HEARING TO RECEIVE TESTIMONY ON THE
DEPARTMENT OF DEFENSE BUDGET POSTURE IN REVIEW OF THE
DEFENSE AUTHORIZATION REQUEST FOR FISCAL YEAR 2021 AND THE
FUTURE YEARS DEFENSE PROGRAM

Wednesday, March 4, 2020

U.S. Senate
Committee on Armed Services
Washington, D.C.

The committee met, pursuant to notice, at 2:29 p.m. in Room SH-216, Hart Senate Office Building, Hon. James M. Inhofe, chairman of the committee, presiding.

Members Present: Senators Inhofe [presiding], Wicker, Fischer, Cotton, Rounds, Ernst, Tillis, Sullivan, Perdue, Cramer, McSally, Scott, Hawley, Reed, Shaheen, Gillibrand, Blumenthal, Hirono, Kaine, King, Heinrich, Peters, Manchin, Duckworth, and Jones.
OPENING STATEMENT OF HON. JAMES M. INHOFE, U.S. SENATOR FROM OKLAHOMA

Chairman Inhofe: The meeting will come to order.

The committee meets today to receive testimony on the Department of Defense Fiscal Year 2021 Budget Request.

I welcome our witnesses and thank them for their service, both Dr. Mark Esper and General Mark -- we've got a pair of "Marks" this morning.

This committee's top priority is ensuring the effectiveness and implementation of the National Defense Strategy. That's our vote that we had heard -- have been adhering to for a long period of time now, about 3 years.

Unfortunately, under the last administration, we asked our military to do more with less, and that got us into trouble. Between 2012-2017, we lost 150 billion to sequestration, our defense budget and the readiness of our forces were devastated. I think we all understand that. As a result, when President Trump came to office, he inherited an American military in crisis. Thankfully, he delivered on his promise to begin rebuilding the U.S. Armed Forces.

Last year, President Trump negotiated the highest level of defense spending ever, a downpayment towards getting our military back to where it needs to be. But, that's not enough. We face a more dangerous world today than we anticipated we would. Since then, the Russian has invaded
Crimea, backed Assad in Syria, sent mercenaries to Libya, and violated the INF Treaty. China began building islands in the South China Sea, harassing its neighbors more frequently, and accelerating its military and nuclear modernization.

The bipartisan National Defense Strategy Commission Report said, if we're going to adequately fund the National Defense Strategy and take on these threats, it's going to take a 3- to 5-percent increase, net increase above inflation each year. Now, we're not doing that, but that's what we committed to. We had a meeting here. Everyone adheres to the logic of the -- of this contract that we agreed to. But, we're not carrying through with it. That should mean the budget request would have been, if we had adhered to that, 775 to 790 billion this year. Instead, we've got a budget agreement that provides 740.5 billion for all that we've got to do for our military defense. And that's not your fault, not you guys, but the Congress needs to do more, be more realistic about what it's going to take to maintain a force capable of deterring and, if needed, defeating our enemies.

We're trying to do more while spending less, and the math just doesn't work that way. That's why we've -- you've seen so many stories about how we can't buy necessary equipment. That's why we can't do the training that we need
to do. That's why we can't give our troops the tools that they need to keep the peace. It's all in the NDS.

We can pay them now, or we can pay them later, and leave when our children -- leave the debt to our children and grandchildren to pay. And they'll be doing so in the more dangerous world if we don't fix the budget tragedy that we're facing right now.

I know you've tried to do the best you can within the limits of what you have been given. And I appreciate that you're already have done -- you found a lot of savings, and you are to be applauded for that. That's hard to do with the decreasing budget which we have today.

On that happy note, I look forward to continuing to work with you to make sure our troops have the resources that they need to fight and win.

Senator Reed.
STATEMENT OF HON. JACK REED, U.S. SENATOR FROM RHODE ISLAND

Senator Reed: Well, thank you very much, Mr. Chairman.
Let me join you in welcoming our witnesses today, thank them for their service to the Nation. And I look forward to their testimony.

Before we consider the details of the budget request, I'd like to address some broader concerns I have with the Department.

The National Defense Strategy Commission Report, released in November 2018, expressed significant concern about the balance of power between civilian and military leadership at the Department of Defense. Specifically, the Commission Report stated, "Civilian voices have been relatively muted on issues at the center of U.S. defense and national security policy, undermining the concept of civilian control."

Unfortunately, the situation has only gotten worse since the Commission issued its report. The Office of the Secretary of Defense is without Senate-confirmed leadership in many of its most important positions. In the Policy Office, of the seven positions requiring Senate confirmation, there are only two confirmed individuals, and one of these is now serving as the Acting Under Secretary. We just received the nomination for Under Secretary of...
Personnel and Readiness, after a 2-year vacancy. Then, on Monday, the administration withdrew the nomination of Elaine McCusker to be the Department's Controller. These vacancies continue to challenge the Department's ability to effectively respond to national security challenges and undermine civilian inputs into the decisionmaking process.

With political appointees largely absent, a large amount of work in the Department is now being done by career civil servants, and they, too, are beleaguered. Congress shares the blame in adding to civilian workforce woes with headquarters cuts. However, pay freezes, hiring freezes, exemption from collective bargaining, and having career civil servants carry the weight of defending political decisions is likely to lead to a hollowing out of the workforce whose experience and expertise we desperately need.

Furthermore, October 23rd of this -- of last year, I should say -- last year, not this year -- I joined Chairman Inhofe and our HASC counterparts in sending you, Mr. Secretary, a letter expressing concern about the Department's failure to properly empower and staff the Office of the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict in order to fully exercise its congressionally mandated responsibilities for oversight and advocacy of Special Operations Forces. This
is another position that has -- had had an Acting Principal for more than half the administration, and it's unacceptable, frankly, that we still haven't received a response to our letter, more than 4 months later.

Now, turning to the budget request before us, the fiscal year 2021 budget, the Department of Defense seeks $636.4 billion for the base budget and $69 billion in overseas contingency operations funds, of which 16 billion is designated to pay for base requirements. In its base budget request, the Defense Department highlights resources targeted for the modernization of a more lethal force that is prepared for a high-end fight against near-peer competitors and to operationalize the National Defense Strategy, including investments in the space and cyber domains, the recapitalization of our nuclear deterrent, and the largest-ever research and development budget for artificial intelligence, directed energy, and hypersonic weapons. The base budget request also supports the quality of life for our servicemembers by sustaining family support initiatives and by authorizing a 3-percent pay raise. However, it is clear that the base budget request will not cover all the Defense Department's requirements. So, once again, we have been presented with an overly generous use of the OCO account. I acknowledge that both Congress and other administrations have included elements of base funding in
OCO accounts in the past, but overloading the OCO request with $16 billion worth of activities that truly belong in the base budget is difficult to justify.

I would also highlight that this year's budget reflects the outcomes of the Secretary's defensewide review. The Department submitted a report to Congress in January that stated, "In an era of flattening budgets, it is more important than ever that we find creative ways to fund NDS-driven activities." The review identified more than $5 million in savings from defensewide programs that were deemed a lower priority or inconsistent with the priorities of the NDS. Mr. Secretary, let me commend you for taking this review on. It's a tough job, and you did it thoroughly, and you did it with quite a bit of energy.

Now, these savings will be taking, however, from, among other things, health affairs, DOD schools, and cooperative threat reduction programs. So, I'm interested in hearing more about the analysis behind the programs that were cut or eliminated, and the areas in which these resources were reinvested.

Scrutinizing current programs to determine which ones support the Department's priorities and which ones should be reduced or eliminated is appropriate and necessary. And again, I commend you. However, it is somewhat disingenuous to argue that flat defense budgets have forced the
Department to realign funds internally to support NDS implementation, when the Department is making affirmative decisions to divert funding from NDS priorities. For example, the Department recently approved the transfer of $3.8 billion from National Guard equipment, additional combat aircraft, ISR assets, and amphibious ships in order to pay for the President's border wall. In addition, the budget request before us proposes significant cuts to initiatives like the European Defense Initiative. This is after funding for several military construction products in EDI was taken out last year to, again, pay for the wall. Our close bond with our European allies and partners is one of our greatest strategic advantages and key to countering the near-peer competitor competition of Russia. However, the cut to EDI sends exactly the wrong message to our allies and our adversaries.

It is the responsibility of this committee to ensure the men and women we send into harm's way have the resources necessary to complete their mission and return home safely. And I'm proud that this committee, under the Chairman's leadership, has always worked in a bipartisan fashion during this process. And I look forward to working with all the committee members to come to a reasonable agreement again this year.

Thank you, Mr. Chairman.
Chairman Inhofe: Thank you, Senator Reed.

We will now have opening statements from Secretary Esper and General Milley. Your entire statement will be made a part of the record. And you are recognized.
STATEMENT OF HON. MARK T. ESPER, SECRETARY OF DEFENSE

Secretary Esper: Thank you, Mr. Chairman.

Chairman Inhofe, Ranking Member Reed, distinguished members of this committee, I appreciate the opportunity to testify in support of the President's Budget Request for Fiscal Year 2021. I'm joined today by the Chairman of the Joint Chiefs of Staff, General Mark Milley.

The 2018 National Defense Strategy provides a clear roadmap for the Department of Defense to address the reemergence of long-term strategic competition from near-peer competitors, China, then Russia. Throughout the Pentagon and across the Joint Force, the NDS guides our decisions and actions as we adapt the force to simultaneously contend with the threats of today while preparing for the challenges of tomorrow. We do this by increasing the readiness and lethality of our warfighters, strengthening our alliances and partnerships, and reforming the way the Department does business. Additionally, we have placed renewed emphasis on taking care of our servicemembers and their families.

The Department is grateful for the strong support provided in the FY20 NDAA and DOD appropriations, which allowed us to make vital investments in our military's modernization, enabled the creation of the Space Force, and provided our servicemembers with the largest pay increase in
a decade. Our continued success is contingent upon predictable, adequate, sustained, and timely funding, and I encourage Congress to pass a full-year spending package for all FY21 on time to avoid the debilitating effects of another continuing resolution.

The Department's total FY21 budget request is $705.4 billion. This represents a minor increase from FY20 enacted amount of $704.6 billion, but does not keep pace with inflation. Given this flattened funding level, we were required to make many tough decisions to ensure our highest priorities were adequately funded. To enable our decisionmaking, we conducted a comprehensive defensewide review aimed at reallocating resources from programs and activities that offer a low return on investment relative to the goals and objectives of the NDS. Over a 4-month period, we conducted over 20 review sessions examining almost $100 billion in programs, agencies, and activities that make up the fourth estate. This review generated $5.7 billion in FY21 savings that were reinvested back into readiness and lethality efforts.

Each of the military services is also instituting a similar review process across their budgets to achieve the same outcome of realigning resources and finding savings that can be reinvested into higher priorities.

Additionally, I have initiated the process of
conducting full reviews of all combatant commands to properly align our global military posture to the NDS. This effort will enable the Department to shift greater emphasis to our highest-priority region, the Indo-Pacific, or allow us to return troops home to build readiness. Thus far, we have ongoing reviews of AFRICOM and SOUTHCOM, and will expand to other commands over the coming months.

My recent decision to deploy elements of an Army Security Force Assistance Brigade to Africa to replace units from an Infantry Brigade Combat Team is an example of how this process is enabling us to better match resources to the mission of each combatant command.

The Department's FY21 budget request reflects the same disciplined adherence to the NDS. To preserve our overmatch, we have made significant investments into several critical technologies that will alter the future battlefield. Our RDT&E budget is the largest in our history and prioritizes hypersonics, microelectronics, 5G communications, autonomous systems, and artificial intelligence. We are moving forward with a long-overdue recapitalization of the Nation's nuclear triad, with key investments in the ground-based strategic deterrent, the B-21 stealth bomber, the Columbia-class submarine, and improved nuclear command, control, and communications systems, to name a few. We are also enhancing our missile
defense capabilities to protect against the growing threat of advanced enemy missile systems.

This budget request expands our capacity to defend our interests in space as we consolidate much of our space enterprise into the Space Force. It also advances the Department's cyber capabilities, allowing us to protect our digital infrastructure while disrupting covert foreign malign activity. This includes defending the integrity of our democracy by assisting in the security of our elections.

Finally, in the traditional air, land, and sea domains, we are focused on modernizing our formations by divesting from platforms and equipment that are no longer suited for the emerging strategic environment. The Department appreciates this committee's advocacy of the National Defense Strategy, and we value Congress's guidance on reform.

I now ask for your support so that we may fully implement our decisions and move forward with the investments needed to ensure America's military maintains our competitive advantage, continues to deter war, and preserves our Nation's security.

Thank you.

[The prepared statement of Secretary Esper follows:]
Chairman Inhofe: Thank you, Secretary Esper.

General Milley.
STATEMENT OF GENERAL MARK A. MILLEY, USA, CHAIRMAN OF
THE JOINT CHIEFS OF STAFF

General Milley: Chairman Inhofe, Ranking Member Reed,
distinguished members of the committee, thank you for the
opportunity to join Secretary Esper here today.

It's my distinct honor and privilege to represent the
almost 3 million soldiers, sailors, airmen, marines,
coastguardsmen, and civilians of the United States Armed
Forces, the best-trained, best-equipped, and best-led
military force in the world. And it would not be possible
without your continued support.

This budget is a strategy-driven budget. It is driven
by the NDS, which you are fully aware of and I fully
support. We stand really and capable to deter war, defend
our homeland from attack, support our allies; and, if
deterrence fails, we are fully capable today to fight and
win our Nation's wars against any potential adversary,
anywhere on the Earth's surface, at any time.

But, our competitive advantage has eroded, and no one
should have any doubt about that. China and Russia are
increasing their military capabilities to outmatch the
United States and its allies in order to exert their global
influence. And China's objective is to do that by mid-
century.

North Korea, Iran, and violent extremist organizations
fuel regional instability and pose direct threats to partner
nations and U.S. citizens. And, while the nature of war is
constant, advanced technologies have stressed our Industrial
Age capabilities, concepts, and processes, and the changing
character of war is happening in a very, very fundamental
way.

Additionally, we are recovering from readiness
shortfalls and modernization deferments from 20 years of
continuous warfare and a decade of fiscal instability. This
year's budget builds on previous readiness and modernization
gains, and I believe the FY21 budget submission is the best
allocation of resource in a balanced way to support the
It strengthens allies and partners. And it reforms the
Department for greater performance and affordability. It
also prioritizes, as the Secretary said, the Indo-Pacific
region to deter Chinese aggression, maintain stability, and
ensure access to common domains in order to preserve a free
and open international system, for which my parents fought
for in the second World War. It continues in Europe to
counter Russian aggression, and it will continue to allow
the United States military, in concert with our allies and
partners, to deter a provocative North Korea and Iran from
aggressive action in their regions. And, all the while, it
provides money to continue our counterterrorist operations
in various parts of the world. In short, PB-21 supports a ready, agile, and capable joint force that can compete, deter, and win across all domains today and in the future, and it targets specific investments in readiness, modernization, leader development, support to our people and their families. It invests in our readiness recovery that was built over the last 3 years. With this committee's support, all the services are scheduled to meet their readiness recovery goals in this FYDP. It funds modernization for great-power competition across all warfighting domains, and it improves the safety, security, and reliability of our very critical nuclear enterprise. It invests in and stands up the Space Force, and increases resiliency, deterrence capability, and warfighting options in both space and cyberspace. It funds joint all-domain command-and-control to improve our interoperability across all the services and with our allies. And it invests in the advanced technologies that the Secretary mentioned to address the more complex threats and the faster pace as the character of war changes.

This budget also invests in our most valuable asset. The most valuable asset of the United States military is our people. It also funds the facilities, infrastructure, family support, and quality-of-life programs in a balanced way. And it invests in education and talent management in
order to develop our junior leaders with the values and
intellectual agility to fight and win future conflicts. The
lieutenants and ensigns of today will be the generals and
admirals of tomorrow.

Ultimately, our military needs sustained, predictable,
adequate, and timely funding to retain its competitive
advantage in this era of great-power competition, with the
understanding that we must be good stewards of the resources
entrusted to us by the American people and by Congress.

I want to thank this committee for your continued
support to all of our military. And I look forward to
answering your questions.

[The prepared statement of General Milley follows:]
Chairman Inhofe: Thank you, General Milley.

Because of a scheduling problem, we'll begin our questions with Secretary -- with Senator Cotton.

Senator Cotton: Thank you, Mr. Chairman. I appreciate your consideration. I have to go preside over the Senate in 10 minutes, known as presiding officer duty, which Lieutenant Esper and Lieutenant Milley could relate to staff duty, back in their days. It's a duty, not an honor, and only the most junior personnel get to pull it.

Secretary Esper, I want to commend your remarks at the Munich Security Conference about the threat that Huawei poses to the United States and our NATO allies. Unfortunately, it doesn't seem like all of our NATO allies got the message or agree with it. Could you talk about the threat that Huawei's presence in Europe, especially in nations where we have troop presence, threatens our security and NATO security?

Secretary Esper: Yes, Senator. Since my first NATO Ministerial -- Defense Ministerial, in June of last year -- so, I've been to three or four now -- I've had a common message, one of many, and this is the threat that Huawei technology imposes on our networks. And the message has been that if countries -- if our NATO allies incorporate Huawei technology, it may very well have a severe impact on our ability to share information, to share intelligence, to
share operational plans, and for the alliance to conduct itself as an alliance. The fact of the matter is, some countries get it, many more don't. It's a continual process, where we're trying to work. And I think we also need to work together, some countries, on alternatives to Huawei, because otherwise we will find the alliance compromised, in due course.

Senator Cotton: Should some of our allies in Europe move forward with Huawei in their networks, will we have to at least consider our force posture in those countries, given what it means for the security and privacy of our troops and their families?

Secretary Esper: I think, Senator, depending on how they move forward, we're going to have to assess what they've done and how they've done it, and make a -- an assessment for each country, and then, from there, decide what we're going to do with regard to those things I mentioned -- information-sharing, intelligence-sharing, so forth.

Senator Cotton: Okay. Last month, there were media reports that the Department of Defense had reservations about a regulation related to Huawei that the Commerce Department has proposed. That regulation has now moved forward -- those objections. Could you just make clear for us, and maybe all the people that work for you directly,
what the Secretary's position is on Huawei?

Secretary Esper: Well, I'm very concerned about Huawei and other Chinese technologies, so I think we need to take a very careful eye with regard to our export controls -- Chinese technology in general, Huawei specifically -- and I think we need to be very conscious of Chinese technology in our system. By the same token, I also want to -- I need to balance the equation and make sure we understand our own technology companies and ensuring that we have access to that, as well. But, overall, I'm very concerned about Chinese technology, espionage, cybertheft, you name it, that's ongoing, and has been for many years in our country.

Senator Cotton: Thank you.

On the topic of espionage, let's turn to Russia, and specifically the Open Skies Treaty, and how they use that, and how they cheat on it in their own country. Specifically, refusing to allow us to fly Open Skies flights over Kaliningrad, their strategically located enclave in Europe, and also around and near Georgia. Other witnesses in the past in front of this committee, like General Dunford, General Milley's predecessor, Vince Stewart, former head of DIA, have testified that Russia has been cheating on the Open Skies Treaty, that we don't get much benefit out of it as long as they're cheating, that -- even called it a relic of the past. Do you think that the Open Skies Treaty
still serves United States interests, given the fact that Russia continually cheats on that treaty?

Secretary Esper: Senator, they have been cheating for many years. I raised this at the Defense Ministerial last month with all of our NATO partners, that we need to speak out more clearly about Russian noncompliance. You mentioned Georgia and Kaliningrad. Those are two good examples. We've also been denied access to military exercise overflights. There are some other issues, that we cannot discuss in this session, which we should come and talk to you about. But, I have a lot of concerns about the treaty as it stands now.

Senator Cotton: So, I noted the President's budget did not include money to recapitalize the Open Skies Treaty aircrafts, the OC-135s. But, I've also heard that there may be, as early as next month, the possibility of contracts announced to modernize those aircraft. What can you tell us about that use of funds?

Secretary Esper: At this point in time, until we make a final decision on the path forward, I'm not prepared to recapitalize aircraft. I want to make sure we understand what the direction is. I would note that many of our allies that are in the Open Skies Treaty -- and I've talked to them a lot; this is important to many of our NATO allies -- that they have the means to conduct the overflights. We still
have the means to conduct overflights. I was at Offutt Air
Force Base just last week. I had a chance to walk on -- to
walk about one of the OC-135s and talk to the crew and take
a look at the aircraft. But, at this point in time, we're
holding until we get better direction.

Senator Cotton: Good.

Thank you.

Chairman Inhofe: Senator Reed.

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

Again, thank you, gentlemen, for being here today.

And, Mr. Secretary, let me return to some of my
comments in the opening statement about the vacancies in the
Department. There are two significant issues. One, as I
highlight, civilian control of the military, which you need
civilians to do that. And also, institutional capacity,
people who have been on the job, have the credibility and
the legitimacy of being confirmed and are not Acting. Can
you tell us why we have so many unfilled positions and
Acting personnel? We've -- speaking for the Chairman -- I
think he's done a remarkable job of getting people through
when they get up here. So, could you comment?

Secretary Esper: Yes, Senator. Let me, first, give
you a rundown on the numbers.

So, of 60 confirmed slots -- it was 58 until the NDAA
was passed, we added two new Space positions -- so, of 58,
39 are currently filled, we have two nominees waiting on the floor for a vote, we have four nominees in committee, we have two intents to nominate, we have four more that are right behind them, and then we have five more in the process. So, of the balance, there are -- I think that's six in the balance that we have to identify positions for.

Now, as you know, many of us have been in this town a long time. You -- it becomes more challenging as you get into the fourth year of a first term, in terms of finding people. And that is a challenge. And we have -- also have challenges with moving people through the process. These are long processes. So, with regard to where we are, I don't think the situation is as dire as some may think. And we have very capable people in the positions. I'm -- I've gotten the chance to work with them, both in their current role and my previous role as Secretary of the Army, and we have very capable DOD civilians -- career civilians who also help out.

At no time have I had any concerns about civilian control of the military, to be frank. I know that's part of the NDS review. When I came in, my first week or two on the job, I instituted a number of changes, where the uniform and civilian leadership works together, sits together in weekly meetings. We, together, review our National Defense Strategy implementation. We, together, review OP PLAN
implementation or development. And we've have a -- have a much better integration today between civilians and military than we did, I think, 9 months ago.

Senator Reed: In regard to the nominations that are coming up to us, I don't think I'm alone when I was surprised that Elaine McCusker's nomination was withdrawn. From everything I have heard, she's a very capable and experienced individual. In fact, that's why she was nominated in the first place. To your knowledge, can you tell us why her nomination was withdrawn?

Secretary Esper: Well, Elaine is a very capable and dedicated public servant, but the President has the right to choose his members, who he's going to nominate.

Senator Reed: So, it was the presidential decision, not a recommendation by you or anyone else in the Department of Defense.

Secretary Esper: Well, that's a -- it was a PPO decision. At this point, I have no -- I don't have any more fidelity at this juncture.

Senator Reed: Well, again, I think one of the concerns we go back to is that your role, as Secretary of Defense, you should have a critical voice in all these nominations. That goes with the territory, and --

Secretary Esper: Sure.

Senator Reed: -- you should have it. And if you
didn't have it in this case, I think that is a problem, which I hope we can address.

The other area I spoke in my opening remarks was a SOLIC position. And you realize that, over several years, through several NDAAs, we've tried to build up the capacity of the SOLIC to be a Secretary-like individual. And again, we have a -- someone who's an Acting position. That's been since last June, when Secretary West retired. So, can you promptly provide the committee with a plan for implementing, not just getting a person in place, but --

Secretary Esper: Right.

Senator Reed: -- making that person act like a Service Secretary?

Secretary Esper: Yes, Senator. First of all, thanks again. I think you brought this up a month ago when we sat down together. And I was not tracking it. That's on me. I have a high regard for SOLIC. Believe it or not, I worked as an IMA reservist in SOLIC many, many years ago. But, since then, we've taken a number of actions, so we're pushing forward on the nominee. We are looking at -- we are going to reconsolidate SOLIC back in the Pentagon. I have tasked the SOLIC to provide a number of recommendations on Section 922 implementation. We will begin frequent meetings between the SOLIC and myself and/or the Deputy on a routine basis. So, we're -- and then, also committed to recruiting
and retaining more talent in SOLIC. So, I think we're taking a number of steps to integrate SOLIC and to achieve what was in law that you talked about.

Senator Reed: Thank you.

Secretary Esper: And I look forward to updating you on this as we go forward.

Senator Reed: Thank you.

Just a different topic here, but due to exceptional staff work on both the majority and minority side, we discovered, about 2 years ago, that many of our allies were not paying for fuel, the Saudis and Emirates, for example. It was about a $300 million bill. The Emirates, when confronted with it, paid up. The Saudis are still paying. But, just today, the GAO has released a report indicating that the Department has failed to secure reimbursement for more than $1 billion worth of support to other nations. I have no time left, but can you, briefly -- very briefly -- comment, and also indicate what you're going to do to collect the money, basically?

Secretary Esper: Yes, sir. I've tried to track that number down. I can't find the billion-dollar number. I am tracking that with regard to payments. They are caught up at this time. They've reimbursed us for approximately 113 million. There is still approximately 38 million outstanding in flying costs. But, I want to pull the thread
a little bit more on that billion-dollar number to make sure I'm not missing something. And that --

Senator Reed: Thank you.

Secretary Esper: -- GAO report is helpful.

Senator Reed: Thank you.

Chairman Inhofe: Senator Fischer.

Senator Fischer: Thank you, Mr. Chairman.

Mr. Secretary and General Milley, there's been a lot of reporting about the reduction in funding for the Virginia-class submarine in connection with the NNSA's budget increase. Critics of nuclear modernization are equating concern for the Navy's shipbuilding plan with opposition to funding the NNSA, and are using some recent comments made by Acting Secretary Modly and also you, General Milley, to suggest that DOD does not support the current budget request for NNSA. Now, I share the concern for the Navy's shipbuilding budget, and Congress will have an opportunity to look at that. But, I know that you are both very strong supporters of nuclear modernization. And also, Admiral Richard was before this committee when he was here several weeks ago testifying that there was no excess margin in the NNSA's budget. So, I just want to be clear on this. Do you both support the requested level of funding for nuclear modernization at the NNSA?

Secretary Esper: Senator, I do. And if you don't
mind, I'll give a little bit explanation. I think it's vitally critical that we recapitalize our nuclear triad. That's why we placed that as number-one defense priority, in terms of our funding. That means not just the platforms -- the B-21, the ground-based strategic deterrent, and the Columbia-class submarine -- but also nuclear command/control, and a few other things, like long-range strike. But, you also have to have the packages, the warheads, et cetera, the plutonium pits go with that. So, it's critical that those be funded and moved quickly forward so we can have them paired up in time to recapitalize, ensure that the strategic deterrent is modern by the year -- beginning in the year 2030.

Senator Fischer: And there's no room for pausing --
Secretary Esper: Ma'am, there --
Senator Fischer: -- the production --
Secretary Esper: -- there is no room for margin. I have been working with our folks at OSD and Admiral Richard to try and actually build margin into our current fleet so that we have some room. But, it's critical that we meet that timeline.

Senator Fischer: General Milley?
General Milley: And I absolutely support fully funding the nuclear enterprise. It's the number-one priority. It's kept the peace -- world peace, actually, from great-power
war for going on seven and a half decades. So, I absolutely support that. I think what we're talking about is the HASC's testimony from last week. I was not involved in the decision to move the money from the SSN, but I fully support fully funding our nuclear enterprise.

Senator Fischer: Thank you. I think it's important that the record reflect that.

Mr. Secretary, Section 1039 of the 2013 NDAA requires the Nuclear Weapons Council to certify NNSA's budget and ensure it's adequate to meet requirements. Conferees clearly stated, in the accompanying report, their expectation that, through this provision, the Nuclear Weapons Council will, quote, "take an active role in shaping and reviewing the NNSA budget as it is prepared for submission to Congress and negotiated with the Office of Management and Budget during the budget review process," end quote.

This year, the certification letter submitted pursuant to this provision read, quote, "NNSA is unable to provide detailed budget information to support certification in advance of the budget release of the President's Fiscal Year 2021 Budget Request by the Office of Management and Budget. The NWC cannot perform the analysis required to produce a budget certification letter without this information," end quote.
I think it's obvious that the process is not working but what is your view of the situation, and how can we resolve this to ensure the intent of the provision is being met?

Secretary Esper: Senator, I completely agree. I think this -- we need to let the Nuclear Weapons Council work. I think that looking at budgets needs to begin very, very early, arguably in the late summer of the year before. I would like to have a look at that, as well. I want to make sure that we're prioritizing the right thing so that we have a capable strategic deterrent. I think if that were the case, then we would have been in a much different situation. We have already got agreement from NNSA to do that in DOE, and I got an agreement also from OMB to support us on that. So, I think it's very important, and we intend to implement that, going forward.

Senator Fischer: Thank you. As you stated earlier, this has to work together. It has to be on time in order to meet our number-one priority of the NDS.

Also, Mr. Secretary, in the time since the budget was released, we've heard complaints, including many here in Congress, about things that either weren't included or were perceived to be underfunded in this budget: ships, aerial refueling tankers, Stars and Stripes, rumors about a withdrawal from Africa, the European Deterrence Initiative,
the list goes on and on. You've heard those. What's
forgotten, sometimes, is that it is Congress that sets the
funding level, not the administration.

So, Mr. Secretary, is it fair to say that these
tradeoffs are the result of the lower top-line that was
approved by Congress?

Secretary Esper: They are, Senator. I would still
scrub my budget really hard year after year, regardless,
because I think it's necessary to do defensewide reviews.
But, as the Chairman mentioned up front, we have to get back
on the trajectory of 3 to 5 percent annual real growth if
we're going to modernize the force and implement the NDS.

I was shown a number, a few days ago, that if you'd go
back to the Budget Control Act -- I think it was August 2011
-- and the amount of funding we would have had if we hadn't
gone that course, it's somewhere between 450 to 550 billion
dollars lost that we could have put into modernization. And
so, that's the catchup we have to look at, at this point in
time.

Senator Fischer: Okay.

Thank you.

Chairman Inhofe: Thank you.

Senator Shaheen.

Senator Shaheen: Thank you, Mr. Chairman.

Thank you both for being here, and for your service.
Secretary Esper, I appreciate all of the comments that you've made about your efforts to find additional funding within your budget, given the constraints that you're looking at. But, as you're aware, I'm sure, last year the Department realigned $6.1 billion for its budget towards constructing a border wall along the U.S. southern border with Mexico. And, more recently, the administration is going to divert another 3.8 billion from the Pentagon toward the border wall. They're taking that from a number of programs, in -- as Senator Reed outlined in his opening statement, including eight MQ-9 Reapers, which I -- we heard, from General Walters, are very important as they're looking at ISR along the eastern European border.

So, I guess -- explain to me how we can feel comfortable with raiding the Defense budget at a time when you're telling us you have needs and are expecting a shortfall based on a flatter budget for 2021. Why should we assume, if you can divert that kind of money for the border wall, that we should give you additional funding to address other areas of need?

Secretary Esper: Senator, the -- as you know, the southwest border is -- was declared a national emergency by the President, based on what has been happening down there.

Senator Shaheen: And, as I'm sure you know, the Congress actually voted that we did not agree with that
designation, and, in fact, it's only because the President vetoed it that that didn't change. And I think there are some real questions about whether taking money that has been appropriated by the Congress, signed into law for another use, is actually legal and constitutional.

Secretary Esper: Yes, Senator, I understand. It's -- so, the -- with the declaration of the national emergency and -- we were asked to support Department of Homeland Security. Border security is national security. With that, it is our understanding under the law that, as directed, we were able to transfer that money to support that, much like we do many other things, whether it's fighting wildfires or helping with floods, whatever the case may be. But, I think the larger issue is with regard to modernizing the force. We're talking about, you know, making some big investments that are going to require a divestiture of things we've done in the past in order to invest in the things we need in the future. I think the demands there pale in comparison to what is being used to support DHS on the wall.

Senator Shaheen: We had the Acting Secretary of DHS before the Appropriations Subcommittee last week, and he showed us numbers that indicated there are significant dollars there for additional construction on a border wall that they are not likely to use in the next year. So, it's hard for me to understand how we can justify taking money
that we need from our military to construct a wall along the southern border. I'm not going to ask you to respond to that, because I'm going to be running out of time, but I think it's a very real question. And I certainly hope that we won't see, past this year, any further effort to take money from our military. And I hope you will commit to that.

Secretary Esper: Senator, at this time, we don't foresee the need, at this time, to draw upon these sources next year. And I will follow up with the Secretary to find out, because we want to support DHS, but not over-support DHS, if that makes sense.

Senator Shaheen: Thank you.

I want to commend you on, the day that you were sworn in, appointing a commission to deal with PFAS contamination. It is an issue for us in New Hampshire, as I know you're aware, as it is in so many other States. And I'm sure you know that the FY20 NDAA included a provision to phase out the use of fluorine-containing firefighting for military use by 2024. Can you give us an update on where the military is in finding an alternative?

Secretary Esper: Yes, ma'am. We're working that issue hard. It's -- to replacement, it's, what, the AFFF, I think. It's an acronym.

Senator Shaheen: Right.
Secretary Esper: The three things we're focusing on is the replacement for that; number two, making sure we're taking care of our people and then the communities that they live in or near; and then, number three, making sure we understand the health effects on humans from these foams. So, I -- my -- the task force has been working very hard since I launched them, integrating well with EPA and other parts of the government. I hope to have a report come up here very soon, within a week or two, to update you on that and the progress we're making. And I know we have some hard marks to make, in terms of replacing the current foam with a new mechanism. But, we've been putting a lot of dollars into researching that. I want to say, we went from 139 million last year to 200 million this year requested to tackle PFOS, PFOA.

Senator Shaheen: Well, thank you. I appreciate your continued commitment. I think it's something that we all need to work on.

Secretary Esper: Yes, ma'am.

Senator Shaheen: Thank you, Mr. Chairman.

Chairman Inhofe: Senator Rounds.

Senator Rounds: Thank you, Mr. Chairman.

Gentlemen, first, let me begin by thanking you and your families for your decades of service. It is not unnoticéd, and we most certainly appreciate what you have done.
General Milley, I'd like to begin with you. I -- part of the discussion -- and Senator Shaheen has started this discussion with regard to the resources that we have, and the need for those resources -- I'd like to give you an opportunity to talk a little bit about modernization, but also I want to talk about readiness today.

I want to preface it by simply sharing that, over the last number of years, this committee has received reports about the challenges we have in readiness of our Armed Forces today, and the fact that, over a period of years, and the fact, as you've both alluded to, we've had -- or we've been at war for 20 years, and that takes its toll. When it comes to the equipment that our young men and women use, I'm just going to list them out, and I'd like to have you, if you could, give us an update:

B-1s: May of last year, we had six of them that were actually operational.

F/A-18s: At one point a little over a year ago, it was reported that less than 40 percent, or at about 40 percent, were operational.

F-15Cs: You were limited to about 2 Gs, in terms of maneuvering, less than what a King Air would do in regular aviation.

You've got approximately -- on F-22s, you've got perhaps 125 remaining that might be operational at a time, a
percentage of those.

With regard to your nuclear submarines, your attack submarines, you've got four of them right now that are at dock. I believe the Boise may be in drydock now, but, nonetheless, clearly we've got a shortfall there of nuclear attack submarines that are sitting, waiting for their half-life to begin.

Along with that right now, I think you've got somewhere around 31 BCTs in the Army. I'd like to know -- I think, at one point, we had as few as -- less than single digits, the numbers that were ready to "fight tonight."

General Milley, are we making progress? And can you give us an update, just on these particular ones, with regard to where we may have improved on those numbers over the last couple of years?

General Milley: Thanks, Senator, for the opportunity.

What I'd like to do, if I could, is get you the specific numbers. They're on this card, but this card's classified. So, actual readiness data, by type weapon system, with numbers that you're talking about, are -- is classified information. We don't want the enemy of our country to know all that. On the one hand.

On the other hand, I can tell you that it has improved, and I would put it in the -- about a third or so -- as I look at these numbers, about a third improved over the
numbers that you probably saw anywhere between 12 and 24 months ago. So, there is -- there's two steps forward, one step backward in some of this stuff, in terms of readiness. And we monitor it very, very closely every month. And it is -- it has improved, and I can get you the exact data, if you'd allow me to do that in a classified way.

[The information referred to follows:]
Senator Rounds: Well, that's fine, sir, but I just want to make it clear, the numbers that I gave you, I received in a non-classified session. Matter of fact, in open session, just like this. So --

General Milley: Okay.

Senator Rounds: But, I -- the reason for my point is not to be critical, but, rather, to point out how important it is that we have the resources available to you --

General Milley: Sure.

Senator Rounds: -- to continue to make those improvements. And --

General Milley: Well, readiness is our number-one -- in terms of the amount of money that we're putting towards this budget and in past budgets, we're trying to radically improve the readiness of the force, the "fight tonight" sort of thing. And, at the same time, you have to have balance for modernization, for the changing character of war, against those investments that the Secretary talked about earlier.

Senator Rounds: Well, and I think the fact that we're modernizing our nuclear weapon systems is probably absolutely --

General Milley: Sure.

Senator Rounds: -- it is absolutely critical, because right now, based upon our nonmilitary capabilities --
General Milley: Right.

Senator Rounds: -- they fear our military because of our nuclear capabilities as much as anything else.

General Milley: There's no question about it, that the -- "peace through strength" is not just a bumper sticker.

It matters in the whole idea of deterrence. And you have to have the capability, and the will to use it, and your enemy's got to know that you have the capability and the will. So, the capability's important. And that goes right into the readiness piece. And we want to make sure that our enemies know that we are ready. In my opening statement, I said we are ready. I don't expect you to take it on faith. I'd like to report out, in a classified way, exactly how ready, by type system, if I could.

Senator Rounds: Thank you.

Secretary Esper: Senator, if I may, what you're looking at it is a tradeoff between current readiness and future readiness. And Senator Fischer draw this out. I talk about the 450 to 550 billion dollars of lost funding. That's really important when you're trying to recapitalize, whether it's the Army, Navy, Air Force, or Marine Corps, but particularly big capital projects, like shipbuilding. If you don't have that funding, if it's not predictable and steady for the industrial base, they just can't -- you just can't build. What you do is -- so, what you're doing is --
as you know, it's like driving an old car; you reach the point where you're putting so much maintenance into the old car, you've got to buy the new one, or else it's a losing battle.

Senator Rounds: No question, sir. And you're making the point that I think we want to have made --

Secretary Esper: Right.

Senator Rounds: -- which is -- and you can't do it without continued resources --

Secretary Esper: Right.

Senator Rounds: -- on an expected basis year to year. And I think you are making progress. And I was hoping to be able to share some of that progress, but to say, if given the appropriate resources, we are making improvements, and will continue to. But, I agree, it's readiness versus modernization in many, many cases. And that tradeoff is tough to handle once in a while.

Secretary Esper: Yes, sir.

Senator Rounds: Thank you, Mr. Chairman.

Chairman Inhofe: Senator Hirono.

Senator Hirono: Thank you, Mr. Chairman.

We're all monitoring the coronavirus closely, and I appreciate the Department taking this seriously and working to keep our servicemembers and their families safe. And, while in Hawaii we do not have any confirmed cases, we are a
gateway for travelers from China, South Korea, Japan, so we
must be exceptionally vigilant and coordinated.

Mr. Secretary, will you commit to me that the DOD will
act quickly on requests made by the State of Hawaii to
assist with response, in the event it is needed -- I know
there are some factors we have to meet -- pursuant to the
National Response Framework and DOD Directive 3025.18?

Secretary Esper: Yes, ma'am, under Title 10. Of
course, Title 32 would require action by the Governor first.

Senator Hirono: Yes, I understand.

Secretary Esper: Okay.

Senator Hirono: That's my question.

So, Mr. Secretary, you say in your posture statement
that the Indo-Pacific remains DOD's number-one priority
region. I have a series of questions about the threat in
this region. And, as I have only, now, 4 minutes left, I'd
really appreciate your answers to be very brief, and a yes
or no would be great.

In your statement, you say North Korea is seeking to
build legitimacy through the development of a variety of
nuclear, conventional, and unconventional weapons, and by
growing its ballistic missile capabilities. Is the threat
of North Korea's ballistic missile capabilities becoming
increasingly dangerous?

Secretary Esper: It's becoming increasingly
complicated as they seek to modernize the --

Senator Hirono: Yes.

Secretary Esper: -- full range of missile systems.

Senator Hirono: So, I'd say that's a yes.

You say in your posture statement that the FY21 budget request is directed toward achieving an, and I quote, "irreversible implementation of NDS," end quote, which includes enhancing missile defense capabilities pursuant to the 2019 Missile Defense Review. That's correct, isn't it?

Secretary Esper: Yes. We are putting additional money into missile defense and defeat.

Senator Hirono: And do the North Korean long-range ballistic missiles pose a threat to the United States, which, of course, includes Hawaii?

Secretary Esper: Yes, if our intelligence is correct, they would.

Senator Hirono: Yes. And you also state, your budget request, quote, "increases missile defense capability and capacity to keep pace with adversary missile systems," end quote, while investing in a layered defense of the homeland.

But, Mr. Secretary, in spite of 4 years of authorizations and 3 years of appropriations from Congress, and your own 2019 Missile Defense Review, you have zeroed out the HDR Hawaii, which is the radar for Hawaii, which is part of a system that provides layered defense of the homeland. Is
this decision to zero out the funding for HDRH a decision to not build this radar at all in Hawaii?

Secretary Esper: Not necessarily, Senator. As you know, there -- for many years now, we've had a problem with State and local authorities giving us permission to get onto that site and do what we need to do, if I recall correctly, and it seemed -- the latest report we had at the time of building the budget is, we probably wouldn't see any resolution for another year or two or three.

Senator Hirono: So, does that mean that we can expect you to request -- I am very familiar with certain delays --

Secretary Esper: Right.

Senator Hirono: -- with regard to the siting. So, does this mean that we can expect a request of money for the HDRH in fiscal year '22?

Secretary Esper: I think, when we see a light at the end of the tunnel with regard to getting clearance to build, yes, ma'am.

Senator Hirono: Okay. That's good to know.

And -- because, otherwise, the decision to zero out the HDRH and reprioritizing the funds from DOD's number-one priority region, as you say, for another purpose, really doesn't make sense.

And I'd also like to have a commitment from you now that you will not seek to repurpose F-20 funding for this
radar that is still being used to continue the HDRH Hawaii contract.

Secretary Esper: Senator, I'm not sure I can make that commitment, because I'm not sure I fully understand what you're asking. But, again, our --

Senator Hirono: Well --

Secretary Esper: What we're trying to do is, in the era of tight budgets, make sure we don't put money against something that has no possibility of being effected in the near term.

Senator Hirono: Well, I don't know what you mean by the "near term," because --

Secretary Esper: Well, in the --

Senator Hirono: -- this radar --

Secretary Esper: -- upcoming fiscal year --

Senator Hirono: -- this radar is part of a system, and was supposed to be pretty much operational by 2023, which means that it's -- aside from the delays that I understand that's occurred, we're supposed to be on track, because that's what the National Defense Strategy calls for. So, in 2020, there was some $188 million. This is being expended right -- even as we speak. So, I would like to know that you are not going to repurpose this funding that's already there --

Secretary Esper: Well, Senator, if I recall the --
Senator Hirono: -- for other purposes.

Secretary Esper: Yes, ma'am. If I call -- recall the issue properly, it's -- developing of the system is one thing, but if I develop a system and I can't put it somewhere, that it has no effect, it's wasted money.

Senator Hirono: Well, you know that this contract is -- as far as I know, Lockheed Martin is already building this radar. So, they've already -- there is already a contract for them. This thing was supposed to be, in fact, operational in 2023. So, if we don't go ahead with this, I think that you're going to have some contractual things to deal with. But, you know, what I'm hearing from you is, aside from the delays that were caused by the siting, mainly, of this radar, that you have a commitment to pursue the radar and have it built in Hawaii as a part of our system -- missile defense system.

Secretary Esper: I am making a commitment to you that we, of course, intend to defend all 50 United States and territories with radars and effectors as necessary. What I don't under- -- what I need to come back to you with is a better understanding where things lie. It's one thing to build a radar, but if I invest hundreds of million dollars in the radar and then not -- cannot place it somewhere, then it's wasted money.

Senator Hirono: Of course I realize that. That's not
what I'm asking.

Thank you, Mr. Chairman.

Chairman Inhofe: Senator Ernst is recognized.

Senator Fischer is presiding.

Senator Ernst: Thank you, Mr. Chair.

And thank you, gentlemen, very much for being with us this afternoon.

There are a few things that I'm very interested in as the chair of Emerging Treats and Capabilities. And, of course, one of those is hypersonics. And, Secretary Esper, if I could focus on that for a moment. A key component of our NDS is assessing and recalibrating our posture with regards, of course, to the great-power competition. China has a leg up -- I can't -- we can't dispute that -- in developing technologies like a hypersonic aircraft and missiles. And the technology could give users the tactical long-range capability to hit targets yet with such speed and surprise that defending against them is very, very difficult. Great concern to all of us.

So, how is the DOD investing in deconflicting research priorities across the services -- we have a lot of research going on out there -- to limit the duplicative spending on hypersonics?

Secretary Esper: Thank you, Senator.

And, first of all, you're correct, hypersonics is one
of our top priorities, in terms of developing capability, lethality in that field. We are doing very innovative work. And I would tell you it's more innovative than what you would see coming out of Russia or China. I can --

Senator Ernst: Right.

Secretary Esper: -- assure you of that.

Senator Ernst: Good.

Secretary Esper: We have maximized every dollar. We put into this year, I think it's $3.2 billion, and over the FYDP, to make sure that we get inventory out in the field as soon as possible. Each of the services has a variety of programs. DARPA has programs, as well. And through either collaboration between the services or through work through our R&E shop under Dr. Griffin, we're working very hard to make sure there's not duplication, but, more importantly, sharing. And we see a lot of sharing between the services. So, I'm very confident that, in the next few years, we'll be deploying hypersonic weapons, as the commanders need them, throughout the theater, but in the Indo-Pacific theater in particular.

Senator Ernst: Okay. Just to be clear, you said it's 3.2 billion over FYDA --

Secretary Esper: No, ma'am, it's 3.2 billion this year.

Senator Ernst: This year, okay. And is that -- you
feel that that is sufficient --

Secretary Esper: I asked multiple times to make sure, "Is that every single dollar we can put against it and effectively use?" In other words, there's no more -- one more extra dollar would be a wasted dollar. And I was assured multiple times that that was the max we could put into that.

Senator Ernst: Okay. And -- thank you, Senator. And how does this fit into our nuclear modernization efforts?

Secretary Esper: It certainly gives us -- we're talking about conventional systems here -- it gives us a -- an incredible strike capability below the nuclear threshold, which is important, to reach out at long ranges to strike somebody with precision, at speeds of 5, 10 times the speed of sound, with great capability. And it's going to give us a lot of reach, which is what we'll need in the -- in a conflict against a near peer.

Senator Ernst: Absolutely. Thank you.

And, Mr. Secretary, I know that we're embracing innovation at every level possible -- and I appreciate that -- within the DOD. And we're modernizing to give our warfighters that tactical advantage over our adversaries. And, of course, another area I'm interested in is quantum information systems technology. Again, one of Mr. Griffin's areas. But, we are exploring options for quantum
integration in a variety of areas. However, we hear, from various industry, that DOD requirements are too broad for the current scope of research. And what the industry leaders are recommending is that the DOD refine their requirements. And this can help drive unified efforts to advance rapidly first in the narrow area instead of slowly across a very large spectrum. Can you speak a little bit to some of the advances we're seeing in quantum information systems?

Secretary Esper: Yes, ma'am. Quantum definitely is a top priority. It's probably in the top tier, if you will. Dr. Griffin's very passionate about this. I'll have to go back and get you an answer. Typically, what we ask of industry, though, is -- they ask us not to give them requirements, per se, and they ask us to tell them the solution we're looking for, help us -- tell them the problem we're trying to solve, and help them -- let them help us develop the solution. So, this is a little bit different than what I typically hear, so I'd like to --

Senator Ernst: Okay.

Secretary Esper: -- run this down and come back to you on it.

[The information referred to follows:]
Senator Ernst: And certainly, we'd love to partner on that. It's just critical that, in some of these areas that we see in Emerging Threats and Capabilities, a lot of the discussions that we have, that are very focused on advancing technology and working with industry partners, small businesses, and so forth --

Secretary Esper: Right.

Senator Ernst: -- in that area.

But, I do appreciate you both, gentlemen, very much for being here today, and look forward to working further with you.

Secretary Esper: Yes, ma'am.

Senator Ernst: Thank you.

Senator Fischer [presiding]: Senator Jones.

Senator Jones: Thank you both for being here, and for your service. I really appreciate your opportunity to come here.

Secretary Esper, it would come as no surprise to folks here that I have been advocating Redstone Arsenal to be the head of Space Command. You and I have talked about that --

Secretary Esper: Yes, sir.

Senator Jones: -- a good bit. And in May of 2019, before you were even the Acting Secretary, there was -- the list was winnowed down. There was a series of visits, an extensive process that was winnowed down to a few sites, and
Redstone Arsenal was a part of those. Space Command was supposed to be announced in the fall. It wasn't. And we're still -- now we're in March, it's still not. And then, yesterday, Lieutenant General Thompson testified before the House Armed Services Committee that the Air Force had been directed -- and he emphasized the word "directed" -- to go back and open this up. He said open up the aperture and look at all of them, including some nontraditional locations, and that they would establish the criteria, which I thought had already been established months, if not a couple of years, ago, and that none of these -- the list -- Redstone Arsenal and others were on there. So, you know, a cynical person would, in today's world, think that there was some political electoral politics coming into this -- into play into this, because Congress has wanted to do this, and we've been supportive, but now we're going to get delayed again in opening this process up.

So, I have a series of questions. Number one, did this come from the White House? If so, who? If it didn't -- or if it did, was there pushback? If not, if it came from you or others -- tell me how that process up to open this up again, because a lot of folks have been looking at this for a long time.

Secretary Esper: Yes, Senator. It came from me.

Senator Jones: All right.
Secretary Esper: I'm the responsible party. During my talks on the Hill, prior to my nomination -- more particularly, after my hearing here -- I visited the House, and I heard from members, on both sides of the aisle, that they felt that the process that had been run was unfair and not transparent, and there were a number of complaints. So, I directed, at that time, that it -- we pause in place. I took a briefing on it, along with Deputy Secretary Norquist, and we did not feel, as well, that it was transparent enough, that enough States, members, et cetera, had a chance to participate. So, we directed that it be revisited and a different approach be taken, where they outline the criteria, the screening criteria by which a place would meet as a qualifying material, that we would go out to all members and offer them to nominate locations, if you will. We'd screen from there. But, do a very iterative, transparent thing, where members can also comment on the criteria, we would update at various points in time, and then keep narrowing it down, much like we did on Futures Command, till you get to the final site, so that everybody had confidence that it was fair and there were no politics involved in it, and that it was the best site for the mission at hand.

I regret to say that that process began late. I had another revisit with them, about a month ago, which is what
probably prompted that testimony. But, I'm the one that did
it. It was my initiative, simply to make sure that there
was transparency and buy-in and consent from members who
were --

Senator Jones: How long will the process take now?

Secretary Esper: It's going to take several months. I
think -- I don't see anything being announced -- if it helps
to assure you, I don't see anything being announced before
the election.

Senator Jones: All right. Great.

Secretary Esper: In fact, I would probably --
regardless, I think it's best to keep it out of the
election, for the reasons that you cited.

Senator Jones: All right.

Let me ask you about some -- a concern that I think has
been raised by a couple of folks here, and that is the
transfer of funds to build the border wall. Taken out of
that was $261 million out of Mobile, Alabama, at Austal, to
build an EPF, which is, I think, a very, very important
ship, and it was one that is in part of this transition.
Austal, as you know, is the only shipbuilder that's
delivering ships to the Navy on time and on budget. Was any
consideration given to how that might impact folks like down
in Mobile when these decisions were made? And the first
part of that question, though, is -- I want to make sure I
understood the reasons. The reasons for this part of the money is strictly for trying to close off drug smuggling. It has nothing to do with immigration, but drug smuggling. Is that correct?

Secretary Esper: It's -- under this authority, the 284 authority, it's directed at counterdrug, narcotrafficking routes, if you will, in support of DHS. That's the provision of law under which it falls.

Senator Jones: All right. And I'll --

Secretary Esper: I'm sorry.

Senator Jones: Talk to me about Austal.

Secretary Esper: Yes, sir. So, what we tried to do in this process is to make sure that we could find, as best as possible, a way to look at the problem that was objective and apolitical, and that we could stand behind. And the staff came up with -- as they looked at it, is the fact that the items that were either not requested in the FY20 budget or items that were "early need," either. So, either "excess to need" or "early to need" was a very clean-cut line that took -- did not take politics or anything like that into account, and it was very objective. And that was the standard by which we went. I consulted with my Service Secretaries. The Chairman consulted with the Chiefs of Staff, the Joint Chiefs. And that was the basis upon which we made the decision, recognizing fully that there are a lot
of different players and equipment and things caught up in
that, but that was the way we approached it.

Senator Jones: All right. Well, I will -- out of
time, but I will have some questions for the record,
including maybe a little bit more of an explanation on the
Space Command, and also a report, the current conditions of
facilities used by the Senior Reserve Officer Training Corps
at minority-serving institution, another on the commitment
to the Junior ROTC Pilot Program -- Scholarship Program that
we're doing, and also --

Secretary Esper: Great program, by the way.

Senator Jones: Thank you. And also, review a report
about the Department of Defense Child Development Center.
So, I'll have those for the --

Secretary Esper: Yes, sir.

Senator Jones: -- questions for the record.

Thank you.

Thank you, Madam Chairman.

Senator Fischer: Senator Cramer.

Senator Cramer: Thank you, Madam Chairman.

Thank you, Secretary and General, for your service, for
your appearance today.

A special thank you, Mr. Secretary, for your recent
trip to Minot. And please thank Leah, as well. It was an
exceptional day for the airmen and missileers in Minot. And
I hope you took something away from it, as well.

And, since we're on the topic, and since the --

Secretary Esper: I went there in the winter, so --

Senator Cramer: You -- well, the fact you came in February does add to your "street cred," without a doubt, but you also got to see them at their best, in the toughest conditions, working with some very old equipment --

Secretary Esper: Right.

Senator Cramer: -- as you noticed, no doubt -- some very old airplanes flown and maintained by some very young airmen, and some very old missiles maintained by some very young missileers. And so, we appreciate that -- the priority of modernization, obviously.

And with regard to the missiles, specifically, you know, ever since the GBSD has been on -- you know, on the planning board, I've pressed pretty hard about the timeline, and particularly knowing there are detractors here and there, and, of course, the -- you know, the lack of competitive -- added to that. I just -- if you could just give an update on GBSD, the progress, and what you see, if any, challenges there might be, and what -- you know, what risks we run if there is a delay.

Secretary Esper: Thank you, Senator. Yes, it's -- we continue to move forward on GBSD. It's vitally important as the land-based leg of the triad, as you know. What concerns
me most is the same thing that I discussed with Senator
Fischer, is, we have no margin left with regard to the
timeline. It's utterly important that we move out quickly.
I share your concerns about lack of competition, so we're
going to have to be very clever. And Under Secretary Lord
is working on a number of ways by which we keep the pressure
on the contractor to stick to cost and stick to performance
and timeline, to schedule associated with that, because
there is no margin with regard to replacing that. We tend
to have this recapitalization problem coming all together at
around the same time.

But, that said, I'm also looking for ways to build
margin in that leg of the triad. Are there different things
we can do to extend it? And then, as you know, I have --
personal concern after speaking to folks there is to make
sure we maintain the health and vitality and readiness of
the missile force, itself. A very important mission, and a
very tough mission, when you have a chance to get down one
of those silos and experience what they go through.

Senator Cramer: It is that.

General Milley, with regard to this -- you know, I
think the Secretary referred to the divest -- to divest of
some of the things of the past, to invest in things of the
future. We hear a lot lately in this budget about the risk
associated with, you know, getting from here to there, and
the divestiture of some of those legacy systems. And one of
the things that comes up often, of course, is the ISR
demands in the theater. I think pretty much every combatant
commander I've talked to says we're woefully short. And
yet, some of the legacy systems that are being targeted for
retirement to make room for modernization include some very
important ISR assets. And I just -- I'd be interested in,
sort of, your take on all that, if you're comfortable with,
for example, Global Hawk, future MQ-9, whether the risk is
worth it, or what the risk might even be.

General Milley: Well, it depends on what adversary or
combatant you're talking about. So, many of the ISR systems
that we have today that are in very high demand are very,
very useful against terrorists, insurgents, against fixed
sites, et cetera, and they have clear penetration capability
when there's no significant air defense threat or there's no
other types of threats. If you're talking about great-power
competition, which is what this NDS talks about and what
this budget is all about, that's a different type of ISR.
So, we're trying to divest ourselves of the ISR that is not
particularly useful against a Russia or China, or even high
dense air defense systems of an Iran or a North Korea, and
invest in those ISR systems that do have penetration
capability. And that's why you see some of the "divest in
order to invest." Now, there's no need -- it makes no sense
to me to continue to buy stuff that isn't in alignment with the NDS. So, it's a "depends" question on what your enemy is.

With respect to the quantity or capacity relative to the COCOMs, you'll never find a combatant commander who has enough ISR. It's just not going to happen. We are -- we have been, every single year, year in and year out for 20 years, always been short of ISR. We continue to build it. And you're never going to buy your way out of the problem, because it has to do with information and having to do with knowledge and decisionmaking. So, we will always be chronically short of ISR. But, the key, though, for the "divest to invest" is, it depends on who you're going against. And we need to invest in the capabilities that are worthwhile against a China or a Russia.

Senator Cramer: Thank you, both of you. Thank you. Thank you, Madam Chair.

Senator Fischer: Senator Manchin.

Senator Manchin: Thank you, Madam Chairman.

And thank both of you all for your service. I appreciate very much your being here today.

Secretary Esper, I support the wall, and I have always supported the wall. But, I really have a problem with the funding, which I think you all know our position on. It should be appropriated by us. That's our job. The
reprogramming of the $3.8 billion of appropriated funds to support the border wall -- and the reason it troubles me is that it's -- 1.3 billion of that is taken out of the National Guard and the Reserve equipment. And the National Guard is -- every one of us have an affinity with our National Guards.

So, how do we justify the disproportionate cuts to the Guard despite knowing the vital and ever-growing role in aspects of national security? And I know about homeland security. But, the Guard's our front-line defense in homeland security.

Secretary Esper: Yes, sir. I -- thank you, I appreciate that. And I think, with regard to your first remark, we would agree, it's -- our preference would be that the -- that this be funded through DHS.

Senator Manchin: Right.

Secretary Esper: But, that said, we are where we are, and DOD will support DHS in this regard. And, as I was saying to Senator Jones, when we try to find a clear line, objective line by which to draw the sources, we came up with the one with regard "either to need" or "excess to need." And, as things popped out, it became obvious that the impact would be on the National Guard. It's no pleasure for me --

Senator Manchin: Yeah.

Secretary Esper: -- to have to make that --
Senator Manchin: I know.

Secretary Esper: -- decision, as a former guardsman myself, but it -- we tried to not play --

Senator Manchin: Well, you know, also, Secretary, you have said that your Night Court Program has been very successful at freeing up money. Could nothing be freed up there, on the Night Court?

Secretary Esper: Well, we -- I spent 22 sessions over 4 months, and we found $5.7 billion out of 99 to free up. I -- we're going to -- we've started again this year. So, I did find 5.7 to put into our NDS priorities, Senator.

Senator Manchin: Well, let me -- another thing I would just say, since the TAGs and the Governors are so intertwined --

Secretary Esper: Right.

Senator Manchin: -- have they had any forewarning of this whatsoever?

Secretary Esper: No, sir. The only forewarnings went out were the consultations I had with the Service Secretaries and that the Chairman had with General Lengyel and the Service Chiefs.

Senator Manchin: I'll -- another question is, I've just been briefed on the Afghan fighting that's going on, attacks from today -- I think the 4th. I just got briefed on that. Maybe you could bring me up to where we are in
Afghanistan with the Taliban right now. Also, the peace agreement, do you think it might hold? Because it hasn't helped very long. And what direction and what do I tell West Virginians and people that have been upset about the problems in releasing 5,000 enemy fighters? That did not go over well in the State of West Virginia.

Secretary Esper: Sir, I'm not sure I can do it justice in 2 minutes and 12 seconds, but I'll say this much. I -- it's my view -- and I -- I'll let the Chairman -- I'll save time for the Chairman --

Senator Manchin: Sure.

Secretary Esper: -- to speak. But, my view is, the best, if not only, path forward is through a political agreement. We have an historic opportunity here. We signed, on Saturday in Qatar -- I was in Kabul at the same time -- this agreement that lays out a framework by which we could proceed toward an eventual intra-Afghan negotiation. It was supposed to happen, at this point, 5 days from now. And the results, so far, have been mixed.

Senator Manchin: What kind of signals will we get today? I'm pleased to see at least we've supported defending the Afghan fighters. We didn't just leave them.

Secretary Esper: Which is what -- what has allowed us, under the document, under the agreement, to defend them.

And it's the commitment I made to the Afghans when I was
there on Saturday.

    Senator Manchin: Right.

Secretary Esper: We will continue to defend the Afghans, support them. The Taliban, to their -- are honoring their piece, but -- in terms of not attacking U.S. and coalition forces, but not in terms of sustaining a reduction of violence. Our Special Envoy is over there now. He's going to be pulling the parties back together. The critical thing, in the next 5 days -- few days, will be getting the conditions set for them to sit down with regard to negotiations.

    Senator Manchin: Will we see any retreat whatsoever once we hit the Taliban today? From their aggressiveness against the Afghan fighters?

Secretary Esper: You know, the Chairman and I spoke to General Miller earlier on this.

    Do you want to comment?

General Milley: Yes, Senator. Bottom line is, there was a variety of attacks over the last 24 to 48 hours. They're all beaten back. They're at small little outposts. We did use U.S. air in support of our Afghan allies.

    What is important, though, for the agreement -- we're on day 4. This was small, lower-level attacks out on checkpoints, et cetera. But, the Taliban have signed up to a whole series of conditions, of which -- I believe the
committee and the -- all the Members of the Congress have
all the documents associated with this agreement. You can
go through all of it. And, of significance, there's no
attacks in 34 provincial capitals, there's no attacks in
Kabul, there's no high-profile attacks, there's no suicide
bombers, there's no vehicle-borne suicide, no attack against
U.S. forces, no attack against coalition. There's a whole
laundry list of these things that aren't happening. Yes,
there were significant numbers of attacks, small attacks.
They were all beaten back. And we will continue to support
--

Senator Manchin: Well, we've seen that they've been
able -- we've seen that they've been able to control their
field fighters, right?

General Milley: We saw that over the 7 days, where
they were able to --

Senator Manchin: So, but --

General Milley: -- go from a high of about 125 attacks
a day down to about 15 a day. They issued out instructions
not to attack. That's correct.

Senator Manchin: So, we don't know what the cause is.

Secretary Esper: Well, they're -- keeping that group
of people on board is a challenge. They've got their range
of hardliners and softliners, and so they're wrestling with
that, too, I think.
Senator Manchin: Please keep us informed. I appreciate it.

Secretary Esper: Yes, sir.

Senator Fischer: Senator Perdue.

Senator Perdue: Thank you, Chairman.

Thank you both for being here.

General Milley, I want to address — and both of you, actually, on this thing — you mentioned ISR just now. And I agree 100 percent. One of those — perfect examples. I want to lead into my question about asset allocation. As JSTAR is going to ABMS, and then the JDC2 development, this is a lot of moving parts, very rapidly, and I'm shocked at, really, the progress we've made in the last year. I know we're not in a classified environment; I'm not going to go there. I want to know — first, Secretary, if you don't mind — the allocation of resources, after we take about 14 or 15 percent for overhead in the DOD, the — what's remaining after that, we allocate almost a third, a third, a third. Is that consistent with the NDS refocus on the maritime that General Mattis talked about, back in '16 -- or '17, relative to standing up to our major competitor, China?

Secretary Esper: Yes, sir. It's -- first of all, it's not cleanly a third and a third and a third. There is a traditional background. Normally, Navy --

Senator Perdue: It's very close.
Secretary Esper: -- Navy has the highest, Army usually has the lowest, Air Force in between. And there's a lot of different things --

Senator Perdue: Well, actually -- I'm sorry to correct, but I -- the '21 budget, Army and Navy are almost equal.

Secretary Esper: Oh, I -- no, sir, they're quite different --

Senator Perdue: Okay. Well, let's -- we'll take that offline --

Secretary Esper: Okay.

Senator Perdue: -- but, I'd like to see that, because the numbers I have are a little bit different.

Secretary Esper: The Navy's at 207 --

Senator Perdue: Correct.

Secretary Esper: -- billion, and the Army at 177.

Senator Perdue: Okay. Go ahead. I'll --

Secretary Esper: So, anyways, I -- that said, it -- that is where it is. What -- as the Chairman and I have talked about this, we've talked about with the chain of command, what we need to do, I think, is, first of all, have -- update our war plans -- they haven't been updated -- and have OP PLANS that are relevant in the post-NDS environment, number one.

Number two -- and the Chairman's working on this -- we
need a new joint warfighting concept that takes into account all domains of warfare. The Joint Staff is working on that right now. I think, once we have updated war plans that -- and we have a new warfighting concept, and we have a good sense of what future systems will look like, I do think we need to look at that reallocation. But, to kind of scramble it up right now, I think would be premature.

Senator Perdue: That's a great characterization. I accept that. I have all the respect in the world for you two, and I'm not questioning your authority at all. I know this is a moving target right now.

The shipbuilding plan, though, was due with the budget. I know it's on your desk, and I know that -- I think I understand all the reasons why. It's a tough decision. You've got the Columbia-class requirement sitting right there as the number-one priority. I wouldn't argue with that at all. That's going to be about 25 percent -- in some years, as much as 30-plus percent -- of the total shipbuilding budget.

But, I want to highlight some numbers that are just shocking today. I mean, today China has about 345 -- I think these numbers are correct -- 345 service ships, ours to 295. Over the next 15 years, their plan right now, based on what we are seeing publicly, is, they're taking it to 435, and we have a 355 plan, comes from 16. Is the 355
consistent with the NDS? And, secondarily, is that being
looked at seriously in the shipbuilding -- the 30-year
shipbuilding plan that we're going to see when it comes out
of your office?

Secretary Esper: Well, on the plan, I think the Navy's
going to brief me sometime in the next few days on what
their proposal is with regard to the plan.

With regard to the number, I'll echo what the CNO says.
The -- the CNO says he -- 355 is the number, but we need to
look at effects and capabilities. But, if you want to stick
to the number, I actually -- my gut feeling is, we need more
than 355, not just to deliver effects, but we need presence.

Senator Perdue: But, is that a function of lethality,
as well, given we're not hamstrung by INF anymore, and with
ranges and new capabilities that we're also --

Secretary Esper: I think, as I've laid out in my plan,
my thinking -- because we're going to do -- we're going to
run some internal wargames to look at our range of options.
The Navy has some ideas. CAPE has some ideas. Some think
tanks have done some good work. I think some core
principles we've worked around is, we have to have more
ships, but smaller. We need to have, I believe, more attack
submarines. We need to move more quickly into unmanned.
And, in all cases, we need to have distributed sensors and
shooters, we need to have the ability to be survivable in
this environment, and there are a number of other things.

But, again, I was just meeting with the CNO and the Acting Secretary yesterday on this. We agree that you -- lethality is critical at range, but, for the Navy, it's also presence. You have to have enough surface combatants available at any one time to have a presence, to show U.S. assurance, deterrence, et cetera, which is why my instinct is that we need more than 355.

Senator Perdue: Well, we have many more combatant commanding areas at other than the Indo-Pacific that we are responsible for today.

Secretary Esper: Yes, sir. Many responsibilities, whether it's counterdrug --

Senator Perdue: Yes, sir.

Secretary Esper: -- or maintaining freedom of the seas, and all that. We have the world's greatest Navy, and we need to keep it that way.

Senator Perdue: General Milley, going to one other thing. We're talking about finding every billion dollars, right? And you've railed about this, and I have, too, so has the Secretary. You've got 23 seconds. Go after CRs. Tell us exactly what continuing -- 12 of the last 13 years, we have hamstrung the military with a continuing resolution for at least the first quarter of the fiscal year. We're in the sixth month of our fiscal year, we haven't even started
this process yet. So, we're facing down another CR this
year. It'll be the 13th in 14 years. And so, we are
estimating, now -- your service directors -- surface
commanders have told us, roughly, in aggregate, it's about
$5 billion per quarter.

General Milley: Per quarter.

Senator Perdue: Per quarter.

Secretary Esper: Lost buying power.

Senator Perdue: So, General Milley, tell us how it
really affects our readiness and our recapitalization
efforts. That's -- over 10 -- that's $50 billion. I mean,
that takes care of a lot of these long-term shipbuilding
issues that we're talking about.

General Milley: Well, I'm already over time, and I
haven't even started, but --

Senator Perdue: No, you go, sir.

General Milley: -- I would just tell you that it's a
very ineffective, inefficient way of managing the taxpayers'
money, because industry can't rely on a steady cashflow and
stream and predictability in industry. And then we, in
terms of programming and acquisition, et cetera, our program
managers can't rely on steady building, as well. So, it's a
very inefficient way. We're budgeting, basically, 9 out of
12 months, or 6 out of 12 months of a year, and that's just
no way to ruin a railroad station, sir. It's just not a
good way to do it.

    Senator Perdue:  Well, thank you.

General Milley:  CRs are not good.

Secretary Esper:  I do.

Senator Perdue:  Yes, sir.

Secretary Esper:  Just a quick followup.  I -- one thing the -- that the DOD is going to come with you soon, Senator, is a legislative provision. Other departments of the Federal Government have it. It would seek legislative authority to transfer any expired Navy funds, which otherwise would go back to Treasury, back into the SCN account. Our conservative estimate is, this would free up another billion dollars a year that we can go back and -- put back into shipbuilding. Otherwise, it goes back into the Treasury. And it would be money that you've already appropriated and authorized to us for this purpose.

    Senator Perdue:  I want to indulge the Chairman for one last comment on this.

    We're working with OMB, too. And I think there are opportunities in there. We're going to give some freedom, and our appropriators to give you some freedom, within the current rules, that they've never envisioned before, because they never realized how expensive this is, to give you some latitude that, when you are in a CR, you're not as hamstrung as you are today. But, I agree with General Milley, this is
an absolute travesty.

Secretary Esper: Particularly important for the shipyards.

Senator Perdue: Thank you.

Senator Fischer: Senator Kaine.

Senator Kaine: Thank you, Madam Chair.

And thank you, to our two witnesses, to the Chairman and the Secretary. I appreciate each of your service.

Testimony today has been about this budget being directed toward the National Defense Strategy. General Milley said, about something, "Why would I purchase something not aligned with the National Defense Strategy?"

And we've also heard, "in an era of tight budgets." So, where in the National Defense Strategy is there a phrase "a border wall on America's southern border"?

Secretary Esper: Senator, there's -- homeland security is in the National Defense Strategy. It's --

Senator Kaine: It is, but is there a mention of a border wall on the southern border?

Secretary Esper: I don't believe so, but nor is there --

Senator Kaine: You're right.

Secretary Esper: -- mention of dealing with floods and putting out wildfires and --

Senator Kaine: Right. I just read the NDS, and you're
talking about -- this is a budget that is focused on the
NDS. The National Defense Strategy has a 14-page synopsis.
The border wall on the southern border is not mentioned.
The southern border of the United States is not mentioned.
There's one mention of a border in the 14-page public
synopsis, and it is this: "Russia has violated the borders
of other nations."

So, when you come and tell me that this is focused on
the NDS, I've got a real problem with that. And I know that
that's maybe above decisions or other people's decisions,
but $6 billion came out of the Pentagon's budget last year,
3-and-a-half for MILCON and 2-and-a-half coming to -- from
the -- into the counterdrug fund and then into the border
wall.

You have done a reprogramming, I believe, of 3.9 --
There have been earlier questions about that -- 3.8 into
this counterdrug fund. There's also been a report in the
Washington Post that there's another shoe to drop, and about
3.7 billion is likely to be taken out of MILCON. Is that
accurate? Should we expect to see that?

Secretary Esper: That is not an accurate number, but
it is a possibility that that could happen. Yes, Senator.

Senator Kaine: So, the number may not be accurate, but
it is -- is it likely that we're going to see another
tranche taken out of MILCON?
Secretary Esper: We could. I don't want to put an estimate on it, at this point in time.

Senator Kaine: So, I mean, it's just -- I can't imagine a scenario in which this committee -- I'll just say it bluntly -- would allow a Democratic President to take money out of the Defense budgets used for nondefense priority. I cannot imagine it. I appreciate, Secretary Esper, that you, in response to Senator Manchin, said the preferred way would be to have a tough appropriations battle, appropriate money for the border wall, and then spend the money appropriated for the DOD within DOD accounts. I think that makes perfect sense. But, you know, it's just -- it's hard for you to look us in the eye and say, "This is very focused on the NDS," when I can't find mention of the border wall or the border in the NDS, and when earlier witnesses have testified, though this be an emergency, it's not a military emergency.

Let me dig into another issue. When you do the -- just using the 3.8 figure -- you do that transfer within the DOD into the counterdrug fund, and then use that for the wall. Is that transfer subject to the transfer authority that we give you, where there's a general transfer authority in the Appropriations Act, where you can transfer up to $4 billion a year within DOD accounts, with notice to Congress, but without approval. Is that 3.8 transfer within that $4
billion transfer authority?

Secretary Esper: I think so, Senator, but I'd want to come back with you to affirm it.

Senator Kaine: I'd love that.

[The information referred to follows:]
Senator Kaine: But, my belief that it is, too. So, you have $4 billion of transfer authority. We're a few months into the fiscal year. It's often the case that transfer authorities are most needed at the end of the fiscal year. And you've used 3.8 billion of the transfer authority by the beginning of March, when we have a whole lot of months left in the fiscal year. So, for example, how much in the President's budget for DOD is coronavirus response if we need to maintain people in place on South Korean bases and on bases in Italy, bases in Germany, bases in other places around the world, our troops and our families? It's probably not in the PB. But, that would be the kind of thing for which we give you transfer authority. But, you've now almost bumped up against the limit of your transfer authority out of that 4 billion to build money at the wall, and we still have, you know, 8 months left in the fiscal year. Isn't that right?

Secretary Esper: Your assessment is correct, Senator.

Senator Kaine: Should -- would it make your job easier if we eliminated your transfer authority and said, any transfer authority, you had to come to us for permission? The 4 billion, you can do it without our permission. Over 4 billion, you have to get our permission. If we had said you can't do any transfers without Congress's position, would that actually help you? Because it would enable us to say
you've got to get it through appropriations. If you want something for a wall, if you want to fight climate change, if you want to fight gun violence, you've got to get it through appropriations. Because if you had to come back to us to ask for authority to do that $4 billion transfer, then we could actually keep the money in the budget that is directed toward the National Defense Strategy.

Secretary Esper: Senator, as -- there's no head of any organization that wants his or her hands tied by narrowing the options. You always want to expand your options in your maneuver space. So, no, not necessarily.

Senator Kaine: But, in an odd way, aren't your hands kind of tied in this way? I mean, if money can be taken out of your budget to use for DHS or to battle climate change or gun violence, if it can be taken out of your hands, that's sort of a tying of your hands, in terms of putting together a budget that promotes the National Defense Strategy, isn't it?

Secretary Esper: Senator, I recognize what you're saying. Like I said, the President has declared a national emergency. We've been tasked to support DHS. And it's -- if it's legally available, we intend to support DHS.

Senator Kaine: I appreciate your answers.

Thanks, Madam Chair.

Senator Fischer: Senator McSally.
Senator McSally: Thank you, Madam Chair.

Good to see you again, Secretary Esper and General Milley.

I want to talk about the killing of terrorist leader Qasem Soleimani. It's been about 2 months. I agreed with that important decision to take out that terrorist leader who has a lot of American blood on his hands. Despite the ridiculous politicizing that we saw at the time, people almost cheering that we were about to go to war with Iran. And, unfortunately, it should have been a unifying issue. It's now been 2 months. Can you share at all what you've seen? I believe that that was a body blow. We heard, from you and others, that it was a body blow, the impact that that's having on Iran's terrorist activities, their threats in the region, their proxy forces, and the threat to us and Israel?

Secretary Esper: I think, Senator, that -- as you well know, the -- he, Soleimani, was a terrorist leader of a terrorist organization who killed many, many Americans, wounded thousands more, killed his own people, killed people throughout the region, a very capable adversary. But, I think it's clear that taking him off the battlefield has set back the IRGC and the Iranian government with regard to spreading their malign activity throughout the region. I think, at the same -- by the same action, we have restored
deterrence, to a degree. And so, for all those things, I still believe it was the right call made by the Commander in Chief.

Senator McSally: As do I. Thanks.

General Milley, you got anything to add to that?

General Milley: I would add that -- absolutely think it was the right goal. And I second the idea that we reestablished deterrence. I think that's really critical. And we can talk about that in a classified forum, exactly what makes me believe that. But, I do believe that's been reestablished.

Senator McSally: Thanks.

Staying on Iran, the reports of coronavirus there -- again, another totalitarian opaque country. I don't believe anything they're reporting or the way they're going to handle it. But, there's been reports that 23 members of Parliament, 10 percent of their Parliament, a senior advisor to the Supreme Leader, Vice President, Deputy Health Minister, all contracted the virus. Are you seeing anything related to the impact, especially with Iraq, with our forces in the region, or how that may further put pressure on the regime, both internally from their own people as they are failing to deal with this?

Secretary Esper: I think that, Senator, becomes a factor. Obviously, as we see this unfold, authoritarian
countries having a problem with transparency and being forthright with their folks. Quite honestly, though, my attention has been focused on the three priorities I've been outlining internally to my commanders. One is protection of our force, our servicemembers and their families. Number two, safeguarding our mission capability. And number three, supporting the interagency.

Senator McSally: Great. Thank you.

I want to totally change topics here on military sexual assault. So, last year I worked with your predecessors, and I championed reforms that made it into the NDAA specifically focused on improving the process from a report forward, the investigative process and the support, going forward, after a report has been made. When I went to Yuma, in Arizona, I had heard they had no special victims counsel there full-time, that oftentimes victims were waiting a significant amount of time before they get to meet with an SVC, which they often wanted before their first, you know, meeting with investigators. So, I put in the bill that they needed to have an SVC available within 72 hours, every single victim. We now have a full-time one at Yuma, for example, but we're seeing this all over the country now. And victims are able to get their special victims counsel quicker, and have a more immediate response. We're also hearing other reports of just increases to NCIS and how that's having a positive
impact.

So, just a question. Given the successes, we still need to prioritize implementation of those provisions. Can you report back to me on anything else you're seeing in the field and the implementation?

Secretary Esper: Yes, ma'am. First of all, your efforts and assistance in establishing the Sexual Assault Accountability Investigative Task Force are directly helping servicemembers. We have a lot of good information data so far, both factually and anecdotally. The Department has approved all 22 recommendations in the four critical focus areas. They are all now policy, which I'm pleased to report, and we're in the process of implementation across the board. And the task force continues to meet the track implementation. So, a lot of this is moving on. It's critical to reducing timelines for cases and ensuring the best evidence for consideration. And I'd love to come back or send a team up to update you. But, it's all, it seems to me, moving in the right direction, generally, and it's --

Senator McSally: Great.

Secretary Esper: -- having an impact.

Senator McSally: Great. Thanks.

And the next thing we want to now focus on, obviously, is prevention, stopping these crimes --

Secretary Esper: Right.
Senator McSally: -- from happening in the first place. And we've talked extensively about this. I don't know, General Milley, if you want to pipe in and -- you know, in your long experience in the military, how we get to the front end in preventing these crimes from happening, in the age groups where it's happening. We know exactly what we need to get after, but what we've been doing for training and prevention is just not working.

General Milley: I -- again, I want to thank you for your personal leadership. But, the key here is the chain of command, and commanders and noncommissioned officers, starting at the senior levels, but also going all the way down to team sergeants and team leaders and first-line supervisors. And everyone is, as the Sergeant Major of the Army used to say, "not in my squad" sort of thing, or "not in my squadron," or "not in my battalion." This takes ownership, and you have to embrace it completely. And it's a function of good order and discipline of the force for which commanders, and commanders alone, are personally responsible and should be held accountable, for the good order and discipline of their force. Regardless of whether it's sexual assault or drugs or crimes of violence or whatever the -- whatever it is, the key here to success is commanders.

Senator McSally: Thanks.
I'm over my time. I look forward to continuing to working with you on this issue.

Thanks.

Senator Fischer: Senator Blumenthal.

Senator Blumenthal: Thanks, Madam Chair.

Thank you both for your service and for being here today.

I sent a letter last month, along with Senator Murphy, to express my frustration that the Navy budget included funding for only one Virginia-class submarine, and reports that you signed off on a decision to shift 1.6 billion in funding from Virginia-class submarine construction to the National Nuclear Security Administration. I'm not here to ask any questions about it, because I hope that you continue to believe, as you expressed when you pivoted -- Groton -- the last time you were there, Mr. Secretary, that the undersea warfare superiority of the United States cannot and should not be compromised, that we need to meet the goals for submarine production, and that, hopefully, two Virginia-class submarines for FY-2021 will be accomplished. But, I'm concerned, also, about the delay in delivering the Force Structure Assessment and 30-Year Shipbuilding Plan that apparently is still on your desk or somewhere in the Pentagon for approval. I expect that both will be delivered to Congress and the Navy as soon as possible, both in a
classified and unclassified version. I hope that's true.

Would you confirm that it is?

Secretary Esper: Senator, I've been briefed, about a
week ago, on the INFSA, the Integrated Naval Force Structure
Assessment. And I have yet to be briefed on the 30-Year
Shipbuilding Plan. Of course, they cover different
timelines, different horizons.

But, what I want to do is step back and look at, not
just one view, in terms of the future fleet, but I want to
take in a range of views. So, I regret that it's late. I
don't have a good reason why. But, what I want to do is
give you a full, good assessment of what I think the future
is. And I'll give you a quick note on this.

I am a big believer in attack subs. I believe it's an
advantage we have, a distinct advantage we need to grow,
both in terms of capability and capacity. I was very
impressed by the trip I had up to Groton. But, the numbers
I see right in that -- in at least the INFSA right now for
attack subs, I think the number needs to be higher. So,
what I want to do is take a broad look at this, in light of
an approved OP PLAN, in light of other ideas out there, and
make sure that, before I sign off on it, albeit late --
while it may be late, I want to make sure I get it right, or
at least I'm comfortable with it, because I do think we need
a bigger fleet, and I think we need to put more emphasis on
attack submarines.

Senator Blumenthal: Well, you couldn't find a more enthusiastic and passionate supporter of a bigger submarine fleet, and I hope we have an opportunity to discuss it --

Secretary Esper: The Chairman's with me, too, on that.

Senator Blumenthal: -- before our markup in May on this committee.

I want to shift slightly to a point that's been raised by at least one of my colleagues, Senator Hirono, the coronavirus impact on not only our service men and women and their families, grave and important as it is, but also on, for example, F-35 production. Right today, the supply line in Japan was completely shut down. That's just one example of our defense industrial base that could be gravely impaired by coronavirus. And I'd like, from you and the Chairman, an assessment of what the impact is likely to be, what you're doing about it, and what your plans are to be more specific.

And, by the way, I was disappointed by a report that I saw -- I'm not vouching, necessarily, for its accuracy -- that you indicated that American military commanders were warned overseas, quote, "not to surprise President Trump on the coronavirus," end quote. So, maybe you can respond.

Secretary Esper: Yes, sir. First of all, that -- I was disappointed by that story, as well. It's completely
wrong. It's bad reporting, at its worst. I've been very clear with my commanders, both privately and publicly -- I said this at a press conference Monday -- our three priorities, in this order, are: protection of our servicemembers and their families; number two, safeguarding our missions, which could include production; and then, number three, support the interagency. I've -- the commanders have all the authorities they need, and I'm providing them resources, to make decisions. They've made any number of decisions. I don't think I've had to make one. My one request of them -- and the Chairman will vouch for this -- is, "If you're going to make a very big decision, a high-profile decision, give me a heads-up, because I want to make sure that we're integrated across the interagency, that HHS knows, that State knows -- indeed, the White House knows, and that Congress knows," because that's what I've got to do. I've got to make sure we're integrated across. So, that was a bad report, completely false.

And, Chairman, if you want to add anything on that --

General Milley: Senator, thanks. Two things. One is, I was in the VDC. All the Secretary said -- it was to Abrams, General Abrams, over in Korea -- all he said was, "Hey, look-it, if you're going to make the decision of imposing this emergency declaration that he has authority to do, please give me a heads-up so I can make sure everybody
here in D.C. is informed." That's all it was. It wasn't
any kind of thing where -- trying to squelch people. So,
that was a mischaracterization. I read the article, and I
was in the thing, and I -- it struck me as very odd.

But, more importantly is the impact on the military.
On the uniform military, we have a demographic that's
different than society at large -- young, healthy, fit. To
date, we've only got -- unless there's some new ones today
or something -- but, the reporting I've got as of 24 hours
ago is, we've got one uniform member that's been -- that's
come down with it over in Korea. A couple of family
members. We're screening lots of people. So, in terms of
the numbers relative to the whole, very small impact.

Secondly is on exercises. There are exercises, mostly
in Indo-Pacific, that we're taking a hard look at. One of
the CPXs, for example, at the request of the ROK Chairman,
was canceled over on the Peninsula of Korea. There are some
other exercises that are being looked at to scale down or
canceled or postponed. So, there might be some impact on
exercises.

But, broadly speaking right now, the impact on the
uniformed military is very, very minimal. Break. We are
also preparing to help whatever the Nation needs, and we've
got all kinds of plans, and we're able to support other
agencies, as necessary and as required by the President and
Secretary Esper: To include our medical research institutes, et cetera. We're all -- all hands are in, in terms of supporting this effort to come up with the solutions.

Senator Blumenthal: My time is expired. I want to thank you both. I want to suggest, respectfully, that telling the American people more about those plans, to use your word, would be reassuring. You know, the enemy here really --

Secretary Esper: It's panic. It's lack of information.

General Milley: Lack of information, lack of panic, and --

Senator Blumenthal: Exactly.

General Milley: -- and these aren't classified plans and all that kind of stuff. This is stuff that we could easily --

Senator Blumenthal: It's not like the enemy --

General Milley: No, that's right. We could easily let people know.

Secretary Esper: Right. Completely agree.

Senator Blumenthal: Thank you.

Senator Fischer: Thank you, Senator Blumenthal.

Senator Sullivan is going to ask questions now.
Senator Sullivan [presiding]: Thank you, Madam Chair.

Gentlemen, I want to thank you for your exceptional service. I appreciated our meetings yesterday. I think both of you are doing an excellent job for our Nation.

General Milley, I wanted to just get a little bit more. You have stated publicly -- you stated in our classified hearing on the Soleimani strike, which I think was not only constitutional, but in the Nation's interest -- you mentioned about your duty, how you saw that strike after you read the intel. As we all know, General Soleimani wasn't in Iraq on vacation, he was there targeting the killing of more American servicemembers, which he has a long history of doing. Almost half the servicemembers in Iraq at the time were Alaskan-based forces, so this was something that particularly of interest to me.

Can you succinctly say what you've said otherwise -- because I think it's very important to hear directly from you, someone with over 35 years of military experience, service to your country -- about what you thought your duty was after reading the intel?

General Milley: Well, what I had said publicly, and I reiterated it in classified sessions, was -- and reiterated in more detail -- was, I believe the intelligence was compelling. I believe it was imminent. And not only was Soleimani have a long track record, going all the way back
to the Beirut bombing and being involved in that, but, more importantly, his command-and-control role and what he was about to do. And I believe that I, Secretary Esper, the President, and many, many others would have been culpably negligent had we not take the action we did, because I think many Americans would have died as a result. So, I believe it was the right thing to do then, and I believe it was the right thing to -- I still believe that. And I believe we contributed to reestablishing deterrence with aggressive action from Iran.

Senator Sullivan: So, I appreciate that. I think reestablishing deterrence anywhere, in any theater, is actually really hard to do, and you've been able to do it, so far. And I appreciate that.

Mr. Secretary, we had a good discussion yesterday on this issue of the DPRI, and I'd like to get your views -- you know, there was language in the NDAA from last year that, essentially, has the two of you focusing on the DPRI. And the issue of, I think, the National Defense Strategy is warmly and strongly received here in the Senate, in a bipartisan way. But, if you look at our force posture, particularly in the Asia Pacific, it's stale. A lot of it exists, really, after World War II or the Korean War. How are you thinking about that, and how should we be thinking about that here in the Senate?
Secretary Esper: Thank you, Senator. I do think we need to take a fresh look at our force posture in the Pacific. By the way, I think we need to take a fresh look at our force posture everywhere, which is why we're doing these COCOM reviews. So, I'll be working my way through these to look at just these things. And we're -- by the way, we're finding some things already that just don't make sense.

But, with regard to INDOPACOM, absolutely, we should think about what it means to -- if we have to face off against China in the year 2035 or 2049. DPRI is one example of something that was developed many, many years ago. And I know it's a little bit tricky. There's a lot of diplomacy involved in this. But, I think that's something also we should take a look at to make sure that we are well postured, particularly our Marine capabilities, our Marine forces, to not just be able to respond flexibly, but also be able to train and sustain our forces in the region for an extended period in light of --

Senator Sullivan: So, can I dig into that a little bit with you? The issue of training, I think, is a really important one, whether it's on Guam, whether it's other places -- Okinawa, for example. We don't get the opportunity to do a lot of training in those places, and, I think, to have sustainable deployments, but also keeping our
forces sharp, we need good training areas. Would you agree
with that?

Secretary Esper: We absolutely -- I mean, training is
the -- it's the lifeblood of a unit's effectiveness, his
ability to train, maintain, and equipment their force.

Senator Sullivan: Well, we look forward to working
with both of you on that continued important reassessment
that you're doing.

The other issue that I know -- I've been raising quite
a long time -- Mr. Secretary, you might remember, in your
confirmation hearing, you mentioned that if the Air Force,
in its upcoming OCONUS decision on where to place the next
squadrons of KC-46s, did it in an area that was -- that
could -- was colocated with over fifth-gen- -- with over 100
fifth-generation fighters, that it would provide the United
States with extreme strategic reach, and it would show that
to our potential adversaries. The TRANSCOM Commander
tested last week that one of the most stress-capable
aspects and their number-one readiness concern was the air
refueling fleet. My question to him, and to you, and the
Secretary of the Air Force yesterday -- having a deployment
of KC-46s in the OCONUS bed-down in an area that can reach
multiple COCOMs, like a place like Alaska, with the 100
fifth-gen fighters -- from your perspective, what message
does that additionally send to our adversaries? You've
already talked about the issue of extreme strategic reach when I asked that question earlier.

Secretary Esper: Well, I do think -- I think two critical needs for our forces right now are to have that strategic lift, refueling, and sealift, by the way. But, the location of Alaska gives you great reach, in terms of whether you go across the Pole into Russia or toward China. When you couple it up with an amalgamation of forces, it does put the enemy in a different posture, your adversaries in a different posture, because you now have that reach, that lethality at hand, and ready to do what it might need to do, if called upon.

Senator Sullivan: Great. Thank you very much.

General Milley: Senator, if I might.

Senator Sullivan: General, please.

General Milley: I also don't want any adversary to walk away thinking that the United States of America cannot project power because of stress on the tanker fleet. We can. And they should have no doubt about it. Yes, we're giving up 10 KC-10s, and 13 KC-135s, but we still have almost 500. We can get there, "the firstest with the mostest." And no one should doubt that.

Senator Sullivan: But, certainly one of the best ways to relieve the stress is to have --

General Milley: It is.
Senator Sullivan: -- tankers in places that can reach several --

General Milley: It is.

Senator Sullivan: -- COCOMs.

General Milley: But, we can get there.

Senator Sullivan: Thank you.

General Milley: I don't want anybody to think we can't.

Senator Sullivan: Thank you.

Senator King.

Senator King: Thank you, Mr. Acting Chairman. I appreciate it.

Senator Sullivan: I know you're going to ask a question on the Arctic, so --

Senator King: I am, as a matter of fact.

Senator Sullivan: Excellent.

Senator King: You left it for me.

Secretary Esper, first, I want to thank you personally for the participation of the Department in the National Cyber Solarium Process. Over a year, we've worked very hard. Ken Rapuano and David Norquist made significant contributions in intellectual firepower and criticism and thoughtfulness. And I just want to thank you for your authorization for that participation. It was very meaningful.
Secretary Esper: Thank you, Senator. I'm very encouraged by that -- by all that, too. It's -- there's a lot good coming out of it.

Senator King: Well, we'll be releasing our report next Wednesday, as a matter of fact, and --

Secretary Esper: Oh, great.

Senator King: -- and I think it's a good piece of work. And, indeed, we've -- have spent a whole session here and really haven't talked about cyber, which is a -- an essential -- that's not the right word -- a very real domain of warfare today. And that's what we'll be talking about extensively next week. So, I just wanted to thank you.

Secretary Esper: Well, thanks. And we're in cyber competition, if not conflict, every single day.

Senator King: Exactly. We're at war today.

Secretary Esper: Yes, sir.

Senator King: General Milley -- I guess this is a question for both of you -- I'm very concerned about a gap in defense against hypersonic weapons. Both of our principal adversaries, China and Russia, have developed these weapons, have actually deployed them. And this puts at risk our -- particularly, our naval resources. Talk to me about what we're doing to counter that threat.

Secretary Esper: Senator, as part of our hypersonics research, we are putting money into defensive systems. One
of the early things that we know we need, that money is
going directly into, is a low-Earth orbit missile tracking
system, if you will, that would be able to track hypersonic
systems moving through the atmosphere or --

Senator King: Because one of the problems with
hypersonics is, they don't leave a radar signal. They move
so fast, they create a plasma shield. So, we need the
tracking.

Secretary Esper: You need a -- we've determined that
you need a low- -- a LEO tracking system to do that. So,
that's one of the priorities of our R&E efforts to do that.
And then, of course, you have to figure out the effectors by
which you would knock one out of the sky, if you will. And
there are a variety of things that we're exploring. But, it
is critical to have that defense, because it is such -- the
maneuverability, the speed, the effectiveness of these
systems is remarkable.

Senator King: Another --

General Milley: Two things --

Senator King: Yes, sir.

General Milley: -- Senator King, on that. One, on the
defense, if it can be seen, it can be hit. And there is no
defense against hypersonic. It goes five to ten times the
speed of sound. You're not going to defend against it. So,
what you have to do is be invisible. And there's all kinds
of techniques and procedures that we're working on in order
to make our forces very difficult to see, from an
acquisition standpoint, of enemy radar. So, that's on the
defense.

   On the other part, you're not going to shoot the arrow.
   Those things are going so fast, you're not going to get it.

   Senator King: Right.

   General Milley: You've got to shoot the archer.
   You've got to go deep downtown, and you've got to get on the
   offense. If you want to defeat hypersonics, you've got to
go to the source, the launch pads --

   Senator King: And you have -- ISR in order to --

   General Milley: That's right.

   Senator King: -- know where --

   General Milley: You've got to have the ISR to get in
there. And if you're launching hypersonics at the United
States, then you're going to war with the United States, and
you're going to pour it on, and pour it on with mass and
firepower, and fast and hard.

   Senator King: But, I thought you made an important
point earlier in the hearing, where you talked about ISR.

We've sort of had a vacation on ISR.

   Secretary Esper: That's right.

   Senator King: Because we've been acting against

   enemies --
Secretary Esper: That's right.

Senator King: -- that don't have any -- that capacity.

It's a whole different ball game when we're talking about a peer-state competitor.

Secretary Esper: That's right.

General Milley: And you want to invest in ISR that can penetrate --

Secretary Esper: Right.

General Milley: -- the airspace of these great-power competitors.

Secretary Esper: It's also why we talk -- as I've laid out the shipbuilding principles, if you will, going forward, is to -- and the Navy agrees with this -- is a move away from very large platforms into smaller platforms, a more distributed force so that you complicate the enemy's plans, particularly with regard to the employment of hypersonics.

Senator King: Well, you raised shipbuilding. We talk about the Indo-Pacific as being the most important region. We talk about the National Defense Strategy. And yet, the budget talks about knocking out four destroyers and, I think, an amphib in the future plan. How was that decision made? How firm is it? Can we revisit it? I want to get a little bit of thoughts on that.

By the way --

Secretary Esper: Yeah.
Senator King: -- one thought -- the other thought is, you know, we're doing this recapitalization out of operating costs. In any other organization, you'd have a capital budget and a -- and you're building 40-year -- an asset -- a Columbia submarine is a 40-year asset, and yet we're building them out of cashflow instead of some kind of long-range attributing to the cost over the life of the object. But, to get back -- talk to me about --

Secretary Esper: Yes, sir.

Senator King: -- the shipbuilding.

Secretary Esper: Well, as I said earlier, I think we need -- to me, I don't focus as much of the number, but that number, 355, is out there. I think we need to be -- have a fleet larger than 355. My gut tells me that. I'm convinced of that.

Senator King: Senator Purdue had a chart this morning at the Seapower Subcommittee that, if you saw it, the -- it shows what China is doing -- you'd feel vindicated.

Secretary Esper: Yes, sir. But, we do have a qualitative capability over them. There are some other things out there. But, nonetheless, it's -- if it's not just capability and lethality, it's presence. You have to have the presence. And so, I do think we need to get on that path. I think there are a number of things that we need to do.
First of all, I completely support what the CNO did. The CNO decided to reallocate 4 billion or so out of SCN and put it into O&M to get readiness up. We have a readiness challenge. It's been well documented.

Senator King: The ship's no good if it's in the dock.

Secretary Esper: Yes, sir. And, you know, I think the GAO said, last year, in 2019, due to maintenance challenges, the equivalent of 19 ships didn't go to sea. And so, we've got to fix the readiness challenge and then put more money into shipbuilding. If we can get the legislative approval change, Secretary Modly is digging in deep. He's doing what the Army and Air Force did to find $40 billion over 5 years. That'll free up a good chunk of what they think they need. And then we've got to get this higher top-line moving in the right direction.

Senator King: Well, but we also have to -- I mean, what worries me about what you're talking about -- and I'm sorry, I know I'm over time -- but, I worry about -- there's a -- you can't turn the industrial base off and on with a switch. And if we drive it down, and you have a loss of personnel, loss of welders, loss of skilled boat-shipbuilders in Bath, Maine, or Pascagoula or Marinette, Wisconsin, you can't turn them back on.

Secretary Esper: Completely agree, Senator. I -- that's why I think we need to look more, particularly with
large capital investments like ships, multiyear, and even --

I think the Navy, we discussed yesterday, is, Can you
multiyear O&M so that your -- you don't have the same
perturbations in your maintenance cycle?

Senator King: Right.

Secretary Esper: Because you can't afford to go -- you
know, take a ship out of maintenance and then have a month
or 2-month gap. And I know they're struggling with this up
in Groton right now, with the sub -- with the maintenance up
there. So, you've got to figure out a way to smooth that
out so workers will be incentivized to stay in the trade.

Senator King: Are you suggesting that consistent
funding from Congress might be a benefit?

[Laughter.]

Senator King: I'm shocked.

Secretary Esper: Consistent and timely.

Senator King: Thank you.

Thank you, gentlemen.

Senator Sullivan [presiding]: Senator Hawley.

Senator Hawley: Thank you, Mr. Chairman.

Secretary Esper, General, thank you for being here.

Thank you for your service.

Mr. Secretary, let me start with you. In your
confirmation testimony last summer, you wrote that we needed
a distributed and resilient force posture in the Indo-
Pacific. I'm concerned about the concentration of our forces currently in Japan and South Korea. Give me your assessment about our ability to compete effectively with China, given that concentration.

Secretary Esper: Yes, sir. What we -- those forces are there for -- you know, for a variety of reasons. I think Senator Sullivan mentioned it. You know, we have a presence that largely reflects where we've been for many, many years. And so, I do think we need to step back and look at that. I know Admiral Davidson is looking at that to make sure we have more distribution. I'm trying to get out there. I've traveled to the INDOPACOM two or three times now to visit nontraditional partners. I've been from Mongolia to Vietnam, I'll be going to Indonesia. I think there's much more ground we can cover and to build more relationships with more countries.

Senator Hawley: You anticipate my next question, which is whether we can disperse U.S. forces to other locations in the Pacific to improve survivability and reduce risk to operations. You think that we can?

Secretary Esper: Improve survivability, but also grow more partners and more people, in terms of standing up and telling the Chinese they have to obey the international rules of order, and abide by that. That's going to take a lot of investment. So.
Senator Hawley: What investment do we need to be able to disperse our forces along those lines?

Secretary Esper: Well, I think we need to think creatively, Senator, about -- you know, as you think through the war plans, how we might fight in the future, is -- where do we need to be? Is it -- does it require MILCON, does it require -- I'm -- the Chairman and I are big believers in IMET. So, get more countries from the Indo-Pacific, even nontraditional partners, into our schoolhouses, grow that relationship over a career. There are a number of things that we should do that, by the way, the DOD is doing. We're committed to a 50-percent growth in IMET over 5 years.

Senator Hawley: Just sticking with the question of investment. At your confirmation hearing, you said that you were open, in principle, to using something like EDI to accelerate investment in INDOPACOM. I don't see anything like that, however, in your budget. Why is that?

Secretary Esper: The more I think about that -- I mean, we've discussed this a lot, and sometimes I get concerned, if you bucket a certain amount of money for a certain region, it can be both limiting and -- in other words, if you put so much money in there, people say, "That's it, and that's all you need," or you get trapped by that fund. And I actually appreciate the flexibility of putting more or less in, depending on how circumstances
change. But, clearly, I think -- and we're talking to the commander out there about, "What are your investment plans, focusing them more, in terms of future presence, what do we need to do, where do we need to grow relationships?"

Senator Hawley: EDI has been so successful in that theater and for our needs there. I continue to believe that something like that mechanism --

Secretary Esper: The one fact -- the only thing I'd say, Senator, is, sometimes it takes the pressure off of countries to invest their own dollars into supporting us and providing host-nation support. Because they see that fund out there, and they go after that instead of going to their parliaments and saying, "How can we support the U.S. presence?"

Senator Hawley: I just want to make sure that we are getting the resources we need to what is our priority theater, I believe, under the NDS, in a timely fashion, if we're going to be postured successfully. I mean, we are -- we're behind the curve, I think.

Secretary Esper: I'm impatient. I think we can and should do more. That's why I'm trying to do these COCOM reviews to free up time, money, and manpower, to invest more into that future fight.

Senator Hawley: I applaud your COCOM reviews, by the way. And let's talk for a second about AFRICOM. The
AFRICOM Commander, General Townsend, recently testified that he thought our European allies could send more forces to West Africa and take over some of the missions currently being done by our forces, like airlift, for instance, and aerial refueling.

Secretary Esper: Sure.

Senator Hawley: Do you agree with that assessment?

Secretary Esper: Absolutely. And I've talked to the allies about this, and we've talked a few times about aerial refueling. We provide that to the French for free, if you will. And that's one of the areas where I've talked to the French to say, "Look, I'm having a problem with air refuelers right now. If somebody else can pick up that mission, that helps us all out a lot." That's part of the review, is looking at, How do we do the same mission, but maybe do it differently?

Senator Hawley: Yeah. Well, this seems to me like a clear situation where we can and should expect our allies to do more. And again, I applaud your COCOM reviews.

General Milley, let me switch topics. Let's talk about Iran. If Iran resumes provocations in coming months, what is your assessment of how many troops we can send to that theater without risking our situation in INDOPACOM, without undermining deterrence, if you like, in the Indo-Pacific?

General Milley: I don't think I could answer that in
an open session. I'd rather come back to you in a
classified session, point one.

Point two, just to be clear, though, there is a
significant amount of force in Indo-Pacific -- 300,000
troops, seven aircraft carriers, the -- I mean, there's a
lot of force in the Pacific. And in Central Command, you're
looking at about 70,000 troops currently, right now.
There's an adequate amount of force in Central Command to
maintain deterrence. If deterrence breaks down, we'll
analyze the situation, and we'll do whatever is required to
achieve whatever national security objectives are necessary,
relative to Iran. And I'd rather get back to you in
classified session on exactly what that would be.

Senator Hawley: You bet. I'll pursue that with you in
a classified setting.

My last question on this, Mr. Chairman, is just to your
comments about the relative balance between CENTCOM and
PACOM. Is it your sense that there's a little bit of slack,
then, General, in INDOPACOM? I mean, is that -- am I --

General Milley: Well, I mean, again, it's a "depends"
I mean, if you think that, you know, you're close to a war
with Korea or China, then probably not, but -- so, it
depends on what the situation is in INDOPACOM at the moment
in time. It -- we will do whatever is required to achieve
U.S. national security interests, no matter where it's at in
the world. And if something were to happen, very
significantly more than what's current in the Middle East,
then decisions will be made by the President and Secretary
of Defense to move the right amount of forces to achieve our
objectives.

Senator Hawley: Thank you, General.
Thank you, Mr. Secretary.
Senator Reed [presiding]: On behalf of the Chairman,
let me recognize Senator Peters.
Senator Peters: Thank you, Ranking Member Reed.
And, to our -- both the gentlemen, thank you for
testimony here today, and your service.
Secretary Esper, briefly, I'd like to discuss
prescription drug prices under TRICARE. This is an issue
that Senator Rounds and I have been working on, along with
some of the other members of the committee here. This
committee previously authorized a pilot program that would
lower the cost of prescription drugs for TRICARE
beneficiaries, including servicemembers, their families, and
our military retirees. I know that the Department has begun
the process of preparing for this prescription drug parity
pilot program, but it still has not begun. So, my question
is, Can you commit to working to -- with us on action to
lower the cost of prescription drugs for our servicemembers
under TRICARE, and particularly expanding their
opportunities to purchase these drugs?

Secretary Esper: Yes, sir. Without knowing -- having too much detail, I'm always committed to improving quality and access.

Senator Peters: Great.

Secretary Esper, last week, Senator Cotton and I sent a letter urging you to establish a U.S.–Israel Operations Technology Working Group. This group would coordinate and canalize military research and development efforts between the United States and Israel, focusing on the shared threats that our countries face, and capitalizing on, clearly, the world's leading national security innovation base in both countries, both the U.S. and Israel. So, this is to both Secretary Esper and General Milley. What is your view on enhancing the security cooperation with Israel, particularly in the areas of technology research and development? How can we strengthen that between our two countries?

Secretary Esper: Senator, without having seen your letter yet, I would tell you that, you know, we have a very good innovative base. They have a very good innovative base. And I think the more we can cooperate together as allies and partners to come up with common solutions, the better. We do a lot of work with them now on a number of things. Certainly, at the industrial level, they compete to against -- against and with American companies. So, I think
if there are ways to improve that, we should pursue it.

General Milley: And we -- as you know, we work very closely with Israel on a lot of areas, and specifically in R&D and S&T. In combat developments, for example, we have the active protective system on our up -- on our armored vehicles. That's an Israeli-produced system. We've looked at the Arrow for our ballistic missile defense system, and a wide variety of other systems. So, there's a -- there's an exchange of ideas and knowledge, research, development between us and the Israelis on a regular basis.

Senator Peters: Secretary Esper, on February 24th of this year, the DOD officially adopted a series of ethical principles for the military use of artificial intelligence. The principles were designed to complement existing ethical frameworks. And you structured the ethical framework around five specific areas for military use of AI: responsible, equitable, traceable, reliable, and governable. I've had longstanding concerns about the consequences of the United States and our allies adopting ethical standards without similar and equitable standards being adopted by our competitors and adversaries that operate under a different framework than we do. My question is, Is the U.S. placed at a competitive disadvantage at the tactical and operational level by adopting AI ethical standards not shared by our adversaries? And, if so, how do we compensate for that
disadvantage?

Secretary Esper: Yes, Senator. First of all, it's a lot of good work done by the Defense Industrial Board with a lot of outreach to a wide range of persons and organizations to develop these. I was briefed on them. I had a number of discussions with a lot of leaders about them. But, look, I think this is an area where we lead. And I think the principles, from what I've read and studied and learned, I think they put us in a leadership position. So, I think it's -- we are establishing the standard, if you will, and I think it will make us better. And the more we can get other countries to come on board and align themselves to those, the better.

Senator Peters: In the past, the U.S. has successfully used international agreements and arms control treaties to provide some stability, particularly with emerging technologies and in the attempt to minimize potential catastrophic mistakes that could occur. In terms of AR, are we at a stage where AI requires the equivalent of an arms control treaty to ensure the current rules-based international order? And, if so, how would that look?

Secretary Esper: It's a good question, Senator. I'd have to think about it and get back to you and consult with people. And I just don't know. It's not something I would take off the table, but it's a fair question. Again, I
think we want to develop some common standards, if you will, and I -- we try to set the bar by my signing out that AI -- those AI ethical principles and to set a high bar from the beginning, and urge others to come on board.

[The information referred to follows:]
Senator Peters: General Milley, any thoughts?

General Milley: I think artificial intelligence, as I've testified before, is sort of the mother of all technologies out there. It's extraordinarily powerful, and there's no doubt in my mind that it's going to be used for military purposes in the not-too-distant future. There's a wide variety of ethical concerns with that. I don't know if arms control agreements are the right mechanism or not. But, all countries, not just the United States, are going to have to come to grips with the introduction of artificial intelligence for use in military operations. It is extremely powerful, and it's going to have to be dealt with.

Senator Peters: Great.

Thank you, gentlemen.

Senator Reed: On behalf of the Chairman, let me recognize Senator Duckworth.

Senator Duckworth: Thank you, Mr. Chairman.

I'd like to thank both of the witnesses for appearing before the committee today.

And I'd like to follow up on what my colleague, Mr. Hawley, touched on, which is the Indo-Pacific Strategy. I feel very strongly that this is a part of the world we need to spend more attention on. And I have heard, from both of you, the emphasis on INDOPACOM and our role -- and the importance of our role there. And, while I applaud the
Department's messaging about prioritizing great-power competition in this region over other activities, I do remain concerned that we've not matched our rhetoric with our actions. How are we able to divert some 7 billion to border wall construction and yet we're not -- the Pacific region is our main effort? And, you know, Secretary Esper, I agree with you that IMET is certainly very important. In fact, I recently met with General Aparit Kongsompong, who is the Thai Army leader, and he talked very fondly about how his time that he spent at U.S. training facilities. And, in fact, he said it was his joint experience, training at U.S. facilities, as that of General Andika, from Indonesia, that led them to form a friendship based on their experience in the U.S., that then led to this recent agreement they just signed, 2 months ago, on information-sharing.

But, I think it takes more than IMET. I think you need to put some MILCON in this. I think we need to look at staffing and resources increasing for the INDOPACOM in order to really deter Chinese aggression. So, I'd love to hear from both of you as to when we're going to see more of a plus-up in this region, beyond just talking about how great this is.

Secretary Esper: Senator, I think the -- first of all, you know I agree with the importance of INDOPACOM, and its -- because it's number-one in our strategy, to say the
least. But, if you look at the simple disposition of forces, INDOPACOM has five times as many forces as any other theater, over 350,000. The next-closest theater is 70,000. If you added up every other theater, INDOPACOM would still be twice as big as all of them, combined. So, we have a lot of forces in the theater. I think the challenge isn't necessarily putting more forces in, it's making sure that we look at our disposition on the ground and think, How do we use them more effectively to grow partners and allies, and how do we exercise with them, et cetera, et cetera? That's my quick assessment. I don't --

Senator Duckworth: I mean, I don't disagree with you that it's not about -- it's not just about the number of troops that are on the ground, it's about resourcing INDOPACOM so that they can go out -- I think we need to be -- you know, I mean, you're already talking about this -- more basing agreements.

Secretary Esper: Right.

Senator Duckworth: I was very impressed with what was done in South Korea when we didn't have enough ammunition, and we -- you guys, out of -- you know, took that out of Hyde and plussed them up. But, this is -- the reason that you have more troops is because it's a larger geographic region than, say, CENTCOM is. You know, I'll -- maybe AFRICOM would have more geographic area. But, the geography
is different.

    General, you were going to --

    General Milley: Well, the -- you're exactly right, the
geography is completely different, the politics are
different, the international politics, the threats are
different, the allies are different. All of that is
different, and you have to factor all of that in. But, in
terms of main effort versus supporting efforts and economy-
of-force efforts -- in the NDS, the Central Command area,
AFRICOM, and SOUTHCOM are all designated as economy of
force. And you're familiar with that term from your
military experience. And EUCOM is a supporting effort, and
PACOM is, quote/unquote, "the main effort." And it's all
part of a globally integrated level of effort with all the
resources the Department of Defense has.

    With respect to INDOPACOM, you know, the Secretary
mentioned 350,000 troops. He's also got, you know, 200
ships, seven aircraft carriers. He's got three ARG/MEUs.
He's got 1600 high-performance aircraft. This is a highly
resourced -- from a military standpoint, highly resourced
theater. So, it's not so much the numbers of the ships,
planes, trains, and automobiles sort of thing. It's how we
use it, where we put it, and what our broader strategy is
with respect to what we think is going to be the most
significant adversary for the next 100 years, which is
China, and the rise of China, how we, as a nation, deal with that. Military is one aspect of a much broader strategy that we've got to come to grips with.

But, I do think that INDOPACOM is well resourced, from a departmental standpoint, in terms of military capability, right now.

Senator Duckworth: But, the Chinese are really moving ahead of us --

General Milley: They are.

Senator Duckworth: -- when it comes to basing issues there. And --

General Milley: They are.

Senator Duckworth: -- we have to have more than a little toehold there in order to --

General Milley: Sure.

Senator Duckworth: -- ensure freedom of navigation --

General Milley: That's right. And access, basing, overflight, all of that stuff plays into it.

Senator Duckworth: So, adjacent to this issue, I want to shift slightly to the other -- if there was a bet on what I -- questions I was going to ask you, I'm sure this was one of the ones that would have come up, which is logistics. I'm deeply concerned about our ability to transport and sustain our forces overseas, especially in places like INDOPACOM. Contested logistics is something I believe we
need to pay far more attention to. This year's cuts to the
tanker fleet and anemic investment in sealift replacement
and maintenance really worry me.
Secretary Esper and General Milley, can you tell me how
this year's Defense budget request preserves or improves our
ability to transport and sustain our forces in a --
Secretary Esper: Yeah.
Senator Duckworth: -- contested environment? The days
that we're going not be able to send ships full of what we
need without our enemy trying to attack, take the ship out,
are behind us.
Secretary Esper: Senator, you're exactly right. I
don't know if you were here earlier, but I mentioned this.
You know, I'm concerned that -- two important things that
often get overlooked because they're not sexy are things
like airlift and aerial refueling and strategic sealift.
And, you know, we've invested in two surge ships this year,
but if you -- I've had a lot of conversations with General
Lyons -- we need to do more, and we need to do more, soon.
That's why we've talked a few times about the shipbuilding
plan, but one of the things the shipbuilding plan doesn't
incorporate is strategic lift, sealift. So, I sent a letter
to the committees, and I said, when I look at the
shipbuilding plan, I think we should factor in strategic
sealift, because it also competes for budget dollars, and I
-- it's a critical factor. So, between that -- I'm very concerned about the delays in the KC-46. I had the chance to crawl through one about a week -- 2 weeks ago, and look at the problems. We -- so we're going to have to look restoring some -- maybe some 10s, some 135s, so we keep that -- at least 479 aircraft going. But, it's a very capable airplane, it's just going to take some time. But, the -- those are critical things, particularly when you see the distances from CONUS or Alaska all the way into theater, into INDOPACOM theater. And then forward basing is another way you offset that, of course.

Senator Duckworth: Yeah. And you're right, because it's not just about the sealift, it's -- the tanker fleet, as you were mentioning --

Secretary Esper: Right.

Senator Duckworth: -- but it's also fueling.

Secretary Esper: Yes, ma'am.

Senator Duckworth: We've got to have forward fueling capability. We can't just be shipping our fuel there for every, you know, thing that sucks gas. Right?

Secretary Esper: That's right.

General Milley: And you're right. You're over -- we're over time, so I can get you an answer for the record, but --

Senator Duckworth: Thank you, General.
[The information referred to follows:]
General Milley: -- you're absolutely right to be concerned about the maritime sealift. We've given that up, as a nation, for the most part, over the last many, many years, and the tanker fleet and the airlift fleet.

On the tankers, though, I just want to be clear again, you know, we've got almost 500 tankers, so, in this budget, there's 10 KC-10s and 13 KC-135s. Yes, there's stress on the force. No question about it. You've heard from General Lyons and others. But, at the same time, I don't want people who are watching this, especially in certain countries, to think that the United States of America cannot project power overseas, when needed. We can, and we will, if required.

Senator Duckworth: Thank you.

Senator Reed: Gentlemen, let me thank you for your testimony, and thank you, particularly, for your service. And, on behalf of the Chairman, Chairman Inhofe, let me call the adjournment of the hearing.

Thank you, gentlemen.

[Whereupon, at 4:40 p.m., the hearing was adjourned.]