

Stenographic Transcript  
Before the

COMMITTEE ON  
ARMED SERVICES

# **UNITED STATES SENATE**

NOMINATIONS

Tuesday, July 18, 2017

Washington, D.C.

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WASHINGTON, D.C. 20036  
(202) 289-2260  
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1 HEARING TO CONSIDER THE NOMINATIONS OF:  
2 HON. JOHN H. GIBSON II  
3 TO BE DEPUTY CHIEF MANAGEMENT OFFICER OF  
4 THE DEPARTMENT OF DEFENSE;  
5 ELLEN M. LORD  
6 TO BE UNDER SECRETARY OF DEFENSE FOR  
7 ACQUISITION, TECHNOLOGY, AND LOGISTICS;  
8 LUCIAN L. NIEMEYER  
9 TO BE ASSISTANT SECRETARY OF DEFENSE FOR  
10 ENERGY, INSTALLATIONS AND ENVIRONMENT; AND  
11 MATTHEW P. DONOVAN  
12 TO BE UNDER SECRETARY OF THE AIR FORCE

13  
14 Tuesday, July 18, 2017

15  
16 U.S. Senate  
17 Committee on Armed Services  
18 Washington, D.C.  
19

20 The committee met, pursuant to notice, at 2:33 p.m. in  
21 Room SD-G50, Dirksen Senate Office Building, Hon. James M.  
22 Inhofe, presiding.

23 Committee Members Present: Senators Inhofe  
24 [presiding], Wicker, Fischer, Cotton, Rounds, Ernst,  
25 Sullivan, Sasse, Reed, Nelson, McCaskill, Shaheen,

1 Gillibrand, Blumenthal, Donnelly, Hirono, Kaine, King,  
2 Heinrich, Warren, and Peters.

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1           OPENING STATEMENT OF HON. JAMES M. INHOFE, U.S.  
2           SENATOR FROM OKLAHOMA

3           Senator Inhofe: The meeting will come to order.

4           The Senate Armed Services Committee meets today to  
5           consider the nominations of John Gibson, Ellen Lord, Lucian  
6           Niemeyer, and Matthew Donovan. All of the positions are  
7           printed before us. It is nice to have all you folks here  
8           and particularly nice to have Senator Warner here for the  
9           second time in 2 weeks.

10          I got to tell you this one story, Bill, about Senator  
11          Warner that you probably do not know. When he was chairman  
12          of this committee, he came out. And I was a member of the  
13          committee. This is many years ago. And we are driving  
14          around our five different installations. And we out in  
15          Oklahoma have a very bad habit. We drive a little too fast.  
16          And all of a sudden, this guy bursts out and he said to the  
17          driver, young man, I have been through two wars and I have  
18          survived, and I am not going to die in this car. Slow down.  
19          Do you remember that, John?

20          Senator Warner: I remember that.

21          Senator Inhofe: Well, anyway, it is great to have you  
22          here. If you would like, we will just go ahead and start  
23          with your introduction, John. One of our nominees here has  
24          asked that you introduce him, as you did last week. I would  
25          recognize you at this time so that we will not have to hold

1 you any longer than you would otherwise stay.

2 Senator Nelson: And by the way, Senator Warner, if you  
3 are wondering what we are doing up here, we have already  
4 just completed a coup.

5 [Laughter.]

6 Senator Nelson: And Inhofe and I have taken over the  
7 committee.

8 [Laughter.]

9 Senator Inhofe: Done deal.

10 Senator Warner: We also have in mind our beloved  
11 chairman, John McCain, and we all wish him well as he is on  
12 a speedy recovery.

13 Senator Inhofe: We did. We had another hearing this  
14 morning. We all talked about that. I understand he is  
15 doing well, but he is not quite ready to come back.

16 Senator Warner: Well, the trouble is he is telling the  
17 doctors what to do, and that sometimes is not always wise.

18 Senator Inhofe: Some of these people do not know John  
19 McCain as well as you and I and Bill know him.

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1 STATEMENT OF HON. JOHN WARNER, U.S. SENATOR FROM  
2 VIRGINIA, RETIRED

3 Senator Warner: Well, thank you, Mr. Chairman and the  
4 distinguished ranking member, Bill Nelson. Bill, I can  
5 remember when you first came to the committee. I sort of  
6 treated you gently. Did I? Pretty soon I hope you will do  
7 the same for me today then. Thank you very much.

8 We are here for a very serious function, and that is  
9 the constitutional advice and consent that only this body  
10 can give for those individuals the President deems he needs  
11 to have him function and make this great republic carry on.

12 I have had the privilege of knowing two of these  
13 members, two former members of the Senate Armed Services  
14 Committee, and that puts a very special stamp on them  
15 because if you look out through history, the professional  
16 members of the Senate Armed Services Committee have been  
17 remarkable men and women. And I add women for a special  
18 reason I will address. They have gone on after many years,  
19 as a rule, on the committee to positions of great  
20 responsibility throughout the Federal Government or the  
21 military or the national security as a whole. And the most  
22 profound contribution that I can make this morning is to  
23 summarize briefly the comments of three former staff  
24 directors of this committee.

25 The first was Judy Ainsley. I appointed her staff

1 director and she was the first woman to take on that job,  
2 and she did it brilliantly and then went on to be assistant  
3 national security adviser to the President at the White  
4 House.

5 And then Ann Sauer, who was a classic staff member for  
6 Senator McCain. Briefly it was her responsibility as staff  
7 director.

8 And then the one and only Arnold Punaro.

9 So that gives us a Democrat and two Republicans, and  
10 their opinions particularly are very valuable. But they  
11 give Lucian top grades. He was the one man that they felt  
12 is probably best qualified for this particular job because  
13 after going to Notre Dame and getting a degree in  
14 architecture, which is a tough degree because I was in  
15 engineering school and I was aware of that, then he  
16 graduated and went into the Air Force for 15 years as an  
17 officer in installations. And he traveled not only  
18 throughout the United States working on those problems,  
19 basically the same problems today, although there was not  
20 that much emphasis on climate as there is today. But energy  
21 and installations was where he started and did very well for  
22 the Air Force. He then became a commissioned officer in the  
23 Virginia National Guard and completed his tour as a  
24 lieutenant colonel.

25 So he brings a background of extensive experience in

1 those three areas: energy, installations, and the climate  
2 issues. So he is eminently qualified, and in the judgment  
3 of the three former chairmen of the committee, staff  
4 committee, they give him the highest marks.

5 I will never forget what Judy did say, though. I will  
6 have to mention that. She said in tense times, particularly  
7 during markup sessions, when the staff were exhausted and  
8 all too often the members -- and I was one that did it as a  
9 chairman -- would throw up their hands and say to the staff,  
10 go figure out the options, I want them on my desk tomorrow  
11 morning at 8:30 in the morning, and walk out of the room,  
12 and the members would go off to tend to their other  
13 business. And there the staff would sit. Lucian would  
14 speak up and add a touch of color and a touch of humor and  
15 bring them all back to life again. That was the way it was  
16 explained to me.

17 But on the serious side, his global experience in the  
18 Air Force, his experience on our committee eminently qualify  
19 him.

20 And, Mr. Chairman, I think at that point, I shall  
21 conclude my remarks. I thank you for your courtesies, Mr.  
22 Chairman, and our long friendship with both the senior  
23 members of our hearing today.

24 And I welcome the other new Senators. You missed half  
25 of what I said, but the record will have it in it.

1 Thank you very much.

2 Senator Inhofe: Thank you, Mr. Warner. I appreciate  
3 very much seeing you again and having you involved again.

4 I am going to go ahead and ask the seven questions that  
5 have to be answered. This is required. On each one of the  
6 seven, I want to hear your voices loud and clear as to what  
7 your feelings are. All right?

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

10 Mr. Gibson: Yes.

11 Ms. Lord: Yes.

12 Mr. Niemeyer: Yes.

13 Mr. Donovan: Yes.

14 Senator Inhofe: Will you ensure that your staff  
15 complies with deadlines established for requested  
16 communications, including questions for the record in  
17 hearings?

18 Mr. Gibson: Yes.

19 Ms. Lord: Yes.

20 Mr. Niemeyer: Yes.

21 Mr. Donovan: Yes.

22 Senator Inhofe: Will you cooperate in providing  
23 witnesses and briefers in response to congressional  
24 requests?

25 Mr. Gibson: Yes.

1 Ms. Lord: Yes.

2 Mr. Niemeyer: Yes.

3 Mr. Donovan: Yes.

4 Senator Inhofe: Will those witnesses that we referred  
5 to be protected from reprisal for their testimony or  
6 briefings?

7 Mr. Gibson: Yes.

8 Ms. Lord: Yes.

9 Mr. Niemeyer: Yes.

10 Mr. Donovan: Yes.

11 Senator Inhofe: Do you agree, if confirmed, to appear  
12 and testify, upon request, before this committee?

13 Mr. Gibson: Yes.

14 Ms. Lord: Yes.

15 Mr. Niemeyer: Yes.

16 Mr. Donovan: Yes.

17 Senator Inhofe: Do you agree to provide documents,  
18 including copies of electronic forms of communication, in a  
19 timely manner when requested by a duly constituted committee  
20 or to consult with the committee regarding the basis for any  
21 good faith delay or denial in providing such documents?

22 Mr. Gibson: Yes.

23 Ms. Lord: Yes.

24 Mr. Niemeyer: Yes.

25 Mr. Donovan: Yes.

1           Senator Inhofe: And lastly, have you assumed any  
2 duties or undertaken any actions which would appear to  
3 presume the outcome of the confirmation process?

4           Mr. Gibson: No.

5           Ms. Lord: No.

6           Mr. Niemeyer: No.

7           Mr. Donovan: No.

8           Senator Inhofe: I am going to briefly do an opening  
9 statement, then turn to Senator Nelson for his opening  
10 statement. Then we would like to hear your testimony.

11           Mr. Gibson, the challenges the Department of Defense  
12 faces when it comes to management, financial operations, and  
13 business transformation are enormous. The Deputy Chief  
14 Management Officer plays a critical role in helping to  
15 manage the business operations of the Department, the  
16 largest, most complex organization in the world. We look  
17 forward to hearing from you as to how your experience both  
18 in the private sector and in the Department will inform your  
19 work to address these multifaceted issues, if confirmed.

20           Ms. Lord, you have been nominated to lead a very  
21 complex and often frustrating office in the Department of  
22 Defense: Acquisition, Technology, and Logistics. This  
23 committee has undertaken major acquisition reforms over the  
24 past 2 years, but the follow-through from the Department's  
25 implementation is not up to standard. You and I talked

1 privately about this. This inability to change led Congress  
2 to require a reorganization of DOD's acquisition enterprise.  
3 If confirmed, we are looking for the next Under Secretary to  
4 lead real reform. We cannot continue on our current path if  
5 we want to maintain our technological advantage and control  
6 cost overruns in major programs.

7 Many of us know Mr. Niemeyer from his time working at  
8 this committee. He was always highly regarded. When I was  
9 the ranking member on this committee, we talked on a regular  
10 basis, almost hourly I might add. If confirmed as the  
11 Assistant Secretary of Defense for Energy, Installations and  
12 Environment, you will oversee important matters for the  
13 Department, including infrastructure and basing issues. If  
14 confirmed, you will be responsible for getting control of  
15 the cost overruns and schedule delays on major construction  
16 projects. We look forward to hearing how you would lead  
17 this Department's efforts.

18 And lastly, Mr. Donovan is also well known to many on  
19 this committee, given his years as a professional staff  
20 member. If confirmed as the Under Secretary of the Air  
21 Force, you will be faced with a diverse set of challenges.  
22 Inadequate budgets, combined with the continued high pace of  
23 operations, have depleted readiness and stifled  
24 modernization, eroded our technological advantage, and  
25 resulted in the oldest, smallest, and least ready Air Force

1 in our history. The pilot shortage in the Air Force is now  
2 a full-blown crisis. If confirmed, this committee will  
3 expect you, Mr. Donovan -- and I will have some questions  
4 along this line during our question time.

5 Again, I thank our witnesses for being here.

6 Senator Nelson?

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1           STATEMENT OF HON. BILL NELSON, U.S. SENATOR FROM  
2 FLORIDA

3           Senator Nelson: Thank you, Mr. Chairman.

4           The duties that you have just outlined are where the  
5 work, often unheralded, gets done in the Pentagon.  
6 Extremely important positions. Thank you.

7           Senator Inhofe: Senator Warner, we would love to have  
8 you stay as long as you want to stay, but if you need to  
9 leave, feel free to do so.

10          I will start with Mr. Niemeyer for your opening  
11 statement. I know you have longer statements than 5  
12 minutes, but try to confine them to 5 minutes. Your whole  
13 statement will be in the record. Mr. Niemeyer?

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1           STATEMENT OF LUCIAN L. NIEMEYER TO BE ASSISTANT  
2 SECRETARY OF DEFENSE FOR ENERGY, INSTALLATIONS AND  
3 ENVIRONMENT

4           Mr. Niemeyer: Thank you very much, Senator Inhofe and  
5 Senator Nelson, and members of the committee. It is an  
6 honor to appear before you today to seek the confirmation as  
7 Assistant Secretary of Defense for Energy, Installations and  
8 Environment.

9           I would also like to thank Senator Warner very much for  
10 his gracious introduction and for his service to our country  
11 over the last 70 years.

12           I would also like to thank Secretary Mattis for his  
13 support and the President for his confidence in my  
14 nomination.

15           I am joined today by my family. My mom, who immigrated  
16 from Italy in her teens and worked hard for my sister and I  
17 to provide opportunities.

18           Senator Inhofe: As you are being introduced, hold your  
19 hand up. Will you so we will know? There we are.

20           Mr. Niemeyer: I am also honored to have my uncle and  
21 aunt, Uncle Paul and aunt from Baltimore. My Uncle Paul  
22 sits on the Fourth Appellate Court in Richmond, Virginia.

23           I am also blessed to have my aunt Lisa come down from  
24 Connecticut.

25           And last but not least, I am also proud to have my son

1 Benjamin here for the hearing, with the promise that he is  
2 not going to be on his cell phone.

3 As an Air Force veteran and a former staffer at the  
4 committee, I am acutely aware that, if confirmed, my job  
5 will be to carry forth the priorities of Secretary Mattis  
6 and the administration. I am committed to restore  
7 warfighter readiness, to provide the infrastructure needed  
8 for force growth, and to contribute to the lethality of our  
9 capabilities.

10 From day one, I will ensure efficient and prudent use  
11 of resources to support our forces and their families. We  
12 need to account for every dollar in the Department. We need  
13 to ensure Congress and the American people know that we are  
14 spending wisely.

15 With that guidance in mind, Senator Inhofe, I have the  
16 following goals if confirmed: a review of installations and  
17 infrastructure to identify actions to eliminate waste;  
18 smarter facility contract management; mission assurance  
19 through utility resiliency; new opportunities for third  
20 party and private sector partnerships; robust environmental  
21 stewardship to provide for the safety and welfare of our  
22 people; and collaboration with the hundreds of dedicated  
23 defense communities around the Nation that protect our bases  
24 and provide for the quality of life of our troops and their  
25 families.

1           These priorities cannot be addressed without the  
2 collaboration with Congress. I will encourage an open  
3 dialogue with the congressional defense committees to ensure  
4 transparency, accountability, and responsiveness.

5           If confirmed, my highest priority is to address the  
6 significant risk posed by underfunded installation accounts.  
7 We have failing airfields, piers, and barracks. We have  
8 ranges that are limited in training against current threats.  
9 We face emerging environmental challenges. We continue to  
10 spend taxpayer funds on capacity that we do not need. These  
11 conditions impact readiness. We have to focus installation  
12 funding on improving military value. We simply cannot  
13 afford more risk or more waste.

14           If Congress allows, the Base Realignment and Closure  
15 process reduces costs while improving the lethality of our  
16 forces, if carried out effectively. It has been 12 years  
17 since we have assessed our bases and infrastructure. Since  
18 then, emerging technologies, new weapon systems, emerging  
19 weapons, new methods of warfare require an updated basing  
20 strategy. BRAC provides opportunities for military forces  
21 to get stronger, for capabilities to be enhanced, for  
22 training to be more realistic, and for savings to apply to  
23 higher priorities.

24           I know the history of BRAC and congressional concerns  
25 regarding irreversible decisions, high costs, and mixed

1 results. BRAC decisions must be based on a sound security  
2 strategy and force structure to meet those global  
3 challenges. The Department is committed to providing an  
4 updated national defense strategy in the near term that will  
5 define military value in the BRAC analysis.

6 Conducting BRAC at a time of military growth may seem  
7 counterintuitive, but now is the time to authorize a round.  
8 By 2021, when the Secretary submits recommendations, force  
9 growth projections, as has been discussed by this committee  
10 this year, will be factored into the analysis to make  
11 prudent strategic decisions about basing.

12 Finally, defense communities around the country have  
13 suffered economically for years under sequestration,  
14 continuing resolutions, and the uncertainty brought on by  
15 BRAC. Most are ready for the opportunity provided by BRAC  
16 to potentially add forces to fully utilize their bases.  
17 They have for years been improving the military value of  
18 their bases to support our Nation's security. In return, we  
19 need to fully utilize the results of their efforts.

20 If confirmed, my is to use every tool provided to  
21 target readiness, improve value in my areas of  
22 responsibility for the best military in the world. I deem  
23 this opportunity, a call to service once again, a distinct  
24 honor.

25 Senator Inhofe, Senator Nelson, and members of the

1 committee, I thank you for your consideration of my  
2 nomination, and I look forward to your questions.

3 [The prepared statement of Mr. Niemeyer follows:]

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1           Senator Inhofe: Thank you, Mr. Niemeyer.  
2           Mr. Gibson?  
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1           STATEMENT OF HON. JOHN H. GIBSON II TO BE DEPUTY CHIEF  
2 MANAGEMENT OFFICER OF THE DEPARTMENT OF DEFENSE

3           Mr. Gibson: Senator Inhofe, Senator Nelson, other  
4 members of this committee, it is indeed an honor and a  
5 privilege to be the President's nominee to be the Deputy  
6 Chief Management Officer of the Department of Defense.

7           With me here today is my oldest son Holden who has  
8 traveled across the country in support of his father. I am  
9 flattered and proud to have him with me here today.

10          My father received his initial flying training at Kelly  
11 Randolph Field in 1933, flew 25 missions over Europe in  
12 B-17's and another 13 in B-24's, and he also served during  
13 the Korean conflict. His lifelong and ever-present sense of  
14 duty to our country instilled in me a strong sense of  
15 appreciation for the role our military plays in our Nation's  
16 peace and prosperity. It was this engrained sense of duty  
17 which drove my passion to serve and seek a role in the  
18 Department a decade ago, which then allowed me the  
19 tremendous honor and privilege to work with our men and  
20 women in uniform, as well as civilians, who have chosen to  
21 serve and defend our Nation.

22          Having been afforded this incredibly special  
23 experience, when I was asked to return to the Defense  
24 Department and potentially serve again, I considered it a  
25 responsibility.

1           I have experienced in the private sector over many  
2 years and in many situations when an investor or a banker  
3 provides your business capital, there is an implied element  
4 of trust that leadership will work to be the best stewards  
5 of this investment on a daily basis. I strongly believe the  
6 defense leadership is responsible for the capital provided  
7 by the American people and has the highest level of  
8 fiduciary responsibility to perform in the most efficient  
9 and effective manner on a daily basis, and leadership must  
10 continuously demonstrate its responsibility in the shared  
11 risk environment.

12           The Office of the Deputy Chief Management Officer has  
13 the opportunity to play a positive role in addressing many  
14 of the business challenges of the Department. The success  
15 of any ongoing reform agenda must be a priority each and  
16 every day. It is clear this committee and Congress are very  
17 focused on this issue. The most recent legislation relating  
18 to the CMO, the CIO, and the structure of other operational  
19 areas is a step that conveys the message that the reform  
20 agenda is a priority. Assessing shared or common services,  
21 headquarters and overhead expenses across OSD, the services,  
22 agencies, and other components are a standard first step.  
23 Aggressively working in the field to uncover efficiencies at  
24 the operational level is a useful tool to address immediate  
25 and effective opportunities most relevant to the operations

1 of the Department and establishing a culture of empowerment  
2 at all levels.

3 If confirmed, my goal will be to integrate, leverage,  
4 and facilitate the resources of the Department, the  
5 services, the components, field agencies, and external  
6 assets into this effort. This committee and Congress will  
7 be a fundamental partner to a successful execution of this  
8 strategy.

9 At my first confirmation hearing, I made the statement  
10 "accountability, transparency, and communication are all  
11 fundamental philosophies of mine," and it is worth restating  
12 again today. If confirmed, I believe working with the  
13 chairman, Ranking Member Reed, and all members of this  
14 committee will be essential to making improvements in the  
15 business operations of the Department. A successful  
16 relationship with one's oversight committee is based on  
17 regular, open, and honest communications and dialogue. If  
18 confirmed, I look forward to this committee's insights,  
19 feedback, and support to make the Department of Defense  
20 business operations more efficient and more effective. I  
21 look to each of you to be our partners in this very  
22 important enterprise, if I am confirmed.

23 I am humbled by the confidence the President and  
24 Secretary have demonstrated in my capabilities by nominating  
25 me for this position. And if confirmed, I will be fully

1 committed to the responsibilities the President, the  
2 Secretary, this committee, and the American people have  
3 entrusted to me for this very important position.

4 I appreciate your consideration of my nomination, and I  
5 look forward to your questions.

6 [The prepared statement of Mr. Gibson follows:]

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1 Senator Inhofe: Thank you, Mr. Gibson.

2 Ms. Lord?

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1           STATEMENT OF ELLEN M. LORD TO BE UNDER SECRETARY OF  
2   DEFENSE FOR ACQUISITION, TECHNOLOGY, AND LOGISTICS

3           Ms. Lord: On behalf of the nominees on this panel, I  
4   would like to wish Chairman McCain a speedy recovery. We  
5   wish him well.

6           Thank you, Senator Inhofe, Ranking Member Reed, and  
7   members of the committee for your consideration of my  
8   nomination to be Under Secretary of Defense for Acquisition,  
9   Technology, and Logistics. I am humbled to be here today.

10          I wish to thank President Trump and Secretary Mattis  
11   for their confidence in me and support for my nomination.

12          I wish to express my gratitude to my family for their  
13   encouragement and support. Today my husband Geoff is here  
14   with me, as well as cousin Ted and close family friend  
15   Maggie.

16          It is an honor and a privilege to be considered for  
17   this critical position. If confirmed, I look forward to  
18   working with the rest of the Department of Defense team to  
19   support Secretary Mattis in implementing the President's  
20   plan to rebuild our military and ensure the safety and  
21   security of the American people.

22          If confirmed, I will drive innovation to regain our  
23   Nation's technological edge while focusing on affordability  
24   and accountability. I will work to streamline the  
25   acquisition and sustainment processes while reinvigorating

1 research and engineering innovation, utilizing the  
2 authorities provided in the 2016 and 2017 National Defense  
3 Authorization Act, as well as those proposed in the 2018  
4 NDAA. The efforts will be transparent and communicated  
5 early and often. Reform will not happen in just 6 or 12  
6 months, but a path can be set and progress made.

7 My over 30 years at Textron, one-third spent in the  
8 automotive industry and two-thirds in aerospace and defense  
9 sector, have provided me with the experience developing  
10 high-tech products, transitioning new technology to  
11 production, working through production issues, sustaining  
12 fielded products, providing services to the warfighter on  
13 the battlefield, and shutting down development programs that  
14 did not achieve critical milestones or meet budget or  
15 prescribed timelines. I have had responsibility for  
16 multiple ACAT 1 programs and have visited our employees  
17 downrange in Afghanistan who work shoulder to shoulder with  
18 the warfighter.

19 My industry experience suggests that an 80 percent  
20 solution rapidly delivered is typically far more useful than  
21 an elegant solution delivered late. If confirmed, I will  
22 leverage my industry experience to change how we attract,  
23 develop, retain, and utilize our acquisition sustainment,  
24 research and engineering workforce so that our government  
25 can partner with our defense industrial base to be more

1 efficient and effective. I have had to realign  
2 organizations within Textron which no longer met current  
3 objectives. If confirmed, I look forward to translating  
4 these skills to AT&L to better support the warfighter, the  
5 services, and our Nation.

6 Thank you and I look forward to your questions.

7 [The prepared statement of Ms. Lord follows:]

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1           Senator Inhofe: Thank you, Ms. Lord.  
2           Mr. Donovan?  
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1           STATEMENT OF MATTHEW P. DONOVAN TO BE UNDER SECRETARY  
2 OF THE AIR FORCE

3           Mr. Donovan: Senator Inhofe, Ranking Member Reed,  
4 distinguished members of the committee, thank you for your  
5 determined support and encouragement for the greatest asset  
6 our Nation possesses: America's sons and daughters who  
7 continue to raise their right hands and serve their country  
8 during a time of war. If confirmed, it will be my great  
9 honor to assist Secretary Wilson and General Goldfein in  
10 leading the over 660,000 active, Guard, Reserve, and  
11 civilian airmen as Under Secretary of the Air Force. I  
12 thank President Trump, Secretary Mattis, and Secretary  
13 Wilson for their confidence and for this humbling  
14 opportunity to continue in service to our Nation.

15           I have been blessed by a family tradition of service.  
16 Both my mother and father wore Air Force blue during the  
17 Korean War, and my father-in-law served in the Air Force  
18 during the Vietnam War. All have since passed on but I am  
19 sure are watching from above.

20           The tradition continues. With me today is Katherine,  
21 my lovely bride of 22 years, who is a lieutenant colonel in  
22 the Air Force Reserve. My daughter Kelsey is a rising  
23 senior at Ole Miss and will receive her commission through  
24 Air Force ROTC next spring. Finally, my son Matthew, who  
25 will start at Auburn University this fall, and because he

1 has been asking me questions about flying the F-35, I  
2 suspect he will help keep the tradition alive.

3 4 decades ago this year, I boarded an airplane for the  
4 first time in my life to fly off to Air Force basic  
5 training. The world security environment was different  
6 then, characterized by competition and proxy conflict  
7 between the world's two superpowers, with the U.S. military  
8 in the midst of a post-Vietnam drawdown that would continue  
9 several more years.

10 For the last 26 of those 40 years, our Air Force has  
11 been in continuous deployed combat operations. These  
12 operations began with the air campaign of Operation Desert  
13 Storm in 1991 and have continued non-stop through today's  
14 operations in Afghanistan and in Iraq and Syria in the  
15 campaign against ISIS.

16 Also in 1991, with the dissolution of the Soviet Union  
17 and the end of the Cold war, the world looked forward to a  
18 period of peace and stability. Defense budgets were  
19 slashed. Procurement of weapons of war reduced to a  
20 fraction of the Reagan defense buildup, and the world  
21 breathed easier that great power conflict had receded in our  
22 fears. However, conflicts continue to flare around the  
23 globe with the horrors of terrorism becoming all too  
24 frequent and deadly.

25 Despite experiencing significant reductions in end

1 strength and force structure, the extraordinary men and  
2 women of your Air Force performed admirably through those  
3 past 26 years, taking what tools Presidents, Congress, and  
4 the American people have given them and gotten the job done,  
5 rising to overcome every challenge with enthusiasm and  
6 aplomb.

7 But the Air Force has shrunken too small to do  
8 everything the Nation expects it to do in today's dangerous  
9 world. The challenges the Air Force faces today are many,  
10 and reversing its capacity shortfalls in people, aircraft,  
11 and funding lies at the heart of the solution to maintaining  
12 America's dominance in the air, space, and cyberspace  
13 domains.

14 If confirmed, I look forward to assisting Secretary  
15 Wilson in her focus areas of restoring readiness,  
16 modernizing the force, developing leaders, and innovating  
17 for the future. I also look forward to working with this  
18 committee and the Congress to smartly increase the necessary  
19 resources for the Air Force while remaining good stewards of  
20 hard-earned American taxpayer dollars.

21 In November 1934 when advocating for increased funding  
22 for the Royal Air Force, Winston Churchill warned: "To urge  
23 preparation of defense is not to assert the imminence of  
24 war. On the contrary, if war were imminent, preparations  
25 for defense would be too late." Today's opposition to

1 increase defense preparations is represented by the  
2 limitations placed on defense spending by the 2011 Budget  
3 Control Act and its arbitrary spending caps. The BCA must  
4 be repealed or the caps raised significantly if the  
5 Department of Defense is to have sufficient funding to  
6 improve its capability and capacity to provide for the  
7 common defense.

8 If confirmed, it will be my honor to work every day  
9 with Secretary Wilson and General Goldfein and with the  
10 Congress to ensure your Air Force sustains the ability to  
11 fly, fight, and win our Nation's wars in air, space, and  
12 cyberspace. Thank you for this opportunity and I look  
13 forward to your questions.

14 [The prepared statement of Mr. Donovan follows:]

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1           Senator Inhofe: Thank you, Mr. Donovan, and thank all  
2 of you for your excellent opening statements.

3           We are joined now by Senator Reed. Senator Reed, did  
4 you have an opening statement?

5           Senator Reed: Mr. Chairman, with your permission,  
6 could I include the statement in the record?

7           Senator Inhofe: Of course.

8           [The prepared statement of Senator Reed follows:]

9           [COMMITTEE INSERT]

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1 Senator Reed: Thank you, Mr. Chairman.

2 Senator Inhofe: All right. Let us go ahead and start.

3 Mr. Gibson, I perked my ears up when I heard you talk  
4 about your father having flown B-24's. That was arguably  
5 one of the toughest positions to be in during that era. So  
6 I have a great deal of respect for him.

7 There is an IG report, and this is something I would  
8 like to have you be aware of, if confirmed. It was released  
9 just recently, and the report says that as of March the 31st  
10 of this year, there are 1,298 IG recommendations that DOD  
11 has yet to take action on. Have you heard anything about  
12 this report?

13 Mr. Gibson: Yes, Senator. I have had a chance to take  
14 a look at it.

15 Senator Inhofe: I think I briefly mentioned this to  
16 you when you were in my office. But 58 of these potential  
17 monetary benefits -- according to the IG, he said if all 58  
18 were implemented, DOD could save more than \$33.6 billion.  
19 Well, I think that is worthwhile going over all 58 because a  
20 lot work -- and I talked to some of the people involved in  
21 this study. They really believe that it can be done. But  
22 to do this, you are going to have to get away from business  
23 as usual, and we are going to have to directly direct those  
24 areas. Some will be politically maybe unpopular, but they  
25 are areas that we will be able to, hopefully, save a lot of

1 money. And \$33 billion is a lot of money.

2 Is that your intention to look into this?

3 Mr. Gibson: Yes, Senator. I believe that the IG  
4 report, other sources of opportunity and expertise such as  
5 the Defense Business Board, the GAO, or any other areas of  
6 the private sector that we can leverage to help us find  
7 these solutions is essential to having this reform be a  
8 success.

9 Senator Inhofe: And I appreciate that. I want to try  
10 to get through all four of these.

11 Ms. Lord, you know, you have a background that just  
12 might put two new eyes to work on some things that have not  
13 been tried before. And we are all familiar with the cost  
14 overruns and with the failure to meet acquisition timelines  
15 and failing to deliver the products.

16 The things that bother me -- and I have lived through  
17 these -- is when we will have a system that is recommended.  
18 In the case I remember so well of the future combat system.  
19 That was 2009. Then prior to that even was the Crusader.  
20 That was 2002. Now, both of those programs were vehicles  
21 that would be in the United States Army that would give us a  
22 great advantage. Now, we spent a lot of money, a total of  
23 \$22 billion on these programs. Both of them at different  
24 times were junked, completely lost.

25 I know times can change and the Pentagon can change.

1 The leadership can change. But have you given any thought  
2 to what could be done to look into the future to preclude  
3 that from happening, somehow making the determinations  
4 before we get billions of dollars in debt on some of these?  
5 Any thoughts on that?

6 Ms. Lord: Absolutely, Senator. In fact I was involved  
7 with future combat systems and witnessed firsthand the  
8 issues right at the onset of the program in terms of  
9 requirements not being balanced with budgets and schedules.  
10 It was a disconnect between what the users wanted and what  
11 the acquisition community wanted. So, if confirmed, one of  
12 my key efforts would be to make sure at the onset of  
13 programs we understand the scope of the program, the  
14 requirements, what the cost and timing implications of each  
15 of those requirements are, and to make sure that we  
16 adjudicate all of those.

17 Senator Inhofe: Do you think if you had been able to  
18 do that back at that time, that could have precluded the  
19 economic disaster that resulted?

20 Ms. Lord: Whenever a cross-functional team gets  
21 together and looks at what the challenges are and comes up  
22 with a budget and a schedule and has a cadence of reviews,  
23 yes, I think you could.

24 Senator Inhofe: And some people are talking about if  
25 you could change the buying of the weapon system to a

1 minimum number to keep production lines open, it could be  
2 more cost effective. Is that something that makes any sense  
3 to explore?

4 Ms. Lord: Well, I think understanding what minimum  
5 sustainable rates are for our national defense security is  
6 important, and I think if you look at what that minimum  
7 sustainable rate is and then scale up from there, yes, you  
8 can make good decisions.

9 Senator Inhofe: Thank you.

10 Mr. Niemeyer, I recognize it is true that you have been  
11 through the BRAC rounds and know the history of it, but I  
12 have too, all five BRAC rounds. I have been there. And one  
13 thing that is always true with all five BRAC rounds is that  
14 it costs money the first few years. Is this really a time  
15 that we can afford right now? I have never seen us in a  
16 situation, which I will pursue when I ask the question of  
17 Mr. Donovan, that we are more strapped than we are right  
18 now.

19 Now, I am not going to ask that question. I want to  
20 talk to you about that as this moves along. There are going  
21 to be some amendments offered that, quite frankly, I think I  
22 will end up opposing.

23 But the thing that I think is significant is what has  
24 happened. The economic savior of Russia has been their sale  
25 of oil and gas to countries who would rather buy it from us.

1 And I am very proud to have the President -- in fact, I was  
2 invited over to Lithuania when they opened their LNG  
3 terminal to praise them.

4         Would you generally agree with the statement that  
5 President Trump made recently when he said we are committing  
6 to securing their access to alternative sources so Poland  
7 and its neighbors will not be held hostage? And do you  
8 think that is a major change that is going to be helpful to  
9 us in bringing back our people to us? Because, as you know,  
10 with the shale revolution and everything else, good things  
11 are happening here in the United States.

12         Mr. Niemeyer: Sir, I agree with that, and I believe  
13 that offers an amazing potential for a large portion of the  
14 country to be able to benefit from that.

15         Senator Inhofe: And, Mr. Donovan, there is not time  
16 for me to ask the question I was going to ask. My time has  
17 already expired. But I do want you to be aware that General  
18 Goldfein was right when he testified that the Air Force is  
19 going to be 1,500 pilots short by the end of this fiscal  
20 year, and 1,300 of those are fighter pilots. I see this as  
21 a crisis. I am a commercial pilot. I talk to these guys.  
22 And my feeling is it is not an inadequacy of bonuses as much  
23 as it is not being able to fly the hours that they should be  
24 flying.

25         I know you are fully aware of the problems that we have

1 in our pilot shortage. Anything very briefly you could  
2 comment on? And then maybe for the record elaborate a  
3 little bit more.

4 Mr. Donovan: Yes, sir, Senator. I could not agree  
5 with you more. And General Goldfein has been very clear  
6 about if pilots are not able to fly, then they are going to  
7 go somewhere where they can. And they are certainly voting  
8 with their feet. I think it has to do with the capacity.  
9 The capacity of the Air Force is so low that it is not able  
10 to ride out the storm that we are seeing developing. I will  
11 be glad to expand on that in questions for the record.

12 Senator Inhofe: That would be great.

13 [The information follows:]

14 [COMMITTEE INSERT]

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1 Senator Inhofe: Senator Reed?

2 Senator Reed: Well, thank you very much, Mr. Chairman.

3 And thank you all for your willingness to serve and  
4 your service to date.

5 Mr. Gibson, you are being proposed for the Chief  
6 Management Officer of the Department of Defense. And I  
7 think it is important to give you an opportunity to comment.  
8 Your last two companies you were affiliated with got into  
9 some financial difficulties. Could you talk about your role  
10 in these companies and also the experiences that you bring  
11 from these efforts that would give us confidence to  
12 basically tell you to manage the Department of Defense?

13 Mr. Gibson: Senator, I would be glad to and thank you  
14 for the question.

15 My role and my business experience spanning over 35  
16 years has addressed a lot of different situations, larger  
17 companies, medium-sized companies, even down to a company I  
18 started in graduate school on my own. I think it is very  
19 important to have this wide range of experience. It  
20 provides you with a lot of different skill sets, exposure,  
21 experiences. I think it make you a better leader and a  
22 better manager.

23 My most recent experience at XCOR. The board asked me  
24 to get involved in the company. And going into it, we knew  
25 it was a challenge. It was a small company. It was messy.

1 It was high risk, as often many small companies are. But it  
2 had a tremendous opportunity in the market for very unique  
3 propulsion and launch capabilities, which is very salient to  
4 who we are as a country and where we are going. So I was  
5 very happy to take the challenge on.

6 Many of my friends asked me what the thinking was  
7 behind that. They said this thing may not make it 6 months.  
8 But I felt like it was certainly worth the effort, and I am  
9 willing to take on a challenge.

10 We did good things in the company. We had to make some  
11 hard decisions, as good leaders often have to. Sometimes  
12 that affects people. And I will tell you that is probably  
13 one of the biggest burdens a leader carries is the impact it  
14 has to the people that you work with.

15 We set the corporation in a good posture. We had it  
16 set up to have long-term success. The technology we had --  
17 NASA and the Air Force were very, very high on it. They  
18 felt like it was a long-term solution to upper stage  
19 propulsion in a low-cost, high-reusability environment.

20 We were a subcontractor, and in the days of continuing  
21 resolutions, we felt like we had a commitment from our prime  
22 to see both money coming in, funding for a month, a year,  
23 and beyond. With less than 30 days' notice, we were told  
24 that funding was terminated. We had to do hard things.

25 I am very proud of my management performance there.

1 You do your best in a small business. Sometimes external  
2 factors are beyond your control.

3 As it applies to this particular situation, I have  
4 often heard that the situation we have here on reforming the  
5 Department is a challenge. It can be messy. And I think  
6 one could argue that perhaps someone with that expertise and  
7 skill set experience might actually be very beneficial.

8 Senator Reed: Thank you very much.

9 Ms. Lord, it is always nice to welcome a Rhode  
10 Islander. So thank you very much for coming down from  
11 Providence, and thank you for your service at Textron.

12 You have dealt with the Department of Defense from the  
13 other side of the table. And in that context, any comments  
14 about the acquisition reform act and the better buying power  
15 reforms that we put into effect and any changes you might  
16 contemplate in those programs?

17 Ms. Lord: Well, better buying power focused on cost  
18 consciousness, professionalism, and technical excellence.  
19 Those are things that we look at in industry as well. I  
20 think this is something that we can build on, and with what  
21 has been put forth in the 2016 and 2017 NDAA's, I think we  
22 can undergo a lot of reform to close that technological gap  
23 that is diminishing a bit.

24 Senator Reed: Thank you very much.

25 And, Mr. Niemeyer, thank you for your service. Good to

1 see you again.

2 In the fiscal year 2017 defense bill and in this year's  
3 bill, we have prioritized energy resilience but also the use  
4 of water and adaptation to climate events is something that  
5 was going to be critical to the defense of the Nation  
6 actually. And if you are confirmed, will you address these  
7 challenges and how you might do it? I have run out of time.  
8 So you could be brief but insightful.

9 Mr. Niemeyer: Secretary Mattis has passed on the  
10 desire to want to make sure that we are incorporating what  
11 is going around the world with climate change into our  
12 operational plans. I fully plan to support that and to what  
13 extent we could prepare domestically as well for what is  
14 happening with the climate and the environment.

15 Senator Reed: Thank you.

16 And, Mr. Donovan, again I am intruding on the time.  
17 Chairman Inhofe raised a question of pilot shortage. There  
18 is also a maintenance shortage. So when you address and  
19 elaborate on how do we retain good pilots -- I am not a  
20 pilot. I jumped out of the planes -- but it is hard to have  
21 an Air Force effectively if you do not have good maintainers  
22 as well as good pilots. So if you could consider that in  
23 your response, I would appreciate it.

24 Mr. Donovan: Yes, sir. I certainly will.

25 Senator Reed: Thank you.

1 Thank you very much, Mr. Chairman.

2 Senator Inhofe: Thank you, Senator Reed.

3 Senator Cotton?

4 Senator Cotton: Congratulations to all of you on your  
5 nomination, and thanks for your willingness to serve the  
6 country again. Thank you especially to Matt Donovan who has  
7 been a good wingman of mine on the Airland Subcommittee.  
8 Like Senator Reed, my main exposure to the Air Force before  
9 I met Matt was jumping out of C-130's or falling asleep on  
10 them.

11 Senator Reed: Or both simultaneously.

12 [Laughter.]

13 Senator Cotton: Most of what I have learned about the  
14 Air Force I know from Matt Donovan. So thank you very much.

15 And I am going to give you a chance to elaborate on  
16 what both Senator Inhofe and Senator Reed discussed since  
17 one issue on which we have worked very closely is the pilot  
18 shortage. As you know, we hosted a roundtable with captains  
19 and majors who are out on the front lines flying to listen  
20 to them about their complaints. As Senator Inhofe  
21 intimated, it is not really about pay. People do not join  
22 our military for pay even though we want to make sure they  
23 are paid a decent wage. They do it because they love the  
24 mission, and they want to have more flight time. That means  
25 more predictability in their flight time, as well as their

1 home time. It means fewer additional duties that keep them  
2 off the flight time. And ultimately, it may mean having a  
3 track where people can choose to fly for a lifetime. I was  
4 just meeting with General Holmes about that earlier today as  
5 well because I do think it is an urgent crisis.

6 Mr. Donovan, could you elaborate now that we have the  
7 time at the start of questioning on what you started to  
8 discuss with Senator Inhofe, but you were going to keep us  
9 on the edge of our seats until we got your answers for the  
10 record?

11 Mr. Donovan: Thank you, Senator Cotton. I appreciate  
12 your comments.

13 As I alluded to in my opening statement, I think it  
14 really is all tied back to the capacity issues that the Air  
15 Force is facing right now. It is just too small.

16 This is not the first time that the airlines have  
17 increased hiring and have attracted pilots out of the Air  
18 Force. But at the same time, there is sort of a perfect  
19 storm occurring where the airlines are hiring at much higher  
20 rates than we have seen in the past and there is no end in  
21 sight. It is also combined with a much smaller capacity in  
22 the Air Force. In the past, when the Air Force was much  
23 larger and had a larger capacity, it was able to ride out  
24 those periods of hiring which have in the past been cyclic  
25 by the major airlines. And then you combine that with the

1 very high operations tempo rates that are occurring right  
2 now, especially for the Air Force in the fights occurring  
3 over in the Middle East. I think all those things coming  
4 together are causing us to have to take a look at new ways  
5 of keeping the pilots that we do have.

6         You both alluded to the fact that if pilots are not  
7 flying, then they are going to go somewhere where they want  
8 to. At the Air Force posture hearing, General Goldfein  
9 mentioned that if you had asked Captain Goldfein if he was  
10 going to stay and become the Chief of Staff of the Air  
11 Force, he probably would have said, no, I just want to fly.

12         So I think, if confirmed, one of the things I will look  
13 at is ways of perhaps instituting a technical-only track  
14 where pilots are allowed to fly. But we have to be careful  
15 that people's views change as they mature and gain more time  
16 in the service, and we need to allow some on ramps maybe  
17 back into the leadership positions as well.

18         So there are also other things that I think the Vice  
19 Chief of Staff has been working on, partnering with  
20 educational institutions that produce pilots. And also  
21 General Goldfein has met with the major airlines as well too  
22 to try to approach this national problem in a way that will  
23 be able to satisfy everyone's needs.

24         Senator Cotton: Thank you for that answer.

25         I do think it is important to recall what General

1 Goldfein said in his testimony that Captain Goldfein  
2 probably would have picked the flight-only option, and we  
3 would have been deprived of a very capable Chief of Staff of  
4 the Air Force. So this is something that we should not be  
5 putting in front of lieutenants in my opinion, but maybe  
6 senior captains and junior majors when they have had more  
7 exposure to the different opportunities they have in the Air  
8 Force. They have felt the stress of multiple deployments.  
9 But I do think it is important that we think creatively  
10 about this problem. That would, obviously, be a fairly  
11 sweeping change in the Air Force's force structure to offer  
12 that kind of technical or flight-only option.

13 In the meantime, as we have discussed, there are some  
14 steps we can take in the interim to try to alleviate the  
15 pressure like reducing the number of additional duties that  
16 our pilots have or finding ways to give them more  
17 predictability when they are at home so they can plan events  
18 with their husbands and wives and for the kids and so forth.  
19 And I know from our work together that you are very focused  
20 on those and that you will try to help Secretary Wilson and  
21 General Goldfein reach those short-term solutions while also  
22 thinking creatively and with an open mind about the long-  
23 term challenge we face.

24 Thank you all again. I may have questions for the  
25 record for some of you, and we will be on the edge of our

1 seats to get all your answers. Thank you.

2 Senator Inhofe: Thank you, Senator Cotton.

3 Senator King?

4 Senator King: Thank you, Mr. Chairman.

5 Mr. Gibson -- and I am not sure whether this falls  
6 exactly in your area, but we are going to be working here  
7 over the next several years, perhaps the next decade, in  
8 order to assist in the rebuilding of our Defense Department.  
9 We have already talked about the Air Force, the size of the  
10 Air Force. We are upgrading the entire nuclear enterprise.

11 One of the things we have to be able to do is to defend  
12 this increase of funding to our constituents, and one of the  
13 problems is the Pentagon has never been audited. And I am  
14 pretty sure I remember when I first came here 5 years ago,  
15 2017 was the target date to be audit-ready. I hope that  
16 this will be an area of your if not direct responsibility as  
17 the management officer, that you help us. You have got to  
18 help us to help you I guess is what I am saying. And part  
19 of the defense of the growth of the enterprise is that we  
20 have a firm grip on the financials and where the money is  
21 going.

22 Mr. Gibson: Senator, I could not agree with you more.  
23 Timely, accurate, and relevant data is essential to good  
24 business decisions in all areas. I can tell you that  
25 supporting the audit with Secretary Norquist will be a

1 priority and, even more specific, that this particular  
2 office is a co-owner of that process by owning the  
3 information systems. So, if confirmed, I would look to work  
4 with Secretary Norquist on a regular basis. We would  
5 partner together to make this happen.

6 And there is one other aspect to this I think is very  
7 important, is that as we begin this process, we will begin  
8 to discover weaknesses. And there will be weaknesses that  
9 are relevant to the office of the DCMO. I think it is  
10 critical that we immediately devise corrective actions and  
11 begin to work on those.

12 Senator King: If you need us to help, let us know if  
13 there are areas where we can --

14 Mr. Gibson: Senator, I would welcome partnering with  
15 this committee because I see the challenge before us is way  
16 too big for one man and one office.

17 Senator King: Thank you.

18 Ms. Lord, I do not think there has been a topic of more  
19 interest before this committee since I have been here than  
20 procurement and the issues involved with procurement. I am  
21 going to provide some suggestions just based upon having sat  
22 through probably 20 hearings talking about this. I want you  
23 to add to my list or just take it under advisement. This is  
24 not meant to be condescending. It is meant to be helpful.  
25 But here is what has come out to me as we have sat through

1 all these hearings.

2 Number one, fix the requirements. Do not build things  
3 and order things that are not fully fixed.

4 Number two, finalize the design before we build. If  
5 you go back to some of the procurement disasters, it has  
6 been partially designed and trying to incorporate unproven  
7 technology while we are in the process of building.

8 Number three, 80 percent solutions on time are better  
9 than 99 percent solutions that take years and years and  
10 years.

11 Number four, off the shelf when possible. I was at the  
12 Boeing plant a few weeks ago where we are building the new  
13 P-8 miraculously on a standard 737 chassis. It was not a  
14 special airplane, in other words. We had a lot of special  
15 things on the inside. But if we can use off-the-shelf  
16 technology and off-the-shelf frames, I think that would be  
17 helpful.

18 And finally -- and this was just suggested last week by  
19 one of our witnesses -- continuity of procurement staff so  
20 that there is not a constant churning of those who are  
21 responsible.

22 That is King's top five. I urge you to add to that  
23 list. But we have got to get a hold of this not only in  
24 price -- that is critical -- but also in time. A  
25 technological breakthrough that does not get into the field

1 before our adversaries is a disaster. Your thoughts.

2 Ms. Lord: So, Senator King, I agree with everything  
3 you said. Particularly this continuity of program managers  
4 I think is absolutely critical. And, if confirmed, I would  
5 work to make sure that program managers remain between  
6 milestones so that there is not an arbitrary 2 or 3 year  
7 moving along and the program suffers for it.

8 Also, taking a known product and making an incremental  
9 investment and really getting a step function change in  
10 capability is a great use of taxpayer dollars.

11 So the only thing I think I would add at this point is  
12 it is incredibly important to have cross-functional teams at  
13 the beginning of these programs and to make sure you take  
14 full advantage of what industry has to offer, whether that  
15 be the commercial sector or the defense industry.

16 Senator King: And, Mr. Donovan, pay close attention to  
17 the B-21. Manage the hell out of that project because that  
18 could be -- I think we all are concerned about some of the  
19 other previous aircraft projects that have been very  
20 difficult, expensive, and slow. We have a chance to get it  
21 right with the B-21, and I hope that you will bend a  
22 significant part of your considerable talents in that  
23 direction.

24 Mr. Donovan: Yes, sir. If confirmed, I can commit  
25 that that will be a top focus area.

1 Senator King: Thank you.

2 Thank you, Mr. Chairman.

3 Senator Inhofe: Thank you, Senator King.

4 Senator Sullivan?

5 Senator Sullivan: Thank you, Mr. Chairman.

6 I appreciate the witnesses' testimony today and  
7 willingness to serve and your families. Of course, this is  
8 a team effort. So I want to thank all the families who are  
9 here today as well.

10 Mr. Donovan, I enjoyed our opportunity to have a visit  
11 the other day and wanted to follow up on a couple of the  
12 issues that we discussed.

13 You know, Alaska is a big Air Force State. You have  
14 actually been stationed there. So you are part of the  
15 family. And I like to say that we are the hub of air combat  
16 power for the Asia-Pacific and the Arctic. You know, the  
17 capability we bring to the fight up there. But one of the  
18 things that in the next couple years we are going to have  
19 with F-22's already there and F-35's coming, over 100 fifth  
20 generation fighters, combat-coded fighters located in  
21 Alaska, which I think should make our adversaries in the  
22 Asia-Pacific or Russia or China or any other place a little  
23 bit nervous because you know how strategically located we  
24 are, and those fighters can get to the fight very quickly  
25 from Alaska. But they cannot get there without a lot of

1 gas.

2 And I want you to talk a little bit about the tanker  
3 capacity, why it is so strategic at Eielson with the KC-  
4 135's that we have, but what you think we need in the  
5 future, whether additional KC-135's or the KC-46's. 2 years  
6 in a row there has been an NDAA provide that gives guidance  
7 to the Secretary of the Air Force and the Chief of Staff of  
8 the Air Force and, of course, you, if you are confirmed,  
9 which I am very confident you will be, on where to place  
10 those tankers, how to think about tanker capacity. Can you  
11 talk a little bit about that particularly as it relates to  
12 the locations in Alaska?

13 Mr. Donovan: Yes, Senator. Thank you for that. And  
14 my son Matthew was born in Elmendorf Base hospital as well  
15 too.

16 Senator Sullivan: Excellent. Now I am really going to  
17 vote for you.

18 [Laughter.]

19 Mr. Donovan: As a pilot, which of course implies I am  
20 a navigator, the great circle method of navigation becomes  
21 quite a factor in Alaska. I mean, you are able to get  
22 almost anywhere in the world very quickly from there.

23 Senator Sullivan: And what did the father of the Air  
24 Force, Billy Mitchell, say about Alaska? I am sure you have  
25 the quote memorized.

1           Mr. Donovan: He said it was the most strategic  
2 location on earth. I think it was something similar to  
3 that.

4           Senator Sullivan: Was he right? In your personal  
5 opinion, was Billy Mitchell correct on that?

6           [Laughter.]

7           Mr. Donovan: It is a very strategic location, Senator.

8           Senator Sullivan: I will take that as a yes.

9           Mr. Donovan: As far as tanker capacity, the Air Force  
10 has the requirement for about -- I would have to get back to  
11 you on the exact number, but it is about 472 tankers or so.  
12 Right now, the KC-46 program of record is 179 tankers for  
13 the time. So there will be a requirement to keep KC-135's  
14 around for quite some time, and whether they are replaced  
15 later by a KC-46 or some other follow-on tanker remains for  
16 the planning table.

17           But in the meantime, you are exactly right. Because of  
18 a strategic location, most any aircraft that is going to fly  
19 over to the Asia-Pacific is going to fly somewhere near  
20 Alaska using that great circle of navigation route. So it  
21 would certainly be advantageous to have that tanker  
22 capability.

23           Senator Sullivan: If confirmed, can I get your  
24 commitment to work with me and this committee on that issue?  
25 And it relates to another question, but if you can just

1 answer that question.

2 Mr. Donovan: If confirmed, I certainly will keep you  
3 informed of Air Force planning in that regard.

4 Senator Sullivan: Let me ask a related question and it  
5 relates to JPARC. So I mentioned we are the hub air combat  
6 power. We probably have the best training. Former Chief of  
7 Staff of the Air Force General Welsh called it the crown  
8 jewel of any air training. The air space is about the size  
9 of Florida, and we are expanding it. Can you talk to what  
10 you think we need to do in terms of upgrades to JPARC --  
11 and, Mr. Niemeyer, I would welcome your view on that as well  
12 -- particularly given that we are going to have these fifth  
13 generation fighters. They need much more standoff capacity  
14 to have realistic training. And the Red Flag exercises that  
15 we have there -- the F-35's are going to have their -- as  
16 you know, in the training at Red Flag, they can come in, do  
17 the experience, come out, while they are still in the air,  
18 tank, get back in the fight. So that is another reason we  
19 need the tankers up there. But if both of you could talk  
20 briefly about JPARC and then I will submit additional  
21 questions for the record, Mr. Chairman.

22 Mr. Donovan: Senator, having flown in that airspace,  
23 it is a wonderful airspace. It is very large. It is  
24 supersonic and it is over land, which we do not have a lot  
25 of in the United States. So we do have some large area

1     airspaces, but most of them tend to be over the water like  
2     down in the Gulf of Mexico. So it is invaluable from that  
3     aspect.

4             The other aspect, as far as upgrading training and  
5     range infrastructure across the entire Air Force, we need to  
6     make sure that we have the electronic threat emitters,  
7     instrumentation, and that sort of thing that really are  
8     critical for our fifth generation fighter training fleet.

9             Senator Sullivan: Great.

10            Mr. Niemeyer?

11            Mr. Niemeyer: Senator, what I would add from the DOD  
12     perspective is what the capabilities of JPARC provides  
13     beyond the Air Force. Actually there are many strategic  
14     ranges around the country that are worked by and used by one  
15     service. There are a few that actually meet the demands of  
16     the total force, JPARC being one of those.

17            One of the things I am concerned about, though, is we  
18     need to look at investments in all those ranges to make sure  
19     that we can provide a range of threat assessments and  
20     emitters that represent what we may see on the battlefield  
21     around the world. And so we have a common issue there in  
22     Alaska and other locations making sure that we are providing  
23     our warfighters with the best and most realistic training.

24            Senator Sullivan: Great.

25            Thank you, Mr. Chairman.

1 Senator Inhofe: Thank you, Senator Sullivan.

2 Senator Peters?

3 Senator Peters: Thank you, Mr. Chairman.

4 And to each of our nominees, I appreciate you being  
5 here today, appreciate your willingness to serve as well.

6 Mr. Donovan, I also appreciate you mentioning in your  
7 statement that your son has been asking you about the F-35  
8 Joint Strike Fighter because that is what I would like to  
9 discuss with you, if I may, right now.

10 Selfridge Air National Guard Base in Michigan is a  
11 candidate to convert to the F-35 in basic operations 5 and  
12 6. To date, the Michigan Air National Guard has taken 25  
13 percent of all Air Guard cuts, and yet the 127th wing at  
14 Selfridge recently won the Spaatz Trophy following their  
15 2015 deployment in counter-ISIS campaign. It is a unit that  
16 has excelled at everything that the Air Force has asked of  
17 it, converting from F-16's to A-10's, and while it was  
18 deployed, they were being told that they were going to be  
19 converted to KC-135's.

20 But the base at Selfridge, which I am sure you are  
21 familiar with -- but it provides very quick and easy access  
22 to the Grayling Alpena Range. After our discussion about  
23 range here in the previous question, it is the largest  
24 Department of Defense airspace east of the Mississippi  
25 River, and it also has multiple threat emitters and

1 facilities for JTAC training. And the base itself is  
2 managed by the wing, and it is not shared with the civilian  
3 airports, giving it significant advantages I think on most  
4 of the criteria that the Air Force is looking at.

5 So I am certainly hopeful that Selfridge will soon  
6 convert to the F-35, providing some stability for the base  
7 and for the airmen that are stationed there in an Air Guard  
8 State that has not had an active duty Air Force mission in  
9 decades.

10 So my question to you, Mr. Donovan, is will you commit  
11 to working with Secretary Wilson, who I have had the  
12 opportunity to speak at length about this issue with, on the  
13 current strategic basing process for the five candidate  
14 bases for the F-35 ops 5 and 6?

15 Mr. Donovan: Senator, I certainly can commit, if  
16 confirmed, to work on that process. And if I might just  
17 say, General Goldfein has said this on many occasions that  
18 the Air Force simply could not do its missions without the  
19 help of the Guard. They are integral to the capabilities of  
20 the Air Force. And we certainly appreciate all their  
21 contributions.

22 Senator Peters: Well, I appreciate you saying that.

23 A key question facing the Air Force, as squadrons  
24 convert to the F-35, is how to sequence converting the  
25 fourth generation fighter squadrons, as I am sure you are

1 well aware. And I know there is an interest in increasing  
2 the size of existing A-10 squadrons to improve readiness.  
3 Converting an A-10 squadron to F-35 will allow for  
4 increasing the primary assigned aircraft of another A-10  
5 squadron while freeing up maintainers for F-35's.

6 How would you recommend sequencing the conversion of  
7 fighter squadrons to F-35?

8 Mr. Donovan: The most important thing, Senator, is to  
9 make sure that we minimize the time where the squadron is  
10 not available for deployment or for missions. As you know,  
11 the original requirement document for the F-35 stated that  
12 it was to replace the A-10 and the F-16 eventually. If  
13 confirmed, I will certainly get more information on the Air  
14 Force's plans on specifics on conversion. I will be glad to  
15 work with you on that in the future.

16 Senator Peters: Well, I appreciate that, and I look  
17 forward to that.

18 Ms. Lord, I listened with great interest to your  
19 statement. I certainly appreciate your focus on the need to  
20 innovate and to field new technologies very rapidly. I  
21 believe that the near-term technological innovation  
22 certainly will change the face of warfare very rapidly in  
23 the years ahead. And I especially appreciated your  
24 commitment to leveraging your business experience to bring  
25 these new capabilities to the battlefield a whole lot

1 quicker than we have in the past.

2 But I am particularly interested in the use of autonomy  
3 and have been working with the auto industry on connected  
4 and autonomous vehicles, which I know is a significant area  
5 of interest for the Department of Defense as well. In fact,  
6 I discussed this issue with General Selva today in his  
7 hearing this morning.

8 Ms. Lord, how do you see autonomous and semi-autonomous  
9 technology changing the way the military fights in future  
10 conflicts? And more specifically, what policies do you  
11 believe the Defense Department should be developing and  
12 implementing to better facilitate both the development and  
13 the acquisition of cutting edge autonomous technology?

14 Ms. Lord: Senator, I believe autonomy is absolutely  
15 critical for a number of reasons, one being keeping the  
16 warfighter out of harm's way. Quite effectively, UAVs have  
17 been used as a hunter-killer with manned aircraft and so  
18 forth.

19 In terms of your question relative to policies, I think  
20 we need to make far more use of commercial technology, and I  
21 think the Congress has provided many authorities to the  
22 Department of Defense over the last couple years that can be  
23 more widely utilized. And if confirmed, that will be a huge  
24 focus of mine to make sure we take advantage of the  
25 opportunities to bring in subject-matter experts, use

1 special funds that have been set aside to make sure that  
2 commercial hardware is procured and software. And I think  
3 what we need to do is just continue to have policies to  
4 allow us to buy commercial goods very effectively and blend  
5 those with what our defense industrial base has.

6 Senator Peters: Great. Thank you for your answer. I  
7 appreciate it.

8 Senator Inhofe: Thank you, Senator Peters.

9 Senator Hirono?

10 Senator Hirono: Thank you, Mr. Chairman.

11 Ms. Lord, this committee has instituted a number of  
12 acquisition improvements for the DOD acquisition process,  
13 including the permanent existence of the rapid innovation  
14 fund which awards \$250 million in follow-on phase III  
15 funding and the small business technology transfer.

16 What additional improvements would you make to the  
17 acquisition budget process? And in your opinion, do the  
18 services currently have a sufficient number of acquisition  
19 professionals trained in the new acquisition programs to be  
20 responsive to the needs of the requirements generators?

21 Ms. Lord: Senator, I believe that there is enormous  
22 opportunity to train the acquisition workforce, and if  
23 confirmed, that would be something I would spend time on.  
24 We have a lot of authorities, a lot of ability to do things  
25 today that frankly just are not being utilized, and it is

1 not because there are not very good people in the  
2 acquisition workforce. I believe that there just has not  
3 been sufficient training. So there are a number of very  
4 skilled program managers out there. There are a lot of very  
5 good contracting officers. If confirmed, I would take those  
6 people who have demonstrated a great ability to be agile and  
7 embrace the new authorities and have them train others.

8 Senator Hirono: So is the lack of training due to a  
9 lack of funds, or is it just setting aside training -- or  
10 prioritizing training? What is the problem with --

11 Ms. Lord: Senator, if confirmed, I would make sure to  
12 get to the bottom of that. Right now, I am not sure I have  
13 enough information to answer that adequately.

14 Senator Hirono: Because a part of an effective  
15 acquisition process is to have people who know what they are  
16 doing and to be efficient in doing it.

17 And I did also ask whether you had any additional  
18 improvements that you can think of right now to improve the  
19 acquisition process.

20 Ms. Lord: I think right now, if confirmed, what I  
21 would do is make much better use of all of the different  
22 offices and capability. We do not need the traditional long  
23 requirements process for many capabilities the warfighter  
24 needs. So I think using more of SCO, DIUx, the different  
25 rapid fielding I think we have enough authorities to do it.

1 We just need to implement it.

2 Senator Hirono: This is again for you, Ms. Lord.  
3 Oftentimes at the end of the fiscal year, as the end  
4 approaches, there are entities and organizations in the DOD  
5 who work hard to spend all of the money that has been non-  
6 obligated for that fiscal year. And research suggests that  
7 this end-of-year spending pays for low priority projects and  
8 equipment that is often unneeded. And while I am not saying  
9 that these funds are being wasted, do you have any  
10 recommendations for changes to policy or regulations which  
11 would lessen this end-of-year push to spend money and to  
12 ensure that appropriated funds are being spent on the  
13 highest priority items? For example, a possible solution  
14 would be to give greater latitude to the DOD to move money  
15 across types of funding so that it can be utilized for the  
16 priority items.

17 Ms. Lord: Senator, if confirmed, I believe what we  
18 need to do is delegate more authority downward so that those  
19 with responsibility for critical programs can work across  
20 functions and across organizations to develop lists of  
21 priorities and then act on them without having to go up  
22 many, many, many layers to act on it.

23 Senator Hirono: So you think that there is enough  
24 flexibility right now to encourage end-of-year spending to  
25 go for those items that are really priority items.

1 Ms. Lord: If confirmed, I would make sure I totally  
2 understand the authorities, but I believe right now that  
3 there is a lack of communication and coordination to use  
4 those.

5 Senator Hirono: Mr. Niemeyer, as the largest energy  
6 consumer in the Federal Government, spending close to \$4.2  
7 billion annually, it is imperative that the Department of  
8 Defense continue to make real progress on deploying more  
9 cost effective, sustainable, and cyber secure energy  
10 solutions. And given the importance of ensuring energy  
11 resilience at military installations in Hawaii, for example,  
12 will you commit to working with me to ensure that DOD makes  
13 progress improving its energy security posture by funding  
14 projects that prioritize energy efficiency and resiliency,  
15 including integration of renewable energy?

16 Mr. Niemeyer: Yes, ma'am. Mission assurance through  
17 energy resiliency is a top Department priority, and anything  
18 we can do to continue the mission, regardless of what might  
19 happen, then we can still have the capabilities to be able  
20 to conduct our missions is important.

21 Senator Hirono: Thank you, Mr. Chairman.

22 Senator Inhofe: Thank you, Senator Hirono.

23 Senator Warren?

24 Senator Warren: Thank you, Mr. Chairman.

25 And thank you all for being here today, and thank you

1 for your willingness to serve.

2 Ms. Lord, I have a couple of questions, just quick  
3 ones, that I want to start with you on. The Department of  
4 Defense created the Defense Innovation Unit Experimental,  
5 DIUx, to work with nontraditional contractors. We have a  
6 DIUx office in Cambridge. And I have to say I am really  
7 impressed by their efforts.

8 I just want to ask, if confirmed, will you commit to  
9 continuing to invest in DIUx?

10 Ms. Lord: Absolutely.

11 Senator Warren: Good, good.

12 Now, as I understand it, you are going to transition to  
13 the new Under Secretary for Acquisition and Sustainment  
14 sometime early next year, but you will be responsible for  
15 research and engineering until that time. Is that right?

16 Ms. Lord: If confirmed, correct.

17 Senator Warren: If confirmed. So let me just ask, do  
18 you commit to continuing to make research and engineering a  
19 priority while you still have responsibility for it?

20 Ms. Lord: Yes. I believe delivering innovation to the  
21 warfighter is absolutely critical to our national security.

22 Senator Warren: Good. I think this is powerfully  
23 important and something I keep pushing on.

24 And regarding research, I am concerned that we are not  
25 investing enough in basic research while our near-peer

1 competitors like China are making significant gains relative  
2 to our own here. So let me ask, do you agree and do you  
3 commit to making basic research a greater priority?

4 Ms. Lord: Senator, if confirmed, I will review what we  
5 are doing in basic research and make sure that we are  
6 dealing with the entire spectrum of development.

7 Senator Warren: Good, because it is easy to leave  
8 basic research behind because you never know exactly what it  
9 is going to do. But that is what gives us our comparative  
10 advantage down the road. And for so long, we have had an  
11 advantage because it has not been challenged, and, boy, that  
12 margin is quickly narrowing.

13 Mr. Niemeyer, if I could ask you. You have a lot of  
14 experience with the base realignment and closure, or BRAC,  
15 process. As nominee to be Assistant Secretary in charge of  
16 installations, I am interested in your views about some of  
17 the issues that the Pentagon should consider when it goes  
18 through a BRAC process, if Congress were to authorize  
19 another BRAC round. So let me just ask a couple  
20 specifically.

21 Should the geographic dispersal of our bases across the  
22 country be considered when deciding which bases to leave  
23 open and which ones to close?

24 Mr. Niemeyer: Absolutely. As the Secretary looks at  
25 how to apply military value using the defense planning

1 guidance and using defense strategy as a basis for that,  
2 looking where we have forces around the country is  
3 absolutely important, making sure that we have the ability  
4 -- dispersal is the key -- and the ability to be able to  
5 protect our forces and be able to carry out the fight from  
6 all over the country.

7 Senator Warren: Good, good. I think that is just  
8 powerfully important.

9 And let me just ask one more. Should the intellectual  
10 and innovation ecosystem of a region be considered in BRAC  
11 decisions, particularly where the military works with  
12 academic and research institutions, as well as with tech  
13 firms, small businesses, and other industry partners?

14 Mr. Niemeyer: There is no doubt the Department would  
15 look at where an installation gains in its military value  
16 from its location and close proximity to other functions.  
17 They are going to insist in carrying out that mission.  
18 Absolutely that would be important.

19 Senator Warren: Good. I think that any future  
20 potential BRAC round needs to include a very careful  
21 consideration of our future needs, not just the number of  
22 ships or the number aircraft carriers, but how we maintain  
23 the human capital and the innovation that makes our military  
24 so strong today. Thank you.

25 Thank you, Mr. Chairman.

1 Senator Inhofe: Thank you, Senator Warren.

2 Senator Kaine?

3 Senator Kaine: Thank you, Mr. Chair.

4 And thanks to all the witnesses and congratulations to  
5 each of you.

6 And I want to especially acknowledge both Mr. Niemeyer  
7 and Mr. Donovan. You are former committee staffers who are  
8 here. That is a very dangerous position. You sat in these  
9 chairs. You wrote really tough questions to be asked for  
10 witnesses, and now you are on the other side. And if you  
11 get confirmed, you will probably face tough questions that  
12 these great staffers will write just like you did. The only  
13 thing that you know in your heart, you do not need to be too  
14 afraid because often the members do not even ask the  
15 toughest questions that our staffers write for us. If we  
16 do, we do not ask them as well as they would.

17 But thank you for serving. And, Mr. Niemeyer,  
18 especially you. You also served in the Virginia Air  
19 National Guard, and you were in the Air Force but your  
20 service to Virginia is something I appreciate.

21 I just have one question. We reached a budget deal in  
22 April. There was a continuing resolution that went into the  
23 end of the year. And after the deal was reached, the  
24 President tweeted this out. Quote: Our country needs a  
25 good shutdown in September. Close quote. Is there any

1     circumstance in your opinion under which a shutdown of the  
2     Government of the United States is a good thing for the  
3     mission of the Department of Defense? And I would like each  
4     of you to answer that question.

5             Mr. Niemeyer: I will go ahead and get started. There  
6     is no doubt that the world looks at what happens within the  
7     United States. Any kind of a shutdown for the Department of  
8     Defense would obviously create risk that we would have take  
9     very seriously.

10            Senator Kaine: Mr. Gibson?

11            Mr. Gibson: I can give you a private sector  
12     perspective, Senator, and that is to run a business and then  
13     cease operations with an unknown time to begin is simply  
14     just inefficient and ineffective way to operate a business.

15            Senator Kaine: Thank you.

16            Ms. Lord?

17            Ms. Lord: Senator, it makes it very, very difficult in  
18     industry to use dollars well when you have to go through  
19     administrative actions to shut down and start up programs.  
20     And I can only imagine how that is quadrupled on the  
21     government side.

22            Senator Kaine: Thank you, Ms. Lord.

23            Mr. Donovan?

24            Mr. Donovan: No.

25            Senator Kaine: Thank you, Mr. Donovan.

1 I asked a witness that in the Budget Committee not long  
2 ago, and he would not give me a no answer. He said that a  
3 shutdown could be good, and I had to tell him, look, if you  
4 cannot tell me that a shutdown of the government would be a  
5 bad thing, I cannot vote for you. I mean, we are the most  
6 important government in the world, and I appreciate your  
7 commitment and your recognition that while a shutdown could  
8 be challenging in a lot of spaces, when you are talking  
9 about the defense of the Nation, that is not a hard  
10 question. I appreciate your answer.

11 I appreciate your service. Congratulations on the  
12 nominations.

13 Thank you, Mr. Chair.

14 Senator Inhofe: Thank you, Senator Kaine.

15 Well, first of all, I thank all of our witnesses. It  
16 has been really educational.

17 I was not being critical, Mr. Niemeyer, when I was  
18 talking about your interpretation of a BRAC round. I was  
19 saying that there are several other ideas that we have about  
20 that. And I have to say that I have always been concerned  
21 that we -- if you get yourself in a position, as we almost  
22 got ourselves in back during the Clinton years, of not  
23 knowing for sure what our needs were going to be 10 years  
24 from then, only to find that we have shut something down  
25 that should have not been shut down, these are

1 considerations that have to be made.

2 I am looking forward to serving with you.

3 And with that, we are adjourned.

4 [Whereupon, at 3:54 p.m., the hearing was adjourned.]

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