but now space and cyber.

So developing capable cyber forces in the joint force, in all of the services is critical to our war fighting capability in the future. So this is an area of absolute growth, no question about it, and we're very fortunate, and you know him well, General Nakasone has led the way for the Army and done a great job there, and of course he's the nominee who will be taking command of CYBERCOM here shortly.

HIRONO:

Thank you. Thank you, Mr. Chairman..

INHOFE:

Senator Perdue.

Thank you, Mr. Chair, and thank you both for your service.

General, I just returned from North Korea and I just want to make comment to you, I have been around high-performance teams all my life and I have to tell you, General Brooks (ph) and your team over there is absolutely the best of the best, and I want thank you for the training and preparation of those young men and women over there. I was really proud to be surrounded by them. So please pass that message along, both of you.

MILLEY:

Will do, senator.

PERDUE:

You've got about 24,000 soldiers over there, I think. This -- the National Commission on the Future of the Army recommended that the Army consider forward deploying a combat aviation brigade in Korea in order to bolster the aviation readiness on the peninsula.

This spring, an Army -- as you mentioned, I believe earlier, an Army tank brigade -- the first brigade, third division, I think from Fort Stewart, deported to South Korea to deter potential aggression over there and to make sure people around the world know we're serious. Can you give us an update on the forward deployment strategy with regard to Korea as you can -- as you best can in an open conversation like this?

MILLEY:

Yes, as you know, we've got 20,500 U.S. military personnel, of those, 24,000, 25,000 or so, are U.S. Army. And we rotate an armored brigade combat team, as you noted, through there are regular basis. I go over there for deployment, it's a heel to toe rotation. That's a critical capability that's necessary in order to deter North Korea aggression.

In addition to that, we've got the headquarters of the second division. We've have got artillery capabilities, we've got ballistic missile defense with Patriot and THAAD forward deployed. We've got appropriate sustainment and intelligence capabilities and a variety of other capabilities built within that 24,000 soldiers.

And as you know, the situation on the Korean Peninsula is dynamic right now. We've got a very important strategic level summit meeting between the president and Kim Jong-un coming up here shortly. Right now, the U.S. strategy is to maintain maximum pressure and if -- and -- and to continue our capability to deter, and we'll see what develops in the diplomatic realm.

The main effort is clearly to resolve our issues with North Korea through the peaceful

diplomatic means, but to retain the capability for the options to be presented to the president if diplomacy does not work. So that's what we're doing, we're maintaining our maximum pressure, we're maintaining our readiness work and we're keeping those forces under General Brooks at a very, very high state of readiness.

PERDUE:

Yes sir, thank you. Mr. Secretary, you both have spoken to the five domains in the growing domains of space and cyber, in addition maritime, land and air. We've been getting these cyber briefings in the subcommittee on -- on cyber and I have to say it's very sobering. In an open environment like this though, there are some concerns that we can discuss relative to the integration. I know we have one approach for the government. But when we look at the services, and this is your responsibility, talk to us about the integrated efforts between the services, so that we don't -- so that we have best practices, we share best practices, and we also have a concerted effort that can efficiently compete with the absolute rapid development in -- in both China and Russia.

ESPER:

Yes, sir. This is a -- an area of -- of focus as well for all the concerns you outlined. There is certainly a lot of cooperation going on between the services -- and with OSD, I might add -- to -- to make sure that we are protected from the tactical through the strategic level. Certainly for the Army, we are building a lot of capability to brigade level and above to deal with the tactical problems that we might face.

I can tell you, with regard to the modernization priorities and the cross-functional teams, I've talked to them, and they're committed to making sure that whatever we procure for the future is cyber-hardened and cyber-resilient.

As you think higher and look across the DOD, we're looking at the same thing to make sure that we can protect our data. It's recognized that this is a vulnerability. I can't go into too much detail, but there's clear recognition that that's the case, and we need to be able to attract the talent, as the chief spoke to, the talent from the private sector to make sure that we are on the cutting edge, and are capable of defending ourselves in this -- in -- in what is considered, it could be considered asymmetric vulnerability.

PURDUE:

Thank you both. Thank you, Mr. Chairman.

GILLIBRAND:

Thank you. Dr. Esper and General Milley, thank you for being here, and thank you

On April 3, 2018, the American Medical Association wrote a letter to Secretary Mattis decrying the recent policy released by the White House, echoing concerns raised by the American Psychological Association and two former surgeon -- surgeon generals. The American Medical Association said, quote, "We believe there is no medically-valid reason, including the diagnosis of gender dysphoria, to exclude transgender individuals from military service." The memo mischaracterizes and rejected the wide body of peer-reviewed research on the effectiveness of transgender medical care.

Yet, the DOD, quote, "panel of experts" quote, "came out -- came to a drastically different conclusion from the preeminent medical organizations in America about gender dysphoria, the effectiveness and impact of gender transition on medical and psychological health, and the ability of transgender servicemembers to meet standards of accession and retention." Who represented the Army on this panel?

MILLEY:

For the Army, it was, I believe, the vice chief of staff of the Army, General McConnell.

GILLIBRAND:

And did the Army include any health professionals on the panel, and if so, who?

MILLEY:

I know there's been a lot of -- I don't know -- I don't know the specific answer to your question terms of on the panel, but there were -- General McConnell consulted with lots of internal folks, medical professionals, absolutely, yes.

GILLIBRAND:

Can you submit to the committee who was consulted, specifically...

MILLEY:

Absolutely, yeah, sure.

GILLIBRAND:

Do you know whether any health professionals from within the government and outside of it testified before, or consulted with the panel in written testimony, or was it just verbal?

MILLEY:

With the DOD panel?

GILLIBRAND:

Mm hm.

MILLEY:

I don't -- I don't know if it was written or verbal, but I can get you the answer.

GILLIBRAND:

Whatever -- whatever was submitted, we'd like to see please.

MILLEY:

Yeah, yeah, sure. Sure, sure.

GILLIBRAND:

Thank you. And are you aware of anyone else who contributed to the panel?

MILLEY:

Each of the service vices, I believe, was on it. There were several DOD folks. I think the -- I'm pretty sure the panel was led by DOD PNR, if I remember right -- personnel and readiness, the undersecretary for personnel and readiness. We can get you the exact names. Sure.

GILLIBRAND:

Great, thank you so much. And any information they submitted.

MILLEY:

Sure.

GILLIBRAND:

Dr. Esper and General Milley, in light of the existing injunctions DOD is currently operating under, the previous transgender open service policy put in place by the last administration, yet transgender soldiers have now seen the department's recommendations, and are on notice that if the policy is implemented, they will get kicked out for seeking care or treatment for their gender dysphoria. I'm worried that this uncertainty will get -- will have a negative impact on these individuals, but also on their units, and that fear of these recommendations will stop these soldiers from seeking care. What are you doing to ensure readiness, in light of the pall -- the pall that has been cast on the future of transgender soldiers?

ESPER:

Senator, we can continue to treat every soldier, transgender or not, with dignity and respect; ensure that they're well-trained and well-equipped for whatever future fights.

With regard to accessions, our accessions folks understand that we are operating under the -- the Carter policy, if you will. We've had some sold -- some persons already join, transgender persons join, and we will continue to access them, and train them, and treat them well in accordance with that policy.

GILLIBRAND:

Well, I'm concerned because the report that was included with the memo claimed that transgender persons serving in our military might hurt unit cohesion. So that is different than treating everyone with dignity and respect.

When asked by reporters in February whether soldiers have concerns about service -- serving beside openly-transgender individuals, you said it really hasn't come up. Are you aware of any problems with unit cohesion arising since you made that comment? And if so, can you tell us how they were handled by the unit leadership involved?

ESPER:

Senator, nothing has percolated up to my level. When I made that comment, I was -- it was a question about, you know, have I met with soldiers and talked about these issues? What did they raise? And -- and as I said then, soldiers tend to, you know, young kids tend to raise the issue in front of them at the day. It could be that they're performing all-night duty, or didn't get their paycheck, and this was just not an issue that came up at that moment in time, and beyond that...

GILLIBRAND:

Have you censored anything how transgender servicemembers are harming unit cohesion?

ESPER:

Again, nothing has percolate up to me.

GILLIBRAND:

General Milley, have you heard that?

MILLEY:

No, not at all. The -- we have a finite number. We know who they are, and -- and --

and it is monitored very closely, because, you know, I'm concerned about that, and want to make sure that they are, in fact, treated with dignity and respect. And no, I have received precisely zero reports...

GILLIBRAND:

OK.

MILLEY:

... of issues of cohesion, discipline, morale, and all sorts of things. No.

GILLIBRAND:

That's good news.

I know that the secretary spoke with transgender soldiers recently. Of all the ones that you have personally spoke with of the active-duty transgender soldiers, were you concerned by any of them continuing to serve?

ESPER:

Well, I actually met with them in the first 30 days on the job, Senator, and no, and nothing -- nothing came up that would cause me concern. I was, you know, impressed by what I heard.

GILLIBRAND:

And have either of you spoken to any transgender servicemembers since the set of recommendations was released by the administration in March? And if you have, what did you hear?

ESPER:

No, ma'am.

MILLEY:

I have not. I did before. I have not. But let -- let -- You know, the case, as you are well aware, is in litigation. It's in four different courts, so there's -- we're limited in actually what we should or could say right this minute, because it could either one way or the other, impact that litigation. But let me just say that our feeling, and -- and -- and -- well, I'll say my feeling, my view is that we have an Army that is standards-based. It has always been standards-based. It will remain standards-based, for medical, physical, psychological, conduct, et cetera. And those soldiers, or those applicants of people who want to assess into the Army, that meet those standards --

and they're rigorous standards -- if you meet those standards then you're on the team. If you don't meet those standards, for whatever reason, then you won't be on the team. It's that simple.

And those standards are based upon the rigors of ground combat. It's important that this 1 percent who wear this uniform and the cloth of our country were giving up certain civil rights so the other 99 percent can retain their civil rights.

We know that, we do it willingly and volunteer to do it. So, this is not an issue with, respect to transgenders, this is not an issue in our -- in my view, this is not a civil rights issue. This is an issue of standards and maintaining the deployability and the combat effectiveness and lethality of the United States Army. And I think I speak for the other service's service chiefs, as well...

GILLIBRAND:

Thank you.

MILLEY:

...standards based.

GILLIBRAND:

Thank you.

KAINE:

Thank you, Mr. Chair and thanks to the witnesses for this important hearing. Secretary Esper, I want to ask you about a passion of mine. I've got two bills filed in the Senate now, which I'm hoping might be included, ultimately, in the mark for the NDAA. One is a Military Spouse Employment Act and colleagues on this committee, including Senators Gillibrand and Perdue are co-sponsors, and the second is the Childcare for Military Families Act. Senator Rounds, on this committee, is a cosponsor.

What I've tried to do in both of these bills is take a significant amount of feedback from spouses all across the country to address major factors leading to an unacceptably high unemployment rate among military spouses.

And as I've worked with spouses on this issue, we've identified a whole series of challenges and causes, lack of direct employment opportunities with other federal agencies, lack of childcare, lack of our under utilization of education and training and resources, lack of counseling, frequent moves.

Additionally, the first bill tries to encourage more public, private partnerships for the DOD and more opportunities for entrepreneurship on military bases for military

spouses. These bills, the two, address each of these issues. I don't think there's a silver bullet that's going to drop the unemployment rate of military spouses from three to five times the national average to the national average.

But I think these bills offer a great start in beginning this conversation and moving this in the right direction. I want to ask if you've had a chance to review the legislation and is this an effort that the Army would be supportive of?

ESPER:

Senator, I looked over the legislation. I'm impressed by what you put in there. I think, as I've shared with you before, I think these are some of the most important challenges, if not, the most important challenges facing our spouses, army spouses.

I know my wife experienced the same challenges when I was on active duty. Everywhere I go, if there's a family readiness group, spouses, I meet with them and this issue comes up over and over again and they are intricately linked.

The fact that it takes, on average, 140 days to hire someone is hurting the Army. It's hurting our readiness and it's certainly hurting spouses. And, as a result, it hurts retention. And, the direct link here, as I think I share with you, is if you can -- we have daycare centers that go unfilled with supervisors because it takes months to hire them.

And the supply is there to tap into, but it's cluttered up in everything from things that we're doing within the building all the way up to how OPM handles it. So, I've talked to staff, I've talked to members about the need to fix this problem because it's -- there's nothing but good if we can.

KAINE:

I have a son in the military who signed up and then did -- for a first four and then a second three as a single individual and now is married and as he gets to the seven year point he has to make another decision. It's fundamentally a very different decision.

ESPER:

Yes sir, we like to say you recruit soldiers and retain families.

KAINE:

And it's very true. And so, you know, the ability of spouses to feel like with the sacrifice that they bear, there is going to be an opportunity for them to put their talents to use is a really important of retention. I appreciate your answer to this.

I have one other question. We had a readiness subcommittee hearing, Chair Inhofe

is the Chair of our readiness subcommittee. In February, you had the service vices in and I asked about how the services are balancing reconstitution efforts against the COCOM force request. And so, focusing, specifically, on the Army to each of you, General McConville answered that day and he said, basically, we need more people and fewer missions.

The funding that we just did in the budget, I think, is going to be really helpful over the next 18 months, on the first part of this, the funding for the additional people. But how about the second part, the fewer missions?

Is there an opportunity to reconstitute, since we now have fewer troops in Iraq and Afghanistan? Or are the additional necessary mission that we're engaged in around the world, sort of, immediately taking up whatever slack there was from that draw down in Iraq and Afghanistan?

ESPER:

Yes, sir. This is a supply and demand issue and I think with the '18 and '19 bills is we can grow end strength. It helps us create more supply, fully flesh out our units, et cetera.

But there is the demand side of the equation, that's something that we've had discussions with, internally. We've discussed it with OSD to look at the range demands placed on the Army. Can we do some of it differently? Can we look at lower value exercises or training and, if not, if not limit them, reduce them, make them, at least, more productive to preserve readiness.

What we really have to do is get the soldier deployment rate, the bog that dwells we call it, up to the one year to two year standard and, right now, we're well below that. We're, somewhere, just north of one. And that has an impact on the force, both, through terms of readiness, retention. You know, it has a range of impacts that we need to address with regard to that.

KAINE:

Thank you very much. Appreciate it, Mr. Chair.

DONNELLY:

Thank you, Mr. Chair and thank you to both of the witnesses. I know the Army is committed to addressing military suicide. I'm sure both of you know, that suicide risk among the service members, often, isn't tied to deployments or combat experiences. And we can't be restricting our most rigorous mental health assessments to the deployment cycle.

This committee helped pass legislation in 2014 to ensure every service member, active Guard or Reserve receives a thorough in-person mental health assessment

every year. It was named after a brave warrior soldier (ph) Jacob Saxton, who was lost to suicide in 2009. It's my understanding that the Army is now fully implementing the Saxton Act requirement for robust annual mental health assessment. Is that correct?

MILLEY:

That's correct.

DONNELLY:

Thank you.

MILLEY:

That's correct.

DONNELLY:

What are your top priorities, looking forward, for combating military suicide, the best tools you think you have in approving mental services for our soldiers this year and in the years ahead? What do you think are some of the areas where -- when you look at, General, that you look and you go, you know, here's one of the -- one of the causes of some of this and, and the best way to try to reduce it?

ESPER:

Well, Senator, thank you for raising this issue. It's -- it is very troubling. I've signed too many condolence letters associated with, you know, the scourge of suicide. And the rates that I see across the Army are not heading the right direction. I mean, we need to get them, rather than flat, heading in the right direction. And the challenges, you know, particularly troubling, in the Guard and Reserve where you -- where units only come together every 30 days and break back up.

And, you're right, it's not related to -- necessarily to deployments. It's -- the experts will tell you, it's hard to pin it down. But we do know the most vulnerable population are these young soldiers, 17 to 22 or so, it often is -- the cause is a relationship issue, you know, a breakup, whatever the case may be.

ESPER:

As I've looked at this problem, I've asked our folks to come back with new thinking with regard to strategies that we can deal this. We already put behavioral health experts in the units. We provide a lot more access, as I've talked with some -- some of the committee staff. We need to make sure the commanders and the -- the officers in the units have greater access to that type of information, so they know how to deal

But I also think that it's critical that we -- we -- we make sure that the -- the chain of command is responsible and in charge, and in some cases, we've -- we've moved away from that. So making sure that we implement programs like Not In My Squad, that we put NCOs, junior officers back in charge of teaching their soldiers resiliency, all that is important. General?

MILLEY:

Yeah, I think the key, Senator, is -- is two things in order for -- for prevention, and we have a lot of resources, and we appreciate the support of Congress in helping us to do that. But I think that the key, and the -- and the resources have to be focused in -- in -- in two particular areas. One is situational awareness of the soldiers in a squad, and a platoon, and a company of the early warning indicators and signs of potential suicide, the stressors that are on -- on an individual soldier. And the second key is -- first, is recognize the early warning signs.

Second key is know that you can intervene; that we are, in fact, our brother and sister's keeper; that being silent is -- is not OK; to intervene, to take action, and to get that soldier help. They are reaching out. They are crying out for help. Get them help. So situational awareness, and it's OK to intervene.

DONNELLY:

Great. Thank you.

To both of you, I just wanted to mention that in Indiana, we have a training center, Muscatatuck. It's used for all types of training. It's a national asset. It's a venue that can help prepare our forces for current and future threats. And I just wanted to make both of you aware of it. Hope you both have a chance at some point soon to go there.

ESPER:

Yes, sir. It's on my visit list.

DONNELLY:

Great.

ESPER:

I think in the next four or five months, I plan on coming out there.

DONNELLY:

General, what does stability look like in Afghanistan? When -- when you look at that, and you're looking, go, this is -- this is an acceptable state to move forward with, how do you see that?

MILLEY:

A couple of things, Senator, that we've defined in the strategy. One is that Afghanistan -- and this has been the objective since 2001 -- that Afghanistan no longer is a platform for terrorists to conduct strikes on the continental United States, or in the United States. That's key. That's why we're there, and that's why we're still there.

Secondly, how do you achieve that? You achieve it through a stable and -- Afghanistan. So what does that look like? It means that the armed opposition, the Taliban, Haqqani network, al-Qaida, ISIS, K (ph) and all these other groups are reduced in terms of capability that they no longer present an existential threat to the regime in Kabul, and that the Afghan National Security Forces are at large. Their army, their police, their intelligence forces can handle the violent threat against the regime at a level that is something akin to crime or banditry, and they are no longer capable of -- the enemy is no longer capable of actually presenting a -- a downfall to the regime.

DONNELLY:

The -- the last thing I want to ask, real quick...

MILLEY:

Yes.

DONNELLY:

... is just, can we do that without the -- the real cooperation of Pakistan and ISI?

MILLEY:

Well, that's -- So -- so that's not...

DONNELLY:

Sorry, I didn't mean to cut you off.

MILLEY:

That's the end state of Afghanistan, is reduce the threat to something that can be handled on a routine basis by the internal security forces. In order to do that, you

have to essentially do several things. You mentioned Pakistan. That is key. It's

important that Pakistan is part of the solution. It's a regional solution. Part of our strategy is a regional strategy. That involve -- very much involves Pakistan.

It's very, very difficult to eliminate any insurgency if that insurgency has safe haven in another country. But right now, the Taliban, Haqqani and other organizations do, in fact, enjoy some safe haven in the border regions on the Pakistani side of the border. Pakistan's got to be part of the solution.

And lastly is reconciliation. At the end of the day, the Afghan government has got -- is on the path right now to establishing some sort of political reconciliation with the various opponent groups. But we're in support of that effort. So it's important that we realign the forces, that we reinforce the capabilities that we're already doing, and that we regionalize the problem, including Pakistan, and that there's some sort of reconciliation process. At the end of the day, that's how that ends, and it ends successfully, and I believe that's achievable.

DONNELLY:

Thank you, General. Thank you.

INHOFE:

Senator Blumenthal.

BLUMENTHAL:

Thanks, Mr. Chairman. I join my colleagues in thanking you for your service, and thank you for being here today.

I want to focus on Ukraine. I know, Mr. Secretary, you visited with some Ukrainian soldiers recently. You have been to Europe in various Army posts there, and discussed this issue with them. Operation Atlantic Resolve, as you know, is an Army-led operation designed to reassure our NATO allies and partners of America's dedication in the region after Russia's illegal annexation of Crimea, and its continued aggression -- I might say over-defiant military aggression in Ukraine.

Since April of 2014, the Army's conducted continuous multinational and security cooperation training through European deterrence, the European Deterrence Initiative. As someone watching from the outside, my conclusion would be that whatever we're doing there has had no impact, no effect whatsoever on Russian aggression, either to deter it, or defeat it. Maybe you can dissuade me.

ESPER:

Senator, I -- I did visit Europe in January. I -- I went to Belgium, Poland, Germany and Ukraine with different focus on each. My -- my takeaway was that, at least with

regard to Atlantic Resolve, when I met with the -- the -- the Poles, both the military, and on the -- the Ministry of Defense side, that they were very happy with our presence there; that they felt it provided not -- not just a reassurance role, but also a deterrence role. And it was not just because of U.S. troops, but you had NATO troops in -- in the -- all the Baltic states and Poland.

There were very -- very eager to -- to continue to improve that relationship, to increase number of forces. When I was in Germany, for example, with regard to exercises, a Polish brigade was training in Germany with American, Italian, British units -- British units underneath it. So a lot of great training happening.

But my sense, and I'd recently met with a -- a Lithuanian vice defense minister -- again, very happy with -- with our presence there, and very reassured in the helpfulness of what the -- the -- the EDI funding has provided, so...

BLUMENTHAL:

I apologize. I probably was less than fully clear in my question. Focusing on Ukraine.

ESPER:

Well, Ukraine, I was very impressed by the, you know, the New York National Guard at the time was training, and they -- they've -- the training was going exceedingly well. What -- what's interesting is the degree to which Ukraine is really adapting to NATO doctrine, NATO standards, really building up quite a capability. And what's interesting is they're using it -- the facility that we're training at in Ukraine -- in western Ukraine not just to bring -- bring in new recruits, but to -- they're taking soldiers off the front lines in eastern Ukraine, in Donbass, and coming back to the training site, and incorporating those lessons learned. And they feel...

BLUMENTHAL:

Is it having an effect on the battlefield?

ESPER:

I -- I -- Yes, sir. I -- I think what -- what the leaders -- what the Ukrainian officers told me was it was having effect in terms of their performance. The soldiers felt reassured, but that was my -- my takeaway. I don't...

MILLEY:

Yes, Senator, it has. The violence along the Ukrainian -- along the line of contact is at a three-year low right now. That's significant.

The level of violence is at a three-year low.

MILLEY:

That's correct.

BLUMENTHAL:

But have we -- have they pushed back?

MILLEY:

There is -- Well, there is cause and effect as to why it's low. It be -- in part because the Ukrainian capability has increased since we have begun an -- an advisory effort in our support efforts, and because they're -- they're fighting against the various separatist groups in the Eastern Donbass. So the Ukrainian military's performance has increased. The opposite -- the enemy's performance has met that, and -- and is reduced, and they recognize what they're up against. Therefore, the violence has subsided. It's not done. There's still violence. Don't get me wrong. (inaudible)

BLUMENTHAL:

I -- I apologize for interrupting...

MILLEY:

Yeah, sorry. I'm sorry.

BLUMENTHAL:

... General, and I'm doing so only because my time is limited.

MILLEY:

Go ahead. Sure.

BLUMENTHAL:

The other way of interpreting the situation, and I say it with all due respect, is the Russians have gotten what they want for now, and they and their proxies -- and I mean the Russians -- are staying put, maybe because they sense a little bit more strength from the Ukrainians. But in terms of their ill-gotten gains, they are satisfied. They've divided the country.

MILLEY:

That is a way of looking at it. That's correct.

BLUMENTHAL:

Is there a Ukrainian determination to push back?

MILLEY:

Oh, absolutely.

BLUMENTHAL:

And to recover...

MILLEY:

From my visit there, and I think Secretary Esper's visit there, the Ukrainians are determined that Ukraine is a sovereign nation, and that they intend to remain a sovereign nation, and they do not accept annexation of the Eastern Donbass. That -- that's what the Ukrainians told me, and I believe that's what they've told you, and I believe that's their stated policy position.

BLUMENTHAL:

Thank you. I -- I really appreciate both of your candor, and your very informed presentation today. Thank you.

INHOFE:

I would say thank you to our witnesses. It's been -- I appreciate your patience and your -- your responses. They've been excellent.

We're adjourned.

(UNKNOWN)

Thank you.

List of Panel Members and Witnesses

PANEL MEMBERS:

SEN. JOHN MCCAIN, R-ARIZ., CHAIRMAN

SEN. JAMES M. INHOFE, R-OKLA.

SEN. ROGER WICKER, R-MISS.

SEN. LINDSEY GRAHAM, R-S.C.

SEN. DEB FISCHER, R-NEB.

SEN. TED CRUZ, R-TEXAS

SEN. TOM COTTON, R-ARK.

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SEN. THOM TILLIS, R-N.C.

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SEN. TIM SCOTT, R-S.C.

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SEN. BILL NELSON, D-FLA.

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SEN. TIM Kaine, D-VA.

SEN. MARTIN HEINRICH, D-N.M.

SEN. ELIZABETH WARREN, D-MASS.

SEN. GARY PETERS, D-MICH.

SEN. ANGUS KING, I-MAINE

WITNESSES:

ARMY SECRETARY MARK T. ESPER

AND ARMY GEN. MARK A. MILLEY, CHIEF OF STAFF OF THE ARMY, TESTIFY

Exhibit D

CQ CONGRESSIONAL TRANSCRIPTS

Congressional Hearings

April 24, 2018 - Final

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Senate Armed Services Committee Holds Hearing on the Air Force Posture

LIST OF PANEL MEMBERS AND WITNESSES

INHOFE:

The committee meets today to receive testimony on the posture of the U.S. Air Force and its fiscal year 2019 budget request.

We welcome our witnesses, Secretary Heather Wilson and General David Golfein, fein is fine (ph), see we -- we remember that.

The Air Force is at a critical moment in its history. It faces a dual task of digging out of a readiness crisis, while at the same time, managing a broad modernization effort. You do not have the luxury of choosing one or the other, you got to do both.

INHOFE:

I was pleased to see increases in the budget request for fiscal year 2019 to address both readiness and modernization. I'm interested in -- to hear from you how the Air Force will manage this balance in the years ahead, particularly if Budget Control Act funding levels return in 2020.

And I continue to be concerned with the availability of aircraft and the preparedness of our airmen; the trends in pilot retention remain troubling with the current shortage of some 2,000 pilots. You know, wasn't a long ago we were using the figure 1,500. So it's not getting any -- it doesn't seem to be getting any better. We need to address that.

The NDS makes clear that space is and will continue to be contested environment. Both Russia and China continue their robust efforts to extend warfighting into outer

space. And we can no longer take our space-enabled capabilities for granted. All of the -- this makes our dismal space (inaudible) even more detrimental.

Despite recent reforms, lasting change will require your leadership and vision to sustain a whole-of-government approach.

Finally, I look forward to hearing about the progress of the -- the Air Force nuclear modernization efforts. As we heard in the Nuclear Posture Review earlier this year, we can't afford to stand still in this area when our adversaries have been investing in their nuclear forces for the last two decades.

I know the Air Force has been working hard on the new bomber and missile programs, as well as new engines for the B-52. You know, new engines for B-52. I just noticed that the -- the life extension now is going to be 2000 -- 20,000 -- 50. It's going to be -- what? -- 100 years old by that time.

Anyway, Senator Reed.

REED:

Thank you very much, Mr. Chairman. And let me...

INHOFE:

Yes, I was thinking about that.

REED:

Let me join you in welcoming Secretary Wilson and General Goldfein.

Thank you for your service. And thank you for your great leadership of the United States Air Force.

We're grateful also to the men and women of the Air Force who do so much. And please convey to them our deep appreciation and thanks, as you always do.

Our witnesses this morning face huge challenges as they strive to balance the need to support ongoing operations and sustained readiness with the need to modernize and keep the technological edge in the three critical domains of air, space and cyberspace. The Air Force has produced a budget that, even with proposed budget increases, reflects very tough decisions.

The budget increases the Air Force is proposing in fiscal year 2019 would seek to increase readiness, address shortfalls in munitions, address shortfalls in pilots and maintenance personnel, and modernize our strategic deterrent capability.

In addition, the Air Force faces a continuing challenge in managing the cost and progress of its major acquisition programs, including the joint strike fighter, the most

expensive DOD acquisition program in history, and a new tanker and a new bomber.

We should hear from our witnesses on progress in all three of these programs this morning.

I would also like to hear more about another modernization program. In this budget, the Air Force is proposing to truncate the program to modernize the Joint Surveillance and Target Radar System, or JSTARS, program.

The Air Force deserves our capital considerations proposal, but we must consider it against the recent history of abrupt Air Force program changes.

The Air Force tried several years to retire the A-10 fleet. Congress turned down the proposals. Now the Air Force is keeping the A-10 and will continue experimenting with a new light attack aircraft called OA-X, that would undoubtedly less survivable than the A-10. Spending for OA-X could cost the Air Force several hundred million dollars or more.

The Air Force supported a Nunn-McCurdy certification that the Global Hawk remotely piloted vehicle was critical to national security, and then proposed canceling the program in favor of U-2 program within two (ph) months of the Global Hawk certification. Later, the Air Force wanted to cancel the U-2 program in favor of the Global Hawk.

The Air Force first proposed to retire nearly half of the Compass Call aircraft without replacement, then decided that modernizing the Compass Call program was so important, that they had to pursue a sole-source contracting strategy program.

The Air Force was pursuing a program to buy the C-27 airlift aircraft because Air Force witnesses said that the C-130 airlift aircraft could not meet their requirements. Later, the Air Force canceled the C-27 program and said that the C-130 was perfectly fine for leading the direct support mission.

With regard to JSTARS program, the Air Force originally proposed to retire a sizable portion of the current fleet JSTARS aircraft with no immediate replacement in sight. When Congress turned down that proposal, the Air Force submitted a modernization plan to replace the existing capability with a new (inaudible) jet and a new radar.

The contract to implement the JSTARS modernization plan is currently in source selection. But now, as I mentioned earlier, the Air Force's fiscal year 2019 budget proposes to cancel that JSTARS solicitation and pursue another path.

The Air Force has mentioned the National Defense Strategy as a reason for making this decision, but the indications about the decision seem to have been made before the National Defense Strategy.

I look forward to hearing about updating these efforts and all your efforts, including progress improvement (ph) shortfalls within the remotely piloted aircraft community

and shortfalls within the larger pilot personnel community.

Again, thank you very much for your committed leadership to the Air Force. And thank you for being here today.

INHOFE:

Thank you, Senator Reed.

Secretary Wilson and General Goldfein, we want to hear your opening statements.

We'll start with you, Secretary Wilson.

WILSON:

Thank you, Mr. Chairman. I'd like to -- with -- if -- with consent to put my entire statement in the record.

INHOFE:

Without objection.

WILSON:

And just summarize a few points.

First of all, Mr. Chairman and -- and Senator -- Ranking Member Reed, thank you very much for -- for the hearing today. I'd like to highlight a few things that are in our fiscal year '19 budget proposal.

The budget proposal for fiscal year '19 does align with the National Defense Strategy and we developed this budget proposal at the same time the National Defense Strategy was being drafted, and so there's a direct influence there.

This -- the -- the National Defense Strategy recognizes that we face a more competitive and dangerous international security environment that we have faced in decades. Great power competition has reemerged as the central challenge for U.S. security and prosperity.

There are what I would say are two bold moves in this budget and one continuing theme.

With respect to the bold moves and the changes, we are accelerating defendable space to deter, defend and prevail against anyone who seeks to deny our ability to freely operate in space.

There's an 18 percent increase from the fiscal year '18 five-year defense plan to the fiscal year '19 five-year defense plan in space. And there's a significant changes there.

The second bold move is the shift to multi-domain operations, particularly with respect to command-and-control, and -- and the way in which we do command-and-control in a disaggregated way, rather than relying on a platform-centric upgrade, which is the JSTARS program.

So those are the two large shifts and changes driven by the environment within which we find ourselves.

The continuing theme and the continuing effort is to keep improving the readiness of the force to win any fight, any time.

WILSON:

In fiscal year '17, we, kind of, started to turn the year (ph) -- turn the corner. The additional resources added by the Congress in fiscal year '18 are helping us start to climb out of a readiness deficit. And the fiscal year '19 proposal, with the budget certainty that the Congress has given us will help us to restore the readiness of the force.

And I wanted to thank you publicly for that effort. We need that certainty, and we are committed to using the dollars which you appropriated wisely in the defense of the nation.

Chief?

GOLDFEIN:

Thank you.

Senator Inhofe, Ranking Member Reed, distinguished members of the committee, it's an honor for Secretary Wilson and I to represent 670,000 airmen as we update you on the Air Force and our budget proposal for 2019.

And I'll begin by thanking this committee for its leadership in building and then gaining approval for a historic budget that will continue the rebuilding of the U.S. military as we return to an era of great power competition.

And central to this effort was the perseverance, tenacity and leadership of Chairman John McCain, who, we know, is recovering today in his beloved Arizona.

As airmen, we'll never forget that he shared his Vietnam POW experience with men like Bud Day and Lance Sijan. We admire his leadership and wish him and his family our warmest regards as he takes on this latest challenge. And we hope to see him soon in these hallowed chambers.

A fitting testimony to his unwavering dedication and commitment, this budget request

allows our nation to confront today's threats and moves us towards an Air Force we need to face tomorrow's challenges.

As airmen, we first defend the homeland and our allies with a safe, secure and effective nuclear deterrent. And we're expected to own the high ground with air and space superiority.

And, as stated in the National Defense Strategy, we're expected to project America's military power forward with our allies and our partners as we bring global vigilance, global reach and global power to the joint team.

This historic budget we discuss today continues the recovery you set in motion in 2017, when we stopped the continued erosion of our readiness following years of budget instability.

In 2016, our pilots averaged just 17 hours of flying time per month. We were able to advance that number to 19 hours in 2018. And, with this budget, we begin restoring pilot proficiency to 21 hours per month in 2019. Pilots join to fly, and this budget gets them back in the air.

In 2016, we faced a shortage of over 4,000 maintainers. In 2018, we'll reduce that number to almost zero. Ten years of maintenance experience lost cannot be gained overnight. Yet this budget builds the foundation for a full recovery.

Nine years of continuing resolutions has negatively affected our munitions manufacturers in the industrial base that we will need in a peer fight.

Under C.R.s, we placed industry in a difficult situation to retain capacity and a roster of highly skilled workers with appropriate security clearances without being able to clearly identify what we could afford to purchase each year. This budget request fully funds preferred munitions to industry capacity, allowing for 9,000 line items above F.Y. '18 totals.

With your continued support of this '19 budget, for the first time in years, we have a National Security Strategy, a National Defense Strategy and a Nuclear Posture Review and the resources required to support them: strategic alignment.

Said another way, as has been argued so loudly by this committee, for the first time in years, we have a strategy-driven budget, versus a budget-driven strategy. And, on behalf of all of our airmen, I can only say thank you.

However, we also know that we only have visibility on this plan through 2019, and a return to the disastrous budget caps of BCA in 2020 would repeat the damage caused by the 2013 sequester, from which we are still recovering as a service.

And, finally, we're acutely aware that every dollar we're given is a dollar that was earned by Americans. And it is our solemn obligation to remain good stewards of those dollars. Thank you again for the opportunity to -- this morning, to testify on

behalf of airmen who are standing the watch. Secretary Wilson and I welcome your questions.

INHOFE:

Thank you, General Goldfein (ph). I appreciate your comments about Senator McCain. In his behalf right now, I'll read his statements, since a quorum is present.

Since a quorum is now present, I ask the committee to consider a list of 256 pending military nominations, including on this -- included on this list are the nominations of Admiral Davidson to be commander, U.S. Pacific Fleet; General O'Shaughnessy to be the commander of the U.S. Northern Command, or -- and NORAD.

All these nominations have been before the committee in the (ph) required length of time. Is there a motion to favorably report this list of 256 pending nominations to the Senate?

(UNKNOWN)

So moved.

(UNKNOWN)

Second.

INHOFE:

All in favor, say aye.

The motion carries.

About a month ago, several of us on this committee -- Senator Ernst, Senator Rounds, Senator Sullivan, myself, and also a couple members from the House Armed Services Committee were in the East -- in the South China Sea, and seeing something that's kind of hard to convince to the American people -- that our image in that area is not really up and equal to China's image.

We all know about what's happened in terms of the -- of the islands that they have created. And they're at over 3,000 acres right now. It's all as if they're preparing for World War III. Those words came from our allies over there, not from me.

It's pretty frightening when you see the -- the -- some seven islands that were illegally created and are -- have nothing except, really, military equipment -- cannons and all of that. And so we are finding allies that we have there -- and we talked to all of them, the Philippines, South Korea, Taiwan, Japan -- and they all are -- it's almost as if they're taking sides. Who shall it be, China or the United States?

Whether we like it or not, that's our current image there. And I -- and I am really

concerned about giving some kind of assurance to our allies that -- that we are being prepared in a different way that may not be visible now.

Do you have any thoughts about that, Secretary Wilson -- about reassuring our allies over there that we're in the game?

WILSON:

Mr. Chairman, our responsibility is to be strategically predictable to our allies and to be there and to be operationally unpredictable to our adversaries.

INHOFE:

Good.

WILSON:

The chief and I went to the Pacific -- to the Philippines, South Korea, Japan. The chief then went on to India...

(CROSSTALK)

INHOFE:

When were -- was this?

WILSON:

... to reassure -- in January to reassure them.

INHOFE:

OK, OK.

WILSON:

Last week, we had a Five Eyes meeting, as well as meetings with the -- we -- with the Japanese, the French, the Norwegians and others, about our space partnerships and opened our space -- space schoolhouse to more allies and partners.

We are stronger together than we are alone, and we -- I don't know if the chief wants to talk a little more about our operational partnerships.

INHOFE:

And, Chief, what I'm getting at here is the image that we have over there, which I'm sure you -- you saw at the same time that you were there.

GOLDFEIN:

Yeah. Yes, sir. And what I will tell you is that a big part of the air component story in the Indo-Pacific region is the stability of our forces, over time. If you take a look at the drastic reductions that we've taken over time, across the Air Force, where we've had to pull forces is primarily from CONUS, or here in the U.S., and in Europe, where we've come down significantly over the years.

If you look at where we are in the Pacific, it's actually been fairly stable over time. And so our commitment to the -- our fellow air chiefs there and how we exercise, how we operate, whether that's on the Korean Peninsula or throughout the region, has remained stable.

And I project it will remain stable over time. And then, with this increased budget, it gives us an opportunity to further reinforce that air component solidarity with our allies and partners there in the region.

INHOFE:

OK. I -- I think it's significant, and I appreciate that very much. I wanted to get that on record.

Senator Reed mentioned several of the -- of the vehicles that are out there, that we're modernizing right now. And they -- the one that is of greatest interest to me, perhaps, is the KC-46.

We need to stop and think about the KC-135 having endured, what, 59 years. I'd look at this as something that's going to be probably in that same -- in that same situation. Secretary Wilson, we're anxious for the first KC-46 to get delivered to the Air Force. And I understand that's going to happen this year.

We've had some delays on the first delivery, and we're all very interested in that. The president's budget had, I think, 15 coming on board -- the KC-46. Do you agree that that's an adequate number, an achievable number and a desirable number?

WILSON:

Yes, sir. I think that's a desirable number. We have had meetings with Boeing and additional meetings last week to get a -- an agreement on a schedule. We believe -- the Air Force believes that the schedule that Boeing has is still overly ambitious, and we'd like to get agreement on a delivery date and drive to that delivery date.

(CROSSTALK)

INHOFE:

Yeah. And so (ph) what do you think about the -- the president's budget having 15 in

it (ph), General Goldfein?

GOLDFEIN:

Sir, I'd also -- I agree with the secretary that it's absolutely a desirable number and a sustained number, over time, as we bring that weapons system on, as you know.

And I would offer that we are a global power because of our global reach, and it's all the services that rely on that tanker force, and our allies and partners, to be able to project power globally. So it's a critical capability that we need to bring on as -- as fast as we can bring it on.

INHOFE:

Agreed, thank you.

Senator Reed.

REED:

Well, thank you very much, Mr. Chairman.

First, let me note that I had the opportunity to go down and visit the B-21 facilities in Florida and was very impressed with the management, both the Air Force and the contractor. And I know you're paying quite a deal of attention to that. And thank you for your efforts in that regard.

I want to go back to the JSTARS issue I raised. And my sense of the back-and-forth -- and it's been over several years, so this is not a recent development -- is (ph) that, originally, the aircraft was going to be retired without replacement, and then Congress said no.

And then the Air Force came back with a modernization plan for a business jet with a radar and then went into a source solicitation process for that. And then, now, in 2019, the proposal is they cancel this -- that solicitation and pursue another path.

And some rationale has been the National Defense Strategy, but we've got sort of (ph) -- we got a sense that this was going to be the 2019 proposal, even before the NDS came out. So, either the secretary or -- or the chair (ph) -- chief of staff, can you give us some ideas about what's going on?

WILSON:

Senator, we were working on the National Defense Strategy for about nine months before it was published in the -- and I think the last version that I saw had diversion 67 (ph) on it.

So we -- we understood what -- the direction we were going to be guided to go

before it was actually published in January. So it did influence our fiscal year '99 budget submission.

The -- there's several things that are -- that have changed. And I was -- I was on the National Security Council staff in 1991, when we -- JSTARS was a new invention. We pushed it forward into the fight when Saddam Hussein invaded Kuwait.

And it was a -- it was a transformative capability. But, in 1991, I didn't have a cell phone. Nobody in this room had a cell phone. And the technology was different. So is the threat.

So the threat is changing, and we've been guided to say, what can -- what do we need to do in a contested environment to support the ground operators, because that's what this is about?

We -- we know that it won't survive close to the battle area. It looks forward about a couple hundred miles onto the ground to look at what troops are massing out there to attack us.

And so we -- we asked them to see if they could come up with a better way to solve the problem. The -- the proposal we put forward integrates multiple sensors -- space, air, manned, unmanned, ground -- fuses that data, instead of having one aircraft doing a loop close to the battle area.

We also know that we can keep JSTARS, although we've looked at the air frames -- we think we can keep them a little longer than we thought. That opens this opportunity. We will extend and bring back some AWACS to help, as well, and they're a little further off from the forward edge of the battle area.

We think -- we had the engineers come in and scrub this plan so that it's -- the technology readiness level is high. We think this is a better answer. And that's why we -- we put it forward in the budget.

REED:

General Goldfein, your comments, please.

GOLDFEIN:

Yes, sir. I'd -- first, I'd like to make sure that there's no -- there's no question in anybody's mind that we are committed to staying shoulder to shoulder with Army, Navy, Marine Corps as we continue to look at the fight in the future.

I've been fighting side by side with the Army my entire career, and it's my obligation, I believe, as the -- the secretary to (ph) organize, train and equip, to ensure that any soldier, sailor, Marine, airman who are on the ground, who hear jet noise -- I never want them to look up. I want them to know it's us. And we -- we owe that to them.

So this is about ensuring that we understand the problem that we have to solve. And the problem, as the secretary has laid out, is that we have to simultaneously be able to provide a common ground picture to a individual on the ground of enemy movement in both a contested and a non-contested environment.

And we don't have the luxury of doing it in either-or. And so, given that challenge, we went back to look at original assumptions, and you asked, what's -- what's changed that caused us to change?

The secretary laid this out. The most fundamental change is that, when we did a deep dive into the fuselage, we've learned that we can fly the current frame through the late -- mid to late '20s, 2028. So that fundamental assumption we started with was that these airplanes were going to stop flying in 2018, so that we had to -- we had to solve a platform problem with a platform solution.

GOLDFEIN:

That gave us time to step back and say, "Is this the best plan to be able to solve both the contested and uncontested?" Because we don't want someone in a contested environment on the ground, which where we will be, to be blind to enemy movement on day one of that campaign.

So given the fact that we can fly longer, we looked at, how can we use those resources in a different way to be able to provide that ground moving target and the battle management simultaneously for both Yemen and Kaliningrad? And the best way forward for us is to move into a multidomain sensing capability that uses space, leverages where commercial space is going, leverages every platform that we are building as a joint team that does ground moving target indicator or GMTI, and look at disaggregated command and control.

And so, the plan we move forward allows us to keep the current capacity through 2028, possibly longer, and gives us 10 years now to build the multidomain capabilities to be able to fill in the gaps. And the gap that we have got to fill is that Kaliningrad-China campaign gap in a contested environment.

REED:

Just quickly, because my time has expired, I understand that; it's a very logical presentation. But we're starting out with a new concept and we're at the very beginning stages of trying to develop the many different parts. Is that fair?

GOLDFEIN:

It...

WILSON: Case 1:17-cv-02459-MJG Document 190-5 Filed 07/06/18 Page 14 of 73
(OFF-MIKE)

GOLDFEIN:

Go ahead, you want to go?

I'll just say that here's one of the things we're able to do. Previously, we had to -- we were going to retire seven E-3 AWACS. This allows us to not only bring those airplanes up, but to modify them so we can get -- so we can get top secret feeds into AWACS, so they can start getting feeds from all kinds of different platforms and capabilities to do that battle management.

Every airplane and every platform the joint force is building that has an electronically scanned radar does that business. And so we have access to more capability.

The other thing we're going to do, is we're going to take MQ-9s and build a GMTI capability in MQ-9s, so a soldier now will have the capability that he doesn't have today to find, fix and finish on a single platform, based on being able to see movement, put a sensor against it, validate it, fix it and destroy it with weapons on the wing.

So to the soldier on the ground, they're going -- this is going to be transparent to them. The soldier on the ground in a contested environment is going to get -- is going to be served by the better plane.

REED:

Thank you very much.

Thank you, Mr. Chairman.

INHOFE:

Thank you, Senator Reed.

Senator Wicker?

WICKER:

Thank you.

Thank you for a bit more optimistic report than we've had in the past year.

So let me talk about a problem we still have: the pilot shortage problem in the Air Force, the pilot shortage problem generally, and also pilot training.

It's been estimated that there is approximately a 2,000-pilot shortage in the Air Force, including 950 fighter pilots. Boeing reports that North America will need

117,000 more pilots over the next 20 years.

So what are we doing about this? Are we going to max out the UPT bases? And what about this somewhat controversial proposal to add a new contractor-run undergraduate pilot training facility?

You want to start first, Madam Secretary?

WILSON:

Senator, I will.

You're right that there is a national shortage of pilots. The airlines are going to be hiring over 4,500 pilots a year for the foreseeable future and they can't hire anyone for the airlines who have less than 1,500 hours of flying time or 750 hours with the -- with the Air Force.

There is an inverse relationship between hiring in the airlines and retention in the services. We're going to have to face that challenge.

We're facing it in three different ways.

The first is to validate our requirements; how many pilots do we really need? And really scrub those numbers.

The second is, we're trying to do everything we can to retain the pilots we have, with quality of service, quality of life, reducing the operating tempo, giving them more choice and options to be able to manage their own careers, so that we keep more pilots on active duty. And they came to serve, they -- so -- so there are ways to increase retention, but retention can't be the only answer.

Third is we have to increase the number of pilots we're training. The first step is to maximize the capacity of the pilot training bases that we have. The maximum capacity -- we've trained about 1,100 pilots last year, I think was the number. The maximum capacity of our current infrastructure is about 1,400 pilots a year.

WICKER:

So that's our three UPT bases?

WILSON:

Yes, sir. Plus -- yes, sir. Shepherd -- the current UPT bases we have, it's about 1,400. And it has to do with the airspace, training ranges, runways, ramp space. But it is about 1,400.

When you get beyond that, we have -- we are looking at whether we should have some flexibility with some contractor undergraduate pilot training. And we are looking

at that option. It gives us the ability to increase for a bit and to recover faster, and also to ramp back down without affecting the indigenous Air Force capability.

So it is an option that we're looking at.

Chief, you want...

GOLDFEIN:

Sure.

I'll just add that as we look at this, as you might imagine, we've been out eyeball to eyeball with our pilot force, listening to them, squinting with our ears to make sure we understand, you know, what are those actions that we could take that would allow -- that would keep them in the Air Force?

Because the part we can't control is the overall problem statement, and that is that we as a nation don't produce the pilots we need to adequately service business, commercial and military aviation. That's a national challenge. We can't control that, but what we can control are those things that we do within the service.

And as the secretary laid out, it's about increasing production, it's about increasing retention through quality-of-service and quality-of-life initiatives, and it's about ensuring that we understand with great fidelity the data that drives the requirement for pilots to go to do the nation's business.

WICKER:

OK, General, on that last statement -- and that follows up on what the secretary said about validating the requirement. Are you saying that the requirement might not quite be 2,000 pilots and it might not quite be 950 pilots? Is that what you're saying?

GOLDFEIN:

No, sir.

What I'm saying is that where we actually place pilots -- because to have a healthy and mature weapons system, you have to have enough pilots that actually fly the aircraft...

WICKER:

OK, well are you pretty sure that we're in the ballpark on a 2,000-pilot shortage?

GOLDFEIN:

Yes.

WICKER:
OK.

And -- and do we need to be part of a larger conversation with industry and, frankly, with our allies about the international pilot shortage?

Yes, ma'am?

WILSON:
Sir, I think we do. This is a national shortage.

I would say that the only pathway for someone outside of the military to get into the airlines -- there are very few of them: crop dusting, some, you know, flight instructing, or going overseas and flying with a foreign commercial carrier. Because they don't have the 1,500-hour requirement.

WICKER:
Thank you.

INHOFE:
Thank you, Senator Wicker.

INHOFE:
Senator Shaheen?

SHAHEEN:
Thank you, Mr. Chairman.

Since we're talking about pilots, I was struck by the news coverage of the Southwest problem last week with its engine. And the pilot did such a terrific job. And one of the pieces of that new story was that she had hoped to join the Air Force and had wound up joining the Navy because the Air Force wasn't as open to women. I assume that's no longer a problem.

WILSON:
Senator, I came into the Air Force at about the same time. The Navy opened fighter pilots -- flying to women earlier than the Air Force, but they couldn't fly in combat. And I was also part of the effort to change that law, back in 1991.

SHAHEEN:

Thank you very much. I appreciate that. I thought it was important to make that point.

I want to thank you, Secretary Wilson, for taking time to meet with me last week and for the responsiveness of the Air Force to the issue we have at the former Pease Air Force Base with perfluorinated carbons, or PFCs, which have affected the groundwater.

It's an issue not just in New Hampshire, but at military installations across this country. And I also appreciated Assistant Secretary Henderson coming up and meeting with folks in the community.

As you know, we had, through the defense bill last year, the authorization, and through the appropriation in the omnibus, we have funding for a health study that's going to be done by the Agency for Toxic Substances and Disease Registry through the CDC. And I just wanted to urge you to see -- do everything you can to make sure that that funding gets transferred as expeditiously as possible.

We have 1,500 people who have been tested with elevated levels in the Portsmouth area, who are anxious about their future and their children's future. And I know there are many people throughout the Air Force and our other military installations who share that concern.

WILSON:

Senator, we will work with you and with HHS, as well as CDC, to make sure that study is done.

SHAHEEN:

Thank you very much.

You talked about the bold new move, one of which was accelerating defendable space. General Hyten testified at a recent STRATCOM posture hearing regarding his view that the U.S. military should eventually stand up a separate branch for space domain, but that now is not the right time to do so. Do you share that view? Or do you feel differently about it?

WILSON:

Senator, I feel that the United States is the best in the world at space, and our adversaries know it, and they will seek to deny -- they're developing the capabilities to deny us the ability to freely operate in space in crisis or war.

This budget reflects an alignment of the American leadership. The president has set out a National Security Strategy and a National Space Strategy, restarted the -- the Space Council, which the vice president is chairing.

Secretary of defense and the Air Force are all aligned on the need to accelerate capabilities which are here in the president's budget. We are building a more lethal and more agile force, and -- and I think -- I think this fiscal year '19 budget has a significant commitment to being able to defend ourselves on orbit.

SHAHEEN:

So does that mean you think we don't need to set up a separate space force, at least in the foreseeable future?

WILSON:

Senator, we are open to discussing ideas that people have in this -- in this realm. I think the most important thing is not the organization, but what we actually do, and that is to defend ourselves on orbit and make clear to any adversary that, if they take us on in space, we will prevail.

SHAHEEN:

And is there a role for our National Guard in the space domain?

WILSON:

Senator, we have National Guard units that are involved in -- in space -- in aspects of space, as well as reserves.

SHAHEEN:

Thank you.

General Goldfein, you were talking about our efforts in Kaliningrad, and I know one of the things that our European allies are very interested in is our support for the European Deterrence Initiative. Can you talk about what more the Air Force is doing to support that initiative?

GOLDFEIN:

Yes, sir. You know, we talked earlier a little bit about -- about our stable presence in the Pacific. The air component story in the -- in Europe is actually slightly different. We've taken down significantly, over time. And we, as an Air Force, have gotten just so much smaller over time.

I mean, when -- if I'd been the chief in 1991, with the secretary, you know, we'd be talking to an Air Force of just shy of a million active, guard, reserve, civilians and -- and, just to give you one force element, 134 fighter squadrons. You know, when we -- we today -- we have 56 total, and 670,000.

So a lot of that reduction came in Europe. And so, with this smaller force, the European defense initiative, from the air component perspective, has been investing -- investment in access and basing so we can take this smaller force and push it forward very quickly to compete, deter and then win, if required, working side by side with our NATO allies.

So that's why you've seen so much investment in basing, so much investment in infrastructure, as our part of EDI. And I think, as we go forward, you'll see that continue.

SHAHEEN:

Thank you.

Thank you, Mr. Chairman.

INHOFE:

Thank you, Senator Shaheen.

Senator Fischer.

FISCHER:

Thank you, Mr. Chairman.

General, the RC-135 is the latest in a family of platforms that have served as the backbone of the Air Force's manned ISR missions since 1962. And I am very proud that Nebraska's 55th Air Wing at Offutt Air Force Base is the home of this very unique mission.

And, as we race to match the pace of new threats, it is critical that we adequately fund this aircraft. The F.Y. 2019 Air Force budget requests funds to make upgrades to the platform. And how have global threats generated a need for this capability?

GOLDFEIN:

Yes, ma'am, thank you. Not only is it a critical capability, as you know, it's a critical capability for our allies. And we share this with the United Kingdom, who has this capability, as well.

So we're finding that this particular capability, without going into the operational details on what happens on that airplane, as we look at peer threats and the return to great power competition, our ability to understand the global picture, to be able to ensure that we understand more than our adversaries and can then decide and act in ways that can produce dilemmas for our adversaries and -- and enhance 21st-century deterrence -- the RC-135 is central to that effort, and will remain so.

FISCHER:

You mentioned it's important for our allies. What about our combatant commanders? What do you hear from them?

GOLDFEIN:

Same. As a matter of fact, the demand signal for RC-135 and its capabilities are going up, especially as we look at the peer competitors; the China, the Russia threats; when we look at our posture vice -- vice Iran, North Korea.

And it's been very successful in our fight against violent extremism. So it actually works across the spectrum of conflict.

FISCHER:

You've also requested funds to convert three KC-135R aerial refueling tankers into a specialized WC-135R aircraft used to detect evidence of nuclear detonations. And how will this conversion, I guess, help to improve the WC-135R mission?

GOLDFEIN:

It allows us to give -- to give more time to be able to continue to accomplish this mission, because the current airplanes are old. They're wearing out.

Our mission-capable rates and, more importantly, our aircraft availability rates to be able to do this mission are -- are much lower than not only the secretary of defense, but the combatant commanders require to do that mission. So being able to convert this into the KC-135 gives us more longevity for that critical mission.

FISCHER:

OK. Thank you. And I would also like to thank the dedicated men and women that we have at -- at the 55th Wing and the missions that they perform.

Madam Secretary, the Air Force's physical infrastructure is essential to the lethality and the readiness of our nation's forces, both key goals of the NDS. Put simply, maintaining readiness means maintaining our runways.

Unfortunately, there are several instances where Air Force installations are operating with runways in increasing states of deterioration and in need of substantial repair. Offutt, in my home state of Nebraska, is one such example.

And, while I am encouraged that the Air Force is working on a planned solution, I do worry about this, in a systemic sense, as an issue. To what degree do you believe the Air Force is experiencing a larger runway maintenance problem?

WILSON:

Senator, I've actually stood on that runway and seen some of the problems with the concrete there. And it was -- it did not last to the -- to the extent it was supposed to.

And, as the engineers there know, and as you know, there were problems in the way they built that runway, and it's going to have to be replaced earlier than it should have been. We do not see that as a systemic problem across -- across the Air Force. I think it was a problem with that contractor.

FISCHER:

I thank you for your interest and your commitment to the runway at Offutt. And I thank you for coming to stand on the runway. It is important to see that firsthand, the issues that our airmen are facing there.

What system do you have in place to monitor the risk that is posed to installations, though, as a result of any kind of degradation to the runways?

WILSON:

Senator, we have civil engineers who are at our bases, who monitor the condition of the runways and other critical facilities.

FISCHER:

And do you believe that's sufficient to mitigate any risk?

WILSON:

Senator, I do. But -- but I can also kind of take that for the record and go back and push on that a little bit, if you would like me to.

FISCHER:

OK. I thank you very much, and I appreciate your support for us. Thank you.

INHOFE:

Thank you, Senator Fischer.

Senator Heinrich.

HEINRICH:

Thank you, Chairman.

Secretary Wilson, General Goldfein, welcome to you both. I wanted to ask you a little

bit about the plans by the Air Force to divert some HH-60W Pave Hawks as the new W models become available.

The entire New Mexico delegation wrote to you a few months ago and expressed support for transitioning some of those legacy helicopters to the 150th (ph) Special Operations Wing.

Doing so would help the Air Force with pilot production, but also help alleviate the stress on the 58th Special Operations Wing to train both the legacy and the new airframes.

So, as the Air Force upgrades to the HH-60W Combat Rescue Helicopter, would you agree that an interim location using the legacy airframe would be beneficial to that transition? For either of you.

GOLDFEIN:

Yes, sir. And we appreciate that option. And we're looking into it. So we do agree.

HEINRICH:

I'd very much appreciate it if you'd look at the -- the New Mexico Air National Guard as the -- having the potential to fill that role.

Secretary Wilson, I was really encouraged to see the Air Force prioritization on modernization in this year's budget. It is a very welcome focus.

I am, however, concerned that it's not necessarily adequately reflected in the basic and applied research accounts, which is really the foundation for a lot of the defense labs (ph).

So the F.Y. '19 budget request increases RDT&E by almost 19 percent, but the basic and applied research lines stayed pretty flat. Do you think we're putting enough emphasis, right now, on -- on basic and applied research?

WILSON:

Senator, I actually share your concern. Our research, development, test and evaluation did go up significantly in this budget. But it is more on the test and evaluation end of things.

We have a science and technology strategy review underway to help identify what are the areas where the Air Force needs to focus for the future and how can we best conduct that research. We expect that review to be done this fall and into the end of the year, and that will help guide us towards the future.

HEINRICH:

OK (ph). I'm, you know, very happy to see the focus on RDT&E. I just worry that, if we don't pay attention to that foundation, that it's going to catch up to us.

One of the other things I wanted to ask your opinion on, Secretary -- I've long been an advocate for a more resilient and responsive space architecture that allows us to move faster and counter threats that we're facing in the current environment.

So I was incredibly pleased to see that the Space Rapid Capabilities Office received such priority and resources in this year's budget request. Can you just talk about -- a little bit about the importance of this newly designated office, Space Rapid -- Rapid Capabilities, and how it's going to contribute to our nation's resilience and fit into the overall architecture?

WILSON:

Senator, the -- the Operationally Responsive Space Office has been renamed the Space RCO. There are four different satellites that that office is working on now.

But I think, even more than just renaming the office, it is -- we've been going through a series of sprints with the Space and Missile Systems Center, since December, of two and three weeks in duration, to look at how do we buy satellite systems, how do we need to change the way in which we buy satellite systems.

One of the -- the -- there are a number of results of that -- that work, but one of them will be to -- to robust -- or strengthen the Space Rapid Capabilities Office to be able to drive forward on prototyping and rapid responses to combatant commander needs.

HEINRICH:

Great.

General Goldfein, I wanted to ask you a little bit about light attack aircraft. You recently announced that the Air Force will undergo another experiment at Holloman this year, rather than the originally planned combat demonstration. How is this experiment going to be different than the one conducted at Holloman last year?

GOLDFEIN:

Sir, to -- three ways. Number one, we're taking a really deep dive on this one, on the sustainment aspects of it -- how many maintainers we need, how to be sustainable both (ph) at home and forward.

We determined that we could -- we could actually get a better outcome by not doing a combat experience downrange, but doing an experiment at Holloman Air Force Base, like we did last time.

Second, we're looking at this through the lens of allies and partners, because a big part of the light attack experiment is a common architecture and information intelligence sharing network, so that those who would join us would be able to be part of the counter-violence -- the -- the campaign against violent extremism.

And the third thing that we're looking at is how do we integrate this particular weapon system in ways that allows us to get to a price point where those that we're affecting in the fight against violent extremism for the long term -- that we're able to do that in the, you know, \$2,000 per flying hour range over time, as opposed to the \$20,000, \$30,000, \$40,000 per flying hour range.

Given the fact that we're going to be in this for a long time, it's a condition, it's why it's been in the National Defense Strategy. So, as we go look at this, we are -- are hopeful that we will get the outcomes that allow us possibly to come back to you and look at even accelerating this to the left, if in fact we -- we think that's -- that's worth pursuing.

HEINRICH:

I look forward to that. It has taken quite a long to -- long time to -- to get this moving. So we're looking forward to seeing that capability fielded (ph).

Thank you, Chairman.

INHOFE:

Thank you, Senator Heinrich.

Senator Rounds.

ROUNDS:

Thank you, Mr. Chairman.

Secretary Wilson, General Goldfein, first of all, thank you for your service to our country. Secretary Wilson, you said that, if you currently have a bomber base, you'll be getting a B-21 -- you'll be getting B-21.

We're very happy with that decision, and we're looking forward to getting the B-21 at Ellsworth Air Force Base. The aircraft is expected to arrive in the mid-2020s, which is only about seven years away.

To prepare for the arrival, there are significant amounts of work that have to be completed. The MILCON work that would have to be done is going to take some time. I've just got a couple of questions with regard to what the planning is for this particular movement.

It's my understanding that the Air Force will must complete the strategic basing

process in order to make the B-21 basing decision official. Am I correct in that assumption? And when would this be done?

WILSON:

Senator, you are correct that, if you have a bomber base now, you'll have a bomber base in the future. We expect a minimum of 100 B-21s -- so as a minimum. The rest of the fleet will be B-52s.

The chief has also directed a review of a -- the entire number of squadrons that we have of all kinds of aircraft, in light of the National Defense Strategy, which should be done by the end of August.

We -- we would not expect to -- to move forward with a strategic basing initiative in the near term, honestly, because this is still, now, seven years out or so. If we get a validation of numbers, I suppose we could move forward earlier on it. But there's -- there's really probably not a need to move on it for another couple of years, at least.

ROUNDS:

That's the reason for my question. It would appear to me that, with the amount of work, the military construction that's going to have to be done and the fact that it's going to have to move through an appropriations process, it seems to me that there would be, at some point, a plan in which the MILCON would start to become a part of the -- of that process.

That's really what my question is -- is, how soon would it be before we expect to see the Air Force making recommendations with regard to MILCON activity for these improvements in those bases in order to be able to receive the B-21 in a timely fashion?

WILSON:

Senator, I wouldn't -- it's not on my radar screen now, for the -- for the basing actions that we expect in the near term. And so -- so, you know, the B-21 will start coming on in the mid-2020s, and then there's a ramp-up after that.

You know, I suppose -- I would take this under advisement as to whether we should move this forward to give communities some certainty. But I don't know. Chief, do you have anything on the bombers' structure, the force structure?

GOLDFEIN:

Yes, ma'am.

So, sir, what I would just offer is that, if you look at our MILCON submission, this

budget, our priority starts with new mission MILCON, and then we go to combatant commander critical requirements, and then we get to worst -- what we call "worst first," those worst facilities that we've got to build across all of the major commands.

So the top of our submission is in new mission bed-down. So that's why you see MILCON going in on the F-35, MILCON going in on the KC-46. So the process that we use to align that MILCON with new mission, to ensure that it's in place before the aircraft arrive, because you've got to be able (ph) to do the maintenance and sustainment of the weapon system before you actually operate it -- that same process will be used for the B-21.

ROUNDS:

So what I'm hearing you say is -- is that you simply -- because of the timeframe, you've got other items, such as the 135, that's got to be bed down first, and that's where your priority's going to be for the next couple of years, with regard to the MILCON mission.

Am I saying that correctly?

WILSON:

Senator, we generally don't plan MILCON outside of the five-year window, and so -- so this is, for us, beyond the five-year window where -- of where we would be planning.

ROUNDS:

Today, just now, once again, we've used the term that we would have a minimum of 100 B-21s, or at least that's the -- the structure today. Isn't it about time that we really start talking about what our needs are and about what the real discussion should be?

I mean, I understand that, when we're -- when we're -- when we're talking about 100 aircraft, there's a cost involved, because, on a per-copy basis, the more you build, the less expensive per copy it can become. And, the sooner you have certainty with regard to that, perhaps, the better off we all are in terms of how we budget for it.

Isn't it fair to say that, under most analyses that have been done, were somewhere between 170 and 200 B-21s, or at least that number of bombers, necessary to fulfill the missions as you currently understand them?

GOLDFEIN:

Yes, sir. And that's why I've directed the -- to the study that will be done by August on exactly what the size of the Air Force needs to be -- bombers, fighters, command and control, personnel recovery -- all those elements that we bring to do the missions of the Air Force.

The -- the National Defense Strategy -- the secretary said we're on version 67. We had folks that were helping the secretary of defense with the writing of that document. We were getting periodic updates, and we were looking at the '19 budget throughout that timeframe.

And so, as we look forward to the future, we owe you, now, what the size of the Air Force needs to be to be able to accomplish the National Defense Strategy tasks. And that's where we'll come back to you with, telling you what the requirement is for the force of bombers we need.

Right now, what we know is the minimum is 100. I fully expect that the requirement is going to be above that.

ROUNDS:

Let me just, for the record, ask you once again, just so that I understand it -- when would you expect to be able to come back to the committee with a recommendation as to what our force should look like?

GOLDFEIN:

Our plan is to do that by August.

ROUNDS:

Thank you.

Thank you, Mr. Chairman. My time's expired.

INHOFE:

Thank you, Senator Rounds.

Senator Peters.

PETERS:

Thank you, Mr. Chairman. And, to our witnesses, thank you for your testimony here today, as always.

Secretary Wilson, when you appeared before this committee in December, you said you are -- and I'm going to quote you here -- "a big fan of the A-10," which I certainly like to -- to hear.

But I'm concerned because of -- a significant number of A-10s will have to be grounded unless they receive new wings. So that is a -- is a big concern. And the Air Force's fiscal year 2019 budget request included \$80 million for additional wing sets

But, last week, in the Airland Subcommittee, we heard testimony that the Air Force has only committed to maintaining a minimum of six of the nine A-10 squadrons through 2032.

Secretary Wilson, could you please clarify the Air Force's intent for the future of the A-10? And has there been a decision made to reduce from nine to six?

WILSON:

Senator, there's been no decision to reduce from nine to six. The -- the current fiscal year's budget includes the funds to increase -- to -- to restart the line for the re-winging of the A-10 and to buy the first four wing sets.

The fiscal year '19 proposal has \$80 million, which should get us somewhere between 8 and 12 additional wing sets. Earlier this week, I asked our acquisition folks to see whether that production can be accelerated for delivery so that we don't have groundings.

And -- and they're taking a look at that. But there has been no decision made to reduce the number of A-10 squadrons.

PETERS:

And -- and is that decision based on current funding? Or will you require additional appropriations in F.Y. '19, above the budget request, for the A-10?

WILSON:

Senator, we have the money in the budget request, I think, for between 8 and 12 additional wing sets. We haven't gotten -- I don't believe we've gotten the -- the final proposals and made a decision to be able to, now (ph), analyze how many wing sets per year is the maximum that industry could produce. But I may be able to get that information to you.

PETERS:

I'd appreciate that, if you could, Secretary.

WILSON:

Yes, sir.

PETERS:

You mentioned the contracts. Could you please provide an update on the

competition for the A-10 wing contract? I know there were some issues in the supply chain. Do you expect any issues in the industrial base to delay this program?

WILSON:

Senator, I don't expect any now, but it is a good example of supply chain problems. The prime contractor for the A-10 no longer exists. This is -- North American was the aircraft producer at the time.

And there are, as I understand it, 102,000 parts on an A-10 wing. So -- so I don't know how many of those are different part types. I'm hoping a lot of them are the same rivet. But it's a -- it's a -- it's not an -- it's a complicated wing.

PETERS:

Right, right.

With disruptive technologies making it easier and less expensive to put satellites in orbit, we are likely to see the beginning of a -- of a satellite boom. Several companies have applied for and received licenses to launch large satellite constellations in the next 20 years.

Recently, as know, SpaceX was approved to launch a constellation of more than 4,000 satellites to provide rural broadband. It's certainly a very important issue for the United States, but one particularly important for me and for northern Michigan and the Upper Peninsula of Michigan.

But, needless to say, space situational awareness or space traffic management is going to become far more complicated in the upcoming years. Recently, Vice President Pence, as the head of the National Space Council, announced that the Department of Commerce will become responsible for a basic level of space situational awareness, using data provided by the Air Force.

However, I'm personally concerned that the orbital debris regulatory landscape is already extremely complicated and adding a new organization in the Department of Commerce would probably only add to that complexity.

So my questions, to either one of you, is what steps do you recommend to improve our whole-of-government approach to space situational awareness? And what role specifically should the Air Force play? And what other agencies and departments do you want to see in leading roles?

WILSON:

Senator, a number of questions there.

The Air Force has been doing notification of possible collisions in space since the

1950s, not only for the United States, but for the world and for -- for companies. We track any object greater than about a softball size, and there are 20,000 of those currently orbiting the Earth.

Last year, our group, out of Vanderburgh, California, gave notice of about 300,000 potential collisions in space. We are -- we are increasing our space situational awareness capabilities. We have four satellites on orbit.

We will put two more satellites on orbit for co-orbital space situational awareness, but we also have a ground-based system to be able to watch things and not just keep a catalog, but to be able to see things in near-real time. So, if anything is moving, we figure out why and we're able to protect our assets on orbit.

With respect to who we cooperate with, I had a meeting last week with the secretary of commerce. They are going to come out to our Schriever Wargame this fall, and we will have a civil cell there so they can start to learn how we do this now. We're quite happy to move that to the Commerce Department and stand up their capability.

The sensors will probably all come from us, but there may be some advantages to having the Commerce Department doing this, as well. There are other sources of data on space situational awareness, and they may be -- may be able to do some things that, honestly, right now, we just -- our sensors track and we notify off of our sensors. They -- they may be able to do some additional things, based on other people's data sets, and that may be an advantage for all of us.

PETERS:

Great, thank you so much.

INHOFE:

Thank you, Senator Peters.

Senator Cotton.

COTTON:

Thank you, Mr. Chairman.

Madam Secretary, General Goldfein, thank you for being here today. I'm sorry I'm late. I just came from the White House arrival ceremony for President Macron. I will say that your Air Force platoon performed excellently, almost as good as the Army platoon.

Secretary Wilson, we passed a two-year budget a couple months ago, and an omnibus spending bill for the rest of this year. Obviously, that's given (ph) a bit of a reprieve from the budget caps and sequestration under the Budget Control Act.

However, we still have to implement the second year of that budget agreement.

Could you explain to me the impacts that continuing resolutions have had on the Air Force and why it's important that we pass a DOD appropriations bill in a timely fashion this summer?

WILSON:

Yes, sir.

The -- Senator, I think that that nothing has done more damage to the United States Air Force than budget uncertainty or sequester over the last decade. And -- and certainty allows us to do things like work with industry to maximize the munitions production up to -- to industry capacity.

It allows us to sign contracts, other than in the last half of the year. So it -- probably the most important thing is industry certainty. We have not sequestered ourselves this year. We have acted as if -- you know, as if the budget was ultimately going to be -- to be passed. But the uncertainty with industry is a major issue.

COTTON:

Thank you.

And then, of course, we'll be back in this situation in about 18 months, because the last two years of the Budget Control Act, fiscal years 2020 and 2021, remain.

I assume that it's imperative that Congress act to eliminate those caps and the risk of sequestration for the same reasons for those two fiscal years?

WILSON:

Yes, sir.

COTTON:

Thank you.

The Air Force's unfunded priorities list states that the ground-based strategic deterrent and long-range standoff weapon programs are both expected to run out of funding by the end of the year due to accelerated timelines.

Please explain a little bit more about the acceleration of the timelines of those programs.

WILSON:

Senator, they're ahead of schedule. They're making very good progress, and they're ahead of schedule.

COTTON:

So that's a good news story, then, not a bad news story?

WILSON:

Yes, sir.

COTTON:

Thank you.

What impact, if any, would the Air Force face on these programs if it does not receive the extra funding that is identified in that unfunded priorities list?

WILSON:

Senator, our unfunded priorities list this -- this year -- it, because of the increase in the money that the Congress appropriated in the budget deal, is actually smaller than it's ever been, at least in the last -- probably the last decade.

But what we did in those unfunded priorities, which we're required by statute to provide, is -- is accelerate things that are already in our five-year plan -- so pull more things to the left, if there were additional top-line.

We are -- we are actually executing on the nuclear modernization, on the -- the research and development phase of that, faster than we thought. And that would be a good place to keep -- keep the progress going.

COTTON:

Thank you.

General, how many fighter aircraft does the Air Force have today?

GOLDFEIN:

Sir, we currently have 21 -- 2,151 aircraft.

COTTON:

How many are combat-coded?

GOLDFEIN:

Approximately 75 percent of those.

A little over 1,500, then?

GOLDFEIN:

Yes.

COTTON:

OK. So you are in compliance with the NDAA provision from a couple years ago...

GOLDFEIN:

We are.

COTTON:

... to maintain a minimum of 1,900 aircraft and 1,100 combat-coded. Does the new National Defense Strategy have any impact on what our requirements are today for both total aircraft and combat-coded aircraft?

GOLDFEIN:

It does. And, in fact, we are going to be coming back to this committee, by August, with our system (ph) -- assessment of what -- not only the number of aircraft, but, more importantly, the number of squadrons that are required, not only with fighters, but with fighters, bombers, command and control, personnel recovery -- all those elements that are required to successfully support the National Defense Strategy.

And, to the previous discussion on -- on A-10, we'd discussed earlier that, you know, we have gone from 134 fighter squadrons, to 56. One of the reasons that -- that the secretary and I are looking at all of those fighter squadrons is because the last thing we want to do right now is get smaller.

We need to work with this committee to get larger and make sure that we can source the number of airframes, the maintainers, the people and the squadrons we need to adequately support the strategy.

COTTON:

Thank you, General.

And, Madam Secretary, thank you for your visit to Arkansas to sit with our National Guard and Little Rock Air Force Base.

INHOFE:

Thank you, Senator Cotton.

Senator Hirono.

HIRONO:

Thank you, Mr. Chairman.

Secretary Wilson, peace and stability in the Indo-Pacific is essential. And I'm glad that you are paying a lot of attention to the region, given its importance.

You've made some recent visits to the region, which also included a stop in Hawaii, where you discussed recognizing that we've returned to an era of great power competition and that adversaries in the Indo-Pacific area are rapidly modernizing and we need to keep pace in this highly contested region to ensure our national security.

And, from your visits, as well as your thinking about the region -- being the Indo-Asia-Pacific region -- what concerns you most as secretary of the Air Force?

WILSON:

Senator, what concerns me most is the pace of innovation of China and their -- rapid growth in their military capabilities.

HIRONO:

So do your budget requests reflect recognition that you have a concern and that we're stepping up, in terms of our pace of modernization acquisitions?

WILSON:

Senator, I think -- I think it does.

HIRONO:

Do you believe additional assets and investments are needed for the Air Force to maintain its competitive advantage against our adversaries in the Indo-Pacific region? If so, what -- in what areas?

WILSON:

Senator, we've -- put an unfunded priorities list together that would accelerate things faster. I would say that one of the things we are trying to do in the Air Force is to accelerate the pace of acquisition -- to do more prototyping, more experimentation, to use the authorities that this committee has given us to get to -- get to capability faster -- from the -- from the lab bench, to the flight line faster.

And I think that's -- that's -- there are no more -- you've given us a lot of authorities.

We now have to execute on those authorities.

HIRONO:

You talk about the -- your concern -- the pace of innovation of China. So in what areas are they innovating that causes you great concern? General?

GOLDFEIN:

Ma'am, I'll first and foremost about some of the work they're doing in space. It's very aggressive. We've built our space architecture in era where space was a rather benign domain.

And so, as the secretary has laid out, we're very focused and taking some bold moves in this budget to increase our ability to defend what we have in space.

And I would also tell you that, in areas of hypersonics, in the areas of some of the game-changing technologies that we have investments in, we're also watching very clearly what China's investing in the same.

HIRONO:

What about Russia? Aren't they investing in the space domain?

GOLDFEIN:

They are investing, but they don't have the economic base that China has to be able to advance this quickly.

HIRONO:

General, you are an advocate of Air Force readiness, consistently testifying on its importance. And I also believe in the importance of readiness for our airmen.

This March, I visited the guard unit at Joint Base Pearl Harbor-Hickam, where I revisited a readiness challenge that I have been working on with Air Force leadership for a number of years now.

The challenge involves adversary air capability. And you're nodding because I think you're familiar with the situation in Hawaii. There, the guard unit is forced to go F-22 against F-22, in many cases. Unlike other bases, Joint Base Pearl Harbor-Hickam does not have T-38s or aggressor squadrons that are there to conduct adversary air operations.

I understand that Air Force is looking at some commercial solutions for adversary air. And, of course, I'd like to see T-38s or other aggressors based at Joint Base Pearl Harbor-Hickam as a future goal. But, in the meantime, as you work the new contract,

adversary air capability, are there other solutions being considered?

GOLDFEIN:

Ma'am, primarily, we're looking at this from -- a contract solution for Hawaii specifically. I will tell you this is a home-station training challenge. When those -- when those squadrons deploy to Red Flag, to Alaska, to other areas, they're able to actually, then, train against a robust adversary.

When they train in the simulator, they're able to train, now, against a rather robust adversary. This is about filling that gap for daily home-station flying training. And the primary vehicle we're looking to fill that gap is through a contract.

HIRONO:

So you're telling me that you're making progress so that our airmen do not have to go F-22 against F-22? Because that is not the way we would like to use our resources.

GOLDFEIN:

Less than optimum. Yes, ma'am.

HIRONO:

OK. One more question.

Secretary -- well, it's both of you -- I know you often have to weigh priorities in readiness, modernization and additional capabilities versus MILCON. In your recent MILCON F.Y. '19 budget request, the Air Force states that MILCON investments support the combatant commanders' highest construction priorities, such as the posture of forces in Europe and Indo-Pacific resiliency.

I am encouraged by the prioritization of MILCON investments in the Indo-Pacific region in support of your mission. Can you discuss very briefly the importance of MILCON investments to improve your capabilities to deter our adversaries in the Indo-Pacific region?

We'll just go with you Secretary Wilson.

WILSON:

Senator, I take the point, and it is -- it is a priority not just to put MILCON in the Pacific, but to pursue agile basing in the Pacific and the ability to move in a -- in unpredictable ways in a crisis and disperse forces.

I would say that, you know, our -- our budget, when we look at the actual numbers, the way things fell out, we may have overemphasized the European defense

initiative a little bit, and possibly underemphasized what we're doing in the Pacific security initiative a little bit. And that seems to show up on the agile basing issue.

HIRONO:

But, because of your understanding of the importance of the Indo-Asia-Pacific area to our national security, you are placing more emphasis on what we need to be doing there?

WILSON:

Yes, Senator.

HIRONO:

Thank you.

Thank you, Mr. Chairman.

INHOFE:

Thank you, Senator Hirono.

Senator Ernst.

ERNST:

Thank you, Mr. Chair.

Thank you very much, General Goldfein. Thank you for mentioning Iowa Colonel Bud Day. He is -- he's gone, but will never be forgotten. He really is a true hero to so many of us. Secretary Wilson, thank you very much for your service. It's good to have you in front of the committee.

I'm going to start with an issue that has been very important to me and for our aviators, something that I continue to be concerned about: the physiological episodes that our aviators experience. And it's burdening not just the Navy, but our Air Force pilots, as well. In March alone, we have 12 episodes that were reported amongst the T-6 trainer aircraft fleet.

And, last week, during the Navy hearing, Secretary Spencer provided an update to the committee on some of the efforts that the Navy and the Air Force have undertaken to solve this problem. And, as I -- I told him, the fact that we have not been able to find the root cause is very disturbing.

Secretary, do you have any updates for the committee from the Air Force's perspective?

WILSON:

Senator, we are working with the Navy and with NASA, as well as with different elements of the Air Force, to try to bear down on a root cause and figure these out.

We -- we actually -- the most recent incidents have been with the T-6, which both the Navy and Air Force fly. We pulled all of ours off the line, took out those systems, rebuilt the systems. We now have about -- over 270 of them back flying, but we have experienced some other incidents.

We have, in recent weeks, set up a safety investigation board, which, for the Air Force, has the advantage of being able to get information without consequence.

And we've done -- we've used that mechanism in the Air Force in the past to get more information from the pilots, the maintainers, try to really figure this out.

Chief, do you want to add anything on this one?

GOLDFEIN:

Ma'am, I would just tell you that -- you know, just to give you a sense of how serious we took it, we stood the whole fleet down. And I was involved in that discussion, as you might imagine.

We just had too many that were -- that we couldn't connect to any particular -- one particular causal effect. So, when we pulled those off, we put a team of engineers, operators, physiologists, brought the Navy in, brought NASA in to really drive in.

So, although we have fairly high confidence that we've identified the highest break-rate items that can contribute, we don't have the smoking gun yet, and we're not going to stop until we find it.

ERNST:

And I appreciate that. I know we -- we have talked about, in the past, monitoring the oxygen that is exiting the system and also, perhaps, what is coming out of the aviators, as well -- so monitoring the levels.

I know we are studying equipment and potential equipment malfunctions. You mentioned physiologists. Are we examining the -- the pilots, as well, and connecting surveys of the pilots? Maybe -- are they drinking too much coffee in the morning? I mean, you know, just things like that. Is -- is there something that, maybe, perhaps, is going on outside of the realm of the equipment?

GOLDFEIN:

Yes, ma'am. And I'll just -- I'll just share with you that we learned a lot when we

studied the F-22 and we were having some very similar issues. And because, pilots, we all grow up and we go to the altitude chamber and we're actually deprived of oxygen, so we know what our individual symptoms are -- and so, once we recognize our individual symptoms, we know how to react.

And so, when we looked at the F-22 -- we started -- we started with an engineering analysis of the F-22, and we were going subsystem by subsystem to try to find it.

It wasn't until we actually looked at the entire ecosystem, with the pilot as part of that system, that we determine that what we were -- we were experiencing was actually not hypoxia -- loss of oxygen -- but actually hypocapnia, which is a completely different issue, but has very similar symptoms.

So we're using the same structure of looking at the entire ecosystem of the T-6, with the pilot as a part of that system...

ERNST:
OK.

GOLDFEIN:
... and that's why that safety investigation board now is so important.

ERNST:
Very good. Again, we need to figure out the root cause of the issue, looking at all aspects there.

Just very briefly, General, during our STRATCOM hearing a few weeks ago, I visited with General Hyten about the need for the United States to really articulate a new space strategy.

Our last national security space strategy was published in 2011, and the threats have exponentially increased since then. Can you talk to us, please, about the need to update this national security space strategy?

GOLDFEIN:
Yes, ma'am. And I will tell you that the secretary mentioned the strategic alignment that we have right now, from the president, to the vice president, who has stood up the National Space Council and has -- Secretary Wilson's been very helpful to the vice president in that.

And so, from the top leadership of the nation, through those of us in -- that are entrusted with the mission of space superiority, we have this strategic alignment right now, and the space strategy that the National Security Council is working its way through is going to be very important.

ERNST:

I appreciate it.

My time is expired. Thank you, Mr. Chair.

INHOFE:

Thank you, Senator Ernst.

Senator King.

KING:

Thank you, Mr. Chairman.

General Goldfein, you've -- I think you've acknowledged previously, and I think the secretary has, as well, the excessive operations and sustainment costs of the F-35. The recent estimate -- I think it's -- GAO said \$1 trillion over the life cycle of the airplane.

You're the largest customer on the F-35. What do we need to do to reduce those numbers? And, I think, a specific question I would ask: Could you give me a ratio of sustainment costs for an F-35, versus a fourth-generation fighter? Is it twice as much? A third again as much? I just want to get flavor of what -- what we're talking about here.

GOLDFEIN:

Yes, sir. So I'll start at the last part of the question, first. So our initial -- our estimates (ph) right now is that the sustainment costs of the F-35 are upwards of -- in some cases, upwards -- about two-thirds as much or two-thirds more than what we're finding in a fourth-generation fighter.

It's why you've seen me on record to say that our target for sustainment costs is the equivalent to a fourth-generation airplane. We want to get those sustainment costs so that it cost the same amount for an F-35 as we currently fly in an F-16 or an F-18. And that's because those are the airplanes we're retaining -- we're replacing...

KING:

Right.

GOLDFEIN:

... and those are the costs that we have funded in.

KING:
What I'd like to ask is if you could give me for the record what you're doing to meet that goal, what our (ph)...

GOLDFEIN:
Absolutely.

KING:
... steps are, given the limited time we have here. But that would be -- that would be very helpful. And -- and are we making progress? And how does it -- how has it plays -- played out?

Different question, Madam Secretary: As the Air Force is undergoing its first full audit, first question, how's it going? Second question, how long do you think until we can get to a place for a clean audit?

WILSON:
Senator, the -- the audit, so far, is going well. The auditors are on board. The Air Force has worked up to this over the last two years. And so we're kind of going from spring ball, into the real season.

To me, the value of these audits is identifying things that we need to fix and get better. And so I would expect that it's going to be a while before the Air Force has a completely clean audit.

I would say that the things that we're -- that they're identifying early on as areas of concern or areas of focus are going to be, at least initially, in real property management and accountability there. So we know we're going to have some work there. But, as they identify things, we'll work on them and get better.

KING:
I would urge you to make this a priority. We're all talking about funding and increasing funding. Some of the pressure I get, back home in Maine, is "They're not even audited. How should -- why should we be spending all this additional money?"

And I'm -- I'm just saying, as I look forward for the next few years, as we're looking toward increasing funding for what amounts to deferred maintenance, in many cases -- modernization, having that audit, or the closer we can get to the real audit, is -- will be a defense for you that I think -- I think is important.

WILSON:
Senator, this -- this is our first full audit this year. So we will have an audit -- an

audited -- this is audit for the first full year.

KING:

Yeah, and I don't think anyone expects to be a clean audit in the first year. The Navy testified, I think, it would be about four or five years before they feel they were going to get to a clean audit. But I just wanted to urge you to make that a priority, because I think it's part and parcel of our funding decisions.

WILSON:

Yes, sir.

KING:

It will help us to be able to provide you with the funding that you need if we can tell our constituents they're being audited and it's -- it's...

WILSON:

Yes, sir.

KING:

... we're doing that work.

On the pilot shortage, we've got all these projections, and -- and I know it's a very serious problem. Senator Cotton and I had a meeting on that with a group of pilots.

KING:

What about the effect of UAVs? Will that mitigate the problem 5, 10 years from now? I mean, UAV automobile -- autonomous automobiles are going to change the world in the next 10 years. Are we -- is there a greater role there?

WILSON:

Sir, our -- our UAVs are remotely piloted, so you still need a pilot there. We've actually recovered and put in place a recovery plan...

KING:

But does those -- do those pilots of UAVs have to be -- aren't you working with not -- they don't have to be officers, and there's -- there's a different...

WILSON:

Senator, I -- for the Global Hawk, we have enlisted pilots. I would say that we don't -- the -- the pilot retention issues will be the same for enlisted or officers, because they can be hired by the airlines.

So we have faced that same issue. We're close to recovery for the remotely piloted aircraft, and we will continue to have the need for pilot...

(CROSSTALK)

KING:

Close to recovery -- do you mean close to where you need to be?

WILSON:

Yes, sir.

KING:

OK. So, UAV pilots, we're doing OK?

WILSON:

Sir, we had a deficit and we recovered. And part of the way we recovered was the -- there's an insatiable demand for intelligence, surveillance and reconnaissance, and we told the combatant commanders we can provide 60 common (ph) air patrols a day of remotely piloted aircraft.

We've got to get to recovery, because we were -- we were burning out -- you know, pilots were flying remotely...

KING:

Right.

WILSON:

... six days a week, 12 hours a day, never -- never a break.

KING:

Well, let me follow up on this question, as I did on my first question, where (ph) -- I'm out of time. For the record, if you could provide a page summary of the steps being taken to remedy the pilot shortage...

WILSON:

Yes, sir.

KING:

... what -- what's being done, what are -- what's working, what's not working. The -- the take -- the conclusion from the meeting that Senator Cotton and I had was that it wasn't necessarily about bonuses.

It was more about -- we've got pilots that want to be pilots, and they don't necessarily want to be moved into the -- the path toward leadership. They want to fly airplanes. So, anyway, I -- I'd like to see a little writeup on -- on exactly how you're addressing this issue.

WILSON:

Senator, happy to.

KING:

Thank you. Thank you very much, Mr. Chairman (ph).

INHOFE:

Thank you, Senator King.

Senator Sullivan.

SULLIVAN:

Thank you, Mr. Chairman. And I just want to, first, commend General Goldfein, Madam Secretary -- your leadership.

I think it -- it raises a broader issue. You know, there's been a strong bipartisan approach to national security, foreign policy nominees and confirmations. General Goldfein, you were -- you were nominated by President Obama, and I think President Obama did a great job in nominating outstanding admirals and generals to run our military services. And I think both of you are doing a outstanding job, and I just want to commend you.

Madam Secretary, you've been responsive. I know you're meeting with some of my constituents tomorrow. I appreciate that. There's a broader point here, though.

I certainly hope my colleagues on both sides of the aisle here recognize this is really historic, important, a tradition in the United States, where presidents put forward exceptional individuals -- whether the secretary of state or the secretary of defense -- might not have the person we would have chosen, had we -- were president, but they're still good people.

And, you know, on the issue of Mr. Pompeo, I certainly hope we don't have a really

partisan vote here. That would be, I think, unfortunate -- unfortunate and moving in dangerous territory.

You two are an example of an Obama nominee, a Trump nominee; strong support, both sides of the aisle; both doing an outstanding job. And I just want to commend you for that. But I emphasize (ph) the broader point: We can't go into the dangerous territory of full-blown partisanship when there's good people on both sides being nominated.

Both of you know that I've taken a lot of interest in the OCONUS basing of the KC-46. And, General, you know that, prior to your confirmation, I had sent you a letter on that and got some commitments from you.

And, importantly, in the NDAA in both 2017 and 2018, this committee and the Congress put forward kind of characteristics that they thought would be important. I'm going to review a few of those, and if you could just say yes or no, I'd like you -- to get your sense.

So, on the OCONUS selection, do you think it's important if -- possibly to have the KC-46s located near not just one, but several COCOMs? And you can just quickly answer yes or no.

GOLDFEIN:

I do.

SULLIVAN:

Madam Secretary, I know you're going to be part of that. How about collocated near outstanding training facilities with joint and international partners?

WILSON:

Yes, sir.

GOLDFEIN:

Absolutely.

SULLIVAN:

How about sufficient airfield and airspace available? I'm -- I'm paraphrasing the NDAA. This is the law -- two NDAA's. Air face (ph) -- it's airspace availability and capacity to meet KC-46 refueling requirements.

WILSON:

Yes, sir.

GOLDFEIN:

Yes.

SULLIVAN:

How about collocated near facilities that have runways, hangars, air -- air crew and maintenance operations and very large fuel storage and distribution capabilities?

WILSON:

Yes, sir.

SULLIVAN:

How about collocated where there are dozens -- over 100 -- 5th-generation fighters?

WILSON:

Sir, I'm not so sure on that one, but I -- I'm not sure I would put that in a -- criteria for a base.

SULLIVAN:

For basing of...

WILSON:

Yes, sir.

SULLIVAN:

... air refueling aircraft?

WILSON:

Well...

SULLIVAN:

I'm not talking about a base. I'm just talking about the OCONUS location of the KC-46. You wouldn't put it next to the -- the place...

WILSON:

Sir, I -- I'm not sure on that one. That's -- if somebody gave me the criteria for selection, I'm not sure that one -- collocation with over 100 fighters -- would be one

SULLIVAN:

How about collocation to where most aircraft from the lower 48, going to the Asia-Pacific, fly over?

GOLDFEIN:

Yeah, well -- sir, what -- I think what you're driving at is -- is this idea of mission synergy, which we do factor into every one of our basing decisions, which is how do we get to a point where what we place there -- you know, one plus one equals three, because you're actually able to get the synergy of the mission?

And so, in that regard, I -- I agree.

SULLIVAN:

OK. These are all -- I'm -- I'm summarizing, but these are all characteristics and -- well (ph), I just hope you take those very seriously, as you committed in your confirmation, General, you would.

Let me ask one final question, kind of switching topics here. In your personal opinion, do the Chinese or Russian cruise missiles that are being developed and they have now present a significant threat to U.S. air bases in the European and Indo-Asia-Pacific theater, including installations in Alaska, like JBER or Eielson or Fort Greely?

GOLDFEIN:

I am concerned, Senator. But I'm also confident, as others before me have testified, that we have what we need to defend the nation at this time.

SULLIVAN:

So you think the Army is capable to provide you, the Air Force and the bases that you're in charge of globally, with sufficient short-range air defense systems to defend overseas air bases?

GOLDFEIN:

I believe the Army has, and I can't speak for my fellow joint chief, General Milley, in terms of what's in his budget submission. But I will tell you that I know the Army is invested and committed to their responsibility for base defense.

SULLIVAN:

But not just ballistic missile, I'm talking cruise missile.

GOLDFEIN:

Right.

SULLIVAN:

Madam Secretary, do you have a view on it?

WILSON:

Senator, I -- I do think that, when it comes to air base defense, that's an area where we probably need to look really carefully. It's one that -- that, long-term, I think all of us as airmen have concerns about. Are we going to be able to defend the bases from which we fight?

SULLIVAN:

Thank you, Mr. Chairman.

INHOFE:

Thank you, Senator Sullivan.

Senator Gillibrand.

GILLIBRAND:

Hi, General Goldfein. Hi, Madam Secretary. Thank you so much for being here.

General Goldfein, in the last two weeks, General Milley, General Neller and Admiral Richardson have told me that they have seen zero reports of issues of cohesion, discipline, morale as a result of open transgender service in their respective service branches.

Are you aware of any specific issues of unit cohesion, disciplinary problems or issues of morale resulting from open transgender service members in the Air Force?

GOLDFEIN:

Not the way you present the question, ma'am, I'm not. I will tell you that I've talked to commanders in the field, first sergeants, senior NCOs, and I'm committed to ensure that they have the right levels of guidance to understand these very personal issues that they're dealing with. And so we continue to move forward to ensure that we understand the issues.

GILLIBRAND:

And have you personally met with transgender service members?

GOLDFEIN:

Yes, ma'am, I have.

GILLIBRAND:

And what did you learn from those meetings?

GOLDFEIN:

A combination of, one, commitment to serve by each of them, and then, number two, how individual each particular case is. And we, as -- you know, this -- it's not a one-size-fits-all approach. It's very personal to each individual.

And that's why I go back to, we have an obligation to ensure that we understand this medically and that we can provide our commanders and supervisors the guidance they need to be able to deal with this so we don't have issues.

GILLIBRAND:

Thank you.

Secretary Wilson, on April 3rd, 2018, the American Medical Association wrote a letter to Secretary Mattis decrying the recent policy released by the White House, echoing concerns raised by the American Psychological Association and two former surgeon generals.

The American Medical Association said, quote, "We believe there is no medically valid reason, including a diagnosis of gender dysphoria, to exclude transgender individuals from military service." The memo mischaracterized and rejected the wide body of peer-reviewed research on the effectiveness of transgender medical care.

Yet this DOD panel of experts came to a drastically different conclusion from the preeminent medical organizations in America about gender dysphoria, the effectiveness and impact of gender transition on medical and psychological health and the ability of transgender service members to meet standards of accession and retention.

Do you know who represented the Air Force on this panel?

WILSON:

On the advisory panel to the secretary of defense?

GILLIBRAND:

Yes.

WILSON:

Yes, ma'am, I do.

GILLIBRAND:

Who?

WILSON:

Ma'am, it was our undersecretary of the Air Force.

GILLIBRAND:

And what Air Force health professionals were on the panel?

WILSON:

Ma'am, I do not know.

GILLIBRAND:

Do you know whether there were any health professionals from within the government and outside of it to testify before or -- consulted with the panel?

WILSON:

Ma'am, I don't know who testified at the -- or was involved in those discussions?

GILLIBRAND:

Can you provide that to the committee, please?

WILSON:

I would be happy to provide it.

GILLIBRAND:

Thank you.

Are you aware of any organizations or people outside of the government who contributed to the work of the panel?

WILSON:

Ma'am, I wasn't involved in the panel.

GILLIBRAND:

At any point since your confirmation, have you recommended to the Department of Defense leadership, or to the panel of experts on transgender service, any change in policy from the guidelines established by Secretary Carter?

WILSON:

Ma'am, this is a matter that's in the courts, and I think it's probably best, when things are under litigation, that that process play out. The guidance that the chief and I have given in the service is that all airmen are to be treated with dignity and respect. And we comply with the court order on accessions, as well as retaining airmen who have disclosed that they are transgender.

GILLIBRAND:

Well, the White House hasn't taken your advice about leaving it to the courts. They've issued a policy, and they have a panel of experts that listed (ph) a recommendation. It's contrary to what the service chiefs have said in terms of good order, discipline and unit cohesion and morale.

WILSON:

Ma'am, that is now -- that is now in the courts -- the new recommended policy change. While that is being considered by the courts, the -- the court order that we're under continues, and we continue to assess transgender members in accordance with court order.

GILLIBRAND:

Ms. Wilson, with -- recently, with -- recently, the Air Force Academy's handling of sexual assault cases made national news. Several current and former cadets recounted their experiences of being assaulted and how they were disbelieved, retaliated against and denied justice.

Since your confirmation as secretary of the Air Force, what specific actions have you taken to protect survivors at the academy and hold its leadership accountable?

WILSON:

Senator, the Sexual Assault and Prevention Office at the academy went through a command-directed investigation shortly before I was confirmed.

The chief and I have made sure that those positions were filled as a matter of priority and worked with the superintendent of the academy -- the current superintendent of the academy to make sure that other resources were available for sexual assault

prevention and response at the academy, while they were hiring to fill those positions.

GILLIBRAND:

And have you personally -- spoke to the Air Force Academy cadets about the academy's current climate surrounding sexual harassment and assault?

WILSON:

Senator, I have talked to cadets at the academy. I don't think I've talked to them particularly about that issue. But I had a number of meetings with cadets, with no one else there other than the cadets and me, for them to talk about whatever they wanted to talk to me about.

GILLIBRAND:

I would recommend you make the effort to do that.

WILSON:

Thank you.

GILLIBRAND:

Thank you, Mr. Chairman.

INHOFE:

Thank you, Senator Gillibrand.

Senator Scott.

SCOTT:

Thank you, Mr. Chairman. Good morning to the panel. Thank you both for being here and thank you for your service to our country.

I was happy to read about the Air Force's efforts to advance its hypersonic weapons program. It's no secret that our nation and our military are facing competition from both Russia and China. It was during a recent HASC hearing when Undersecretary Griffin stated concerns about our country's slow pace of advancement in hypersonic technology.

He said we will, with today's defensive systems, not see these things coming. That's a little disconcerting. My question, Secretary Wilson: What is the Air Force doing in the field of hypersonic weapons to ensure the U.S. does not lose its technological advantage?

WILSON:

Senator, we had a summit on hypersonics in the Air Force last summer, in July. We made the decision to pursue two different prototypes as part of that work.

One of those prototypes, we're doing in partnership with DARPA. The other one was the one that you saw announced in the paper -- in the paper last week.

The -- I think the other piece of good news is that the services are working very closely together on these technologies. And the guidance is to go fast and to leverage the best technology available.

SCOTT:

Thank you.

If funded to the level requested in the president's budget, when do you expect we will be able to deploy a hypersonic weapon on Air Force aircraft? Either? General?

GOLDFEIN:

Sir, there's actually two -- two programs that we are -- that we are working on right now. One is a hypersonic conventional strike weapon. And the other one is an air-launch rapid response weapon.

Both of those are what you see in our budget in terms of our investment in hypersonic technology. I don't have, right now, a prediction of when we can actually field those. I can just tell you that we're committed to them and we're moving out.

SCOTT:

Thank you.

I was very pleased to hear, earlier this year, that South Carolina's Shaw Air Force Base was chosen to be the home for our new remotely piloted aircraft group, flying the MQ-9 Reader (sic).

Shaw Air Force Base is already home to the 20th fighter wing, the largest F-16 wing in the Air Force. So I certainly welcome the new and different mission. I understand the Air Force has already started moving personnel to Shaw in support of this new group.

To either of you, Secretary or General, would you give me an update on where we are in that move and how close we are to seeing things happen?

So the wing at Shaw is going to be a mission wing. We chose Shaw Air Force Base because of the mission synergy associated with the command and control headquarters there, the 9th Air Force...

SCOTT:

Yes.

GOLDFEIN:

... 3rd Army, all those. So, right now, we're in the process of moving the personnel and equipment there, right now. As (ph) my look of our timeline for the full bed-down of -- being able to bring us to initial operating capability -- that we're on track. So I don't have -- I don't see any showstoppers right now with what we're doing at Shaw.

SCOTT:

Can you talk about the MQ-9 Reader (sic) program and the importance it plays in our future Air Force?

GOLDFEIN:

I can. And I can say that -- talk to you about this as an MQ-9 pilot. I had a chance to -- to check out and fly that aircraft as a general officer. And I'll tell you that, sir, I -- I believe that we have only scratched the surface on the true capability of what happens when you separate the aircraft and the cockpit.

And it's our young RPA drivers -- we call them our 18Xers -- who are going straight into that program, the oldest of which are right now reaching major to lieutenant colonel.

They're going in and coming up with absolutely new ways of being able to employ this weapon system in areas that we hadn't anticipated before. And there's one thing about these remotely piloted aircraft: They're absolutely fearless. You send them anywhere.

And -- and I think that they have, not only in the fight against violent extremism, but if you look at the National Defense Strategy and where we look, at China, Russia, Iran, North Korea -- all those areas, I think the -- the MQ-9, but more broadly, unmanned aviation, is going to bring some significant dilemmas to future adversaries.

SCOTT:

Thank you very much. That's exciting news, frankly.

The Air Force has been emphasizing the importance of distributed, adaptive and

resilient basing to address the challenges posed by both Russia and China's advanced area-denial (ph) capabilities.

However, in this year's budget, the Air Force investments in pre-positioned equipment and improved infrastructure in Europe are at least 10 times the investment in the Pacific. What explains this enormous disparity?

WILSON:

Senator, I think that -- as I mentioned before, I think we may -- the -- Europe -- the European defense initiative was out ahead of what we were starting in the Pacific. And I think it got a higher priority, and perhaps better refinement, earlier. And it may be something that we need to look at rebalancing.

SCOTT:

Thank you.

GOLDFEIN:

Sir, I'll just offer that, if you take a look at the air component in the Pacific and the Indo-Pacific, the story there is, as we got smaller as an Air Force -- significantly smaller over the last several years, we -- we reduced our footprint in Europe, primarily, and in the CONUS -- in the continental United States. But our footprint in the Pacific has been fairly stable over time.

And so to take this smaller Air Force that needs to be very -- go forward very quickly in support of operational planning, by virtue of the fact that we can get there very quickly to blunt and stop adversary activity, we -- you saw us investing in the European defense initiative on basing and access, so that that smaller force can be more agile as the chairman, as the global force integrator, determines where he wants to move forces.

That's one of the reasons why you saw so much investment in infrastructure in Europe. And, to our secretary's point, it's time for us -- and we are looking at what does that commensurate investment need to look like for agile basing in the Pacific.

SCOTT:

Thank you.

Thank you, Mr. Chairman.

INHOFE:

Thank you, Senator Scott.

Senator Warren.

WARREN:

Thank you, Mr. Chairman, and thank you to our witnesses for being here today.

Secretary Wilson and General Goldfein, I -- you may know that I've been asking questions about the future of the F-15C and D variants, which the Massachusetts National Guard flies to keep 24/7 watch over our country.

WARREN:

And, frankly, it seems like I am getting a different answer every time I ask the question. I think part of the challenge here is that the Air Force doesn't seem to have a strategic roadmap for its fighter force.

We know that the Navy wants 355 ships because the CNO put out a strategy that said so. We know the Air Force wants to buy fifth-generation fighters because you've told us that.

But you haven't explained your budget plans or how you will prioritize trade-offs between capability and capacity and how that will translate into the aircraft that we keep and the new aircraft that we will buy.

So let me ask, Secretary Wilson and General Goldfein: Is the Air Force working on that kind of a roadmap? And when can we expect this committee to get a look at it?

WILSON:

Senator, just to clarify a couple of things...

WARREN:

Sure.

WILSON:

... With respect to the F-15 and F-16, we're putting -- the budget puts \$1.7 billion into those aircraft for radar and electronics -- electronic service life extension programs.

The chief directed and we took a look at how do we think about the Air Force, what is our current structure, and we did a deep dive on readiness, as well. We have about 300 operational squadrons -- bombers, fighters, attack; intelligence, surveillance, reconnaissance.

And then the question becomes, with the new National Defense Strategy introduced -- or released in January, what we really need, given the threats that we face.

The chief has directed a review, and we expect, in August, to have a review of what are the squadrons we need, not just where are we now and how can we -- how can we keep -- keep things in pretty good shape. So August is when we...

WARREN:

So, August, we expect to see a roadmap? Thank you.

I think this is really important, because we're having to make decisions now about upgrading and retiring platforms. And it's hard for this committee to know what to do until we get a look at the full strategy.

The Air Force says that it is a total force, including the guard and reserve. And we've moved a lot capacity into the guard -- so much so that, today, the Air Force couldn't complete its mission without the guard.

So, with that in mind, can you give me your commitment that our guard flying wings will be made whole on the planes that they will have available, as part of whatever the final strategy calls for?

WILSON:

Senator, I think the -- the review that we're doing is probably going to show that we need more forward structure than -- more force structure than we currently have. And, as General Goldfein mentioned, you know, at the beginning of the Gulf War, we had 134 fighter squadrons. Today, we have 56 -- active, guard and reserve.

We are -- we -- the operations tempo for the last 27 years for the Air Force has been very, very high and has stressed our airmen across active, guard and reserve. And you are absolutely right: We cannot do the missions that we do without the guard.

WARREN:

Well, I appreciate that. I hope that's a commitment to make our guard whole. But I appreciate that you fully understand how important our guard is...

WILSON:

Yes, ma'am.

WARREN:

... in protecting us.

I want to ask about one other area, if I can. And I know you mentioned this to Senator Heinrich, but I want to follow up, Secretary Wilson.

Last September, you announced that the Air Force Research Lab would lead a year-

long review of the Air Force's science and technology portfolio to update research

priorities and strategy. And I was very glad to be able to host you, earlier this month, at MIT Lincoln Lab, where there's so much incredible, cutting-edge research going on.

I understand that your review is also focused on how the Air Force can more productively engaged with places like Lincoln lab and with states, universities and the commercial sector to be able to advance your priorities.

Can you just say a word about how you plan to build on these partnerships and what role they will play in the future of the Air Force's efforts to modernize its capabilities?

WILSON:

Senator, it is -- it is my perception that, when the Air Force went through sequester, we reduced research and development, particularly basic and applied, which is kind of the seed corn of the Air Force, long-term. And we've kept it largely internal.

I think we are better and stronger when we partner, particularly with universities -- research universities to -- on basic and early-stage applied research for a variety of reasons, which you and I probably understand.

And I'm looking forward to the science and technology review, which should help to highlight the areas in which we need to do research and will also tee up ways in which we can partner with others to do research better.

WARREN:

I very much appreciate that. You know, I understand that the AFRL is doing a number of research center site visits. I hope they come to the commonwealth. But I was very pleased to see the increased emphasis on basic and applied research in the Air Force's F.Y. '19 request.

But, as you know, I think we can still do better in this area. Our technological superiority is not guaranteed in the future. We have to fund these programs today, because they are the seed corn for our technological advances in the future.

Thank you.

INHOFE:

Thank you, Senator Warren.

Senator Tillis.

TILLIS:

Thank you, Mr. Chairman. Thank you both for your service and for being here today.

I probably will not use my five minutes. I get a couple of business questions to ask you. I think you all know I don't focus much on the job that I think you all do well, which is how to position us best against our adversaries.

But, General Goldfein, when you were doing your opening comments -- or it may have been an answer to the chair's question -- you were talking about -- first off, I think both of you talked about your five-year plan.

I think that's great, but you've got two years of certainty to execute that plan. Now, when China -- let's take a look at China's modernization program. Do they -- do they historically fund those programs in one-year or two-year cliff (ph) intervals?

GOLDFEIN:

No, sir, they don't. And...

TILLIS:

So when's the last time that -- that we would ever have intelligence that China was about to dramatically cut their out-year spending in connection with their strategic plans to grow their Air Force?

GOLDFEIN:

Sir, we have not seen that...

(CROSSTALK)

TILLIS:

Like, never...

GOLDFEIN:

Not that I know of.

TILLIS:

... in modern history?

So, when you look at your -- your five-year plan and you know you only have two years of certainty, another Congress to deal with, then how do you handicap the likelihood that you're really going to reach that five-year objective?

I mean, you've got to look at it the way I would in business. "I've gotten my investors to give me two years. I've got to go back and convince them to give me two to four more years."

So, when you look at the probability of succeeding on your five-year objective with the uncertainty of spending in the out years, how do you handicap your probability of being successful?

I know everybody in uniform says, "We're going to make it work no matter what," but there's got to be something behind the scenes that says there's a major risk here, because we don't have the -- Congress has not done its job in giving us any long-term spending trail (ph).

And, Secretary, you can start with that and, General, follow up.

WILSON:

Senator, to us, having a two-year certainty is so much better than we have been in the last 10 years. And, 9 out of the last 10 years, the -- the military has started out the year with a continuing resolution.

Budget certainty matters a lot to us, but we also accept that this is a constitutional republic and that -- that the -- we propose a budget and that the Congress appropriates and authorizes that budget.

WILSON:

And it's -- I would much prefer this system than -- than any of the others, including, honestly, what China deals with.

TILLIS:

I agree -- I agree, Madam Secretary. But -- but we also have created a construct that was one of the worst ideas out of Congress, and -- and that's called the Budget Control Act.

WILSON:

Yes, sir.

TILLIS:

So, on the other hand -- on the one hand, we have exactly what you say -- is a need to come back and appropriate every couple of years. But, now, we've got this construct that is punitive to the Department of Defense when we don't do our job.

That's -- that's where some of the weight of your argument, which was very well put, loses its steam, because we've created this -- this condition that, if we fail to do our job, then you all suffer.

WILSON:
Senator...

TILLIS:

And I think, when we look at these modernization plans, we take a look at these weapon systems acquisitions, we ask ourselves why it's costing so much more money -- every once in a while, Congress ought to look in the mirror, because it's because we're not providing any level of consistent certainty for you all to do your jobs.

You've got your own work to do. That's -- that's the next thing I want to talk about -- is how well are you doing on getting to the business of the Air Force and proving procurement, acquisitions, sourcing and all the things that you all -- to me, I've got a third, third, third view of the world.

A third of problems here are constructs like the Budget Control Act that Congress has imposed on the process. A third of them are events out of our control -- you've just got to deal with it. And a third of them are your own self-imposed regulatory burdens and things that you do to yourself that you haven't gone back and looked at modernizing.

And I view acquisitions, procurement and sourcing as being one of the big ones. So what progress have you made since you were before us last?

WILSON:

Senator, with respect to procurement, we put out and, I think, delivered to all of you a report on how did we do on acquisition last year, for all of our programs. And, where we had problems, there was a common theme, and that was software.

We are looking, actually, at standing up a particular program office specific to software, digital systems, because we don't do that well. But we are also implementing a lot of the authorities that you have given us in prototyping and experimentation to be able to go faster.

TILLIS:

Shorter cycles.

WILSON:

Exactly, shorter cycles -- learn what we can, and then come back with a program of record. The adaptive engine is a great example of that: \$1.8 billion over the Fiscal Year Defense Plan, prototyped engines intended to get 10 percent increase in thrust, 25 percent increase in -- percent increase in fuel efficiency.

We just let a contract under an -- the -- using your other transaction authorities, which you gave to us, for \$100 million put towards space systems. The first two contracts were let for micro-satellites to go direct to geosynchronous orbit, using these very rapid other transaction authorities.

So we are trying to move forward at speed to get great capability, to learn and fail fast and use everything you've given us to -- to defeat and -- and dissuade the adversaries.

TILLIS:

Good. Thank you both. Thank you, Mr. Chair.

INHOFE:

Thank you, Senator Tillis. Senator Nelson.

NELSON:

Thank you, Mr. Chairman. Just a quick couple of points. General, we've been in touch over and over about things, trying to keep your Gulf testing and training range without incursion and development.

And I see that we're going ahead with your investment down there on additional telemetry and so forth. I was just down there, flying with some of your folks and, again, looking at it from a different perspective, up in the air, about how necessary it is to protect your training range.

Likewise, you know, we had a little dust-up down there because, fortunately, when you stepped in as the top general, the chief, and said you don't want your undeveloped barrier island messed with because it's going to mess up your training mission, and then I stepped in, pursuant to that, and stopped the cutting of a pass through there that would increase all of that boat traffic and start to mess up your situation -- so I just want to thank you for standing on that.

It's one thing for a colonel down there at Eglin to say it; it's another thing for the chief of staff of the Air Force to say it. And so I think we have all of that under control.

But do you want to just -- maybe a sentence or two to -- to say how important your Gulf training and testing range mission is?

GOLDFEIN:

Yes, sir. And -- and I'll -- what (ph) I'll emphasize for the committee is the test part of it, because the training piece is clearly important, but having a pristine range that we're able to test -- whether it's low observable capability and all the things that we do with weapons procurement and testing at -- at Eglin there -- it is absolutely critical

that we -- that we protect that.

NELSON:

Without going into all the -- the background, do you -- are you all aware of the single-point failure of the bridge going across the Indian River to get to not only the Kennedy Space Center, but also the Cape Canaveral Air Force Station?

WILSON:

Senator, yes, I am.

NELSON:

OK. Well, as you know, it's actually owned by NASA. But, obviously, the Air Force uses it, and it's critical to the Air Force -- of getting your various missions across there and then to their facilities to prepare.

You want to say anything about that?

WILSON:

Senator, it is a -- an important way that -- to -- for us to operate there at Cape Canaveral. With respect to that bridge, course (ph) it's -- the property's not owned by the Department of Defense. So, with respect to military construction, we can't fix the bridge. But it is owned by NASA.

NELSON:

But it is my understanding that you can participate with NASA in some way to -- basically, the bridge is going to have to be rebuilt.

WILSON:

Senator, I -- I understand that the bridge doesn't meet the -- the structural requirements. It's a piece of property that we don't own, so it's -- it's not something that we've assessed from a -- from an engineering point of view.

NELSON:

Do you think that that bridge is important to you? If it's not repaired, are any of your launch missions going to be impacted on the eastern test range?

WILSON:

Yes, sir.

OK. Thank you, Mr. Chairman.

INHOFE:

Thank you, Senator Nelson.

Senator Perdue.

PERDUE:

Well, thank both of you for being here again. It seems like you spend more time on the Hill, talking to us, than you do with your command. But thank you for being here.

General Goldfein, as -- as -- you and the secretary have been more than patient with us in both open and in classified briefings about the advanced battle management system, ABMS, that you are envisioning. And I fully support that.

PERDUE:

As we've also talked about, there's this gap, somewhere in the 2020s, on ISR capabilities. And so -- but (ph), today, though, I want to talk about how that decision to move to space capabilities and protecting assets in space, given what's going on in -- particularly in the China development in space?

You know, in our past, we've -- in the United States, we've always looked at space as sort of the scientific endeavor. China looks at it totally differently. It's a military endeavor. And they just recently launched this -- supposedly -- debris clearer and other snuggler (ph) satellites, behind our GPS capability.

So help me understand how moving capability from air domain, to the space domain, actually increases survivability in this open environment. Help us understand what your long-term plan is, including the gap that we have sometime in the '20s.

GOLDFEIN:

Yes, thanks, Senator. And I would offer to you that the gap that we're required to fill is that gap between a -- both a contested environment, and an uncontested environment.

And, as we have discussed, the challenge we face today with the current Joint STARS is that the threats can actually keep them far enough away not for -- not to be able to do its job. So this is about supporting soldier cells (ph)...

PERDUE:

I'm sorry to interrupt, General. I apologize. I hate to do that with somebody with four

stars on their shoulder, but...

GOLDFEIN:

OK.

PERDUE:

With regard to the Navy, the Navy's going in a little bit different direction. Can you tell us the difference in their demand structure, versus what our demands are on ISR in that regard?

GOLDFEIN:

It's based -- it's based on mission. But, actually, the Navy, long-term, is going in the same direction. I can tell you that the CNO, Admiral Richardson, and I have had -- we've had warfighter talks. We're talking about going to a networked, disaggregated architecture.

PERDUE:

Yes, sir.

GOLDFEIN:

But the gap that we're filling now is that we've got to fill a -- we've got to make sure that soldiers, sailors, airmen and Marines on the ground in a contested environment -- think Kaliningrad -- understand enemy ground movement on day one of that campaign, at the same time that I've got it in an uncontested environment -- think Yemen.

PERDUE:

Yes, sir.

GOLDFEIN:

The fact that we can fly Joint STARS longer -- through 2028 and possibly longer -- allows us to take a look at moving, now, to a disaggregated architecture. And it's more than just space.

It's actually how you connect space and air and sea and land together to produce a common air picture, a common ground picture that equally serves someone in Kaliningrad, inside a contested domain where Joint STARS can't help today...

PERDUE:

Yes, sir.

GOLDFEIN:

... and in Yemen, where Joint STARS can. So this has got to be transparent to those on the ground. And, as the service that organize, trains -- and equip and presents forces, we've got to fill that gap. And that gap exists between contested and uncontested.

PERDUE:

In the recent action that the U.S. took in Syria, those weapons were GPS-benefited weapons. And, because of that, as we know today, I think it's still true that no civilians or no collateral damage was incurred because of the pinpoint accuracy.

We also know that Russia and China can jam and can affect GPS. And I know this is an open environment, but, again, are we moving in a direction where those capabilities are hardened and can be protected in the new battle space? Secretary?

WILSON:

Senator, the current plan for the Air Force is to move to jam-resistant GPS. And that is in the budget proposal. We -- of our 77 satellites that the Air Force operates, 31 of them are GPS.

And we not only provide position, navigation. We also provide timing to the New York Stock Exchange and to the ATM machine that you get your cash from. So it enables a huge industry. It also enables a lot for the warfighter.

PERDUE:

I have one last question. This is -- on a recent trip to China, we were so privileged to stop in Alaska and met the F-22 squadron there. And I have to tell you, it's a lot of money, but, boy, is that impressive -- the people, the equipment, the mission, the capability. I slept better for the next week or two.

The commanding officer, though -- I asked a question. I said, "You know, the primary mission up here" -- and we had pictures, and we saw all this information about how the F-22 is tailing a TU-95, so you have a pre-gen-one aircraft being tailed by fifth-gen aircraft.

My question, obviously -- not being an expert -- is that -- why do we having a gen-five chasing a gen-one? And he said "Sir, because we're here." Can you speak to that?

I mean, this is a very sophisticated, very expensive piece of equipment. It's now aging, even though it's in the first few years. What are the replacements for that? What are the future of that? And we got to fly the wings off it to train people, and I get

that.

Help me understand -- and this, again, is the limitation of money and funding, but help me understand the mission and strategy of that fifth-gen capability.

GOLDFEIN:

Thanks, sir.

It is true that we use those assets and we place those air superiority assets -- be them (ph) -- be that F-15, F-22, F-35, F-16 -- and we place those where we need to be able to intercept whether it's Chinese or Russian long-range aviation.

So no surprise that we would be using the F-22 to intercept Chinese long-range aviation. Very important, though, that, I think -- that we acknowledge, because the previous question talked about sustainment costs of the F-35. And I will tell you that the -- from the secretary of defense on down, with Secretary Shanahan, we are all involved in -- in wire-brushing down sustainment costs of new aircraft.

But what hasn't been talked enough about is the operational successes that we've enjoyed. And, just to share with you a couple, you know, we went -- we took the F-35 to Red Flag last year.

Eighty-six mission -- 86 percent mission-capable rate of our newer F-35s; a 20-to-1 kill ratio against the most advanced adversaries we could put up -- more advanced than anything we might face, because we were up against ourselves; 26 of 27 direct hits on air-to-ground targets in the most difficult threat environment that we could put them in from both an air and a ground perspective.

We went to Combat Hammer and Archer, which is where we test capabilities, and they were -- 100 percent hit rate on air-to-ground munitions, and 11 for 11 on shooting AMRAAMs.

So the newer F-35s, which is a fusion machine that allows it to actually take information from space and cyber, fuse it together with onboard and off sources, is allowing this weapon system to become the quarterback for the team.

And I'll just finish by saying that I had a great conversation with an Israeli air chief, who are now flying the F-35, and he said it's an absolute gamechanger for them. They're able to see and sense and fuse information that they have never seen before, across the region. So this F-35 and fifth-gen is a gamechanger for us.

PERDUE:

Thank you, Mr. Chairman.

I am so gratified that the rebuilding and the future of our Air Force is in the hand of these two former U.S. Air Force Academy classmates. Thank you both.

INHOFE:

Thank you, Senator Perdue.

I might add, that was quite a discussion, when they cut that back to -- I think we currently have 177 of the F-22s. It was considerably more than that, I believe. Do you remember the figure?

GOLDFEIN:

Yes, sir. We were on track for upwards of -- plus -- 300 to 500, and it was cut to 187.

INHOFE:

Yeah, it's about half.

Senator Donnelly.

DONNELLY:

Thank you, Mr. Chairman. I want to thank you both for testifying here.

Secretary Wilson and General Goldfein, I don't want to take too much of our time on the subject today, but I do want to quickly touch on the manned fighter mission in Fort Wayne. I know you're aware of all the great work that the men and women there do every day.

General Goldfein, I'm sure you recall our conversation, prior to your nomination, in which you told me that you would honor General Welsh's commitment that he made to personally as air force chief of staff, that the Air Force would be maintaining a manned air combat mission in Fort Wayne and would continue to identify opportunities for mission conversion going forward.

Secretary Wilson, you likewise said that you would stand by the commitment. It's my understanding that the platform transition -- transition that we're looking for requires a strategic basing action.

That action is still awaiting a final, formal decision. Those decisions are made at the secretary level. Madam Secretary, what is the status of the strategic basing action?

WILSON:

Senator, we have the A-10s there. We -- 173 of the A-10s have had re-wings. The F.Y. '18 budget starts the line for re-winging the A-10 and buys four more wing sets. The fiscal year '19 budget, which is in front of you, will buy somewhere between 8 and 12 additional wing sets.

And we have asked the -- asked the acquisition folks to see, once they get the contract in place, whether we can continue to accelerate the re-winging of the A-10.

DONNELLY:

But the platform transition -- is -- is there anything regarding the status of the strategic basing action regarding that?

WILSON:

Senator, we expect to fly the A-10 through the 2030s. So there is no -- there is no strategic basing action with respect to that.

DONNELLY:

As you know, this is an issue of great concern to me. They were talking about the F-16s. And what we want more than anything is a combat mission, as you talked about.

So I would appreciate it, in regards to the discussion today, if you will come back and meet with me again for that purpose in my office. We've talked before. This is very, very critical to Fort Wayne, to the promises that have been made to us, the word of the Air Force Chief of Staff.

And I would appreciate it if you would commit that you'll -- I can come over to the Pentagon or have you come by my office -- either way. But I would appreciate if we could get together again soon.

WILSON:

Yes, sir. Happy to.

DONNELLY:

All right. Thank you very much.

Thank you, Mr. Chairman.

INHOFE:

Thank you, Senator Donnelly.

Any further -- Senator King?

KING:

Secretary Wilson, you know, a couple weeks ago, the Defense Department stopped taking deliveries on the F-35s because of a disagreement about the priming of some

fastener holes. Was this -- I guess, two questions.

One, I think we've had 200 of these that have been delivered. Was this a defect that should have been picked up sooner? And is this a change in the Air Force's quality requirement? Or is this a problem that -- in -- in terms of the -- of the contractor?

WILSON:

Senator, as I understand it, this case, it was identified -- I don't know whether it was a Navy, Marine Corps or Air Force aircraft that identified corrosion around those rivet holes, and the root cause was a failure to prime the rivet holes. Lockheed was apprised of that.

The reason that we've stopped -- or that the -- the joint program office, as this is not a Air Force-run program -- but the joint program office stopped deliveries is because there is a disagreement with Lockheed about who bears the cost of going back to fix that.

It was a requirement of the contract, and they, in my view, need to fix the problem, over time, so that we don't have corrosion around those rivets.

KING:

And that's your position -- that it -- it's their -- it's the contractor's responsibility to...

WILSON:

Yes, sir.

KING:

... take care of this problem?

WILSON:

Yes, sir.

KING:

Thank you. Thank you, ma'am.

INHOFE:

Thank you, Senator King. And thank both of you, the witnesses -- your patience and your -- and your great knowledge and sharing that with us. We are adjourned.

List of Panel Members and Witnesses

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WITNESSES:

AIR FORCE SECRETARY HEATHER A. WILSON

AND AIR FORCE GEN. DAVID L. GOLDFEIN, AIR FORCE CHIEF OF STAFF,
TESTIFY

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