

**RECORD VERSION**

**STATEMENT BY**

**PETER B. HEGSETH,  
SECRETARY OF WAR**

**BEFORE THE**

**COMMITTEE ON ARMED SERVICES  
UNITED STATES SENATE**

**SECOND SESSION, 119TH CONGRESS**

**ON THE DEPARTMENT OF WAR BUDGET REQUEST FOR  
FISCAL YEAR 2027**

**30 APRIL 2026**

**NOT FOR PUBLICATION UNTIL RELEASED BY THE  
COMMITTEE ON ARMED SERVICES**

Chairman Wicker, Ranking Member Reed, distinguished members of the Committee – thank you for the opportunity to testify in support of President Trump’s proposed Fiscal Year (FY) 2027 budget for the Department of War (Defense).

Today I am honored to testify alongside General Dan Caine, the 22<sup>nd</sup> Chairman of the Joint Chiefs of Staff. He embodies the warrior ethos that President Trump and I want to reinvigorate in our Joint warfighting force. General Caine exemplifies courage, honor, and selfless service to our Nation.

Unique among past Chairmen, General Caine brings a wealth of experience in and out of uniform and across government that informs his leadership and makes him an invaluable advisor to the President and me. I value his incisive knowledge, expertise, and commitment to our troops. It is a partnership that deepens the strength and effectiveness of our military.

I am also honored to testify alongside Jay Hurst, who is performing the duties of the Under Secretary of War (Comptroller)/Chief Financial Officer. Mr. Hurst’s experience as Defense Advisor to Speaker Johnson, as an Army officer, on the Army Staff, and on deployment in Afghanistan, provide him with a unique insight into our Department, and he will testify about the budgetary needs of the Department.

Under the leadership of our Commander-in-Chief, President Donald J. Trump, this budget puts America First and enables the Department of War (DoW) to achieve its clear mission of Peace Through Strength. There are three overall priorities I have set to accomplish our mission: Restore the warrior ethos; rebuild our military; and re-establish deterrence.

The \$1.5 trillion FY 27 budget put forward by the President will build upon the historic \$1 trillion FY 26 topline and will continue to reverse the four years of underinvestment and mismanagement of the Biden administration. The \$1.5 trillion budget will ensure that the United States continues to maintain the world’s most powerful and capable military as we grapple with an increasingly complex threat environment across multiple theaters.

The FY 27 budget will shift the entire military acquisition paradigm. It realigns the military to the historic strength that began in President Trump’s first term and makes generational investments in the President’s priorities, including developing the Golden Dome for America, revitalizing our Defense Industrial Base in general and our shipbuilding, aviation, and drones in particular. We are investing in the next-generation F-47, and shaping end strength to match the evolving threats faced by our Nation.

The President’s budget will provide the defense industrial base the ability to double and, in some cases, triple or quadruple capabilities and capacities – and to build more facilities, not just add additional shifts – in order to provide the munitions and military hardware we need and to erase our foreign military sales backlog. Some of these will require multi-year agreements to purchase

into the future. We thank the Congress for your willingness to assist us in taking the first steps toward these multi-year agreements, but we are asking for more.

We have also redirected billions from the last administration's nonlethal priorities to reinvest in President Trump's priorities. We are maximizing resources to ensure that every single dollar of taxpayer money is used wisely.

These important investments are amplified by the savings and efficiencies the Department has found in collaboration with the Department of Government Efficiency (DOGE), as well as the revisions and improvements we have made in our acquisition and procurement processes – many of which were also suggested by Congress. We will ensure that every single dollar of taxpayer money is used to fund lethal Soldiers, Sailors, Airmen, Marines, and Guardians. Every cent will provide capabilities to deter our adversaries, and if necessary, prevail on the battlefield.

These savings and efficiencies are considerable but are just the beginning of our focused effort to rein in waste, fraud, and abuse. The Department must pass a financial audit by 2028. We will ensure full accountability to Congress and the American taxpayer. We will improve our processes and controls to make better financial decisions. And we will understand where every taxpayer dollar goes and why. This is what it will take to rebuild our military and exactly what we will do. We will pass an audit by 2028.

### **Continuing Resolutions**

As the members of this committee well know, the routine use of Continuing Resolutions (CRs) degrades our ability to deter our adversaries and reduces our readiness to fight. This state of affairs is insufficient to meet the moment, and I urge members of this committee and Congress to: Fully fund this budget request which makes generational investments to rebuild our military, restore deterrence, and revitalize our Defense Industrial Base; and support the savings and efficiencies that the Department has found in coordination with DOGE. Not only does unpredictable funding impact our ability to conduct predictable operations and maintenance at scale, it also impacts safety and readiness. In the case of aviators, for example, the Department's Aviation Mishap Task Force, as well as previous studies, has identified CRs as a major contributor to aviation mishaps due to unpredictable flying hour programs and unfunded maintenance requirements.

## **The National Defense Strategy**

This is a period of great consequence for our Republic. Our forefathers fought and won the Cold War, ushering in a “unipolar moment.” It was a time of tremendous opportunity – well-earned after a century marked by two World Wars and a Cold War, always under the nuclear shadow.

That unipolar moment is over – and we have an opportunity to define what comes next. Under President Trump’s leadership, that’s exactly what we’re doing. The Department of War, at the President’s direction, is laser-focused on advancing his America First, Peace Through Strength, common sense agenda. We are reviving the warrior ethos, we are rebuilding our great military, and – every day – our warriors are reestablishing the deterrence.

We owe safety, freedom, and prosperity to the American people – and we will deliver. We will achieve Peace Through Strength – which is what the American people voted for, and what President Trump demands.

For a generation, the United States was largely distracted by open-ended wars, regime change, and nation building. In the process, past leaders sent our service members on mission after mission with no exit strategy, no end in sight, and with little articulation for the American people or for the warfighters about how these conflicts would benefit Americans and our core national interests.

These costly diversions lacked clearly defined goals and were not tied to vital and core American interests. President Trump is changing that.

The President’s approach is one of a flexible, practical realism – common sense, if you will – that looks at the world with a clear-eyed perspective, essential for serving Americans’ real interests. The approach is informed by strategic rationality and cost-benefit assessments. We will define our vital interests in ways that are reasonable – that make sense to ordinary Americans.

This is the approach and mindset that shapes the Department’s focus and is encapsulated in our National Defense Strategy. As a result, the War Department will not be distracted by democracy-building, interventionism, undefined wars, regime change, climate change, woke moralizing, and feckless nation-building. We will instead put our nation’s practical, concrete interests first. We will deter war. We will advance American interests. We will defend our people. Peace is our goal – and in service of that objective, we will always be ready to fight and win decisively if called upon.

As part of this mission, we are asking American taxpayers to fund the world’s greatest military. We are asking mothers and fathers across America to trust us with their most precious resource: Their sons and daughters – and we will honor their trust and their sacrifice. The historic recruiting and retention numbers of the President’s first year show who the American people trust – and we are ahead of target on current year recruiting.

This means we will not send America's best to advance foolhardy or reckless adventures halfway around the world. It also means not asking them to pick up the tab for allies who should fund their own defense. Instead – and above all – it means that we only ask our warriors to fight for things that make America and Americans safe, free, or prosperous—life, liberty, and the pursuit of happiness—nothing more and nothing less.

Again, this is common sense. That's what President Trump's War Department is all about.

This commonsense approach – fully articulated in the National Defense Strategy – means prioritizing four key lines of effort at the Department of War:

- Defend the U.S. Homeland
- Deter China in the Indo-Pacific Through Strength, Not Confrontation
- Increase Burden-Sharing with U.S. Allies and Partners
- Supercharge the U.S. Defense Industrial Base

As we apply President Trump's approach of flexible realism, the first two lines of effort are the primary operational focus of the Joint Force, for the simple reason that these missions matter most for safety, freedom, and prosperity of Americans.

At the same time, however, other threats persist around the world, including in Europe and the Middle East. We cannot ignore them – nor should we. That's why our approach also prioritizes burden-sharing. Indeed, for the first time since the Reagan era, allied and partner burden-sharing is no longer an afterthought or a “nice to have.” Today, it is a core element of our nation's defense strategy.

Critically, this approach not only ensures that the Joint Force is always able to deter or prevail against the most powerful and consequential threats to our nation's interests. It also ensures that the Joint Force is able to provide the President with second-to-none operational flexibility and agility – in other words, to take decisive action against any set of targets, anywhere in the world, at a time of his choosing, as the Department has shown repeatedly in Operations ROUGH RIDER, MIDNIGHT HAMMER, ABSOLUTE RESOLVE, and EPIC FURY.

#### Defend the U.S. Homeland

The Biden Administration willingly opened our Southern border, flooding our country with millions of illegals; the consequence of which was an explosion of drugs and crime against our citizens. They tried to make it controversial to say that “border security is national security.” But that's absurd. Border security is national security – and we are prioritizing accordingly.

Since his Inauguration last year – at the direction of President Trump – the Department of War has made it a top priority to defend our nation's borders. To get 100% operational control of the border. We did so by surging forces to the Southern border, where our troops partners with DHS

and CBP to seal our border. Under President Biden, tens of millions of illegals flowed across that border, not to mention lethal narcotics responsible for the deaths of hundreds of thousands of Americans.

Today, the number of illegals crossing into our country is zero. We are saving lives and communities, and we will keep it that way. We are proud to support our law enforcement partners as they conduct the deportation of dangerous illegals who have no business being in our country.

We've secured the border, in part, by organizing, training, and equipping units specifically for border defense missions – including operations in the land, maritime, and air domains – in support of interagency partners. We are also leaning on our Mexican counterparts to do more; they have made progress; we'll need to see more—quickly.

Our borders shouldn't be the first line of defense for the American homeland, however – they should be the last line of defense. That's why we're prioritizing our fight against cartels throughout the Western Hemisphere. The days in which these narco-terrorists – Designated Terrorist Organizations – operated freely in our hemisphere are over. These narco-terrorists are the Al Qaeda of our hemisphere, and we are hunting them with the same sophistication and precision that we hunted Al Qaeda. We are tracking them. We are killing them. And we will keep killing them so long as they are poisoning our people with narcotics so lethal that they're tantamount to chemical weapons.

We aren't doing this on our own. Throughout the hemisphere, our allies and partners recognize that these narco-terrorists threaten them, too. So, we're working together – sometimes overtly, sometimes not – and we will keep doing so, for the sake of a safer, secure, and more stable hemisphere for all of us. To that end, we have partnered with 18 countries in our hemisphere to establish the Counter Cartel Coalition of the Americas to combat this scourge. But make no mistake, where a country cannot – or will not – do its part, then we at the Department of War will always be ready to take decisive action against cartels. In this hemisphere – in our hemisphere – there is no safe haven for narco-terrorists.

Securing the Border does not mean we're losing sight of other critical homeland defense missions. On the contrary, we are doubling down. One of the first executive orders signed by President Trump was for the creation of Golden Dome for America – a revolutionary approach to defending our nation from advanced aerial threats. Golden Dome will produce tangible protection for this country and beyond.

At the same time, we're also rapidly strengthening our nation's ability to deter and defend against cyberattacks on U.S. military and dual-use targets – including through CYBERCOM 2.0, which is the most comprehensive overhaul of U.S. Cyber Command since it was formed 15 years ago. Nor have we lost sight of the threat of global jihadism. As with narco-terrorists, working

alongside our partners in the Intelligence Community and other agencies – as well as our partners abroad – we will continue to hunt and kill Islamic terrorists with the intent and ability to strike our homeland.

All of this, of course, rests upon the power of our nation’s nuclear deterrent, which is the foundation of our nation’s defense, including our ability to protect our Homeland against the most powerful weapons available to mankind. Nothing else matters if we don’t get this right – so we will. As President Trump has said, we will modernize our nation’s nuclear triad. We will develop additional options to support deterrence and escalation management. We will never allow this nation to be left vulnerable to nuclear blackmail, even in a world where we face two other major nuclear-armed powers. And we will test nuclear weapons and nuclear delivery systems on an equal basis as others.

The Department’s activities throughout the Western Hemisphere aren’t just about killing narco-terrorists – they’re also about deterring and defending our nation’s interests against other threats to the hemisphere. To that end, the Department will always provide President Trump with credible options when needed. That includes guaranteeing U.S. military and commercial access to key terrain – like the Panama Canal, the Gulf of America, and Greenland. In all instances, we stand ready to work in good faith with our neighbors—but they must do their part to defend shared interests. Where they do not, the War Department stands ready to take focused and decisive action that advances U.S. interests.

This is the Trump Corollary to the Monroe Doctrine, recently codified so clearly in the National Security Strategy. After years of neglect, the United States will restore U.S. military dominance in the Western Hemisphere. We will use it to protect our homeland and our access to key terrain throughout the region. We will also deny adversaries’ ability to position forces or other threatening capabilities in our hemisphere. Past administrations perpetuated the belief that the Monroe Doctrine had expired. They were wrong. The Monroe Doctrine is in effect – and it is stronger than ever under the Trump Corollary, a commonsense restoration of our power and prerogatives in this hemisphere, consistent with U.S. interests.

#### Deter China in the Indo-Pacific Through Strength, Not Confrontation

The second line of effort for the War Department is deterring China in the Indo-Pacific – through strength, not confrontation.

Under President Trump’s leadership, relations between the United States and China are better and stronger than they’ve been in many years. President Trump and this administration seek a stable peace, fair trade, and respectful relations with China. This past November, President Trump and President Xi reached a major breakthrough in trade, putting both nations on a strong economic pathway. Reciprocal state visits in 2026 will provide the opportunity for even more progress.

The War Department is committed to the same approach, opening a wider range of military-to-military communications with the People’s Liberation Army – aimed at deconfliction and de-escalation. We laid the groundwork for this with PLA counterparts months ago at ASEAN in Malaysia, and that work continues.

This line of effort is based on flexible realism. An approach aimed not at domination, but rather at a balanced relationship. A balance of power that will enable all of us – all countries – to enjoy a decent peace in an Indo-Pacific where trade flows openly and fairly. Where we can all prosper, and all interests are respected. That is the world that we seek in the Indo-Pacific. That is what our approach is designed to produce.

We will be strong, but not confrontational. To quote a great Republican President, we will “speak softly but carry a big stick.” As I said at Shangri-La last year, we’re not trying to “strangle” China’s growth. We’re not trying to dominate or humiliate them. Nor are we trying to change the status quo over Taiwan.

Our interests in the Indo-Pacific are significant, but also scoped and reasonable. This includes the ability for us—along with allies—to be postured strongly enough in the Indo-Pacific to balance China’s growing power. This means ensuring none of our allies are vulnerable to sustained, successful military aggression. This is what we mean by deterrence in the Indo-Pacific: Not dominating China – but rather ensuring they do not have the ability to dominate us or our allies. That’s common sense.

In this vein, our role at the Department of War is essential. It is our job to make sure Beijing sees unquestionable U.S. military strength that, if necessary, can back up our national interests. Even as we make clear our peaceful intentions, we insist that—as a Pacific nation ourselves—China respect our long-standing interests in the Indo-Pacific.

This involves respecting the historic military buildup they are undertaking. Our Department maintains a clear-eyed assessment of how rapid, formidable, and holistic the buildup has been. We take these capabilities seriously. It would be unwise not to.

This approach requires focus, prioritization, and clarity of purpose. That is why we will ensure our military can, if necessary, project sustained capabilities along the First Island Chain (FIC) and throughout the Indo Pacific. That means being so strong that aggression is not even considered, and peace is preserved. This is deterrence by denial.

This is making sure that President Trump is always able to negotiate from a position of strength, in order sustain peace in the Indo-Pacific. This is not a pivot for tomorrow—it’s our reality today.

### Increase Burden-Sharing with U.S. Allies and Partners

Our third line of effort is increasing burden-sharing with U.S. allies around the world.

It is vitally important for America's allies and partners to step up and do their part for our collective defense. This isn't just a matter of doing right by Americans who are frustrated by years of allied free-riding. This is pragmatic. As we prioritize our homeland, hemisphere and the Indo-Pacific, threats persist in other regions—and our allies must step up. This isn't just good for us – it's good for them, too. In fact, it is a recipe for lasting peace through strength around the world for decades to come.

As the National Defense Strategy recognizes, America's alliances and partnerships form a defensive perimeter around Eurasia. Not only do these relationships offer favorable geography, but they also include many of the world's wealthiest nations. Taken together, our alliance network is far wealthier than all our potential adversaries combined. As a result, if our allies and partners invest properly in their defenses, consistent with the new global standard set at the Hague Summit, together we can generate more than enough forces to deter potential opponents, including if they act in multiple theaters simultaneously.

Consistent with this approach, the Department will continue to demand that NATO allies do their part to take primary responsibility for Europe's conventional defense, including support for Ukraine's defense. This is not a favor to us. Rather, it is essential for Europe's lasting security. It is also consistent with the Alliance's noble history. During the Cold War, NATO allies showed that they could raise the forces required to effectively defend Europe. But this first instantiation of the Alliance – NATO 1.0 as it might be called – was replaced by a frail and diminished NATO 2.0 after the Cold War ended. Beset by freeriding and distracted from its core warfighting responsibilities, NATO 2.0 was a pale shadow of its Cold War-era self, and we all suffered as a result.

So, we must forge a NATO 3.0 that returns the Alliance to its warfighting roots, with our allies finally stepping up and making good on their commitments to our collective defense. Where they do, we will be prepared to empower them—and there has been some progress in this regard. That is why we were able to redeploy U.S. forces from Romania last year without increasing risk to NATO's deterrent. Yet not all allies have gotten the message, and where they do not step up, there will be consequences. In recent weeks, for instance, far too many of our NATO allies showed that they could not be relied upon to support our nation's operations against Iran—despite the fact that they themselves are far more reliant on Middle East energy markets than we are and also share our interest in denying Iran a nuclear weapons and otherwise degrading Iran's power projection capabilities. This is unconscionable—and we will remember.

The War Department is also prioritizing increased burden-sharing in the Indo-Pacific. Here, the Republic of Korea has shown itself to be a model ally by committing to the new global standard

for defense spending and agreeing to take primary responsibility for its defense against North Korea. Japan also clearly recognizes the threat environment confronting all of us and has signaled that it will raise defense spending and align investments accordingly. We will continue to urge and work with Tokyo as they do so.

Australia likewise understands the need to increase defense spending and Canberra has taken another step with the release of its latest National Defense Strategy. We look forward to building on that progress with our Australian allies to be able to do more in the Alliance together, move full steam ahead on AUKUS and build capability to promote meaningful deterrence, just as we look forward to working closely with others in the region to strengthen partners' self-defense capabilities, bolster interoperability with American forces, and expand access, basing, and overflight arrangements.

In the Middle East, too, burden-sharing is a key part of our strategy. To be clear, the Joint Force will *always* maintain the ability to take decisive action, as we are demonstrating now in Operation EPIC FURY. Yet our allies and partners in the region can do much to advance our shared interests—and they are increasingly doing exactly that. Israel is a model ally who has repeatedly shown that it is both able and willing to fight alongside America's forces. Others in the region have similarly invested in their own capabilities and demonstrated that they are able and willing to use them to good effect in support of our collective defense. We will build on this progress and these relationships with an eye toward a lasting regional peace, to be achieved and sustained from a position of unquestionable military strength.

In sum, Americans want partners – not dependencies. And, thanks to President Trump's visionary leadership, that is what we are building. Real partnerships and alliances based on hard power.

Our allies aren't powerless. They are nations capable of doing far more for themselves than they have. It's time they stood up, and some of them are. In fact, many of them are nations who have proud and powerful martial traditions of their own – and we should treat them that way. We can, should, and must expect them to do their part – exactly as President Trump has.

Model allies that step up, like Israel, South Korea, Poland, Finland, the Baltics, and others, will receive our special favor. Allies that do not – allies that still fail to do their part for collective defense – will face consequences. President Trump likes helping countries that help themselves. That's the nature of partnerships rather than dependencies. It's what we owe our friends – and most importantly – the American people.

#### Supercharging the U.S. Defense Industrial Base

Finally, the fourth line of effort – supercharging America's defense industrial base – unlocks everything else. In November of last year, I gave a speech to defense industry leaders to

announce a Department-wide transformation of Requirements, Acquisition, and Foreign Military Sales. Our objective is simple if monumental: Transform the entire acquisition system – to rapidly accelerate the fielding of capabilities – and focus on results. Many of the initiatives were suggested and supported by Members of Congress, and for that, we thank you.

Bottom line: The historic, generational, and transformational changes we implement will move us from the current prime contractor-dominated system defined by limited competition, vendor lock, cost-plus contracts, stressed budgets, and frustrating protests – to a future powered by a dynamic vendor space that accelerates production by combining investment at a commercial pace, with the uniquely American ability to scale quickly. All at the speed of urgency.

### **Acquisition and Sustainment: The Defense Industrial Base and the Arsenal of Freedom**

The Department is working to deliver and sustain superior capabilities for the warfighter and is actively transforming the Department's acquisition processes to build a resilient "Arsenal of Freedom." This strategy focuses on ensuring a dependable and robust defense industrial base, protecting our critical technologies, and reforming foreign military sales to strengthen our international partnerships and enhance global security.

#### Acquisition Transformation: The Arsenal of Freedom

To accelerate the delivery of capabilities to the warfighter, we are transforming our acquisition processes to prioritize performance and accountability over process. A key element of this transformation is the empowerment of single Portfolio Acquisition Executives (PAEs) with the authority to deliver capabilities. These individuals are responsible for the entire lifecycle of a capability, from development to fielding and sustainment. Their performance is tracked on public scorecards, which provide a transparent and data-driven assessment of their effectiveness. This approach ensures that our acquisition professionals are focused on delivering results, not just adhering to bureaucratic processes. By instilling a culture of accountability and transparency, we can ensure that our warfighters have the tools they need to succeed on the battlefield.

Since we have begun implementing this transformation, we have already stood up 23 PAEs: six from the Navy; five from the Air Force; six from the Space Force; and six from the Army.

#### Munitions

A stable, reliable, and expanding supply of munitions is fundamental to our national security. To ensure the availability of these critical assets, we are implementing a multi-pronged approach that provides a stable demand signal to the defense industry. This is primarily achieved through the use of multi-year procurement agreements, which allow for long-term planning and

investment. By committing to purchases over several years, we provide industry with the confidence to expand capacity, modernize facilities, and invest in their workforce. I would like to thank Congress for their support of multi-year procurement authority for critical munitions last year, and ask for your continued support for this authority and associated funding in our Fiscal Year 2027 budget request.

Furthermore, we are making direct investments in the supply chain to address production bottlenecks and ensure that critical components and materials are readily available and are American made. These measures not only enhance our own warfighter readiness and security but also create a more resilient and responsive industrial base capable of meeting the demands of a dynamic global security environment.

### Industry Equity

To make decisive, necessary, and generational changes to our industrial base, we are using equity investments as a targeted tool to correct critical market failures. This approach is reserved for situations where traditional contracts or grants are not sufficient to address a national security shortfall. By taking an equity stake in a company, we can provide the capital and stability needed to secure access to essential warfighting supply chains, such as critical minerals. This is about making targeted investments to ensure that our warfighters have access to the critical technologies, minerals, and capabilities they need to maintain a decisive advantage, especially where commercial markets are unwilling or unable to make a sizable enough investment to onshore or expand critical defense-related production.

Equity investments also take a new approach to how to spend taxpayer dollars, ensuring that not only do we guarantee access to critical supplies, but also provide an opportunity for the taxpayer dollar to earn a return on investment. The equity investment model also ensures that new entrants who need to borrow money at a cost are not at a disadvantage relative to firms receiving direct cost-free grants from the Department. This delivers a level playing field for everyone and strengthens the market serving our needs.

### Foreign Military Sales and International Armaments Cooperation

In today's interconnected world, our security is inextricably linked to the readiness and security of our allies and partners. To strengthen these relationships and enhance global security, the President announced the America First Arms Transfer Strategy, an enterprise-wide initiative to align arm sales with our national interests and continue advancing reforms to our Foreign Military Sales (FMS) process and broader defense sales system. By consolidating DoW's arms transfer processes under the Under Secretary for Acquisition and Sustainment, we are driving better alignment between our procurement system, industrial base, and foreign military sales, while creating an organization that addresses the combined needs of U.S. and FMS customers to grow an industrial base that can deliver for our warfighters, help arm our allies and partners, and

maintain industrial readiness for the future. By working together with our allies and partners, we can create a more secure and prosperous world for all.

The "Arsenal of Freedom" is not just a slogan; it is a comprehensive strategy for ensuring that our warfighters, and those of our allies and partners, are trained and have the capabilities they need to deter our adversaries and win our nation's wars. By focusing on these five key priorities, we can build a more resilient and responsive defense industrial base, protect our critical technologies, and strengthen our international partnerships. This is a whole-of-Department effort, and we are committed to working with our partners in industry and Congress to make this vision a reality.

### **Research and Engineering: A Strategy for Multi-Domain Modernization**

The Department of War is embarking on a significant and forward-thinking multi-domain modernization strategy. This strategy is action-oriented and is underpinned by both Artificial Intelligence (AI) "Pacesetting Projects" and Critical Technology Area "sprints" designed to accelerate the development and adoption of critical technologies for our warfighters. The core of this initiative is to foster innovation, streamline processes, eliminate bureaucratic barriers, and bolster the domestic industrial base to ensure the highest levels of force readiness and maintain a strategic advantage.

#### Artificial Intelligence (AI)

The Department's AI strategy is taking a two-pronged approach. First, we have put AI tools available in the private sector directly into the hands of our warfighters and civilians to enable them to find new ways to tackle routine tasks. Second, working across the Department, the Under Secretary of War for Research and Engineering (USW(R&E)) has identified a set of Pace Setting Projects. This strategic choice reflects a deliberate move away from traditional development and acquisition models, which are often encumbered by bureaucratic hurdles and a pace that is ill-suited for the rapid iteration required in software development.

The traditional Programs of Record are notoriously slow and rigid, making them incompatible with the agile and dynamic nature of AI development. In contrast, the Pacesetting Projects leverage a partnership model. This model empowers Combatant Commands and Military Departments to be at the forefront of innovation by allowing them to drive missions, define specific requirements, and co-develop solutions directly with technology providers. The Department's role in this paradigm is to act as a facilitator, remove obstacles and provide a "joint" strategy and the necessary investment to ensure the success of these projects. This collaborative approach is designed to accelerate the fielding of AI-powered capabilities and ensure that they are directly aligned with the needs of the warfighter.

By breaking down the silos that have traditionally separated the end-user from the developer, the Department is creating a more integrated and responsive ecosystem for AI development. This will not only lead to more effective and timely solutions but also foster a culture of continuous innovation within the armed forces.

### Office of Strategic Capital

The Office of Strategic Capital (OSC) has been established as the Department of War's internal investment bank, a novel and powerful tool for revitalizing the national security industrial base. The OSC employs a three-pronged approach to achieve its objectives:

- **Lending Authority:** The OSC wields approximately \$210 billion in lending authority. This capital is instrumental in supporting the national security supply chain, providing the financial resources necessary for companies to scale production, invest in research and development, and modernize their facilities. This direct financial intervention helps to de-risk investment in the defense sector and ensures that critical industries have the capital they need to thrive.
- **Advisory Services:** Beyond direct financial support, the OSC serves as a central coordinator for deals, capital, and transaction structuring across the Department of War and the broader interagency. This advisory role is crucial for aligning investment strategies, identifying promising technologies, and facilitating partnerships between the government and the private sector. By acting as a strategic advisor, the OSC can help to guide investment towards the most critical areas of need.
- **Catalyst for Private Investment:** The OSC acts as a catalyst to mobilize and attract private investment into critical technology areas. By signaling the Department's priorities and providing initial investment, the OSC can "crowd in" private capital, multiplying the impact of its own funding. This approach leverages the dynamism and resources of the private sector to accelerate innovation and expand the industrial base.

### Directed Energy

Directed Energy (DE) weapons represent a transformative capability, yet the Defense Industrial Base (DIB) is currently postured to produce only a limited number of prototypes. There are significant vulnerabilities and gaps in our DE defense manufacturing capabilities. To address this, the Department must create a strong and consistent demand signal for the production of greater quantities of these weapons, on the order of tens to hundreds of units.

This increased demand is essential to enable the DIB's manufacturing capacity to mature and scale to meet the tactical innovation of the warfighter. Overcoming the "business as usual" acquisition mindset is paramount. The Department must reform its procurement processes, warfighting tactics, and policy limitations to "demystify" Directed Energy weapons and facilitate their integration into the force structure. This includes developing new concepts of operation,

training programs, and support infrastructure to ensure that these advanced weapons can be effectively fielded to our warfighters and employed on the battlefield.

The successful integration of Directed Energy weapons will require a concerted effort to overcome institutional inertia and embrace a new way of thinking about warfare. The Department's commitment to creating a demand signal is the first and most critical step in this process.

### Anomalous Health Incidents

Under this Administration, we are fully meeting the intent of Congress on Anomalous Health Incidents, or AHIs. We have added a Navy Rear Admiral who is both a SEAL and an MD to the leadership team, bringing added warfighter and medical focus. At the same time, we are strengthening collaboration with interagency partners to share information, coordinate research efforts, and leverage the full spectrum of government expertise. We are prioritizing the treatment of victims, and we have approved the first HAVANA Act payment to victims, with the DoW disbursing nearly \$3 million in compensation since President Trump's Inauguration.

Finally, we've realigned the Anomalous Health Incidents Cross-Functional Team (CFT) to the Office of the Under Secretary of War for Research and Engineering (OUSW(R&E)). This was a strategic and deliberate decision intended to bring a new level of rigor, transparency, and integrity. The focus is on both delivering answers for the affected individuals and families, and the development of potential mitigations.

The goal is to get ahead of any potential threat and eliminate the potential for adversarial surprise. By bringing a renewed focus and a commitment to transparency to the AHI issue, the Department aims to provide the best possible support to its personnel and their families while also enhancing national security.

### Biotechnology

The Department of War is committed to leading responsibly in the rapidly advancing domain of biotechnology. To this end, the Department is developing a comprehensive strategy and a clear ethical framework to ensure the safe and responsible deployment of biotechnology. This proactive approach is essential to harnessing the immense potential of biotechnology while mitigating the risks.

Through initiatives such as the Bioindustrial Commercialization Program, the Department is actively partnering with industry to expand the domestic biomanufacturing base. This partnership is crucial for strengthening domestic supply chains and reducing our reliance on foreign sources for critical biological materials. By investing in the bio-economy, the Department is not only enhancing our national security but also driving economic growth and

innovation. The development of a robust and resilient domestic biomanufacturing capability is a key strategic priority that will pay dividends for years to come.

### **Personnel and Readiness: Committed to the Future Force**

We are committed to fortifying our force for the future by prioritizing Military Health System (MHS) reform; enhancing strategic readiness; timely hiring teachers and improving school choice for military families at our Department of War Education Activity (DoWEA) schools; sustaining our profound recruiting and retention success; and eradicating the stigma around brain health. These pillars are foundational to maintaining a lethal, resilient, and ready force capable of meeting any challenge. Our strategy is built on a holistic approach that recognizes the deep connection between the well-being and readiness of our service members and their families and our ultimate mission success. This strategic direction and key initiatives are designed to deliver on this commitment, ensuring our military remains the most dominant fighting force in the world, ready to deter, and if necessary, defeat our country's adversaries.

#### MHS Reform and Stabilization

A robust and efficient Military Health System (MHS) is the bedrock of a ready force and medical readiness is a core warfighting capability and needs to be treated as such. Our primary objective is to ensure that every warfighter is prepared to deploy and that our medical force itself is proficient in the critical skills needed for combat. The MHS is undergoing a significant transformation to achieve this, guided by support to our warfighters and maximized readiness.

We are conducting a holistic review and evaluation of all our programs for effectiveness. This includes a continuous assessment of Military Treatment Facilities (MTFs) using key performance indicators such as access to care, quality of outcomes, and cost-effectiveness.

The Congressionally mandated transition of MTF administration to the Defense Health Agency (DHA) is central to this reform. This consolidation is designed to standardize clinical and business processes, eliminate inconsistencies that have frustrated military families, and create a more predictable and efficient healthcare system.

The Department is carefully analyzing the capacity of civilian healthcare networks to absorb non-active duty patients, allowing MTFs to sharpen their focus on the readiness of our service members.

However, we proceed with caution. The transition is conditions-based, dependent on the proven quality and availability of care in the military professional and civilian network. We remain committed to ensuring that all military families have access to high-quality healthcare, whether in an MTF or the local community.

Our team is also leading an interagency effort to onshore the raw materials, key starting materials (KSMs), and active pharmaceutical ingredients necessary for domestic production of required pharmaceuticals focused primarily on warfighter readiness. Together with the Departments Veterans Affairs and Health and Human Services, we are combining \$120 billion in pharmaceutical purchasing power to incentivize onshoring of these key pharmaceuticals.

### Strategic Readiness

To maintain our competitive edge against peer adversaries, we are making targeted investments to sharpen our strategic and operational warfighting capabilities. Modernizing our training and experimentation environments is essential for preparing the force for the complexities of multi-domain operations. Our investments in joint integrated training centers, the joint synthetic environment, and joint advanced fires training are creating realistic, high-fidelity scenarios that replicate the modern battlefield, consistent with the Department's prioritization of Homeland defense and a denial defense along the FIC.

A key initiative is the Pacific Multi-Domain Training and Experimentation Capability (PMTEC), which is vital for enhancing deterrence and readiness in the Indo-Pacific theater. These advanced training platforms allow our forces to rehearse complex joint operations, refine tactics, and ensure seamless interoperability with our allies and partners. By providing our Warfighters with the most advanced training tools, we ensure they are prepared to dominate in any environment. This focus on high-end, integrated training is a direct investment in our lethality and our ability to deter aggression.

### Strengthening DoWEA

Taking care of our military families is not just a moral obligation; it is a strategic imperative that directly impacts readiness and retention. Providing high-quality education options for military children, including an academically rigorous and transparent school system, is a cornerstone of this commitment. The implementation of Executive Order 14191, which explores expanded school choice, does nothing to diminish our deep and abiding commitment to the Department of War Education Activity (DoWEA) or divert resources from its schools.

DoWEA schools should be a beacon of excellence for our military children, however, the reality is that DoWEA has ill-served many of its students and parents by obscuring unfavorable test results, failing to consistently accommodate special needs, and forcing woke curricula on children while hiding it from parents – the men and women defending our country. In overseas settings, though international schools abound and are available to State Department families, military families' only paid option is the area DoWEA school, regardless of whether or not it is a good fit.

Our focus on school choice is about ensuring that all military families, regardless of where the mission sends them, have access to high-quality educational opportunities. Whether through DoWEA, public schools, or private options, our goal is to empower families to choose the best fit for their children.

This strengthens the force by reducing the stress of relocation and providing the stability that families need, which in turn enhances readiness and encourages our most talented service members to continue their careers. School Liaison Officers (SLOs) at every installation are a critical resource, guiding families through their options and ensuring a smooth transition with every move.

As we have assessed the current state of DoWEA, we have found that in many schools a large percentage of the teacher positions are filled with part-time substitute teachers. This creates instability for our military-connected children, and one result is that classes often exceed the statutory classroom size. We also recognize that hiring civilian personnel is a lengthy bureaucratic process inconsistent with today's technology and talent requirements. To ensure we have a robust roster of teachers and all educational personnel, we have overhauled how we hire teachers, which has resulted in a projection for 100% of classrooms to be filled at the start of the next school year.

Likewise, previously parents have been locked out of the classrooms, the nurse's clinic, and the school building, denying them the information they need to make informed decisions on their children's education and health. We have changed, or are in the process of changing, these policies so that parents have maximum access to their children's education and health in DoWEA schools.

#### Recruiting, Retention, and Family Support

The all-volunteer force is the lifeblood of our military, and its continued success depends on our ability to recruit and retain the nation's best and brightest. We are in the midst of a historic resurgence in military recruiting, with the strongest performance in three decades. This success is driven by key initiatives across the Services, including revitalized recruitment campaigns like the Army National Guard's "Uncommon is Calling," which highlights the unique dual-life of citizen-soldiers.

We have also implemented targeted bonus programs to attract individuals with critical skills and have expanded programs like the Army's Future Soldier Preparatory Course, which provides academic and fitness instruction to help promising recruits meet our high standards.

In June 2025, a new Military Service Recruitment Task Force was established to build on this momentum, unify our messaging, and identify policy changes to expand the pool of eligible Americans.

However, sustaining this success requires a partnership. We need your support to expand these efforts and address key quality-of-life issues that directly impact a service member's decision to stay. Increasing access to quality, affordable childcare is paramount. Furthermore, we must strengthen programs like the Military Spouse Employment Partnership and the Career Accelerator fellowship, which directly connect talented military spouses with employers. A supported family is a ready family, and a spouse with a stable, fulfilling career is a powerful force for retention. Investing in our families is a direct investment in the long-term health and lethality of our force.

### Mitigating Traumatic Brain Injury and Blast Overpressure

The brain is the most critical weapon system our Warfighters possess. Protecting it is fundamental to their readiness, lethality, and long-term well-being. We are fully committed to eradicating the stigma surrounding brain health and ensuring that service members with Traumatic Brain Injuries (TBI) or those affected by blast overpressure (BOP) receive world-class medical care. Our focus is on creating an environment where prioritizing brain health is recognized as a sign of strength.

Recent medical studies have provided dramatic insights into the effects of BOP, leading to new Department-wide guidance aimed at mitigating risk while preserving readiness. We have recently upgraded our cognitive monitoring programs with new technology that allows us to rapidly baseline the brain health of the entire force, and to then assess in stride post-event impacts of potential TBI. This improvement will allow us to longitudinally monitor the brain health of our entire force in the exact same way we monitor physical health.

This includes establishing clear limits for blast exposure in both training and combat environments. The Army's ALARACT 022/2022, for instance, set new, lower PSI thresholds for personnel during explosive breaching events.

A cornerstone of our strategy is the Cognitive Monitoring Program, which tracks brain health across a service member's career. By establishing cognitive baselines for all new service members and conducting regular reassessments, especially for those in high-risk occupational specialties, we can identify cognitive changes over time and intervene early. This data, combined with the future fielding of wearable blast sensors, will provide critical exposure data to service members, commanders, and the medical community.

We are empowering our warfighters and leaders with the knowledge to recognize, limit, and report exposure. Simple mitigation measures on demolition and weapons ranges—such as increasing standoff distances, wearing proper personal protective equipment (PPE), and limiting ammunition use—are being reinforced.

Most importantly, we are fostering a culture where seeking medical attention for a potential brain injury is immediate and routine. Early evaluation and adherence to medical guidance are proven to improve recovery outcomes.

Addressing brain health is not a distraction from the mission; it is essential to it.

## **Intelligence and Security: The Modernization Imperative**

In an era marked by rapid technological advancement and evolving geopolitical landscapes, the modernization of intelligence, surveillance, and reconnaissance (ISR) capabilities stands as a cornerstone of national security. The United States faces a complex and dynamic threat environment, necessitating a forward-looking approach to intelligence gathering and analysis.

In close partnership with the Director of National Intelligence, the Department's key priorities for the DoW components of the Intelligence Community (IC) are to realign those components to the National Defense Strategy, maximizing enterprise effects across the components, and modernize intelligence and security capabilities in programs and workforce alike. Achieving these priorities demand significant investments in modernizing and maintaining air and space ISR, an aggressive posture to counter foreign intelligence threats, and widespread adoption of AI, all while maintaining our unwavering commitment to protecting the Constitutional rights and civil liberties of American citizens. These priorities, taken together, form a comprehensive strategy to safeguard the nation and its interests in the 21st century.

### Modernizing ISR and C2BMC

The President's Budget request underscores the administration's commitment to "Peace Through Strength," a principle that hinges on the continuous modernization of our military and intelligence capabilities. A key component of this strategy, and reflected in the budget, is the development and deployment of resilient space-based assets while simultaneously sustaining and upgrading our airborne ISR platforms. This dual-pronged approach ensures a layered and robust intelligence-gathering architecture, capable of operating effectively in all domains.

The next frontier of ISR is undoubtedly space. The development of a space-based Air Moving Target Indicator (AMTI) capability is a testament to this shift. By placing ISR assets in orbit, we can achieve persistent, wide-area surveillance that is less susceptible to the vulnerabilities of terrestrial and airborne platforms. These space-based systems will provide a continuous stream of data, enabling us to track and monitor potential threats with unprecedented accuracy and timeliness. The emphasis on resiliency is crucial; our space assets must be able to withstand and recover from potential attacks, ensuring the uninterrupted flow of critical intelligence.

While space-based systems represent the future, airborne ISR platforms remain an indispensable component of our intelligence architecture. The decision to restart the production of the MQ-9 Reaper, a proven and highly effective multi-mission remotely piloted aircraft, highlights the enduring value of these capabilities. Airborne platforms offer a unique combination of flexibility, responsiveness, and loitering time, making them ideal for a wide range of missions, from counterterrorism operations to conventional warfare. By sustaining and upgrading these platforms, we ensure that our warfighters have the tools they need to dominate the battlefield and protect our forces.

### Countering Foreign Intelligence Threats

The threat posed by foreign intelligence services is a persistent and insidious challenge. These adversaries seek to steal our secrets and compromise our critical infrastructure.

Counterintelligence (CI) is our first line of defense against these threats, and it is a mission that requires a proactive and multi-faceted approach. We cannot afford to simply play defense; we must actively deter, disrupt, and defeat those who seek to do us harm.

No single agency can counter the full spectrum of foreign intelligence threats. Effective CI requires seamless collaboration and information sharing among all elements of the U.S. government. The partnership between the Department of War (DoW) and the Federal Bureau of Investigation (FBI) is particularly critical in this regard. By working together to investigate national security crimes that target DoW equities, we can bring the full force of the law to bear against our adversaries. However, CI is not solely a law enforcement function; it is a whole-of-government effort that requires the integration of intelligence, diplomatic, and military capabilities.

### Foreign Intelligence Surveillance Act Section 702

The Foreign Intelligence Surveillance Act (FISA) Section 702 is a critical legal authority that allows the U.S. government to collect foreign intelligence from non-U.S. persons located outside the United States. This authority is essential for protecting the nation from a wide range of threats, including terrorism, cyberattacks, and the proliferation of weapons of mass destruction. The intelligence derived from Section 702 is often unique and irreplaceable, providing insights that cannot be obtained through any other means.

The President and the IC are united in their support for a reauthorization of FISA Section 702. This vital tool keeps Americans safe, provides critical intelligence to our warfighters, and is subject to a rigorous system of oversight by all three branches of government to guarantee the protection of the Constitutional rights of the American people.

## All-Domain Anomaly Resolution Office and Unidentified Anomalous Phenomenon

In recent years, the issue of Unidentified Anomalous Phenomena (UAP) has garnered significant public attention. The U.S. government has a responsibility to investigate these phenomena to determine whether they pose a threat to national security, and, at the President's direction, to be as transparent as possible with the American people about its findings. The All-Domain Anomaly Resolution Office (AARO) is the focal point for the government's efforts to detect, track, identify, and mitigate UAP. The AARO's mission is to bring a rigorous scientific and intelligence-based approach to the study of these reported phenomena. To further transparency, AARO regularly releases UAP documents of public interest, and will continue to brief Congress at all levels of classification.

The modernization of our intelligence and security capabilities is not a choice; it is a necessity. By investing in resilient space-based systems, sustaining our airborne platforms, proactively countering foreign intelligence threats, reauthorizing critical surveillance authorities, and maintaining transparency in the investigation of UAP, we can ensure that the United States remains the world's preeminent intelligence power. The challenges we face are significant, but so too are our capabilities. By working together and remaining committed to these priorities, we can safeguard our nation and protect our way of life for generations to come.

## **Fiscal and Budgetary Priorities**

The fiscal priorities of the Department of War are fundamentally aligned with the strategic vision of the President, focusing on sustained and targeted investments to enhance the lethality of our forces and guarantee America's enduring military superiority. These financial priorities are designed to address both immediate, critical operational needs across the globe and long-term strategic investments necessary to secure the nation's future. The current fiscal strategy directly confronts a complex and evolving global security landscape, marked by the strategic challenges posed by near-peer competitors and the necessity of supporting allies and partners worldwide.

### FY 2027 Budget Request: Fueling the Defense Industrial Base

The cornerstone of the DoW's financial strategy is the formidable \$1.5 trillion budget request for FY 2027. This request is not merely an incremental increase, but a generational investment to supercharge the Defense Industrial Base (DIB – the "Arsenal of Freedom") and secure America's military advantage for decades to come. The FY27 budget request is a direct response to an increasingly complex security environment. Our strategic competitors are making investments in space dominance, hypersonic weapons, autonomous warfare, nuclear deterrence, and conventional capabilities that must be countered and overcome. This necessitates a total reindustrialization of our DIB. The Department's FY27 budget request makes significant

investments in space superiority, establishing drone dominance, increasing magazine depth, and maintaining superiority across all warfighting domains while increasing the Department's investment in core readiness.

This significant investment is intended to stimulate innovation, expand production capacity across all tiers of the supply chain, and, as such, enhance the resilience of the DIB, ensuring the U.S. military is equipped with the next generation of technology and platforms required to deter aggression and win any future conflict. By prioritizing the DIB, the Department is sending a clear signal of its commitment to maintaining a decisive technological and military edge over any potential foe, and ensuring that we have the means to sustain, build, and expand our magazine across the Services.

#### WFTCA Spend Plans: A Strategic Down Payment on "Peace Through Strength"

The Working Families Tax Cut Act (WFTCA) represents a critical down payment on bolstering U.S. national security. Through an unprecedented \$153 billion in mandatory funding, WFTCA advances the President's "Peace Through Strength" agenda, which posits that a strong, capable military is the most effective deterrent to conflict.

This funding is not subject to the same annual discretionary debates, providing a stable and predictable source of revenue for multi-year projects and long-term strategic initiatives. It allows the Department to make significant, forward-looking investments in areas vital to national security, from modernizing the nuclear triad to investing in resilient space architectures and reinforcing alliances. The WFTCA funds are a clear legislative mandate to rebuild and reinforce the foundations of American military power for the decades to come.

#### Managing Operational Costs

Fiscal discipline and strategic alignment are critical components of the Department's financial approach. The Department is currently undertaking a comprehensive evaluation of global operational costs. This ongoing analysis ensures that taxpayer dollars are utilized with maximum efficiency and that the true financial requirements of maintaining a global presence are fully understood and articulated to Congress and the American people. Updates on these costs will be provided as they become available, ensuring transparency and accountability.

#### The DoW Financial Statement Audit Mandate: A Commitment to Accountability

A central and non-negotiable priority for the Department is the mandate to achieve an unmodified (or "clean") audit opinion on its annual financial statements by December 31, 2028. This endeavor is critical to rebuilding the military and revitalizing America's defense industry by demonstrating unwavering fiscal accountability to the American public and to Congress. A clean audit validates that the DoW's financial records are accurate, reliable, and transparent, which is the bedrock of public trust.

To achieve this ambitious goal, the Department has united with the Services to create a centralized approach to completing the audit and established a joint task force comprising financial management experts from across the enterprise. Instead of pursuing over two dozen options, DoW will focus on achieving fewer than ten, with the goal of achieving an opinion on the consolidated DoW Working Capital Fund in 2027 before completing the consolidated DoW General Fund in 2028.

Furthermore, DoW is committed to leveraging cutting-edge technology, specifically artificial intelligence (AI), to revolutionize its financial management processes. AI will be employed to automate reconciliations, detect anomalies, improve data analytics, and provide real-time insights into financial operations, dramatically increasing the speed and accuracy of the auditing process. This two-pronged approach—combining human expertise with machine intelligence—underscores the Department’s commitment to not only meeting the mandate but also to building the most efficient, effective, and accountable defense enterprise in the world.

## **Conclusion**

The President’s FY 2027, \$1.5 trillion budget request provides the opportunity to fundamentally shift the entire military acquisition paradigm to create a new Golden Age of National Defense. This request provides the scale necessary to implement the NDS by developing the Joint Force we need to defend the Homeland and deter China, while enabling allies and partners to defend themselves, and supercharge the U.S. Defense Industrial Base. The threat environment we face is significant, complex, and rising. Conflict is not inevitable and let me stress once again that our goal is to prevent war through increasing U.S. strength. We long for peace, but we must prepare for war. By restoring the warrior ethos, rebuilding our military, and reestablishing deterrence we can deter and deny our adversaries’ objectives and ensure peace for our homeland and the world.

For decades, our military has been stagnant. We have lost the moral confidence that animated prior generations. We have lost the focus and sense of responsibility that our positions demand.

We are reversing those trends. With a \$1.5 trillion national security budget, surging interest in military service, and once-in-a-century revival of American industry and a generational investment in our nation’s defense, we have the chance to overcome decades of decline and strengthen our position as the world’s most lethal and focused fighting force. Our allies and partners are increasingly stepping up to share the burden as we prioritize and confront the most pressing conflicts of the day, and our adversaries will take note of our revitalized military.

Of course, we cannot do this without the critical leadership and oversight of Congress. This committee is our critical partner in everything we do. I look forward to working with you to reinvigorate our national defense.