



MARCH 3, 2015

REVIEW OF THE DEFENSE AUTHORIZATION REQUEST FOR FISCAL YEAR 2016 AND THE FUTURE YEARS DEFENSE PROGRAM

U.S. SENATE COMMITTEE ON ARMED SERVICES

ONE HUNDRED FOURTEENTH CONGRESS, FIRST SESSION

HEARING CONTENTS:

MEMBER TESTIMONY

Chairman John McCain R (AZ) [\[view PDF\]](#)

Ranking Member Jack Reed D (RI) [\[view PDF\]](#)

WITNESS TESTIMONY

Honorable Ashton B. Carter [\[view PDF\]](#)
Secretary of Defense

General Martin E. Dempsey, USA [\[view PDF\]](#)
Chairman, Joint Chiefs of Staff

TRANSCRIPTS

Unofficial Stenographer's Transcript [\[view PDF\]](#)

AVAILABLE WEBCAST(S):*

- http://www.senate.gov/isvp/?comm=armed&type=arch&stt=&filename=armedA030315&auto_play=false&poster=http%3A%2F%2Fwww%2Earmed%2Dservices%2Esenate%2Egov%2Fthemes%2Farmed%2Dservices%2Fimages%2Fvideo%2Dposter%2Dflash%2Dfit%2Epng

COMPILED FROM:

- <http://www.armed-services.senate.gov/hearings/15-03-03-review-of-the-defense-authorization-request-for-fiscal-year-2016-and-the-future-years-defense-program>

** Please note: Any external links included in this compilation were functional at its creation but are not maintained thereafter.*

**Opening Statement of U.S. Senator John McCain
Chairman, Senate Armed Services Committee**

**Room SH-216
Hart Senate Office Building
Tuesday, March 3, 2015**

**To receive testimony in review of the Defense Authorization Request
for Fiscal Year 2016 and the Future Years Defense Program.**

(As Prepared for Delivery)

The Committee meets today to receive testimony on the Department of Defense's FY 2016 budget request, the associated future years defense program, and the posture of U.S. Armed Forces. Let me start by thanking each of you for your service to our Nation and to the soldiers, sailors, airmen and marines here at home and in harm's way around the globe, and to their families.

Over just the past six weeks this committee has undertaken a serious and rigorous review of the present global challenges we face, as well as a review of U.S. national security strategy. We have received testimony from some of America's most experienced statesmen and leading strategic thinkers. A unified and alarming assessment has emerged from these national leaders. As former Secretary of State Dr. Kissinger testified on January 29: "The United States has not faced a more diverse and complex array of crises since the end of the Second World War."

Given the accumulating dangers we face, it is notable that the President supported the Department of Defense in requesting a level of defense spending that is roughly \$38 billion above the caps imposed by the Budget Control Act and sequestration, which mandate nearly \$1 trillion in defense cuts over ten years. In light of recent events, I think this approach was more than justified. With each passing year since the BCA was enacted in 2011, and with the United States slashing its defense spending as a result, the world has become more dangerous, and threats to our nation have grown. I don't think that is purely a coincidence.

The President's budget request responds to many critical priorities, particularly addressing cyber and space vulnerabilities, military readiness shortfalls, and essential long-term modernization initiatives. At the same time, the President's request reflects budget-driven policy decisions that would reduce some critical military capabilities—either through the early retirement or cancellation of existing systems, deferred development or procurement of new systems, or withheld funding for proven requirements. This Committee will closely scrutinize these decisions and seek to meet urgent and legitimate military needs where possible.

As for meeting our growing national security requirements, General Dempsey's prepared testimony this afternoon states that the President's request is "at the lower ragged edge of manageable risk" and leaves "no slack, no margin left for error or strategic surprise." I would go

[3-3-15 carter-dempsey budget](#)[3-3-15 carter-dempsey budget_1000 words_20150302](#)

v03e

[3/3/2015 2:30 PM](#)[3/3/2015 1:32 PM](#)

further: I question whether the Defense Department's current strategy, which was released in January 2012, has not been overtaken by world events, which would suggest the need for new strategic guidance and even more defense spending than the President's request.

Just consider the events of the past year alone: Russia has challenged core principles of the postwar order in Europe, by invading and annexing the territory of another sovereign nation. A terrorist army that has proclaimed its desire to attack America and its allies now controls a vast swath of territory in the heart of the Middle East. Iran continues its pursuit of nuclear weapons while expanding its malign influence across the region. North Korea mounted the most brazen cyberattack ever on our territory. And China has stepped up its coercive behavior in Asia, backed by its rapid military modernization.

The findings of last year's National Defense Panel cast serious doubt on whether our military can fulfill even the current strategy at acceptable risk. This bipartisan group of military commanders and policymakers stated that the defense spending cuts imposed by the BCA and sequestration "constitute a serious strategic misstep." More ominously, the Panel concluded that, "in the extreme, the United States could find itself in a position where it must either abandon an important national interest or enter a conflict for which it is not fully prepared."

Based on its findings, the National Defense Panel recommended unanimously that Congress and the President immediately repeal the BCA and return, *at a minimum*, to the last strategy-driven budget proposed by former Secretary of Defense Robert Gates in 2011. That would mean \$611 billion for the discretionary base budget for the Defense Department in FY 2016. But here, too, I would note that the world has changed significantly since 2011, and this recommendation is more likely a floor, not a ceiling, of what we as a nation should be considering for own defense.

While Senator Reed and I support the National Defense Panel's recommendations, we recognize that \$611 billion for defense is neither realistic in the current political environment, nor is it likely that the Department could responsibly execute this funding in FY 2016. That is why we came together in the Views and Estimates letter that we sent last week to the Budget Committee to propose an objective that, I hope, could be a new basis for bipartisan unity: ending sequestration for defense by allocating \$577 billion in discretionary base budget authority for FY 2016.

I recognize that there are differences of opinion over broader fiscal questions, especially how to approach non-defense discretionary spending. But continuing to live with the unacceptable effects of sequestration is a choice. Sequestration is the law, but Congress makes the laws. We can choose to end the debilitating effects of sequestration, and we must, because at sequestration levels, it is impossible to meet our constitutional responsibility to provide for our national defense.

We look forward to the witness' testimony today and hope that they will cover a broad spectrum of the policy and resource issues the Department confronts. I would also ask our witnesses to share their views on the current situations in Ukraine, and in Syria and Iraq.

**Opening Statement of U.S. Senator Jack Reed
Ranking Member, Senate Armed Services Committee**

**Room SH-216
Hart Senate Office Building
Tuesday, March 3, 2015**

**To receive testimony in review of the Defense Authorization Request
for Fiscal Year 2016 and the Future Years Defense Program
(As Prepared for Delivery)**

Thank you Mr. Chairman, and I want to join you in welcoming our witnesses. Secretary Carter, Chairman Dempsey, Mr. McCord, I appreciate your willingness to be here today to discuss the President's FY2016 budget request, which I want to note is \$38 billion above the Budget Control Act discretionary funding caps. These BCA caps, coupled with the imminent threat of sequestration level cuts and the lack of budget stability necessary for military planning, create an urgent and growing strategic problem that we simply must address.

On January 28th, this Committee heard stark testimony from each of the Service Chiefs about the impact of reduced funding levels. All of the Services are working hard to maintain near term readiness to meet the "fight tonight" requirement, but only by assuming increased risk in the form of cuts and delays to training, maintenance, modernization, and infrastructure sustainment, and by curtailing quality of life programs. As Air Force Chief of Staff General Welsh, eloquently stated, "When the bugle calls, we will win. But the vulnerabilities sequestration introduces into our force will encourage our adversaries, worry our allies, limit the number of concurrent operations we can conduct and increase risk to the men and women who fight America's next war." The Services are the backbone of our nation's defense, and they are under great strain. I am interested in the witnesses' testimony on how the Defense Department will continue to manage this problem while a solution is not yet on the horizon. If you do not get the \$38 billion over the BCA that is requested in the President's Budget, what must be cut? And if sequestration is not avoided, what else must be cut? And what is your timeline for beginning to implement these cuts?

As I stated earlier, the Services are focused on near term readiness – and they need to be—because they are actively engaged around the world, fighting significant challenges to U.S. national security interests. In Afghanistan, the Commander of U.S. Forces, General Campbell, believes he has the resources and authorities he needs for the 2015 fighting season, but the Taliban remain resilient despite coming under pressure on both sides of the Afghanistan-Pakistan border. Operations against ISIS in Iraq and Syria continue at a pace that is rolling back their territorial gains of last year and providing the time and space needed for advise-and-assist programs. But this critical campaign must continue unabated if it is going to succeed against such a dangerous

enemy. In Europe, the post-Cold War international order is under threat from a Russia that seeks to dominate Ukraine and intimidate its other neighbors, including by conducting increasingly aggressive military activities both within and outside its borders. Turmoil in Yemen and Libya provide safe havens for terrorists and must be closely watched. And China's actions continue to make its neighbors uneasy. Meeting all of these threats requires ready troops and adequate funding – and I am interested in the witnesses' views on how you are prioritizing.

In addition to ongoing operations, there are emerging threats which will require immediate and significant investments. The recent cyber attack on Sony by North Korea illustrates that even a relatively small and weak rogue nation can cause extensive damage to a U.S.-based economic target through cyberspace. The U.S. must work to counter this threat. In addition, I also understand that efforts are now underway to protect our space assets from hostile acts – an equally serious asymmetric threat – and one that will require substantial funding. And in focusing on emerging threats, we cannot disregard the significant funding necessary for the maintenance and modernization of our nuclear enterprise, including the Ohio replacement. I am interested in hearing how the Department will balance new threats with legacy programs.

Clearly the Defense Department has many bills to pay, and they cannot do it without the help of Congress. Military personnel costs consume approximately 1/3 of the Department's budget. The Department has once again submitted several proposals aimed at slowing the growth of military personnel costs. This committee must carefully consider these proposals, as well as the recommendations of the Military Compensation and Retirement Modernization Commission, in order to provide the Defense Department with flexibility in these areas. With regard to BRAC, I understand the Department is again requesting an additional base realignment and closure, or BRAC, round in 2017. While BRAC has been controversial in the past, I do believe that we need to consider efforts to allow the Defense Department to shed the excess infrastructure it does not need and invest funding instead in higher priorities. I would appreciate the witnesses' views on how Congress can be helpful in providing relief in these and other areas.

While the focus today is on the defense budget, the Pentagon simply cannot meet all these national security challenges without the help of other government departments and agencies—including State, Justice, Homeland Security, and Intelligence. I would ask the witnesses to please provide examples of how you partner with these other government agencies – and how your burden would grow if they were not adequately funded as well.

I commend our witnesses for working hard to present a budget that prioritizes immediate threats while also managing the growing risks caused by fiscal constraints. I look forward to your testimony.

**SECRETARY OF DEFENSE ASH CARTER
SUBMITTED STATEMENT TO THE SENATE ARMED SERVICES
COMMITTEE ON THE FY 2016 BUDGET REQUEST FOR THE
DEPARTMENT OF DEFENSE
TUESDAY, MARCH 3, 2015**

Chairman McCain, Ranking Member Reed, Members of the Committee: thank you for confirming me as Secretary of Defense, and for inviting me here today to discuss the President's Fiscal Year 2016 budget request for the Department of Defense (DoD). Oversight is key to our system of government. I not only welcome your wisdom and experience; I also want your partnership, and need your help.

I also want to thank Chairman Dempsey for his leadership, as well as Deputy Secretary Work and Vice Chairman Winnefeld, in particular for all their hard work over the past year in helping develop the budget request we will be discussing today.

I. INTRODUCTION AND STRATEGY

Since I last appeared before this committee, I had the opportunity to see our troops in Afghanistan and Kuwait. Hearing from them was one of my highest priorities upon taking office.

In Afghanistan, our soldiers, sailors, airmen, and Marines are helping cement progress made toward a more secure, stable, and prosperous future, by training, advising, and assisting Afghan forces and continuing their counter-terrorism mission. They are working to ensure that Afghanistan never again becomes a safe haven for attacks on our homeland, or on our partners and allies.

In Kuwait, our men and women in uniform are contributing to our counter-ISIL coalition in Iraq and Syria. They are working closely with Iraq and our global coalition partners to ensure that local forces can deliver lasting defeat to a vile enemy that has barbarically murdered American citizens, Iraqis, Syrians, and so many others, and that seeks to export its hateful and twisted ideology across the Middle East and North Africa, and beyond.

No doubt the challenges and opportunities we face extend well beyond the Middle East.

In Europe, our troops are helping reinforce and reassure our allies in Eastern Europe as we confront a reversion to archaic security thinking.

In the Asia-Pacific – home to half the world's population and economy – they are working to modernize our alliances, build new partnerships, and helping the United States continue to underwrite stability, peace, and prosperity in the region – as we have for decades.

And as we still meet longtime challenges, such as the continuing imperative to counter the spread of weapons of mass destruction, our armed forces are also addressing new dangers, such as in cyberspace.

Across the world, it is America's leadership, and America's men and women in uniform, who often stand between disorder and order – who stand up to malicious and destabilizing actors, while standing behind those who believe in a more secure, just, and prosperous future.

Mr. Chairman, this committee and this Congress will determine whether our troops can continue to do so – whether they can continue to defend our nation's interests around the world with the readiness, capability, and excellence our nation has grown accustomed to, and sometimes taken for granted.

AS PREPARED – EMBARGOED UNTIL DELIVERY

Halting and reversing the decline in defense spending imposed by the Budget Control Act, the President's budget would give us the resources we need to execute our nation's defense strategy.

It would ensure we field a modern, ready force in a balanced way, while also embracing change and reform, because asking for more taxpayer dollars requires we hold up our end of the bargain – by ensuring that every dollar is well-spent.

The President is proposing to increase the defense budget in Fiscal Year 2016, but in line with the projection he submitted to Congress last year in the Fiscal Year 2015 budget's Future Years Defense Program (FYDP). The department is executing the plan it presented last year. Accordingly, for Fiscal Year 2016, the President is proposing \$534 billion for DoD's base budget and \$51 billion in Overseas Contingency Operations (OCO), totaling \$585 billion to sustain America's national security and defense strategies.

The Defense Department needs your support for this budget, which is driven by strategy, not the other way around. More specifically, it is driven by the defense strategy identified in the 2014 Quadrennial Defense Review, which reflects the longtime, bipartisan consensus that our military must protect the homeland, build security globally, and project power and win decisively. We do so in line with our longstanding tradition of maintaining a superior force with an unmatched technological edge, working in close partnership with friends and allies, upholding the rules-based international order, and keeping our commitments to the people who make up the all-volunteer force.

Our defense budget's priorities line up with our strategic priorities: sustaining America's global leadership by:

- rebalancing to the Asia-Pacific region;
- maintaining a strong commitment to security and stability in Europe and the Middle East;
- sustaining a global counterterrorism campaign;
- strengthening key alliances and partnerships; and,
- prioritizing key modernization efforts.

This budget ensures we can execute our defense strategy with manageable risk, even as it does require us to accept elevated risk in some areas.

But – and I want to be clear about this – parts of our nation's defense strategy cannot be executed under sequestration, which remains the law of the land and is set to return 212 days from today.

As I have said before, the prospect of sequestration's serious damage to our national security and economy is tragically not a result of an economic emergency or recession.

It is not because these budget cuts are a mathematical solution to the nation's overall fiscal challenge – they are not.

It is not because paths of curbing nondiscretionary spending and reforming our tax system have been explored and exhausted – they have not.

It is not due to a breakthrough in military technology or a new strategic insight that somehow makes continued defense spending unnecessary – there has been no such silver bullet.

And it is not because the world has suddenly become more peaceful – for it is abundantly clear that it has not.

Instead, sequestration is purely the collateral damage of political gridlock. And friends and potential enemies around the world are watching.

We in the Department of Defense are prepared to make difficult strategic and budgetary

choices. We are also committed – more than ever before – to finding new ways to improve the way we do business and be more efficient and accountable in our defense spending.

But in order to ensure our military remains the world’s finest fighting force, we need to banish the clouds of fiscal uncertainty that have obscured our plans and forced inefficient choices. We need a long-term restoration of normal budgeting and a deal that the President can sign, and that lives up to our responsibility of defending this country and the global order. And that means, among other things, avoiding sequestration.

To be sure, even under sequestration, America will remain the world’s strongest military power. But under sequestration, our military – and our national security – would have to take on irresponsible and unnecessary risk – risk that previous Administrations and Congressional leaders have wisely chosen to avoid.

Sequestration would lead over time to a military that looks fundamentally different and performs much differently than what we are used to. Not only as Secretary of Defense, but simply as an American, I deeply, earnestly hope we can avert that future. I am committed to working with the members of this committee, and your colleagues throughout the Congress to prevent it.

I know how proud you and all Americans are that we field the finest fighting force in the world. But our military superiority was not built, and will not be sustained, by resting on our laurels. So instead of resigning ourselves to having the diminished military that sequestration would give us, I propose that we build the force of the future, together.

II. BUILDING THE FORCE OF THE FUTURE

Assuming the Congress funds the President’s Fiscal Year 2016 budget and averts sequestration, we have the opportunity to build the force of the future. We have inherited a long tradition of military excellence from those who came before us, and we must preserve it for those who will come after.

But to do so, DoD must embrace the future – and embrace change – throughout our institution. We must be open to new ideas and new ways of doing business that can help us operate more efficiently and perform more effectively in an increasingly dynamic and competitive environment.

What DoD Needs To Do

As DoD counters the very real dangers we face in the world, we will also grab hold of the bright opportunities before us – opportunities to be more competitive and re-forged our nation’s military and defense establishment into a future force that harnesses and develops the latest, cutting-edge technology, and that remains superior to any potential adversary; one that is efficient and accountable to the taxpayers who support it; and one that competes and succeeds in attracting the next generation of talented Americans to fill its ranks.

These are the three main pillars on which DoD will build the force of the future.

Competitiveness through Technological and Operational Superiority

As other nations pursue comprehensive military modernization programs and develop technologies designed to blunt our military’s traditional advantages, the first pillar of our future

force must be ensuring that we maintain – and extend – our technological edge over any potential adversary.

The President’s Fiscal Year 2016 budget includes targeted investments in modernized space, cyber, and missile defense capabilities geared toward countering emerging threats that could upend our technological superiority and our ability to project power. DoD would look forward to providing a full account of our proposed modernization investments, and the threats that compel them, in a classified setting.

The budget also supports the Defense Innovation Initiative, which will help ensure the military continues to ride the leading edge of innovation, and makes deferred modernization investments that will ensure America’s nuclear deterrent remains safe, secure, and effective. Across all these efforts, we must be open to global, commercial technology as well, and learn from advances in the private sector.

Because we know that technology alone – however advanced – cannot sustain our military’s superiority, just as important is a ruthless focus on operational excellence. This means using our existing forces and capabilities in new, creative, and fiscally prudent ways to achieve our objectives. This also means working to develop more innovative and effective strategic and military options for the President, introducing a new and more rapidly responsive global force management model, developing new operational concepts, and reforming and updating all our operational plans.

Competitiveness through Accountability & Efficiency

The second pillar of building the force of the future requires redoubling our efforts to make DoD more accountable and efficient. We live in a competitive world and need to be a competitive organization. If we don’t lean ourselves out and maintain our fighting weight, we have no business asking our fellow citizens for more resources.

As I made clear in my confirmation hearing, I cannot suggest greater support and stability for the defense budget without at the same time frankly noting that not every defense dollar is always spent as well as it should be.

American taxpayers rightly have trouble comprehending – let alone supporting – the defense budget when they read of cost overruns, lack of accounting and accountability, needless overhead, and the like.

If we’re asking taxpayers to not only give us half a trillion of their hard-earned dollars, but also give us more than we got last year, we have to demonstrate that we can be responsible with it.

We must do all we can to spend their money more wisely and more responsibly. We must reduce overhead, and we must curb wasteful spending practices wherever they are.

DoD has sought to continuously improve our acquisition processes over the past five years, and I am proud myself to have been a part of that effort. Today, I am recommitting the Defense Department to working both with Congress, and on our own, to find new and more creative ways of stretching our defense dollars to give our troops the weapons and equipment they need.

The department’s Better Buying Power initiative is now on its third iteration since I established it in 2010, with Better Buying Power 3.0 focused on achieving dominant capabilities through technical excellence. I know well and very much appreciate the strong support for acquisition reform demonstrated by the Senate and House Armed Services Committees, and their

AS PREPARED – EMBARGOED UNTIL DELIVERY

Chairmen, and I share their deep desire to achieve real, lasting results that benefit both America's security and taxpayers.

DoD is working closely with committee Members and staff on ways to eliminate some of the burdensome and duplicative administrative requirements levied on our program managers. To that end, the President's FY 2016 budget submission includes a number of legislative proposals designed to help streamline the program oversight process. We look forward to continuing our close partnership with Congress to see these measures implemented.

As we sustain our focus on acquisition reform, I believe that DoD must concurrently undertake a wholesale review of our business practices and management systems.

Our goal is to identify where we can further reduce the cost of doing business to free up funding for readiness and modernization – ensuring that our energy, focus, and resources are devoted to supporting our frontline operations as much as possible.

We intend to work closely with industry partners – who execute or enable many of our programs, logistics, training, administrative, and other functions – throughout this process, both to explore how they could help us accomplish our missions at reduced cost, and because they may have new and innovative ideas worth considering.

Additionally, the Defense Department is pursuing creative force structure changes to be more agile and efficient – such as how we're modernizing our cruisers and restructuring Army aviation. We've established a new Defense POW/MIA Accounting Agency. And four previous rounds of efficiency and budget reduction initiatives have yielded approximately \$78 billion in projected and actual savings in FY 2016, helping to cushion our defense programs from successive years of budget cuts.

We're also working hard to cut unnecessary overhead: from reducing management headquarters budgets by 20 percent across the department, to divesting excess bases and infrastructure.

When DoD recently requested a round of domestic Base Realignment and Closure, Congress asked that we first pursue efficiencies in Europe. We did. DoD has approved and is pursuing a broad European Infrastructure Consolidation – which will result in some \$500 million in annual recurring savings. We now need a round of domestic BRAC beginning in Fiscal Year 2017 to address excess infrastructure here at home.

Simply put, we have more bases in more places than we need. We estimate DoD has about 25 percent more infrastructure capacity than necessary. We must be permitted to divest surplus infrastructure as we reduce and renew force structure. With projected recurring savings from a new BRAC round totaling some \$2 billion a year, it would be irresponsible to cut tooth without also cutting tail.

For base communities in question, it's important to remember that BRAC is often an opportunity to be seized. Communities have shown that BRAC is ultimately what you make of it, and there are plenty of places that have emerged from it stronger than they were before.

Consider Lawrence, Indiana, which took advantage of Fort Harrison's closure in 1996 to create an enterprise zone, community college, recreational facilities, and commercial sites that in just 7 years not only replaced 100 percent of the jobs lost when the base closed, but created even more.

Charleston, South Carolina stepped up when the Charleston Naval Complex closed in 1993, and now is home to more than 80 new industrial and federal agency tenants. The former naval base is now producing millions of dollars' worth of goods that are exported to Europe, Africa, and the Middle East.

And at former Mather Air Force Base in Sacramento County, California, the local redevelopment effort has invested \$400 million and created more than 6,500 jobs – over six times the number of jobs lost when the base closed in 1993. It's now home to scores of businesses, a mixture of private companies, government agencies, and non-profit organizations.

These are just a few examples of what can happen when local leaders, communities, and businesses work together and take advantage of the opportunities for new jobs and new growth after BRAC.

One more point on accountability: Whether we're improving acquisition or closing bases, it is not enough to simply tell taxpayers that we're spending their dollars responsibly. We have to also show them, which is why good cost accounting and financial auditability is so important to me.

DoD has made significant progress over the past five years in adding more discipline to our business environment, but there is much work left to be done, and we remain fully committed to our current audit goals.

Today, over 90 percent of DoD's current year, general fund budgetary resources are under some form of financial audit, with the military services all involved and following the model employed by the Marine Corps.

We plan to submit every corner of DoD to this kind of audit regimen beginning in FY 2016. With this foundation, the department will progressively expand the scope of these audits until all our organizations, funds, and financial statements will be under audit in FY 2018, complying with Congress's statutory direction to be audit ready by the end of FY 2017.

There's a reason why auditing is a basic practice as ancient as the Domesday Book, and it is time that DoD finally lives up to its moral and legal obligation to be accountable to those who pay its bills. I intend to do everything we can – including holding people to account – to get this done.

Competitiveness through Attracting Future Talent

Third, but no less important, DoD must be competitive when it comes to attracting new generations of talented and dedicated Americans to our calling of defending the nation.

We know how the attacks of September 11th, 2001 motivated so many Americans to want to be part of this noble endeavor. Going forward, we must ensure our future force can continue to recruit the finest young men and women our country has to offer – military and civilian – like those who serve today.

As we do this, we must be mindful that the next generation expects jobs that give them purpose, meaning, and dignity. They want to be able to make real contributions, have their voices heard, and gain valuable and transferable experience. We must shape the kind of force they want to be in. The battle for talent will demand enlightened and agile leaders, new training schemes, new educational opportunities, and new compensation approaches.

DoD is already pursuing several initiatives that will help ensure the military is a compelling career option. In recent years, we've been expanding pilot programs that facilitate breaks in service that let our people gain diverse work experience. We've tailored our transition assistance program, Transition GPS, to better prepare servicemembers to enter the civilian workforce – providing different tracks for those who want to go to college, those who want skills training, and those who want to be entrepreneurs. And we've put a renewed focus on military ethics and professionalism, as well as making sure our military health system is held to the same

high-quality standards we expect from the servicemembers and military family members under its care.

Because we know how important it is – both for today’s servicemembers and the generation that will follow them – we’re also deeply committed to creating an environment and culture where we live the values we defend and every servicemember is treated with the dignity and respect they deserve.

That’s why we’re continuing to expand combat positions available to women – because everyone who’s able and willing to serve their country should have full and equal opportunity to do so.

It’s why we’re striving to eliminate sexual assault from the military.

And it’s why we’ve been making sure gay and lesbian servicemembers can serve openly, and that their families receive the benefits their loved ones have earned.

But for everything we’re doing, DoD cannot build the force of the future by ourselves. We need Congress’s help.

What We Need Congress To Do

Since our current defense budget drawdown began several years ago, I’ve observed something of a phenomenon here in Washington.

Along with our troops, their families, and our defense civilians, I thank our supporters on Capitol Hill, including most members of this committee, who have joined with us in trying to do everything possible to get Congress to prevent more mindless cuts to our defense budget.

Unfortunately, these combined efforts have been unsuccessful in actually restoring adequate and predictable resources for DoD. We have had to endure deep cuts to readiness, weather pay freezes and civilian furloughs, and cut badly needed investments in modernization and critical technologies. At the same time, Congress has sometimes sought to protect programs that DoD has argued are no longer needed, or require significant reform.

We have had the worst of both worlds – a double whammy of mindless sequestration coupled with inability to reform.

As many of you know, it wasn’t always this way.

During the defense drawdown after the Cold War, DoD had much more flexibility thanks to the help of Congress. For example, we were able to resize the Army, retire the A-6 Intruder and many other weapons systems, and implement multiple BRAC rounds, which freed up dollars we re-allocated to keep our force structure ready, capable, and deployable around the world.

I know some of the changes and reforms we’re proposing may feel like a significant change from how we currently do business. But if anyone can understand how the dots connect and how we need Congress’s help to be able to defend our country, our allies, and our interests in an increasingly dangerous world, it’s you – the members of this committee.

The fact is, if we’re not able to implement the changes and reforms we need, we will be forced to make painful tradeoffs, even at the higher topline the President is requesting. We will lose further ground on modernization and readiness – leaving tomorrow’s force less capable and leaving our nation less secure. And we will face significant hurdles to executing our nation’s defense strategy. That’s why we need your help.

III. THE PRESIDENT’S FISCAL YEAR 2016 BUDGET

As we do every year when formulating our budget, this budget seeks to balance readiness, capability, and size – because we must ensure that, whatever the size of our force, we have the resources to provide every servicemember with the right training, the right equipment, the right compensation, and the right quality of fellow troops. That is the only way we can ensure our military is fully prepared to accomplish its missions.

Almost two-thirds of DoD’s Fiscal Year 2016 base budget – \$348.4 billion – funds our day-to-day expenses, similar to what a business would call its operating budget. This covers, among other expenses, the cost of fuel, spare parts, logistics support, maintenance, service contracts, and administration. It also includes pay and benefits for military and civilian personnel, which by themselves comprise nearly half of our total budget.

The remaining third of our base budget – \$185.9 billion – comprises investments in future defense needs, much like a business’ capital improvement budget. It pays for the research, development, testing, evaluation, and ultimately acquisition of the weapons, equipment, and facilities that our servicemembers need.

Broken down differently, our base budget includes the following categories:

- Military pay and benefits (including health care and retirement benefits) – \$169 billion, or about 32 percent of the base budget.
- Civilian pay and benefits – \$79 billion, or about 15 percent of the base budget.
- Other operating costs – \$105 billion, or about 20 percent of the base budget.
- Acquisition and other investments (Procurement; research, development, testing, and evaluation; and new facilities construction) – \$181 billion, or about 34 percent of the base budget.

Modernization

What makes this budget different is the focus it puts, more so than any other over the last decade, on new funding for modernization. After years of war, which required the deferral of longer-term modernization investments, this budget puts renewed emphasis on preparing for future threats – especially threats that challenge our military’s power projection capabilities.

Threats to Power Projection and our Technological Edge

Being able to project power anywhere across the globe by rapidly surging aircraft, ships, troops, and supplies lies at the core of our defense strategy and what the American people have come to expect of their military. It guarantees that when an acute crisis erupts anywhere in the world, America can provide aid when disaster strikes, reinforce our allies when they are threatened, and protect our citizens and interests globally. It also assures freedom of navigation and overflight, and allows global commerce to flow freely.

For decades, U.S. global power projection has relied on the ships, planes, submarines, bases, aircraft carriers, satellites, networks, and other advanced capabilities that comprise our military’s unrivaled technological edge. But today that superiority is being challenged in unprecedented ways.

Advanced military technologies, from rockets and drones to chemical and biological capabilities, have found their way into the arsenals of both non-state actors as well as previously

less capable militaries. And other nations – among them Russia, China, Iran, and North Korea – have been pursuing long-term, comprehensive military modernization programs to close the technology gap that has long existed between them and the United States.

These modernization programs are developing and fielding advanced aircraft, submarines, and both longer-range and more accurate ballistic and cruise missiles. They're developing new and advanced anti-ship and anti-air missiles, as well as new counter-space, cyber, electronic warfare, undersea, and air attack capabilities. In some areas, we see levels of new weapons development that we haven't seen since the mid-1980s, near the peak of the Soviet Union's surge in Cold War defense spending.

Targeted Investments in the President's Budget

One of the reasons we are asking for more money this year than last year is to reverse recent under-investment in new weapons systems by making targeted investments to help us stay ahead of emerging threats – adding substantial funding for space control and launch capabilities, missile defense, cyber, and advanced sensors, communications, and munitions – all of which are critical for power projection in contested environments.

The budget also makes significant investments in the resilience and survivability of our infrastructure and forces, particularly in the western Pacific, with improved active defenses such as our Patriot and AEGIS systems, as well as selective hardening of key installations and facilities.

DoD is also addressing the erosion of U.S. technological superiority with the Defense Innovation Initiative (DII). The DII is an ambitious department-wide effort to identify and invest in innovative ways to sustain and advance America's military dominance for the 21st century.

The DII will identify, develop, and field breakthrough technologies and systems through a new Long-Range Research & Development Planning Program, and the President's budget supports this effort through specific investments in promising new technologies and capabilities such as high-speed strike weapons, advanced aeronautics, rail guns, and high energy lasers. The DII also involves the development of innovative operational concepts that would help us use our current capabilities in new and creative ways. The ultimate aim is to help craft 'offset strategies' that maximize our strengths and exploit the weaknesses of potential adversaries.

Our budget is also making focused and sustained investments in modernization and manning across the nuclear enterprise, even as we reduce the roles and numbers of nuclear weapons in the U.S. nuclear posture. These investments are critical for ensuring the continued safety, security, and effectiveness of our nuclear deterrent, as well as the long-term health of the force that supports our nuclear triad, particularly after recent troubling lapses in parts of DoD's nuclear enterprise. To help fund improvements across the nuclear enterprise, we are requesting an increase of approximately \$1 billion in Fiscal Year 2016, and about \$8 billion over the FYDP.

Readiness

DoD must rebuild and recover after more than 13 years of uninterrupted war. But our effort to do so has been frustrated by two variables, both of which are out of our hands – one, the continued high operational tempo and high demand for our forces, and two, the uncertainty surrounding annual appropriations.

Only over the last couple of years has readiness begun to recover from the strains of over

AS PREPARED – EMBARGOED UNTIL DELIVERY

a decade of war, exacerbated by sequestration in 2013. Nevertheless, readiness remains at troubling levels across the force.

While our forward-deployed forces remain ready, our surge forces at home are not as ready as they need to be. The President's budget therefore invests in near-term unit readiness by adjusting service end-strength ramps to reduce personnel turbulence and stress on the force, while increasing funding to improve home station training and training-related infrastructure.

This past year has demonstrated that our military must be ready to fight more than just the last war. We have to be prepared across all domains – air, land, sea, space, and in cyberspace – to engage in both low- and high-end missions and conflicts, as well as in the shadowy, so-called 'hybrid warfare' space in between.

While this budget submission's requested and projected funding levels will enable the military to continue making steady progress toward full-spectrum combat readiness, the gains we've recently made are fragile. Sustaining them to provide for ready and capable forces will require both time and a stable flow of resources, which is why, even under the budget we're requesting, the Army, Navy, and Marine Corps won't all reach their readiness goals until 2020, and the Air Force won't do so until 2023.

Army:

For Fiscal Year 2016, the Army's base budget of \$126.5 billion supports an end-strength of 1,015,000 soldiers – 475,000 soldiers on active duty, 342,000 soldiers in the Army National Guard, and 198,000 soldiers in the Army Reserve – comprising 57 total force brigade combat teams and associated enablers. The budget also supports 19 brigade-level training rotations at the Army's Combat Training Centers, which are critical to the Army's efforts to reach full-spectrum combat readiness.

While the Army's postwar end-strength target remains a force of approximately 450,000 active-duty soldiers, 335,000 Army National Guard soldiers and 195,000 Army Reserve soldiers, this year's budget slows the drawdown rate. Rather than planning to reduce the active-duty force by 20,000 soldiers and the National Guard by 14,000 soldiers in Fiscal Year 2016, the Army will instead plan to reduce by 15,000 active-duty soldiers and 8,000 Guardsmen, while still maintaining its schedule for reducing unit structure. This will help mitigate personnel turbulence and stress, while also improving unit manning as the Army approaches its target size.

The Army's budget for Fiscal Year 2016 also includes \$4.5 billion for Army helicopter modernization. Specifically:

- UH-60M Black Hawk: We are requesting \$1.6 billion to support buying 94 multi-mission helicopters in FY 2016, and \$6.1 billion for 301 helicopters over the FYDP.
- AH-64E Apache: We are requesting \$1.4 billion to support development and purchase of 64 attack helicopters in FY 2016, and \$6.2 billion for 303 helicopters over the FYDP.
- CH-47F Chinook: We are requesting \$1.1 billion to support development and purchase of 39 cargo helicopters in FY 2016, and \$3.2 billion for 95 helicopters over the FYDP.
- UH-72 Lakota: We are requesting \$187 million in FY 2016 to support the final buy of 28 light utility helicopters.

These investments require difficult trade-offs given today's constrained fiscal environment. That is why the Army is resubmitting the Army's Aviation Restructure Initiative,

AS PREPARED – EMBARGOED UNTIL DELIVERY

which makes the most efficient use of taxpayer dollars by retiring outdated airframes and streamlining the Army's helicopter fleet so that platforms can be modernized and allocated where they are needed most.

As you know, I am committed to reviewing the Army's Aviation Restructure Initiative. However, the Army believes that fully implementing the Aviation Restructure Initiative (ARI), which includes shifting National Guard Apaches to active-duty units while providing Guard units with Black Hawks, is prudent for several reasons.

For one, Apaches are in high demand at high levels of readiness that would require Guard units manning them to mobilize at unprecedentedly high rates; or alternatively, for the Army to spend a total of approximately \$4.4 billion to fully equip the Guard's Apache battalions, and then \$350 million per year to maintain them at those high levels of readiness. Meanwhile, Black Hawks are more suitable for Guard missions here at home. Whether homeland defense, disaster relief, support to civil authorities, or complementing our active-duty military, these missions tend to demand transport and medical capabilities more than the attack capabilities of Apaches. In sum, the initiative avoids approximately \$12 billion in costs through Fiscal Year 2035 and saves over \$1 billion annually starting in Fiscal Year 2020. Considering these figures, implementing the Aviation Restructure Initiative is not only in the best warfighting interest of the Army, but also in the interest of the taxpayers who fund it.

I know this is a contentious issue. However, we believe the ARI is the least cost, best solution for the Army's aviation enterprise. DoD looks forward to making its case to the National Commission on the Future of the Army established by the 2015 National Defense Authorization Act.

Navy & Marine Corps:

The Navy and Marine Corps are allocated \$161 billion for Fiscal Year 2016, supporting a 282-ship fleet in 2016 and a 304-ship fleet by Fiscal Year 2020 with a return to 11 aircraft carriers, 386,600 active-duty and Reserve sailors, and 222,900 active-duty and Reserve Marines.

The President's budget invests \$16.6 billion in shipbuilding for Fiscal Year 2016, and \$95.9 billion over the FYDP. The budget protects critical Navy and Marine Corps investments in undersea, surface, amphibious, and airborne capabilities – all of which are critical for addressing emerging threats. Specifically:

- **Submarines:** We are requesting \$5.7 billion for FY 2016, and \$30.9 billion over the FYDP, to support buying two Virginia-class attack submarines a year through FY 2020. We are also requesting \$1.4 billion in FY 2016, and \$10.5 billion over the FYDP, to support the replacement for the Ohio-class ballistic missile submarine.
- **DDG-51 Guided Missile Destroyers:** We are requesting \$3.4 billion for FY 2016, and \$18.5 billion over the FYDP, to support the continued development and procurement of two DDG-51 destroyers a year through FY 2020.
- **Aircraft Carriers:** The President's budget plan enables us to support 11 carrier strike groups. We are requesting \$678 million in FY 2016, and \$3.9 billion over the FYDP, to support the refueling and overhaul of the U.S.S. *George Washington*. We are also requesting \$2.8 billion in FY 2016, and \$12.5 billion over the FYDP, to support completion of the *Gerald Ford*, fourth-year construction of the *John F. Kennedy*, and long-lead items for CVN-80, *Enterprise*.
- **Littoral Combat Ships (LCS) and Small Surface Combatants:** We are requesting \$1.8

AS PREPARED – EMBARGOED UNTIL DELIVERY

billion in FY 2016, and \$9.4 billion over the FYDP, to support development and procurement of 14 littoral combat ships over the FYDP – including three LCS in FY 2016. We are also requesting \$55 million in FY 2016, and \$762.8 million over the FYDP, to support capability improvements to the survivability and lethality of the LCS required for the Navy to modify it into a small surface combatant.

- Fleet Replenishment Oiler: We are requesting \$674 million to support buying one new fleet replenishment oiler, the TAO(X), in FY 2016 – part of a \$2.4 billion request to buy four of them over the FYDP.
- Amphibious Transport Docks: We are requesting \$668 million in FY 2016 to finish buying one San Antonio-class amphibious transport dock.
- F-35 Lightning II Joint Strike Fighter: The Department of the Navy is procuring two F-35 variants, the Navy carrier-based F-35C and the Marine Corps short-take-off-and-vertical-landing F-35B. The Navy and Marine Corps are requesting \$3.1 billion in FY 2016 to support procurement of 13 aircraft – nine F-35Bs and four F-35Cs – and aircraft modifications and initial spares, and \$20.9 billion over the FYDP to support procurement of 121 aircraft and aircraft modifications and initial spares.
- Patrol and Airborne Early Warning Aircraft: We are requesting \$3.4 billion in FY 2016, and \$10.1 billion over the FYDP, to support continued development and procurement of 47 P-8A Poseidon maritime patrol aircraft through FY 2020. We are also requesting \$1.3 billion in FY 2016, and \$6.1 billion over the FYDP, to support buying 24 E-2D Hawkeye airborne early warning aircraft through FY 2020.

Making these investments while also abiding by fiscal prudence, we had to make more difficult trade-offs. For that reason, we are resubmitting our request to place some of the Navy's cruisers and an amphibious landing ship – 12 ships in total, including 11 cruisers – into a phased modernization program that will provide them with enhanced capability and a longer lifespan. Given that our cruisers are the most capable ships for controlling the air defenses of a carrier strike group, and in light of anti-ship missile capabilities being pursued by other nations, this modernization program will, over the next decade and a half, be a baseline requirement for sustaining both our cruiser fleet and 11 carrier strike groups through 2045.

I acknowledge and appreciate the plan put forward in the 2015 National Defense Authorization Act, which helps us get to our goal, and which we have begun to implement. However, this plan is more expensive, and results in shorter ship life. Considering that our plan is critical for our power projection capabilities, we believe it should be implemented in full, and look forward to working with the Congress as we move forward.

Air Force:

The Air Force is allocated a base budget of \$152.9 billion for Fiscal Year 2016, supporting a force of 491,700 active-duty, Guard, and Reserve airmen, 49 tactical fighter squadrons, 96 operational bombers out of a total 154-aircraft bomber fleet, and a safe, secure, and effective nuclear deterrent that includes 450 intercontinental ballistic missiles.

The Air Force's budget reflects DoD's decision to protect modernization funding for advanced capabilities and platforms most relevant to both present and emerging threats – in this case, fifth-generation fighters, long-range bombers, and mid-air refueling aircraft to assure our air superiority and global reach; both manned and remotely-piloted aircraft to help meet Combatant Commanders' needs for intelligence, surveillance, and reconnaissance (ISR); and

AS PREPARED – EMBARGOED UNTIL DELIVERY

research and development to ensure continued and competitive space launch capabilities. Specifically:

- F-35A Lightning II Joint Strike Fighter: We are requesting \$6 billion to support buying 44 aircraft, aircraft modifications, and initial spares in FY 2016, and \$33.5 billion to support buying 275 aircraft, modifications, and spares over the FYDP.
- KC-46A Pegasus Refueling Tanker: We are requesting \$2.4 billion to buy 12 aircraft in FY 2016, and \$14.6 billion to buy 72 aircraft over the FYDP.
- Long-Range Strike Bomber: We are requesting \$1.2 billion for research and development in FY 2016, and \$13.9 billion over the FYDP.
- Remotely-Piloted Aircraft: We are requesting \$904 million to support buying 29 MQ-9A Reapers in FY 2016, and \$4.8 billion to support buying 77 of them over the FYDP. This investment is critical to ensuring the Air Force has enough around-the-clock permissive ISR combat air patrols – in this case, allowing us to increase from 55 to 60 – to meet increased battlefield demands.
- Competitive Space Launch: This budget supports year-over-year increases in competitive space launches – going up from two in FY 2015 to three in FY 2016, and further increasing to four competitive launches in FY 2017. The budget also supports investments to mitigate DoD reliance on the RD-180 space engine that powers the Atlas V Evolved Expendable Launch Vehicle rockets.
- Combat Rescue Helicopter: We are requesting \$156 million in FY 2016 for the Air Force's next-generation combat rescue helicopter – part of a total \$1.6 billion request over the FYDP for research, development, testing, and evaluation – and requesting \$717 million over the FYDP for procurement.

In light of high demand coupled with Congressional consultations, the Air Force budget reflects DoD's decision to slow the retirement timelines for three key ISR and battle management platforms.

We chose to defer the retirement of the U-2 Dragon Lady reconnaissance aircraft until Fiscal Year 2019, when planned sensor upgrades to the RQ-4 Global Hawk will combine with other capabilities to mitigate the loss of the U-2. We chose to delay the previously planned retirement of seven E-3 Sentry AWACS until Fiscal Year 2019, so they can support air operations over Iraq and Syria. And we chose to delay retirement of any E-8 JSTARS through Fiscal Year 2020, pending final approval of the Air Force's acquisition strategy for its replacement.

The Air Force budget also supports a timeline that would phase out and retire the A-10 in Fiscal Year 2019. With the gradual retirement of the A-10 that we're proposing, the Air Force will better support legacy fleet readiness and the planned schedule for standing up the F-35A by filling in some of the overall fighter maintenance personnel shortfalls with trained and qualified personnel from the retiring A-10 squadrons.

As you know, F-35 maintainer demand has already required the Air Force to use the authority Congress provided last year to move some A-10s into back-up aircraft inventory status. I should note that the Air Force is doing so only to the extent that it absolutely must, and so far intends to move far fewer A-10s into this status than what Congress has authorized. I know this is an important issue, and DoD looks forward to working with you on it.

Defense-Wide:

The remaining share of our base budget – about \$94 billion – is allocated across the Department of Defense. This includes funding for cyber, U.S. Special Operations Command, the Defense Advanced Research Projects Agency, the Defense Health Agency, the Joint Staff, the Office of the Secretary of Defense, and missile defense.

For Fiscal Year 2016, a \$9.6 billion total investment in missile defense helps protect the U.S. homeland, deployed forces, and our allies and partners. This includes \$8.1 billion for the Missile Defense Agency, \$1.6 billion of which will help ensure the reliability of U.S. ground-based interceptors, which are currently sited at Fort Greely, Alaska and Vandenberg Air Force Base, California. The budget also continues to support the President’s timeline for implementing the European Phased Adaptive Approach.

Overseas Contingency Operations:

Separate from DoD’s base budget, we are also requesting \$50.9 billion in Overseas Contingency Operations (OCO) funding for Fiscal Year 2016. This represents a 21 percent decrease from last year’s \$64.2 billion in OCO funding, continuing OCO’s decline since 2010, while also reflecting continued operational demands on U.S. forces around the world. OCO comprises funding for:

- Afghanistan and Other Operations: We are requesting \$42.5 billion to support Operation Freedom’s Sentinel and other missions. This includes \$7.8 billion for reset and retrograde of U.S. equipment from Afghanistan, as well as \$3.8 billion for training and equipping the Afghan National Security Forces through our ongoing train-advise-and-assist mission.
- Counter-ISIL Operations: We are requesting \$5.3 billion to support Operation Inherent Resolve. This includes \$1.3 billion for training and equipping Iraqi forces, including Kurdish forces, and the vetted moderate Syrian opposition.
- Counterterrorism Partnerships Fund: Reflecting the vital role that our allies and partners play in countering terrorism that could threaten U.S. citizens, we are requesting \$2.1 billion for the Counterterrorism Partnerships Fund that President Obama established last year.
- NATO Reassurance: We are requesting \$789 million for the European Reassurance Initiative, which the President created last year to help reassure our NATO allies and reinforce our Article V commitment in light of Russia’s violations of Ukrainian sovereignty.

The conclusion of major combat operations in Afghanistan and Iraq has resulted in a 73 percent drop in DoD’s OCO costs from their \$187-billion peak in Fiscal Year 2008.

We are continuing to use OCO as appropriate to finance our military’s response to unforeseen crises, but we must also account for those enduring priorities that we do not envision going away – such as supporting our Afghan partners, countering terrorism, maintaining a strong forward presence in the Middle East, and ensuring our military is ready to respond to a wide range of potential crises.

The Administration intends to transition OCO’s enduring costs to the base budget between Fiscal Years 2017 and 2020. We will do this over time, and in a way that protects our defense strategy – including DoD’s abilities to deter aggression, maintain crisis-ready forces, and

project power across the globe. This transition, however, will not be possible unless the threat of sequestration has been removed.

Having financed the costs of key military activities – such as counterterrorism operations and our Middle East posture – outside the base budget for 14 years, and knowing that the security situation in the Middle East remains volatile, it will take time to determine which OCO costs are most likely to be enduring, and which are not. But we will release a plan later this year, which will also address how we will budget for uncertainty surrounding unforeseen future crises, and implications for DoD's budget.

IV. COMPENSATION

The choices we face about military compensation are vexing, critically important, and closely followed, so I want to be direct and upfront with you.

When our troops go into battle – risking their lives – we owe to them, and their families, not only adequate pay and compensation, but also the right investments – in the right people, the right training, and the right weapons and equipment – so that they can accomplish their missions and come home safely.

To meet all of these obligations at once, we have to balance how we allocate our dollars. It would be irresponsible to prioritize compensation, force size, equipment, or training in isolation, only to put our servicemembers' lives at unacceptable risk in battle.

For the President's Fiscal Year 2016 budget, the Defense Department considered its compensation proposals very carefully, as well as those approved by Congress in the 2015 National Defense Authorization Act. Accordingly, this budget again proposes modest adjustments to shift funds from compensation into readiness, capability, and force structure, so that our people can continue executing their missions with continued excellence.

As you know, the Congressionally-commissioned Military Compensation and Retirement Modernization Commission has recently released its own compensation proposals. Their work, which DoD is continuing to analyze, shows thoughtfulness and good intent, which we deeply appreciate.

Given that this hearing is being held before the department has submitted its recommendations on the commission's report to President Obama, it would not be appropriate for me to discuss them at this time. Many of these proposals would significantly affect our servicemembers and their families, and DoD owes them, the President, and the country our utmost diligence and most rigorous analysis.

However, I can say that the department agrees with the overarching goals of the commission, especially providing servicemembers and beneficiaries more options – whether in preparing for retirement or in making health care choices.

I can also say that the commission's proposals are complicated, and do not lend themselves to binary answers. Therefore, when we provide the President with our recommendations on each proposal, DoD will clarify not simply whether we support each proposal, but also where we recommend specific modifications to improve or enable us to fully support a given proposal.

We believe there is something positive in almost every one of the commission's recommendations, and that they present a great opportunity to ensure we honor our servicemembers past, present, and future. I look forward to Congress's support and partnership as we work hard to take advantage of it.

V. IMPACT OF SEQUESTRATION

At the end of 2013, policymakers came together on a bipartisan basis to partially reverse sequestration and pay for higher discretionary funding levels with long-term reforms. We've seen how that bipartisan agreement has allowed us to invest in areas ranging from research and manufacturing to strengthening our military. We've also seen the positive impact on our economy, with a more responsible and orderly budget process helping contribute to the fastest job growth since the late 1990s.

The President's budget builds on this progress by reversing sequestration, paid for with a balanced mix of commonsense spending cuts and tax loophole closures, while also proposing additional deficit reduction that would put debt on a downward path as a share of the economy. The President has also made clear that he will not accept a budget that locks in sequestration going forward.

As the Joint Chiefs and others have outlined, and as I will detail in this testimony, sequestration would damage our national security, ultimately resulting in a military that is too small and insufficiently equipped to fully implement our defense strategy. This would reflect poorly on America's global leadership, which has been the one critical but defining constant in a turbulent and dangerous world. In fact, even the threat of sequestration has had real effects.

You don't need me to tell you that the President has said he will not accept a budget that severs the vital link between our national and economic security. Why? Because the strength of our nation depends on the strength of our economy, and a strong military depends on a strong educational system, thriving private-sector businesses, and innovative research. And because that principle – matching defense increases with non-defense increases dollar-for-dollar – was a basic condition of the bipartisan agreement we got in 2013. The President sees no reason why we shouldn't uphold those same principles in any agreement now.

The only way we're going to get out of the wilderness of sequestration is if we work together. I therefore appeal to members of Congress, from both parties, to start looking for ways to find a truly bipartisan compromise. I hope they can make clear to their colleagues that sequestration would also damage America's long-term strength, preventing our country from making pro-growth investments in areas ranging from basic research to early childhood education – investments that, in the past, have helped make our military the finest fighting force the world has ever known.

Sequestration is set to return in just over 200 days. Letting that happen would be unwise and unsafe for our national defense, over both the short and long term.

Short-Term Impact

DoD has had to live with uncertain budgets for the last three years, continuous and sudden downward revisions of our budget plans, and even a government closure. To continue meeting all of our mission requirements, we've done our best to manage through these circumstances, underfunding significant parts of our force and its support systems. Put bluntly, we have survived, but not thrived. Our military has made painful choices and tradeoffs among the size, capabilities, and readiness of our joint force, and we've amassed a number of bills that are now coming due.

That's why the department has been counting on and planning for a budget increase of roughly \$35 billion above sequestration-level caps in Fiscal Year 2016. If it looks like DoD will

be operating at sequestration levels in 2016, on October 1 we will have to swiftly begin making cuts so that we don't end up \$35 billion short as we approach year's end.

A return to sequestration in Fiscal Year 2016 would affect all aspects of the department, but not all equally.

More than one-third of the Fiscal Year 2016 cuts would have to come from Operations and Maintenance accounts, with unavoidable reductions in readiness and our ability to shape world events in America's interest. Let me put this more plainly: allowing sequestration to return would deprive our troops of what they need to accomplish their missions.

Approximately half of the cuts would have to come from the department's modernization accounts, undermining our efforts to secure technological superiority for U.S. forces in future conflicts. Because there are bills that DoD absolutely must pay – such as the salaries of our troops – many capabilities being developed to counter known threats from highly capable adversaries would be delayed or cancelled, deepening our nation's vulnerabilities at a time when the world is growing more dangerous, not less. Sequestration would put a hold on critical programs like our Aerospace Innovation Initiative, the Next Generation Adaptive Engine, the Ground-Based Interceptor missile defense kill vehicle redesign, and several space control efforts.

Deferring these investments is bad policy and makes the Defense Department less competitive for the future. What's more, it breaks faith with the troops of today and the troops of tomorrow. And it undermines the defense industrial base that is a critical foundation for our national security.

Long-Term Impact

If sequestration were to persist over time, the long-term consequences would be harder hitting. We would ultimately have a military that looks fundamentally different, and that performs much differently, from what our nation is accustomed to.

If we are forced to sequestration-level budgets, I do not believe that we can continue to make incremental cuts and maintain the same general set of objectives as we've had in our defense strategy. I will insist that new cuts be accompanied by a frank reassessment of our strategic approach to addressing the threats we face around the world – what we are asking the Armed Forces to do and to be prepared to do.

I cannot tell you right now exactly what that means – DoD is not resigned to the return of sequestration – but I can tell you that I will direct the department to look at all aspects of the defense budget to determine how best to absorb these cuts. No portion of our budget can remain inviolate.

What I will not do is let DoD continue mortgaging our future readiness and capability. I will not send our troops into a fight with outdated equipment, inadequate readiness, and ineffective doctrine.

Everything else is on the table.

What does that mean? We could be forced to consider pay cuts, not just cuts in the growth of compensation. We could be forced to consider all means of shedding excess infrastructure, not just working within the Congressional BRAC process. We could be forced to look at significant force structure cuts, not just trimming around the edges. We could be forced to ask our military to do – and be prepared to do – significantly less than what we have traditionally expected, and required of it.

I am not afraid to ask these difficult questions, but if we are stuck with sequestration's

budget cuts over the long term, our entire nation will have to live with the answers.

A prolonged period of depressed defense budgets will almost certainly mean a smaller, less capable, and less ready military. No one can fully predict the impact on the future. But it could translate into future conflicts that last longer, and are more costly in both lives and dollars.

That may sound severe to some, but it is a fact, and history should be our guide when we think about the true cost of sequestration.

The Case for Repealing Sequestration

I know I'm preaching to the choir here. If sequestration could have been reversed by just this committee and its counterpart in the House, it probably would have happened years ago. So I offer the following to Members of the Committee about what you can remind your colleagues when you ask for their vote to repeal sequestration:

Remind them that even after the increase we're asking for, DoD's budget as a share of total federal spending will still be at a near-historic low – a quarter of what it was during the Korean War, a third of what it was during the Vietnam War, and half of what it was during the Reagan buildup.

Remind them that the increased funding is for modernization that's critical to keeping our military's technological edge and staying ahead of potential adversaries.

Remind them that DoD has hands-on leadership from the very top – me – devoted to using taxpayer dollars better than they've been used in the past. You have my personal commitment to greater accountability, greater efficiency, and running this department better and leaner than before.

Remind them that sequestration's cuts to long-term investments will likely make those investments more costly down the line. All who bemoan unnecessary Pentagon program delays and the associated cost overruns should know that sequestration will only make these problems worse. I can easily sympathize with my non-defense counterparts in this regard; knowing how wasteful and inefficient sequestration would be at DoD, I have no doubt the same is true at other departments and agencies as well.

Remind them that sequestration's impact on our domestic budget will cause further long-term damage to our defense – because the strength of our nation depends on the strength of our economy, and a strong military needs strong schools to provide the best people, strong businesses to provide the best weapons and equipment, and strong science and research sectors to provide the best new innovations and technologies.

Remind them that we can't keep kicking this can down the road. The more we prolong tough decisions, the more difficult and more costly they will be later on.

VI. CONCLUSION

The men and women of the Department of Defense are counting on Congress to help assure the strength of our military and American global leadership at a time of great change in the world.

We must reverse the decline in defense budgets to execute our strategy and fund a modern, ready, leaner force in a balanced way. We must seize the opportunity to enact necessary reforms in how we do business. And we must bring an end to the threat sequestration poses to the future of our force and American credibility around the world.

AS PREPARED – EMBARGOED UNTIL DELIVERY

As you evaluate the President's budget submission, I encourage you and your colleagues to keep it in perspective.

In the years since the President's Fiscal Year 2012 budget request – the benchmark for cuts prescribed under the 2011 Budget Control Act – DoD's 10-year budget projections have absorbed more than \$750 billion in cuts, or more than three-quarters of the trillion-dollar cuts that would be required should sequestration be allowed to run its course. And while some claim this is our biggest budget ever, the fact is, as a share of total federal spending, DoD's Fiscal Year 2016 budget is at a near-historic low – representing about 14 percent of total federal discretionary and non-discretionary outlays. DoD's total budget remains more than \$100 billion below what it was at the height of the wars in Iraq and Afghanistan.

I think we can all agree that the world in 2014 was even more complicated than we could have foreseen. Given today's security environment – which has over 200,000 American servicemembers stationed in over 130 countries conducting nearly 60 named operations – our proposed increase in defense spending over last year's budget is a responsible, prudent approach.

Some of you may recall how, in 1991, after America's Cold War victory and amid doubts about America's engagement with the world and calls for a bigger domestic peace dividend, a bipartisan group in Congress stepped forward to help shape America's global leadership and make long-term decisions from which we continue to benefit.

Senators Sam Nunn and Dick Lugar helped craft, pass, and pay for the small Cooperative Threat Reduction Program that allowed the United States and DoD to provide the funding and expertise to help former Soviet states decommission their nuclear, biological, and chemical weapon stockpiles.

The Nunn-Lugar program was initially opposed abroad, and there were also doubts at the Pentagon about whether we could implement it without losing track of funding. I know. I helped lead the program in its early years. But with slow and diligent effort by American defense officials, the Congress, and our foreign partners, it worked.

It helped prevent weapons of mass destruction from falling into the wrong hands. It helped establish a pattern of international cooperation and global norms in the post-Cold War international order. And, in the light of the current instability in Ukraine, it might have staved off several variants of nuclear disaster.

But it also set an important precedent for our work on this budget and in the years ahead. It shows what Congressional conviction – especially when it is bipartisan – can accomplish in foreign policy. It shows the value of foresight and planning for an uncertain future. And it shows how spending a relatively few dollars today can generate huge value down the line.

As the new Secretary of Defense, I hope it will be possible to again unite behind what our great nation should do to protect our people and make a better world, and provide our magnificent men and women of the Department of Defense – who make up the greatest fighting force the world has ever known – what they deserve.

Thank you.

###

SENATE ARMED SERVICES COMMITTEE

POSTURE STATEMENT OF
GENERAL MARTIN E. DEMPSEY, USA
18TH CHAIRMAN OF THE JOINT CHIEFS OF STAFF
BEFORE THE 114TH CONGRESS
SENATE ARMED SERVICES COMMITTEE
FY16 DEPARTMENT OF DEFENSE BUDGET
MARCH 3, 2015

SENATE ARMED SERVICES COMMITTEE

(THIS PAGE INTENTIONALLY LEFT BLANK)

Chairman McCain, Senator Reed, members of this Committee, it is my privilege to report to you on the state of America's Armed Forces, the changes in the global security environment, and the opportunities and challenges ahead.

I am exceptionally honored to represent the men and women of our Armed Forces. Those who defend this Nation and the families who support them remain our most valuable national treasure and our competitive advantage. Deeply experienced from fourteen years of continuous deployments in harm's way, our All-Volunteer Force has been adaptable and resilient beyond expectation. Our men and women in uniform have performed around the globe with extraordinary courage, character, and professionalism. I am grateful for the continued support they receive from this distinguished body and from the American people.

What makes America's Armed Forces who we are is our *ability to provide options* to the national command authority and our elected leaders to keep our Nation safe from coercion. The American people and our Allies expect that of us.

Our military remains strong today. However, with threats proliferating, resources declining, and sequestration just months away, our ability to assure our allies is in question and our advantages over our adversaries are shrinking. *This is a major strategic challenge affecting not only our military, but ultimately, America's leadership in the global world order.*

With your support, we can – and we must – sustain our military's decisive edge by prioritizing investments in readiness, training, modernization, and leader development. We must make the tough, but necessary choices in our strategy, our structure, and our resources for our Nation's future. Our men and women in uniform and the American people are trusting us to get it right.

Joint Force Operations

It has been an extraordinarily busy time for America's military. During the past twelve months, the men and women of our Joint Force have been on point around the world. They have maintained our enduring global commitments, bolstered long-term partnerships, and responded to new threats.

Over the past year, the Joint Force continued to support the Afghan National Security Forces through the first democratic transfer of power in Afghanistan's history. My regular visits to Afghanistan reinforce just how much our coalition and Afghan partners have accomplished together over thirteen years of significant investment. The end of 2014 marked the completion of the International Security Assistance Force (ISAF) mission. While Afghanistan is headed in the right direction towards a fully-functioning inclusive government, the path is neither a straight line, nor is it short. Moving forward with NATO's Resolute Support mission, our remaining force of about 10,000 troops will assist our Afghan partners in strengthening the Afghan institutions, systems, and processes that will support long-term security and stability—ultimately giving the Afghan people the opportunity to succeed on their own.

At the same time, the force has maintained pressure on Al Qaeda, the Islamic State of Iraq and the Levant (ISIL), and other violent extremist groups both directly and through our partners where US and allied interests are threatened. We have reinforced our commitment to our NATO allies in Europe in the face of Russian aggression. We have helped to address urgent humanitarian crises such as the Yazidi refugees trapped on Mount Sinjar and the Ebola outbreak in West Africa. We have maintained an active presence in the South and East China Seas, while remaining prepared to respond to provocations on the Korean Peninsula. And we have campaigned against sources of instability in Africa and in Latin America.

We have also postured with our interagency partners to reinforce security to our homeland—to include providing ballistic missile defense, countering persistent threats of terrorism, and improving our defenses against cyber-attack on government networks and critical infrastructure.

In the near term, we will sustain – in some cases adjust – these commitments around the globe to protect our national security interests. And, while our global mission requirements have decidedly gone up, we will manage all of these demands with constrained resources. Consequently, we will have to assume higher risk in some areas to create opportunity in others.

The Changing Security Environment

Our understanding of the security environment carries important consequences for our Nation and for our military. It drives our strategy and budget, shapes the size, structure, and capability of the force, and affects where and when we send America’s sons and daughters into harm’s way.

Last year, I stated that the global security environment is as fluid and complex as we have ever seen. That has certainly played out over the past twelve months. We have seen significant shifts in an already complex strategic landscape—increasingly capable non-state actors who are taking advantage of the internal conflict within Islam *and* the reemergence of states with the capability and potentially the intent to constrain. This is *increasing the strain on the international order*.

In what I often term the “heavyweight” category, Russia’s coercive and destabilizing actions have threatened NATO’s eastern flank. Russia is investing deeply in advancing their capabilities across the board, especially in Anti-Access Area-Denial (A2AD) and cyberspace. Meanwhile, China is also fielding new defense platforms at a startling pace. In almost everything we do globally, we must consider the second- and third-order effects on our relationships with Russia and China.

In the “middleweight” category, Iran seeks to be a hegemon in the Middle East. Beyond Iran’s nuclear aspirations, as one of the world’s leading exporter of arms, Iran employs surrogates and proxies in many places across the globe. Iran is also becoming increasingly more active in cyberspace. We have significant interests in the region that would not be well-served should Iran achieve their purposes.

North Korea is the other “middleweight.” Cyclical provocations by North Korea have increased the risk of potential miscalculation. We must use all instruments of national power to ensure North Korea does not achieve its intentions. We have a large stake in maintaining stability on the Korean Peninsula and supporting our Republic of Korea ally.

We are also seeing power in the international system shifting below and beyond the nation-state, particularly across the network of radical movements that use terrorism as a tactic. This network extends across an already unstable Middle East and North Africa, vis-à-vis the complex situations we have seen unfold over the last year in Libya, Gaza, Iraq, Syria, Nigeria, and Yemen. Within the trans-regional terror network, we have seen ISIL gain prominence in Iraq and Syria, while inspiring existing radical franchises like Al Qaeda affiliates and Boko Haram to rebrand themselves into an even more aggressive ideology. That is what makes this movement so dangerous.

With our partners, we must keep relentless pressure across the entire network with our full suite of capabilities to include intelligence, building partners, and in some cases, direct action. At the same time, we must be careful not to fixate on a single group, nor paint these violent extremist groups all with one brush. We have to apply the right mix of tools of national power at the right time, over the right length of time, in order to make a difference. Even more challenging is keeping pressure on a network that adapts and metastasizes. Overmatch in size and technology matters,

but *the rate in which we can innovate and adapt relative to these non-state actors matters more*. This is a generational challenge.

Running north and south in our own hemisphere, the well-financed transnational organized criminal network is growing extraordinarily capable. Beyond a drug trafficking network, it is capable of moving anything from arms and unaccompanied children to terrorists and weapons of mass destruction. This network deserves more attention not just because of its effect on the social fabric of our country, but because of the effect it could have – and is having – on the security of our Nation.

In cyberspace, our adversaries have become increasingly more capable, attempting to level the playing field in this critical domain. While we have expanded authorities and capabilities to defend our military networks, critical civilian infrastructure and private sector companies are an Achilles' heel in our Nation's security. Together, we must reconcile these issues. To this end, cybersecurity legislation that facilitates information sharing and encourages public-private partnerships is required to ensure our continued security and prosperity. Staying ahead of our adversaries in the cyber domain will require a concerted effort of the whole nation.

Across the board, *as the international order trends towards instability, strategic risk trends higher*. And, while our potential adversaries grow substantially stronger, most of our allies are growing more dependent on sustained US assistance. I believe these trends will continue.

We must bring to bear every tool of national power in America's arsenal in coordination to address these emerging trends. Likewise, deepening relationships of trust with our allies and building the capacity of our partners to be more *self-sustaining* will be even more vital in the years ahead.

Preparing the Joint Force

Within the context of the rapidly evolving security landscape, the Joint Force of the future will require exceptional agility in how we shape, prepare, and posture. Here are my five guideposts to sustain and improve the force:

The All-Volunteer Force (AVF)

Our competitive advantage is our people and their adaptability. I firmly believe that our Nation needs a professional All-Volunteer Force (AVF). The AVF is the right force for this Nation and the Nation should never take it for granted. Conversely, the force has earned the trust and confidence of the American people and must renew that contract daily.

As part of strengthening the AVF, the Joint Chiefs and I are committed to offer everyone in uniform equal professional opportunities to contribute their talent. We are removing the legacy gender-based barriers to service that no longer make sense. The Services are progressing through validation of occupational standards and are on target to recommend final decisions to integrate remaining closed positions or any exceptions to policy by the end of the year.

To keep the AVF on a viable path, getting our personnel costs in balance is a strategic imperative. Ultimately, we need to make sure that we can continue to recruit, retain, equip, and train the best fighting force on the planet and fairly compensate America's best for their service.

We owe our men and women some clarity – and importantly, predictability – on everything from policy to compensation, health care, equipment, training, and readiness. Frankly, right now we are not delivering. Settling down uncertainty in our decision making processes will help keep the right people in the Service. To this end, I want to continue working with

Congress to address the growing imbalances in our accounts in a sensible, holistic way that preserves the All-Volunteer Force well into the future.

As such, we are looking closely at the recommendations of the Military Compensation and Retirement Modernization Commission. We are pleased that the commission supported our request to grandfather any changes to retirement pay for those currently serving and retirees. And we will continue to place a premium on efforts that support wounded warriors and mental health.

We will also keep working with the Department of Veterans Affairs, other agencies, veteran service organizations, and communities across the country to make sure those who are transitioning home and reintegrating into civilian life have access to health care, quality education opportunities, and meaningful employment. This especially includes those with enduring mental and physical challenges. I appreciate Congress for recently passing legislation to improve the access of veterans to mental health and suicide prevention services.

This remarkable generation is not done serving. As such, the Joint Chiefs and I recently signed a *Call to Continued Service letter* that will go to all transitioning service members, encouraging them to keep serving the Nation in their communities. Our collective effort to enable our veterans and their families to continue contributing their strengths is a direct investment in the future of America.

Preserving Jointness

Our military has become more integrated operationally and organizationally across the Services and across the Active, Guard, and Reserve components, especially over the past decade. However, the institution tends to work like a rubber band—if you stretch it and then release it, it will return to its normal form and shape. This is especially true in a resource-constrained environment. This tension comes at a time when

our ability to win together through jointness is at its peak. The Joint Chiefs and I are committed to preserving the strength we have gained as a more seamless force. We are likewise committed to preserving the vital relationships with our interagency partners.

Additionally, across the Services, we are resetting how we train and develop our forces for conflict across the spectrum. For the past decade, the Joint Force primarily focused on counterinsurgency centered in the Middle East. As we work to institutionalize the lessons of our recent wars – for example, by establishing building partnership capacity as a competency of the entire force, not just Special Forces – we are also working to restore balance and strategic depth in our capabilities. This includes those critical conventional areas that were deemphasized over the past decade by necessity.

Concurrently, we are adapting how we engage and posture around the world in ways that are more dynamic, more strategic, and more sustainable. We are reevaluating how we employ our assets around the globe to better identify opportunities that generate the greatest advantages. And, we are developing new approaches across and within commands in how we assign, allocate, and apportion forces inside a broader interagency construct.

We are also adapting our learning institutions to maximize the diverse talent of our men and women and to better cultivate agile thinkers for a global Joint Force. Within our Joint Professional Military Education (JPME) programs, we are mapping desired strategic leader attributes to the curriculum to ensure we are delivering them.

And, we are undergoing an integrated, Department-wide effort to identify and invest in innovative ways to reverse the erosion of US technological superiority—ensuring that our military remains dominant now and in the future. We are seeking innovation not only in technology, but also in leader development, wargaming, operational concepts, and business processes.

The Defense Industrial Base

Our Nation cannot sustain the world's finest military without also *sustaining the world's strongest and most innovative defense industrial base* (DIB).

An enduring source of strategic advantage, we count on the defense industry to be able to research, develop, produce, deliver, and maintain the world-class weapons systems on which our military has long relied.

I remain concerned that an unstable budget environment will promise long-term damage to critical segments of the DIB, most significantly in the small businesses that support our Nation's defense. Furthermore, sequester-level cuts will lead to a hollow DIB that no longer holds all of the critical design and manufacturing capabilities our military needs.

A strong, efficient, and technologically vibrant defense industry is fundamental to securing our Nation's defense.

Our Allies

Our alliances remain paramount to our own security. We are far more effective when we have a global network of capable partners with shared values. Our Allies and partners provide vital basing and access, offer complementary military capabilities, and help shape outcomes towards a common purpose. Improving partner capability and capacity in targeted ways is an important component of our military strategy.

We are continuing the rebalance to the Asia Pacific as part of our government's larger priority effort to foster stability and growth in that region. We have old and new partners in the Asia Pacific and we will continue to develop our relationships, engage more at every level, and shift assets to the region, over time.

Europe remains a central pillar to our national security and prosperity. NATO has the capability and must sustain the will to address the threats to its eastern and southern flanks. In the near term, we will continue to reassure allies and improve NATO's readiness. Over the long term, we will adapt our strategies and structures to meet new realities. NATO is and will remain the most important and most capable alliance in history.

In every theater, we must *guard against a slow erosion of our alliances* and be careful not to shunt the steady work required to sustain these ties. Remaining the security partner of choice increases our Nation's collective ability to safeguard common interests and support greater stability in weaker areas of the world.

The Profession

Rekindling our understanding and our resolve as a profession continues to be one of my foremost priorities as Chairman. On and off the battlefield, we must always be good stewards of the special trust and confidence gifted to us by our fellow citizens. We owe it to the American people and to ourselves to look introspectively at whether we are holding true to the bedrock values and standards of our profession.

The vast majority of our force serves honorably with moral courage and distinction every day. But failures of leadership and ethics, and lapses of judgment by a fraction of the force show that we still have work to do.

We are seeing substantial progress in sexual assault prevention and response, however, we will remain laser-focused on reinforcing a climate where sexual assault is unacceptable, not just because it is a crime, but because it is completely counter to our core values.

All of these issues have my ongoing and full attention. We know *we own the profession* and must reinforce the enduring norms and values that define us to continue to be a source of trust and pride for our Nation.

Resourcing our Defense Strategy

I stated last year that the balance between our security demands and available resources has rarely been more delicate. The National Security Strategy (NSS) released last month addresses some of our top concerns—the decline in military readiness, the strategic risk that will result should sequester-level cuts return, and the need to pursue greater integration with our Allies and partners. *We need the full proposed President’s Budget (PB) for Fiscal Year 2016 to support this strategy and to maintain the military the American people deserve and expect.*

PB16 reverses the decline in national defense spending of the past five years and helps ensure we can manage risk, meeting near-term defense needs while preparing for the future. It represents a responsible combination of capability, capacity, and readiness investment—leading to a Joint Force that is global, networked, and can provide options for the Nation. As the risks to our national security are increasing, this budget resources the force to remain capable, ready, and appropriately sized—able to meet today’s global commitments and prepare for tomorrow’s challenges.

The Joint Chiefs and I fully support the PB16 budget. It is what we need to remain at the *lower ragged edge of manageable risk* in our ability to execute the defense strategy.

However, *we have no slack, no margin left for error or strategic surprise.* And, we remain concerned that we still lack support for the reforms necessary to ensure that the Joint Force is combat ready and that we can preserve military options for our Nation into the future. We need

budget certainty and we need flexibility to reset the force for the challenges we see ahead.

Congress – and the American people – challenged us to become more efficient and to determine the *minimum floor* we need to be able to do what the Nation asks us to do. PB16 is that answer. Funding lower than PB16, especially if sequestration-level cuts return next year, combined with a lack of flexibility to make the reforms we need, *will render the overall risk to our defense strategy unmanageable*. In other words, our Nation's current defense strategy will no longer be viable.

I ask Congress to support the entirety of this budget and end the deep, indiscriminate cuts that sequestration will impose.

Thank you for your enduring support.

Stenographic Transcript
Before the

COMMITTEE ON
ARMED SERVICES

UNITED STATES SENATE

HEARING TO RECEIVE TESTIMONY
IN REVIEW OF THE DEFENSE AUTHORIZATION REQUEST
FOR FISCAL YEAR 2016 AND THE FUTURE YEARS DEFENSE PROGRAM
Tuesday, March 3, 2015

Washington, D.C.

ALDERSON REPORTING COMPANY
1155 CONNECTICUT AVENUE, N.W.
SUITE 200
WASHINGTON, D.C. 20036
(202) 289-2260

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

HEARING TO RECEIVE TESTIMONY
IN REVIEW OF THE DEFENSE AUTHORIZATION REQUEST
FOR FISCAL YEAR 2016 AND THE FUTURE YEARS DEFENSE PROGRAM

Tuesday, March 3, 2015

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

The committee met, pursuant to notice, at 2:43 p.m. in Room SH-216, Hart Senate Office Building, Hon. John McCain, chairman of the committee, presiding.

Committee Members Present: Senators McCain [presiding], Inhofe, Wicker, Ayotte, Fischer, Cotton, Rounds, Ernst, Tillis, Sullivan, Lee, Graham, Reed, Nelson, Manchin, Shaheen, Gillibrand, Blumenthal, Donnelly, Hirono, Kaine, King, and Heinrich.

1 OPENING STATEMENT OF HON. JOHN McCAIN, U.S. SENATOR
2 FROM ARIZONA

3 Chairman McCain: Good afternoon. I want to apologize
4 for keeping you waiting, Secretary Carter and General
5 Dempsey and Secretary McCord. We had a vote, and members
6 will be arriving.

7 The committee meets today to receive testimony on the
8 Department of Defense's fiscal year 2016 budget request, the
9 associated Future Years Defense Programs, and the posture of
10 U.S. Armed Forces.

11 Let me start by thanking each of you for your service
12 to our Nation and to the soldiers, sailors, airmen, and
13 marines here at home and in harm's way around the globe, and
14 to their families.

15 Over just the past 6 weeks, this committee has
16 undertaken a serious and rigorous review of the present
17 global challenges we face, as well a review of the United
18 States National Security Strategy.

19 We have received testimony from some of America's most
20 experienced statesmen and leading strategic thinkers. A
21 unified and alarming assessment has emerged from these
22 national leaders.

23 As former Secretary of State Dr. Kissinger testified on
24 January 29, "The United States has not faced a more diverse
25 and complex array of crises since the end of the Second

1 World War."

2 Given the accumulating dangers we face, it is notable
3 that the President supported the Department of Defense in
4 requesting a level of defense spending that is roughly \$38
5 billion above the caps imposed by the Budget Control Act and
6 sequestration, which mandates nearly \$1 trillion in defense
7 cuts over 10 years. In light of recent events, I think this
8 approach was more than justified.

9 With each passing year since the BCA was enacted in
10 2011, and with the United States slashing its defense
11 spending as a result, the world has become more dangerous
12 and threats to our Nation have grown. I don't think that is
13 purely a coincidence.

14 The President's budget request responds to many
15 critical priorities, particularly addressing cyber and space
16 vulnerabilities, military readiness shortfalls, and
17 essential long-term modernization initiatives.

18 At the same time, the President's request reflects
19 budget-driven policy decisions that would reduce some
20 critical military capabilities, either through the early
21 retirement or cancellation of existing systems, deferred
22 development or procurement of new systems, or withheld
23 funding for proven requirements.

24 This committee will closely scrutinize these decisions
25 and seek to meet urgent and legitimate military needs, where

1 possible.

2 As for meeting our growing national security
3 requirements, General Dempsey's prepared testimony this
4 afternoon states that the President's request is "at the
5 lower ragged edge of manageable risk" and leaves "no slack,
6 no margin left for error or strategic surprise."

7 I would go further. I question whether the Defense
8 Department's current strategy, which was released in January
9 2012, has not been overtaken by world events, which would
10 suggest the need for new strategic guidance and even more
11 defense spending than the President's request.

12 Just consider the events of the past year alone.
13 Russia has challenged core principles of the postwar order
14 in Europe by invading and annexing the territory of another
15 sovereign Nation. A terrorist army that has proclaimed its
16 desire to attack America and its allies now controls a vast
17 swath of territory in the heart of the Middle East. Iran
18 continues its pursuit of nuclear weapons while expanding its
19 malign influence across the region. North Korea mounted the
20 most brazen cyberattack ever on our territory. And China
21 has stepped up its coercive behavior in Asia, backed by its
22 rapid military modernization.

23 The findings of last year's National Defense Panel cast
24 serious doubt on whether our military can fulfill even the
25 current strategy at acceptable risk. This bipartisan group

1 of military commanders and policymakers stated that the
2 defense spending cuts imposed by the BCA and sequestration
3 "constitute a serious strategic misstep." More ominously,
4 the panel concluded that, "In the extreme, the United States
5 could find itself in a position where it must either abandon
6 an important national interest or enter a conflict for which
7 it is not fully prepared."

8 Based on its findings, the National Defense Panel
9 recommended unanimously that Congress and the President
10 immediately repeal the BCA and return, at a minimum, to the
11 last strategy-driven budget proposed by former Secretary of
12 Defense Robert Gates in 2011. That would mean \$611 billion
13 for the discretionary base budget for the Defense Department
14 in fiscal year 2016.

15 But here, too, I would note that the world has changed
16 significantly since 2011, and this recommendation is more
17 likely a floor, not a ceiling, of what we as a Nation should
18 be considering for our own defense.

19 While Senator Reed and I support the National Defense
20 Panel's recommendations, we recognize that \$611 billion for
21 defense is neither realistic in the current political
22 environment, nor is it likely that the department could
23 responsibly execute this funding in fiscal year 2016. That
24 is why Senator Reed and I came together in the Views and
25 Estimates letter that we sent last week to the Budget

1 Committee to propose an objective that, I hope, could be a
2 new basis for bipartisan unity: ending sequestration for
3 defense by allocating \$577 billion in discretionary base
4 budget authority for fiscal year 2016.

5 I recognize there are differences of opinion over
6 broader fiscal questions, especially how to approach
7 nondefense discretionary spending, but continuing to live
8 with the unacceptable effects of sequestration is a choice.

9 Sequestration is the law, but Congress makes the laws.
10 We can choose to end the debilitating effects of
11 sequestration, and we must, because at sequestration levels,
12 it is impossible to meet our constitutional responsibility
13 to provide for our national defense.

14 We look forward to the witnesses' testimony today and
15 hope that they will cover a broad spectrum of the policy and
16 resource issues the department confronts. I would also ask
17 our witnesses to share their views on the current situations
18 in Ukraine, Syria, and Iraq.

19 I want to thank Senator Reed for his continued
20 bipartisan cooperation that has characterized our
21 relationship for many years, especially on this joint letter
22 to the Budget Committee. I thank you.

23 Senator Reed?

24

25

1 STATEMENT OF HON. JACK REED, U.S. SENATOR FROM RHODE
2 ISLAND

3 Senator Reed: Thank you, Mr. Chairman. Let me join
4 you in welcoming Secretary Carter, Chairman Dempsey, and Mr.
5 McCord.

6 Gentlemen, I appreciate your willingness to be here
7 today to talk about the President's fiscal year 2016 budget
8 request, which the chairman has noted is \$38 billion above
9 the Budget Control Act discretionary funding caps. But also
10 as the chairman noted, these BCA caps, coupled with the
11 imminent threat of sequestration level cuts and the lack of
12 budget stability necessary for military planning, create an
13 urgent and growing strategic problem that we simply must
14 address.

15 Indeed, in my view, it creates a problem for every
16 Federal agency and department. And I think sequestration,
17 across-the-board, must be ended.

18 On January 28, this committee heard stark testimony
19 from each of the service chiefs about the impact of reduced
20 funding levels. All of the services are working hard to
21 maintain near-term readiness to meet the "fight tonight"
22 requirement, but only by assuming increased risk in the form
23 of cuts and delays to training, maintenance, modernization,
24 and infrastructure sustainment, and by curtailing quality-
25 of-life programs.

1 As Air Force Chief of Staff General Welsh eloquently
2 stated, "When the bugle calls, we will win. But the
3 vulnerabilities sequestration introduces into our forces
4 will encourage our adversaries, worry our allies, limit the
5 number of concurrent operations we can conduct, and increase
6 risk to the men and women who fight America's next war."

7 The services, the men and women in uniform, are the
8 backbone of our Nation's defense, and they are under great
9 strain. I am, certainly, interested in the witnesses'
10 testimony on how the Department of Defense will continue to
11 manage this problem while a solution is not yet on the
12 horizon.

13 If you do not get the \$38 billion over the BCA, that is
14 the President's request -- again, Senator McCain and I are
15 urging even more -- what must be cut? And if sequestration
16 is not avoided, what else must be cut? And what is your
17 timetable for beginning to implement these cuts?

18 As I stated earlier, the services are focused on near-
19 term readiness, and they need to be, because they are
20 actively engaged around the world, fighting significant
21 challenges to U.S. national security interests.

22 In Afghanistan, the commanding general of U.S. Forces,
23 General Campbell, believes he has the resources and
24 authorities he needs for the 2015 fighting season, but the
25 Taliban remain resilient despite coming under pressure on

1 both sides of the Afghanistan-Pakistan border.

2 Operations against ISIS in Iraq and Syria continue at a
3 pace that appears to be rolling back their territorial gains
4 of last year and providing the time and space needed for
5 advise-and-assist programs. But this critical campaign must
6 continue unabated if it is going to be successful against
7 such a dangerous enemy. And the fight will be harder, each
8 and every day, especially as Iraqi forces try to enter urban
9 centers like Mosul.

10 In Europe, the post-Cold War international order is
11 under threat from a Russia that seeks to dominate Ukraine
12 and intimidate its other neighbors, including by conducting
13 increasingly aggressive military activities both within and
14 outside its borders. Turmoil in Yemen and Libya provide
15 safe havens for terrorists and must be closely watched. And
16 China's actions continue to make its neighbors uneasy.

17 Meeting all of these threats requires ready troops and
18 adequate funding, and I am interested in the witnesses'
19 views on how you are prioritizing this funding.

20 In addition to ongoing operations, there are emerging
21 threats, which will require immediate and significant
22 investments.

23 The recent cyberattack on Sony by North Korea
24 illustrates that even a relatively small and weak rogue
25 nation can cause extensive damage to U.S.-based economic

1 targets through cyberspace. The U.S. must work to counter
2 this threat.

3 In addition, I also understand that efforts are now
4 underway to protect our space assets from hostile acts, an
5 equally serious asymmetric threat and one that will require
6 substantial funding.

7 And in focusing on emerging threats, we cannot
8 disregard the significant funding necessary for the
9 maintenance and modernization of our nuclear enterprise,
10 including the Ohio-class replacement submarine.

11 I am interested in hearing how the department will
12 balance new threats with legacy programs. Clearly, the
13 department has many bills to pay, and they cannot do it
14 without the help of Congress.

15 Military personnel costs consume approximately a third
16 of the department's budget. The department has once again
17 submitted several proposals aimed at slowing the growth of
18 military personnel costs. This committee must carefully
19 consider these proposals, as well as the recommendations of
20 the Military Compensation and Retirement Modernization
21 Commission, in order to provide the Defense Department with
22 flexibility in these areas.

23 With regard to BRAC, I understand the department is
24 again requesting an additional base realignment and closure,
25 or BRAC, round in 2017. While BRAC has been controversial

1 in the past, I do believe that we need to consider efforts
2 to allow the Defense Department to shed what may be as much
3 as 25 percent in excess infrastructure it does not
4 necessarily need, and use these resources to invest in
5 higher priorities.

6 Again, I would appreciate your views on this matter.

7 While the focus today is on the defense budget, the
8 Pentagon simply cannot meet all these national security
9 challenges without the help of other government departments
10 and agencies, including State, Justice, Homeland Security,
11 and the intelligence community.

12 So, again, I would ask, as you speak, to comment on the
13 interagency necessities that are facing the department.

14 Let me commend all our witnesses for working hard. Let
15 me commend the chairman for his efforts, particularly in
16 leading our mutual letter to the Budget Committee.

17 I look forward to your testimony.

18 Chairman McCain: Secretary Carter?

19

20

21

22

23

24

25

1 STATEMENT OF HON. ASHTON B. CARTER, SECRETARY OF
2 DEFENSE, ACCOMPANIED BY HON. MIKE McCORD, UNDER SECRETARY OF
3 DEFENSE (COMPTROLLER) AND CHIEF FINANCIAL OFFICER

4 Secretary Carter: Thank you, Mr. Chairman, Ranking
5 Member Reed, all the members of the committee. Thank you
6 for inviting me to be here today with you, and thank you for
7 confirming me as Secretary of Defense. I am honored by the
8 trust and confidence of President Obama in appointing me,
9 and the Senate in confirming me.

10 My care and respect for the men and women of the finest
11 fighting force the world has ever known is as boundless as
12 their skill and devotion. I know this committee shares the
13 same devotion to them and shares responsibility for them and
14 for the defense of our great country. And I hope that my
15 tenure as Secretary of Defense will be marked by partnership
16 with you on their behalf.

17 I am here to present the President's budget for the
18 Department of Defense for fiscal year 2016. Since I have
19 been on the job for exactly 2 weeks, it is plain that I did
20 not have a role in shaping this budget. But I have studied
21 it carefully, and I am fully prepared to answer your
22 questions about it and to work with you to find common
23 ground where you have concerns.

24 Most importantly, I strongly support the President in
25 requesting a defense budget above the artificial caps of the

1 Budget Control Act, above the so-called sequester levels,
2 next year and in the years thereafter. I share the
3 President's desire to find a way forward that upholds the
4 fundamental principles behind the bipartisan Budget Act of
5 2013, and I support the President's commitment to vetoing
6 any bill that locks in sequestration, because to do
7 otherwise would be both unsafe and wasteful.

8 Before I turn to the budget to explain what I mean by
9 that, allow me to share some observations from my short time
10 on the job, observations that help reinforce my testimony
11 here. Shortly after I was sworn in, I spoke to the people
12 of the Department of Defense -- military, civilian, and
13 contractor -- and told them I had three commitments as
14 Secretary of Defense.

15 The first is to them and their families, to their
16 safety, their welfare, and their effectiveness, and equally
17 to those who came before them and to those who will come
18 after them.

19 The second commitment is to assist the President as he
20 makes difficult decisions about how to defend the country in
21 a turbulent world, and then to carry out those decisions
22 where they involve the use of military force.

23 And the third commitment is to the future, to make sure
24 our military remains the very best in an ever-changing world
25 amidst fast-moving technological and commercial change, and

1 as we seek to attract new generations to the mission of
2 national security.

3 Because of those commitments, I traveled at the end of
4 my first week on the job to Afghanistan to visit our troops
5 and commanders, and also the leaders of Afghanistan and some
6 of their military leaders. I wanted to assess the
7 conditions on the ground there as we enter a new phase of
8 our long campaign and as we carry out the transition to an
9 enduring presence that will ensure, as the President says,
10 our progress in Afghanistan sticks.

11 Next, I traveled to Kuwait where I met with the emir
12 before convening senior American diplomats and military
13 leaders from throughout the region; Ambassadors from several
14 countries; our commanders from CENTCOM, EUCOM, AFRICOM, and
15 SOCOM; and the commanders of the campaign in Iraq and Syria
16 against ISIL. I wanted to hear directly from them about the
17 complex political and military situation in the region and
18 about the best approaches to leveraging U.S. leadership of
19 the broad coalition combating this ugly scourge. And this
20 afternoon, I would be pleased to discuss these challenges or
21 any others -- the chairman mentioned Ukraine -- in addition
22 to the budget.

23 The point is that in these regions of the world, just
24 as in the Asia-Pacific in Europe and elsewhere, it is
25 America's leadership and America's men and women in uniform

1 who frequently stand between order and disorder, who stand
2 up to malicious and destabilizing actors while standing with
3 those who believe with us in a more secure, just, and
4 prosperous future for all of our children.

5 But this Congress will determine whether our troops can
6 continue to do so. The administration is proposing to
7 increase the defense budget in line with the projection
8 submitted to Congress last year. By halting the decline in
9 defense spending imposed by the Budget Control Act, the
10 President's budget would give us the resources we need to
11 execute our Nation's defense strategy.

12 But, and I want to be clear about this, under
13 sequestration, which is set to return in 212 days, our
14 Nation would be less secure.

15 Mr. Chairman, as you yourself have reminded Congress,
16 sequestration threatens our military readiness, the size of
17 us our warfighting forces, the capabilities of our air and
18 naval fleets, and, ultimately, the lives of our men and
19 women in uniform.

20 The Joint Chiefs have said the same before this
21 committee, and they could not have been more clear in their
22 assessment of the damage sequestration would do to our
23 national security.

24 I want to commend you and thank you, Mr. Chairman,
25 Ranking Member Reed, for your very thoughtful letter to the

1 leadership of the Senate Budget Committee about the dangers
2 the sequestration, and I completely agree with you that the
3 threat of sequestration is, as you said, "a national
4 security crisis of the first order."

5 The great tragedy is that this corrosive damage to our
6 national security is not the result of objective factors,
7 logic, or reason. It is not that we have some new
8 breakthrough in military technology or some novel strategic
9 insight that somehow provides the same security for a
10 smaller budget. It is not that sequester is forced upon us
11 by economic emergency or dire recession that makes taking
12 grave security risks absolutely necessary. It is surely not
13 the case that the world has suddenly become more stable or
14 that America has less to do to keep it safe, allowing us to
15 take a peace dividend. It is not even that these cuts solve
16 the Nation's overall fiscal challenges, because the sad math
17 is that they are large and sudden enough to damage defense
18 but fail to resolve our long-term fiscal issues and the real
19 drivers of the deficit and debt.

20 Sequester was not the result of objective factors.
21 Sequester is purely the fallout of political gridlock. Its
22 purpose was to compel prudent compromise on our long-term
23 fiscal challenges, compromise that never came. This has
24 been compounded in recent years because the Defense
25 Department has suffered a double whammy, the worst of both

1 worlds, that has coupled mindless sequestration with
2 constraints on our ability to reform.

3 We need your help with both. I know that Chairman
4 McCain, Senator Reed, and others on this committee are as
5 committed to reform as I am, and I look forward to working
6 with you on new reforms.

7 We at the Pentagon can and must do better at getting
8 value for the defense dollar. Taxpayers have trouble
9 comprehending, let alone supporting, the defense budget when
10 they hear about cost overruns, insufficient accounting and
11 accountability, needless overhead, excess infrastructure,
12 and the like.

13 There are significant savings to be found through new
14 reforms across DOD, reforms that we are committed to
15 pursuing. But sequester cuts don't help us achieve any of
16 them. In fact, the nature of sequester frequently leads to
17 waste as, for example, when it forces a reduction in
18 contract production rates driving up unit costs.

19 But at the same time that I am committed to new and
20 further reforms, I must note that, in the past several
21 years, painful but necessary reforms proposed by DOD,
22 reforms involving elimination of overhead and unneeded
23 infrastructure, retirement of older force structure, and
24 reasonable adjustments and compensation, have been denied by
25 Congress.

1 I need your help with these reforms, which have been
2 frustrated at the same time sequester looms and at the same
3 time as we make new reforms. I will work with Congress to
4 resolve concerns and find common ground, but we must have
5 your help.

6 If confronted with sequester-level budgets and
7 continued obstacles to reform, I do not believe that we can
8 simply keep making incremental cuts while maintaining the
9 same general set of objectives that have anchored our
10 defense strategy. We would have to change the shape and not
11 just the size of our military, significantly impacting parts
12 of our defense strategy. We cannot meet sequester with
13 further half measures.

14 As Secretary of Defense, I will not send our troops
15 into a fight with outdated equipment, inadequate readiness,
16 or ineffective doctrine. But everything else is on the
17 table, including parts of our budget that have long been
18 considered inviolate.

19 This may lead to decisions that no Americans, including
20 Members of Congress, want us to make.

21 I'm not afraid to ask the difficult questions, but if
22 we are stuck with sequestration's budget cuts over the long
23 term, our entire Nation will have to live with the answers.

24 So instead of sequestration, I urge you to urge your
25 colleagues to embrace the alternative: building the force

1 of the future powerful enough to underwrite our strategy,
2 equipped with boldly new technology; leading in domains like
3 cyber and space, as the Chairman and Senator Reed said;
4 attracting and retaining the best Americans to our mission;
5 being lean and efficient throughout our enterprise; and
6 showing resolve to friends and potential foes alike.

7 I think we can all agree that the world in 2014 was
8 more complicated than anyone could've predicted. Given
9 today's security environment, the President's proposed
10 increase in defense spending over last year's budget is
11 responsible, and it's prudent.

12 I earnestly hope we can come together behind a long-
13 term budget approach that dispels sequester and provides
14 stability, rather than doing this one year at a time.

15 I hope we can again unite behind what our great Nation
16 should and must do to protect our people and make a better
17 world. And I hope we can provide our magnificent men and
18 women of the Department of Defense, who make up the greatest
19 fighting force the world has ever known, what they need and
20 what they fully deserve.

21 Thank you, Mr. Chairman, and I look forward to your
22 questions.

23 [The prepared statement of Secretary Carter follows:]

24
25

1 Chairman McCain: Thank you, Mr. Secretary. I hope
2 that every Member of Congress is able to hear that message
3 that you have just conveyed. Thank you.

4 General Dempsey?

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 STATEMENT OF GENERAL MARTIN E. DEMPSEY, USA, CHAIRMAN,
2 JOINT CHIEFS OF STAFF

3 General Dempsey: Thank you, Chairman, Ranking Member
4 Reed, other distinguished members of this committee. I
5 appreciate the opportunity to provide you an update on our
6 Armed Forces and to discuss our defense budget for 2016.

7 I would ask that my written statement be submitted for
8 the record. I will touch on just a few points of emphasis.

9 Our military remains strong today. However, with
10 threats proliferating, resources declining, and
11 sequestration just months away, our ability to assure our
12 allies is in question and our advantages over our
13 adversaries are shrinking.

14 This is a major strategic challenge, affecting not only
15 our military, but ultimately America's leadership in the
16 global world order. We face the reemergence of nation
17 states with the capability, and potentially the intent, to
18 constrain us. In space and cyberspace, our adversaries are
19 rapidly leveling the playing field. And we face an
20 increasingly capable network of non state actors, including
21 the Islamic State in Iraq and the Levant, who threaten our
22 national security interests both overseas and at home.

23 Our strategy against ISIL integrates and balances nine
24 lines of effort, only two of which are military. ISIL's
25 threat is transregional and will require a sustainable level

1 of effort over an extended period of time to create an
2 environment in which they will be expelled and ultimately
3 defeated.

4 In Europe, Russia seeks to reduce NATO and European
5 Union influence in Eastern Europe and generate disagreement
6 among our NATO allies on the very future of Europe. Russian
7 leaders have chosen a very dangerous path to achieve their
8 strategic objectives, lighting a fire of ethnicity and
9 nationalism not seen in Europe in 65 years, and it may burn
10 out of control. Our strategy is to reassure and reinforce
11 our NATO allies while considering other instruments of
12 national power to counter Russian aggression.

13 Altogether, the global security environment is as
14 uncertain as I have seen it in my 40 years of service. And
15 we are at a point where our national aspirations are at risk
16 of exceeding our available resources.

17 And that brings me to the budget. We have heard the
18 Congress loud and clear as over the years it has challenged
19 us to become more efficient and to determine the minimum
20 essential requirements we need to do what the Nation asks us
21 to do. PB16 is that answer.

22 In my judgment, this budget represents a responsible
23 combination of capability, capacity, and readiness
24 investment. It is what we need to remain, however, at the
25 bottom edge of manageable risk to our national defense. As

1 the chairman said, there is no slack, there is no margin
2 left for error, nor for response to strategic surprise.

3 Funding lower than PB16, and a lack of flexibility in
4 making the internal reforms necessary, could and will, in
5 fact, put us in a situation where our National Defense
6 Strategy will simply no longer be viable.

7 For the past 25 years, the United States military has
8 secured the global commons. We have deterred adversaries,
9 reassured allies, and responded to crises and to conflict by
10 maintaining our presence abroad. It has been our strategy
11 to shape the international security environment by our
12 forward presence and by building relationships among
13 regional partners.

14 In general terms, one third of the force is forward-
15 deployed, one third has just returned, and one third is
16 preparing to deploy. Of necessity, certain capabilities
17 actually operate with half of our forces deployed and the
18 other half recovering. This puts a significant strain on
19 our men and women in uniform and on their families.

20 Sequestration will fundamentally and significantly
21 change the way we deploy the force and shape the security
22 environment. We will be almost 20 percent smaller but our
23 forward presence will be reduced by more than a third. We
24 will have less influence, and we will be less responsive.
25 Conflict will take longer to resolve and will be more

1 costly, both in terms of dollars and in casualties.

2 In an age when we are less certain about what will
3 happen next, but quite certain that it will happen more
4 quickly, we will be further away and less ready than we need
5 to be.

6 Simply stated, sequestration will result in a dramatic
7 change in how we protect our Nation and how we promote our
8 national interests.

9 Mr. Chairman, members of this committee, our men and
10 women in uniform are performing around the globe with
11 extraordinary courage, character, and professionalism. We
12 owe them and their families clarity and, importantly,
13 predictability on everything from policy to compensation,
14 health care, equipment, training, and readiness.

15 Settling down this uncertainty in our decision-making
16 processes will help keep the right people, our decisive
17 edge, in our all-volunteer force and maintain the military
18 that the American people deserve and expect.

19 I am grateful for the continued support to our men and
20 women in uniform from this committee and this Congress, and
21 I look forward to your questions.

22 [The prepared statement of General Dempsey follows:]
23
24
25

1 Chairman McCain: Thank you very much.

2 Chairman Dempsey, in front of the House Armed Services
3 Committee on February 25, General Breedlove testified, "I
4 think, first and foremost, Mr. Putin has not accomplished
5 his objectives in Ukraine, so next is probably more action
6 in Ukraine."

7 In your professional military opinion, do you think
8 General Breedlove is correct, that Putin will continue
9 kinetic military operations in Ukraine and places like
10 Mariupol because he has not yet accomplished his objectives?

11 General Dempsey: Chairman, in an April 2014 speech,
12 President Putin actually referred to a concept he described
13 as Novorossiia, which is New Russia, that stretches across
14 eight oblasts in Ukraine, essentially the eastern, southern
15 oblasts of Ukraine, and up into Transnistria.

16 He said that was what his intention was to do. And to
17 this point, their actions seem to suggest to me that they
18 may actually be intent on accomplishing it.

19 Chairman McCain: Does that convince you or give you
20 the view that we should be providing defensive weaponry to
21 Ukraine?

22 General Dempsey: Chairman, as you know, we have
23 provided about \$100 million in other kinds of aid. We have
24 a program to provide training.

25 Chairman McCain: My question is, do you believe that

1 we should provide defensive weaponry to Ukraine?

2 General Dempsey: If I could, Senator, the --

3 Chairman McCain: I know what you have done.

4 General Dempsey: Right.

5 Chairman McCain: Not enough. Go ahead.

6 General Dempsey: I think we should absolutely consider
7 providing lethal aid, and it ought to be in the context of
8 our NATO allies, because Putin's ultimate objective is to
9 fracture NATO.

10 Chairman McCain: I thank you, General.

11 Today in Tikrit, Secretary Carter, the Shia militia
12 with the Iranian Revolutionary Guard leader, among others,
13 and Iranian air, is now attacking Tikrit, the hometown of
14 Saddam Hussein, as we recall. And the majority of that
15 effort, with a couple thousand Iraqis, is being undertaken
16 by the Shia militia, the same militia that we fought against
17 in the surge, the same militia that, according to estimates,
18 manufactured the IEDs, which directly resulted in the deaths
19 of some 1,000 or 2,000 young Americans.

20 Are you concerned that Iran is basically taking over
21 the fight? And according to the Wall Street Journal this
22 morning, we are observing that operation. Does that ring an
23 alarm bell with you, Mr. Secretary?

24 Secretary Carter: It does. It does. Our approach to
25 combating ISIL in Iraq is to work with the Iraqi security

1 forces and a multisectarian government that takes a
2 multisectarian approach to defeating ISIL and regaining
3 control of its own territory.

4 Sectarianism is what brought us to the point where we
5 are, and so I do look at it with concern. We are watching
6 it very closely. The Shia militia is involved. Also, the
7 Iraqi security force is involved. Some Sunni forces are
8 involved.

9 And I would note that some Sunni tribal leaders in
10 Tikrit, and this is important, have signaled their support
11 for this offensive. And if that is true, it is good news,
12 because it suggests that this is not purely a Shia on Sunni
13 thing.

14 But this is the problem that brought Iraq low, so I am
15 looking at it with great concern.

16 Chairman McCain: And, of course, there are well-
17 documented human rights violations, significant, by Shia
18 militia on Sunni, as we all know.

19 Secretary Carter, you just returned from Afghanistan,
20 an excellent visit, from all reports. And my understanding
21 from media reports is that you will be reevaluating the
22 calendar-driven plan for withdrawal from Afghanistan.

23 Is that true? And can you tell us what recommendations
24 you have in mind?

25 And by the way, we have been hearing about these

1 recommendations for a year or 2 now. Do you have any
2 timeline as to when a decision may be made, because
3 according to the calendar-driven plan that is now a place,
4 we are going to have to be withdrawing troops very soon.

5 Can you update us on that?

6 Secretary Carter: I, certainly, can. That was the
7 reason that I went to Afghanistan, second only to the
8 primary reason, which is to see our fantastic people who are
9 there and let them know that we are all with them and think
10 about them every day.

11 But I had an opportunity to assess conditions on the
12 ground there, to discuss them with President Ghani, and I
13 will share my observations.

14 But just to get to the answer to your question, I think
15 the phrase I used when I came before you last was, we have a
16 plan, but a plan is a plan, and a plan is something you
17 adjust over time. So I think we can adjust our plan over
18 the next year or 2.

19 I did discuss that with President Ghani. I have
20 discussed that here in Washington. I don't know what
21 decisions the President will make in that regard or the
22 timetable on which he will make them, but I, certainly, have
23 had the opportunity to acquaint myself with them.

24 And one other thing I would like to say is that
25 President Ghani gave me a very articulate depiction of

1 conditions and how they changed, and what the good things
2 have been and what the bad things have been. I don't want
3 to take too much time, but I just wanted to tell everybody
4 on this committee that the first thing he said to me when he
5 saw me was, would you please go home and tell everyone
6 there, and especially the troops, that I know that almost 1
7 million Americans have come through here in the last decade
8 to help my country, and that thousands of them have been
9 killed and wounded, and I want you to know, thank you.

10 I just wanted to tell you that, because I haven't heard
11 that for a long time.

12 Chairman McCain: But it is your opinion that the
13 present plan needs to be revised?

14 Secretary Carter: I think that there are going to be
15 respects in which the President is going to want to consider
16 the conditions that have changed. I will give you some
17 examples of that.

18 Chairman McCain: I understand the examples. But do
19 you want to stick with the calendar-driven plan as it is
20 now, or do you want it to be revised?

21 Secretary Carter: No, I think we need to do
22 conditions. In any military plan, we have to be conditions-
23 based, absolutely, firmly.

24 Chairman McCain: I thank you. I thank both of you for
25 your testimony.

1 Secretary McCord, do you want to add anything?

2 Mr. McCord: Not on the subject of Afghanistan. Thank
3 you.

4 Chairman McCain: Thank you.

5 Senator Reed?

6 Senator Reed: Thank you, Mr. Chairman, and thank you,
7 gentlemen, for your testimony, for your service.

8 Just quickly following up, Mr. Secretary, you have been
9 to Afghanistan, Iraq, and the region, and also been in
10 communication with foreign leaders, your counterparts across
11 the globe. Are they aware of the impending sort of
12 budgetary train wreck in the United States? And does this
13 create anxiety and the conclusion that we won't have the
14 resources, even if we have the resolve?

15 Secretary Carter: Well, in general, they are polite
16 enough not to raise this question, but when I have had
17 conversations with foreign leaders, I think it is
18 distressing to me because they hear everything we say, and
19 they see everything we do, and they get a very clear picture
20 of the dangers of sequester. They probably get an outsized
21 picture of our lack of will.

22 But this is not good, for our friends. Of course, I am
23 only talking to our friends, so I can only imagine what our
24 foes are thinking. But they are probably thinking the same
25 thing, "What are these guys doing to themselves?"

1 And this is why it's not only a substantive matter, but
2 it is a matter of appearances and deterrence that we get our
3 act together with respect to sequester.

4 Senator Reed: So, essentially, this goes beyond just
5 the numbers in the budget and what programs we are going to
6 fund. This goes to the perception of the world of the
7 United States being both capable and resourced to carry out
8 a strategy to support their allies and oppose their
9 adversaries. Is that accurate?

10 Secretary Carter: That is exactly right.

11 Senator Reed: And the other side of this coin, too,
12 is, we are not in a situation where our allies seem to be
13 stepping up to the plate to fill in the gaps, either the
14 NATO countries or even our gulf allies.

15 Secretary Carter: Amen to that. You mentioned the
16 Europeans. Europeans, our NATO partners, made a pledge to
17 take steps that would, for most of them, involve an increase
18 in defense spending. And they really need to take that
19 step, because we can't be the only one on our team with
20 military potential in that theater, which, as you and the
21 chairman have mentioned with respect to Ukraine, is a very
22 dangerous one.

23 Senator Reed: I don't want to beat a dead horse, but
24 their enthusiasm to raise their defense budget is probably
25 affected by our lack of will to raise ours, not just the

1 defense budget, but other budgets. Is that correct?

2 Secretary Carter: That well could be, and it is yet
3 another reason for us to get it together here.

4 Senator Reed: General Dempsey, you mentioned there are
5 nine lines of operation against ISIL, and the Department of
6 Defense has I think you said two. So there are seven lines
7 being funded outside the DOD budget. Is that accurate?

8 General Dempsey: Yes. Some of the lines, for example,
9 counter messaging, reside partially within our budget, but
10 generally, the answer to that is yes.

11 Senator Reed: So that even if we were to restore some
12 significant funding to the Department of Defense on the
13 ground, you would still be without the resources you need to
14 defeat ISIL and degrade ISIL?

15 General Dempsey: Yes, sir. If what you mean is that
16 we need the whole-of-government here, absolutely.

17 Senator Reed: State, Homeland Security.

18 General Dempsey: Right.

19 Senator Reed: And when you talk about the situation
20 with Ebola recently.

21 General Dempsey: Counter-foreign-financing, which
22 works through Treasury.

23 Senator Reed: The Treasury Department, et cetera, et
24 cetera.

25 So there is not a nice, neat separation between our

1 national security and DOD and the rest of government.

2 General Dempsey: Not on the ISIL campaign, no, sir.

3 Senator Reed: Secretary Carter, just doubling back
4 here for a moment, let's assume the worst and we don't move
5 above the BCA and sequestration, how does this affect our
6 overseas OCO accounts? Is there an effect you see on our
7 ability to fund them? Do you have to borrow from Peter to
8 pay Paul?

9 Secretary Carter: You mean if we are denied what we
10 are asking for in the base budget? Well, we also have an
11 OCO budget, as you say. There isn't slack in the OCO
12 budget. That is money being spent for real things.

13 It is being spent for the campaign against ISIL. It is
14 being spent in Afghanistan. It is being spent in the Horn
15 of Africa.

16 So OCO is committed to the here-and-now ways that we
17 are protecting our security, and we can't rob Peter to pay
18 Paul.

19 Senator Reed: And just in that same vein, General
20 Dempsey, another way to approach the problem, how are you
21 going to manage the strategic risk if we have the situation
22 of sequestration in place, and the Budget Control Act?

23 General Dempsey: As you know, sir, I have submitted
24 the chairman's risk assessment, which establishes the fact
25 that we are at significant risk against the strategy as it

1 was conceived in 2012 already. What we have been doing is
2 we have been increasing risk over the past 3 or 4 years.

3 What I would tell you now is that if we don't get
4 funded at the PB16 level, and if we don't get the reforms
5 inside of the budget, because it is \$4.2 billion for this
6 year, but it accrues to, I think, \$40 billion over the FYDP,
7 if we don't get that, the strategy is going to have to
8 change.

9 So if you are asking me how I am going to manage the
10 current strategy, it is unmanageable.

11 Senator Reed: Thank you, Mr. Chairman.

12 Senator Inhofe: Secretary Carter, you heard the answer
13 General Dempsey just gave. Do you agree with his statement?

14 Secretary Carter: I do.

15 Senator Inhofe: You know, I wasn't here. I am sorry I
16 missed your opening statement, and I didn't have the benefit
17 of reading it. But I think it is worthwhile getting on the
18 record again -- you have heard many times the statements of
19 James Clapper and others.

20 The Clapper statement: "Looking back over my now half
21 century of intelligence, I have not experienced a time when
22 we have been beset by more crises." He repeated that in a
23 different way later.

24 And, of course, just last week, we had General Stewart
25 saying essentially the same thing.

1 Now I assume that you agree with those statements?

2 Secretary Carter: I do. When I started in this
3 business, there was one problem, which was the Soviet Union.

4 Senator Inhofe: Those were the good old days, weren't
5 they? I can say that.

6 Secretary Carter: I remember enough not to be too
7 nostalgic. It was pretty serious. But the world is so much
8 more complicated, so much more is happening, exactly as you
9 say.

10 Senator Inhofe: Hearing Prime Minister Netanyahu this
11 morning, that just drove that home. I was thinking how easy
12 that was. Yes, the threat was terrible. We had two
13 superpowers. We knew what they had, and they knew what we
14 had. They were predictable. We were predictable. Mutual
15 assured destruction meant something. It doesn't mean
16 anything anymore.

17 And I was just thinking about that, how different that
18 is today.

19 The other thing I wanted to mention is that, General
20 Odierno, Admiral Greenert, General Welsh, and General
21 Dunford all testified, and they talked about if sequester is
22 coming in. Now you said something that I think is even more
23 significant. You said even with the fiscal year 2016
24 budget, the Army, Navy, and Marine Corps won't reach their
25 readiness goals until 2020 and the Air Force until 2023. Is

1 that accurate?

2 So what you are saying there is even our budget,
3 without the sequestration, you are saying that threat is
4 there.

5 Secretary Carter: What is going on there is digging
6 ourselves out of a hole of sequester in the past,
7 particularly the 2013 budget, the year in which the shutdown
8 occurred, and so forth.

9 The thing about readiness is that it is easy to have it
10 fall off, but then it takes time to build it back. I think
11 what the chiefs are saying absolutely accurately is we lost
12 a lot of readiness through the turmoil of the last few
13 years. Even if we are given the opportunity, as we hope
14 with this budget, to start building back, it is just in the
15 nature, it is in the nature of training, that it takes a
16 while to get that readiness back. So I do agree with them.

17 Senator Inhofe: Secretary Carter, you were over there.
18 Of course, this is the first time you have appeared before
19 this committee in this capacity. When you were over there
20 and you apparently had some time, good quality time with
21 President Ghani, when you were there, and it was observed, I
22 think by General Dempsey, that we don't operate in a vacuum
23 here. What we are saying the whole world knows. Is there
24 anything you want to add with our relationship with
25 President Ghani that would be beneficial to have the whole

1 world know, or those who are participating in that theater?

2 Secretary Carter: Yes. One thing, which is that he is
3 a partner in a way that we have been looking for and without
4 whom the sacrifice that we have made over these last 10
5 years can't be successful.

6 He understands what we have tried to do for him. He
7 knows that it has been a great benefit to his country and
8 not just to protect our country, which, of course, it has,
9 and was why we went there in the first place, to protect
10 ourselves from the breeding ground of the 9/11 attacks on
11 our own country.

12 I think everybody who participated in this campaign
13 ought to know that around the world and in our coalition,
14 that we have now in President Ghani somebody who really gets
15 the sacrifice that we have all made on behalf of
16 Afghanistan, and is committed to making the progress that we
17 made there stick. That is what I would say.

18 Senator Inhofe: Okay. That's good. I appreciate
19 that.

20 Senator Reed talked about our limited resources now,
21 and I wasn't sure I understood your answer there. Do you
22 think people are out there -- it doesn't matter where they
23 are. It can be the Ukraine. It can be Georgia. It can be
24 anyplace. Do they recognize that we don't have the
25 resources we have historically had, and we are not able to

1 do what we historically have done?

2 Secretary Carter: Well, they hear us saying that, and
3 they hear us debating that. You know, I hope, and this is
4 something I try to say, and I am sure you all try to say,
5 which is yes, we are having internal debates and so forth,
6 and we don't like what is going on here, and I have,
7 certainly, said that today. But don't underestimate the
8 will and the power of the United States. I hope people
9 understand that as well, because we still have the greatest
10 fighting force the world has ever seen.

11 Senator Inhofe: Yes, I understand that. And we are
12 aiming that toward others. People look at us, and yes, we
13 do. But looking here at home, when even you admit that with
14 the current budget, even without sequestration, our risk
15 level is going to increase, right?

16 Secretary Carter: That risk as measured in the
17 readiness that needs to be restored, as you mentioned, yes.

18 Senator Inhofe: Risk means lives, doesn't it?

19 General Dempsey, should Congress pass AUMF without
20 restrictions?

21 General Dempsey: I am the military guy in the room,
22 and I would always seek to preserve all of our options. I
23 was consulted on the document passed in the Congress, and it
24 will allow us to meet the campaign as we've designed it.
25 You say without restriction. That really now becomes a

1 decision between you and your colleagues.

2 Senator Inhofe: All right. Secretary Carter?

3 Secretary Carter: Exactly the same answer. Key to us
4 is, can we do our campaign?

5 Senator Inhofe: Okay, thank you, Mr. Chairman.

6 Senator Reed: [presiding] Senator Hirono, please.

7 Senator Hirono: Thank you, Mr. Chairman.

8 Thank you, gentlemen, for your service and your
9 testimony.

10 Secretary Carter, as the department continues to
11 rebalance our military forces in the Asia Pacific and the
12 Middle East, there are, clearly, challenges, in terms of
13 available resources. I know from our January meeting that
14 you agree that stability in the Asia-Pacific region is
15 critical to our national security, even as there is
16 instability in so many other parts of the world.

17 So you mentioned today once again in your testimony
18 that one of the priorities is to continue our commitment to
19 the rebalance to the Asia Pacific. So I did want to
20 highlight one related issue that I would like to continue to
21 discuss with you, and that is, there are plans in place to
22 shift a number of military personnel and assets from Hawaii
23 to include naval vessels, aircraft, Air Force tankers, back
24 to the continental U.S. by 2020.

25 I am concerned about how moving these kinds of

1 significant capabilities away from the region, while we are
2 supposed to be committed to the rebalance to the Asia
3 Pacific, will look to our allies and to our adversaries. So
4 I would like to continue this discussion with you, as we go
5 forward.

6 This is a question relating to energy security. In
7 April 2014, there was a DOD directive to all of our service
8 entities. It was signed by the acting Deputy Secretary of
9 Defense. This was a new energy directive to enhance
10 capabilities while improving energy security and mitigating
11 costs, because we all acknowledge that the DOD is the
12 largest user of energy in our country.

13 Can you tell us where DOD stands in regards to
14 implementing this directive, which, by the way, goes to
15 2024? And how is it supported in the President's budget?

16 Secretary Carter: Thank you, Senator.

17 On the first point, I agree with you entirely. The
18 Asia-Pacific rebalance is a critical part of our strategy
19 going forward. We can't forget, as we are embroiled in the
20 conflict against ISIL, which we must win, that it is a big
21 world out there. We have interests and friends and
22 challenges throughout the world, and the Asia-Pacific is
23 where half the world's population and half the world's
24 economy resides.

25 So I agree with you, and I would be happy to discuss

1 that. We have done that before, and that is a continuing
2 commitment not only of mine and yours, but of our country.
3 So I would be happy to talk to you about that.

4 With respect to energy, a very important point. And
5 the energy landscape is changing a lot, and the Defense
6 Department is, as you say, the largest user of energy in the
7 Federal Government, by far, and, therefore, has a real stake
8 in where we go with respect to energy and a role to play in
9 getting us there.

10 I signify, if I may, two ways in which we do that. One
11 is R&D in areas that are particularly important to defense,
12 where because of our particular needs, we may be an early
13 adopter of technology. That is a longstanding role of the
14 Department of Defense in many things, like the Internet and
15 everything else. We are doing it for defense, but it has
16 spinoffs.

17 And the other way we play a role is in the country's
18 overall energy strategy. And obviously, that is Secretary
19 Moniz's responsibility, and the President's, but we try to
20 make sure that what we are doing is aligned with them.

21 And, of course, finally -- I don't want to go on too
22 long -- overall, our energy situation has improved
23 tremendously in the last couple years, and our opportunities
24 have widened. And that has been good for defense, because
25 we are, for example, a huge user of fuel. And when oil

1 prices come down, we benefit from it. Thank you.

2 Senator Hirono: Thank you for your continuing
3 commitment.

4 General Dempsey, there was a recent RAND workplace
5 survey report that indicated that 62 percent of women who
6 reported an unwanted sexual contact to military authorities
7 indicated that they experienced at least one form of
8 retaliation. A significant number of these retaliations
9 came from coworkers, not from the command structure.

10 So this is a difficult situation, and I would like to
11 know what your thoughts are on this type of retaliation and
12 how it can be curtailed within the service.

13 General Dempsey: Well, it is absolutely unacceptable.
14 There were 12 metrics that we have established to track
15 progress toward ridding the professional force from this
16 stain. Ten of them trended positively, two of them
17 negatively. One was the retribution issue.

18 Thankfully, a companion piece was that the vast
19 majority of respondents -- and by the way, we had an unusual
20 number of respondents for a survey -- expressed faith in the
21 chain of command. So we actually have been able to isolate
22 the issue to peer-on-peer retribution.

23 Senator Hirono: Yes.

24 General Dempsey: And so you ask what we are doing
25 about it. Well, based on that survey, actually, we have had

1 several meetings. The Secretary convenes a meeting every 2
2 weeks, I think it is. We had one yesterday. That is the
3 topic. We are looking to get after that, but we actually
4 are encouraged that we have been able to turn the trendline
5 on 10 out of 12. We have to go to work on the other two,
6 and keep our eye on the first 10.

7 Senator Hirono: Yes, there will be continuing, I
8 think, interest on the part of most members, many members of
9 this committee --

10 General Dempsey: As there should be.

11 Senator Hirono: -- on how you are doing on the peer-
12 to-peer.

13 General Dempsey: We don't mind that a bit. We have to
14 work on this.

15 Senator Hirono: Thank you.

16 Thank you, Mr. Chairman.

17 Senator Reed: Senator Wicker, please.

18 Senator Wicker: Thank you.

19 Secretary Carter and General Dempsey, I want to ask
20 first about the big picture. And in the 6 minutes that we
21 have, I would like to drill down a little on Afghanistan.

22 Last week, Director of National Intelligence James
23 Clapper spoke to us, and he said, among other things,
24 unpredictable instability is the new normal. And, Secretary
25 Carter, I think this is what you and Senator Inhofe were

1 talking about when you said we used to know the exact
2 threats, and it was one big threat, and now it is unstable
3 and unpredictable.

4 General Clapper also said this. He noted that, last
5 year, there were more deaths from state-sponsored mass
6 killings, more people displaced from their homes, and a
7 higher rate of political instability than we have seen in
8 decades. It was the most lethal year for global terrorism
9 in 45 years. That is Director Clapper.

10 Now, only a few days before, Secretary of State Kerry
11 told the House Foreign Affairs Committee that we are
12 actually living in a period of less daily threat to
13 Americans and to people in the world than normally, less
14 deaths, less violent deaths today than through the last
15 century.

16 Now, Secretary Carter, are we living in a period of
17 less daily threats to Americans?

18 Secretary Carter: Senator, I haven't seen that
19 particular comment of Secretary Kerry --

20 Senator Wicker: That is the exact quote.

21 Secretary Carter: -- with what the context of that
22 was.

23 But I would say two things. One is, to get back to
24 what Director Clapper said about an uncertain world and one
25 in which new and different threats are constantly emerging,

1 I would agree with that completely. I just simply don't
2 know what Secretary Kerry said in that particular instance,
3 Senator, what the context for it was.

4 But we, certainly, have serious threats to the United
5 States around the world. I guess it is a good thing that we
6 have combated terrorism as vigorously as we have since 2001,
7 and we have made a lot of changes, a new Department of
8 Homeland Security, a lot of changes in intelligence in the
9 Department of Defense. So I think we have upped our game
10 considerably.

11 At the same time, our opponents, both state opponents
12 and terrorists, continue to be pretty ingenious.

13 Senator Wicker: Mr. Secretary, I would just observe,
14 in terms of the level of threat, it is hard to square the
15 two statements coming from two members of the same
16 administration. Either we are living in a time of higher
17 instability and more deaths from state-sponsored mass
18 killings, or we are in a period of less daily threats to
19 Americans, this second statement coming from our chief
20 negotiator with the Iranian regime.

21 And I will have to say to you, it causes me concern
22 that Secretary Kerry would feel this way while at the same
23 time trying to negotiate a nuclear deal with this terrorist
24 nation.

25 General Dempsey, if the Secretary of State is correct,

1 perhaps we don't have to avoid sequestration, if we are
2 living a period of less daily threats to American, less
3 threats to the people of the world, than normally. Perhaps
4 we could stick with sequestration, if that is the case.
5 Wouldn't you agree?

6 General Dempsey: Well, you know, I would say this,
7 Senator, one of the ways the military actually contributes
8 to this argument is by being forward-deployed, so that we
9 can shape and influence the future.

10 You may have heard me say in the past the last thing we
11 want to do is play a home game. If you sequester us, we
12 will be playing a home game.

13 Senator Wicker: Well, you know where I stand on
14 sequestration.

15 General Dempsey: I do, sir.

16 Senator Wicker: And I am doing everything I can,
17 working with the bipartisan leadership of this committee.

18 And I appreciate your testimony on page 3, General
19 Dempsey, that threats are proliferating. It seems to me
20 that that is what is obvious out there.

21 It does concern me, though, when the Secretary of State
22 completely misses the point, as demonstrated by the
23 juxtaposition of Director Clapper's statement and the
24 Secretary of State's statement.

25 Now, Secretary Carter, on the first page of your

1 testimony, thank you for commending our troops. You say, in
2 Afghanistan, our soldiers, sailors, airmen, and marines are
3 helping cement progress made toward a more secure, stable,
4 and prosperous future.

5 I want to salute you for saying that we have made
6 progress. It seems to me that there are some people out
7 there listening, maybe to the network news or some of the
8 talking heads, who would conclude that things have gone to
9 hell in Afghanistan.

10 As a matter of fact, as you pointed out, in response to
11 Senator Inhofe's question, President Ghani and his chief
12 opposition leader are in a partnership. They appreciate our
13 presence there, and we have made progress. Things are headed
14 in the right direction. And 10 years' worth of blood and
15 sacrifice has gotten us to where we are.

16 You say they are working to ensure that Afghanistan
17 never again becomes a safe haven for attacks on our homeland
18 or our partners and allies.

19 I think 6 years ago, you might have been able to say
20 that about Iraq. And I just wonder what lessons we have
21 learned from Iraq and what assurances you can give with the
22 plan the administration has, with the President's plan for a
23 drawdown of troops in Afghanistan, that we won't lose the
24 progress that we have made that you have talked about, to
25 cement the progress toward a more secure, stable, and

1 prosperous future in Afghanistan, and toss that all away, as
2 we have elsewhere.

3 Secretary Carter: Thank you, Senator. And we do have
4 the opportunity to cement it. You said, what is the
5 difference between Iraq and Afghanistan? They are very
6 different situations in the following two ways.

7 The first is that we, as President Ghani clearly
8 indicated to me, but he has said this publicly, he wants us
9 there. We have a willing partner. We have a bilateral
10 security agreement, which we didn't get with Iraq, welcoming
11 us to stay in Afghanistan. That is the first thing.

12 And the second thing is that we have a partner in
13 President Ghani. And you mentioned Dr. Abdullah, the chief
14 executive officer, and that is an important point, as you
15 note.

16 They are working together. I saw both of them. I saw
17 both of them together. I kind of watched their
18 relationship. And they have agreed to work together in a
19 multisectarian, if I can use that phrase, way, which is
20 exactly what didn't happen in Iraq, the devolution to
21 sectarianism. And that is what led to the opportunity the
22 cruel force of ISIL exploited and to the situation we are
23 now in.

24 So we have an opportunity in Afghanistan, for those two
25 critical reasons that are so different from Iraq, to get an

1 outcome that really is cemented.

2 Senator Wicker: General, would you like to comment on
3 that?

4 General Dempsey: There is a terrorist network that
5 stretches from Afghanistan to Nigeria, and we have to keep
6 pressure on it along its entire length. And I think
7 Afghanistan is and will remain an anchor point for that
8 pressure.

9 Senator Wicker: Thank you.

10 Thank you, Mr. Chairman.

11 Senator Reed: Senator Blumenthal, please.

12 Senator Blumenthal: Thanks, Mr. Chairman.

13 I want to shift to an area where both of you have
14 demonstrated a lot of attentiveness and caring, which is the
15 well-being of the extraordinary men and women whom you
16 command while they serve under you and afterward when they
17 become veterans. I know that both of you have shown that,
18 indeed, Mr. Secretary, in your prior life, when you worked
19 as Undersecretary. And, General Dempsey, I was privileged
20 to watch you perform at a recent event sponsored by the
21 Woodruff Foundation, so I know how active you are in support
22 of our troops and our wounded warriors.

23 I want to focus on the connections between the DOD and
24 the V.A., having now seen it from the perspective of the
25 V.A., the Veterans Administration, in my capacity as ranking

1 member. I am struck by the need for better information.
2 The health electronics records have been a point of
3 contention, but so have the formulary issue, the drug
4 formulary issue. There are a variety of areas where there
5 needs to be simply better coordination. That is a
6 Washington word, "coordination," "collaboration."

7 But can you see ways that we can improve the flow of
8 information and the help that veterans get, particularly our
9 veterans who suffer from posttraumatic stress and traumatic
10 brain injury, which, as you know, both Chairman McCain and I
11 have addressed in the Clay Hunt Veterans Suicide Prevention
12 bill that we cosponsored and that recently passed. But that
13 is just a beginning, a down payment.

14 And I wonder what more we can do in that area. I know
15 we have talked about it a little bit, and I wonder if you
16 could address that in the context of the budget.

17 Secretary Carter: I can, and thank you for that. We
18 did discuss it. And accordingly, I have tried to see where
19 things stand and assess it.

20 I have a great partner in the Secretary of Veterans
21 Affairs, and I have talked to him. To the soldier, sailor,
22 airman, and marine, they shouldn't have to worry that there
23 are two Cabinet departments that are responsible for taking
24 care of them. They shouldn't have to worry about that. We
25 should have to make it knit together.

1 You mentioned IEHR, the Integrated Electronic Health
2 Record program, formulary issues, which have to do with
3 pharmacies and what they call drugs and so forth. So, yes,
4 we do need to stay closely knitted, and we will.

5 I wanted to particularly note your work on PTS, simply
6 because that is one of these things that we have learned
7 through sad experience in the last decade or so is a serious
8 thing that can also be treated. And I think you have been
9 the one championing, and I thank you for that. And we will
10 do it, making sure that veterans who came along before there
11 was this awareness and before there were these treatments
12 are given the benefits of this awareness and given the
13 benefits of this treatment.

14 I have looked into that since you and I have talked. I
15 can say more about that and we can talk about it privately,
16 but I understand exactly the need that you were pointing me
17 to, and I think I see a way that we can address that. That
18 is really important for our older veterans.

19 Senator Blumenthal: Well, I appreciate those comments.
20 And you are absolutely right. The diagnosis for PTS began
21 in the 1980s, but troops were suffering from it way before
22 then. And part of the challenge is to not only care for
23 them, and you mentioned there are treatments, but in many
24 ways, PTS is still a mystery. There are centers of
25 excellence that the V.A. has established. One of them

1 happens to be at the V.A. facility in West Haven, in
2 Connecticut, under the aegis of Yale New Haven and the
3 psychiatrists and so forth there, and they are doing some
4 great work.

5 But with proper support, and I hope it will come from
6 the Department of Defense as well as the V.A., so much more
7 can be done and more effective treatment, which we are just
8 beginning to discover, as you observed.

9 Let me just conclude by going through some of the
10 procurement issues that I think are important.

11 The Joint Strike Fighter, I am pleased to see the
12 increase there from 38 to 57, which, going back again to
13 your prior service in the Department of Defense, might not
14 have been predicted at that time, the, in effect, vote of
15 confidence. I don't want to speak too strongly, but it
16 looks to me like that procurement program is proceeding
17 well. Am I correct?

18 Secretary Carter: I think we have stability in the
19 Joint Strike Fighter program, compared to 5 years ago. And
20 that is the basis on which the ramp-up of production is a
21 prudent thing to do. And that is a good opportunity for us,
22 that the program is running that way.

23 Senator Blumenthal: And I am very pleased to see that
24 both the Virginia class and the Ohio replacement are moving
25 ahead on a very good pace.

1 Secretary Carter: True. Both necessary.

2 Senator Blumenthal: Thank you. Thank you, Mr.

3 Secretary. Thank you, General.

4 Secretary Carter: Thank you.

5 Senator Reed: Senator Ayotte?

6 Senator Ayotte: I want to thank the chair.

7 I want to thank all of you for what you do for the

8 country.

9 And, Secretary Carter, I want to thank you very much
10 for so quickly after your confirmation following through and
11 meeting with the JTACs to hear their perspective on close
12 air support on Friday, and for including me in that meeting.

13 I appreciate your commitment to review the Air Force's
14 decisions on the A-10 and appreciate your willingness to do
15 that. So thank you very much.

16 Secretary Carter: Thank you.

17 Senator Ayotte: I wanted to follow up on the issue of
18 Ukraine, on a different topic, and that is the issue of U.S.
19 intelligence sharing, because there were reports recently in
20 the Wall Street Journal that really troubled me about what
21 we are doing to help the Ukrainians in terms of their
22 defense, the information we can share with them to be able
23 to minimize their casualties and defend their territory.

24 In that article, basically what it said is that images
25 are being significantly degraded to avoid provoking Russia

1 and that what it was doing, in terms of Ukrainian officials,
2 they said it has really hampered their ability of their
3 forces to counter separatists because it is a 24-hour delay,
4 in terms of intelligence sharing, and that they are actually
5 approaching other countries like Canada because of these
6 intelligence gaps.

7 So can you help me understand, if we are not going to
8 give them arms to defend themselves, because we haven't done
9 that yet -- and I appreciate that I hear from General
10 Dempsey and you as well that this is something that you are
11 very open to -- at least we can share information with them
12 because they are obviously dying by the thousands defending
13 their own territory.

14 So can you help me understand this issue of, can we
15 share intelligence with them so they can defend themselves?

16 Secretary Carter: I can help you in a limited way,
17 because that is not a decision that either the chairman or I
18 are involved in. This is an intelligence community thing,
19 and it has to do with the sharing arrangement that we have
20 with Ukraine. And I think there are other considerations
21 that they take into account when making that determination.

22 But I think your larger point, which is that there are
23 things that we can do to help the Ukrainians help themselves
24 -- and, of course, the main effort there is the political
25 and economic ones, sanctions and so forth. But on the

1 military side, there are ways that we can help the
2 Ukrainians to help themselves. And we are, as you say,
3 working through them now.

4 But I am afraid I can't speak to the intelligence. The
5 intelligence community will have to answer that.

6 General Dempsey: It is sources and methods, Senator.
7 It has nothing to do with the fact that we are worried about
8 angering Russia.

9 I can assure you that both the Secretary and I are
10 committed to finding ways to help Ukraine defend its
11 sovereign territory and reduce the casualties. There is a
12 disproportionate number of casualties on the Ukraine side.
13 And you are right, both the Europeans and us should be
14 active in trying to help them.

15 Senator Ayotte: So think about if you, General
16 Dempsey, with all of your military experience, if you are
17 fighting an enemy and you weren't getting intelligence in
18 real time. A 24-hour delay is like a lifetime in a wartime
19 setting.

20 So I guess the real-time intelligence, to me, there has
21 to be a way to protect our sources and methods. But 24
22 hours later in an intelligence context is like a lifetime.

23 So I really hope we will get them real-time
24 intelligence, so that they can defend themselves. They have
25 suffered too many casualties, and anything we can do to

1 prevent those casualties, I think we have some
2 responsibility here, given we were signatories to the
3 Budapest Memorandum, too, and this is just outright
4 aggression of one nation upon another. So I appreciate
5 that.

6 I wanted to ask as well about ISIL's activities beyond
7 Iraq and Syria. We are hearing a lot about ISIL's
8 activities in Libya.

9 Can you help me understand what we see ISIL doing even
10 beyond the grave challenges that we face of their
11 establishing a caliphate along Iraq and Syria, in places
12 like Libya? And where else are we seeing their presence?
13 And what are we going to do about it?

14 Secretary Carter: Thank you, Senator. I will say
15 something, and then the chairman might want to add in.

16 We are seeing it. We are seeing it throughout North
17 Africa. We are seeing it in the gulf area. I had a lengthy
18 conversation, to get back to the previous conversation we
19 were having on Afghanistan, with President Ghani, about it
20 showing up in Afghanistan. And then we see people in
21 Europe, individuals who are joining up, and so forth.

22 I will give you the perspective I learned by talking to
23 our folks over in the meeting I held in Kuwait last week,
24 what I learned about it, which is, one, ISIL is attractive
25 to younger members of older movements, where the leadership

1 has gotten a little older. Maybe they have gotten a little
2 staid. And the younger guys who have more steam or are more
3 deluded are attracted to this newer, more radical thing.

4 And the second thing I learned is that this is a social
5 media-fueled terrorism group in a way that we haven't seen
6 yet. So people who are very distant from any battlefield,
7 very distant from any experience of radicalism, suddenly
8 becoming enticed through social media.

9 In terms of what we do about it, I think this is why I
10 wanted people to come from all over the region and, indeed,
11 in the case of Special Operations Command, all over the
12 world. We need to be prepared for this, in terms of
13 protecting our own people.

14 I think it is also true the diplomatic and nondefense
15 people who were in this conference have this knowledge and
16 responsibility. But it is something that we need to combat
17 in the information domain as well. And that is going to be
18 challenging, because this is a social media -- if bin Laden
19 was the Internet terrorist, these guys are the social media
20 terrorists. And I think that we will see people running up
21 that flag or saying that they are attracted to that movement
22 all over the world.

23 And by the way, and this is the last thing I will say,
24 that is why it is important to inflict defeat upon ISIL. We
25 have to take the steam out of this thing. These guys aren't

1 invincible, and we have to make that clear.

2 General Dempsey: The only thing I would add, Senator,
3 in addition to what the Secretary said about it, the radical
4 nature of its ideology makes it attractive to a population
5 where governance has collapsed broadly across the region.
6 And they are extraordinarily in the social media. So we
7 really are taking and continue to refine a transregional,
8 sustainable, persistent approach to this.

9 And as I said, it stretches from al Qaeda in Iraq and
10 Pakistan all the way over to Boko Haram. At different times
11 and in different places, they syndicate with each other. We
12 have to see it that way, in order to deal with it.

13 Senator Ayotte: Thank you.

14 Chairman McCain: [presiding] Senator Manchin, and
15 following Senator Manchin, at the request of Secretary
16 Carter, he would like to take about a 15-minute break after
17 Senator Manchin, and the committee will stand in recess for
18 15 minutes following Senator Manchin's questioning.

19 Senator Manchin?

20 Senator Manchin: Thank you, Mr. Chairman.

21 And thank all of you for your great service to the
22 country. I appreciate very much what you do every day.

23 There is not a person that I know of in my State of
24 West Virginia who doesn't support everything you do, doesn't
25 support the military, how they fight. They will do anything

1 you ask them to do.

2 But they still ask questions about why we spend so much
3 money on military, why we spend more than eight of the next
4 countries put together. So we have to be always gaining
5 their trust, if you will.

6 I know in procurement, we are not the best in
7 procurement. We are not the best in developing weapons, as
8 far as the costliness. Eisenhower said beware of the
9 military-industrial complex. I think we all are in tune
10 with all of this.

11 So I know how detrimental sequestering is. We talked
12 about flexibility at one time. Flexibility by itself won't
13 do it. I understand that.

14 Secretary Carter, you and I had a nice conversation. I
15 think Secretary Hagel was trying to look at the budgets,
16 reducing them by 20 percent and everything. But basically,
17 it really comes down to the auditing, knowing where we are.
18 And I have talked about contracting. I have talked about
19 the effectiveness of our National Guard. I have even asked
20 the question, tell me the difference between the Reserve and
21 the Guard, why do we have duplication? There is so much
22 going on here.

23 Are we allowing you to do everything that you need to
24 do to run a very effective and efficient and cost-effective
25 military for our country? The people in West Virginia are

1 willing to spend their taxes and invest their taxes into the
2 defense of this country. But with that, they would like to
3 make sure they are getting pretty good bang for their buck,
4 too, and not just throwing a lot of it away.

5 So how do we do this? How do we help you? We ought to
6 have an audit. We have been talking about that, and I know
7 that the chairman here has been very much concerned about
8 that, and developing our arsenal, if you will, making sure
9 we are able to get that to market, do what we are supposed
10 to do, and get it there as quick as possible.

11 So anybody on the panel, Secretary, if you wanted to
12 start with that, and, General, chime in.

13 Secretary Carter: Well, I think your constituents are
14 very logical. They are saying, hey, look, I am willing to
15 pay for defense, but I want to make sure that every dollar
16 is spent well. So we need to pair our request for the funds
17 that we need to defend our country with the assurances that
18 we are using it well.

19 And we know we are not always using every dollar of the
20 defense budget well. And that is why I think Senator
21 McCain, Chairman Reed, and this entire committee has been
22 urging a movement toward reform, one I very much support and
23 would like to partner with you on, because I think the
24 taxpayer will find it easier to support what we are trying
25 to do to defend ourselves if they also see us vigorously

1 getting the best value for every tax dollar.

2 And you mentioned audit. Audit is, as you indicate,
3 key. And we have a plan for audit readiness for the
4 department. You and I have discussed that. Secretary
5 McCord is in charge of that effort. But I am completely
6 committed to its success.

7 Senator Manchin: Sorry to interrupt, sir. Just one
8 thing, every time we hear about reduction in force, it is
9 always on our frontline. It is always the people we are
10 depending on to be on the frontline, fighting and defending
11 us.

12 But when you look at, basically, the size of the
13 staffs, it is just overwhelming the size of the staff keeps
14 growing, but we always continue to talk about the reduction
15 in force of the people we need out front.

16 What can we do to help you there, to get control of
17 that, reduce that staff proportionately?

18 Secretary Carter: Well, you are absolutely right. And
19 I hope you will support and continue to support us as we get
20 rid of excess infrastructure and shed excess staffs.

21 This is the kind of thing we have to do, if we are
22 going to go forward here with resources that are still going
23 to be under pressure. They are going to be under pressure,
24 so we have to make sure every dollar counts.

25 And, Senator, while I am speaking, before I ask the

1 chairman to comment on the same thing, let me just say, Mr.
2 Chairman, I appreciate your consideration. This is about my
3 healing up my back, and I thank you. However, I am doing
4 fine, so since everybody is here, unless others want to take
5 it, I am okay going on. I very much appreciate your
6 consideration.

7 Chairman McCain: Well, I was trying to prevent you
8 from having to be interrogated by Senator Fischer. She's
9 next.

10 [Laughter.]

11 Chairman McCain: If you are ready for that.

12 Secretary Carter: I just got another pang.

13 General Dempsey: Yes, thanks, Senator.

14 First, it is probably worth remembering that when I
15 became the Chief of Staff of the Army, we were tasked to
16 find \$487 billion in the budget. We did. When I became the
17 chairman, I think I am actually jinx, but we were then asked
18 to achieve that level, an additional \$520 billion -- roughly
19 speaking, a little over \$1 trillion. We have actually found
20 \$750 billion of it. What we are debating now is the last
21 \$250 billion over the next 6 years.

22 I think we have done pretty darn well, to be honest
23 with you, Senator.

24 In terms of what you can tell the people in West
25 Virginia, they are going to see those Mountaineers, the

1 20th-ranked Mountaineers, playing basketball, and they don't
2 have to worry about getting blown up while they are watching
3 a basketball game. We are doing okay at the away game.

4 And last but not least, I would venture to tell you all
5 that this group at JCS, the chiefs, have proposed some of
6 the most controversial and emotional changes in terms of
7 paid compensation, health care, basing, weapons systems,
8 than any group in my memory in 40 years.

9 And if we get some help with that, and we get some
10 topline, as the chairman mentioned, for things that were
11 unforecasted -- for example, space, nuclear weapons, the
12 emerging threats -- we can actually manage it and look the
13 American people in the eye, as I do my own family, and tell
14 them that we are spending your money wisely.

15 Senator Manchin: Thank you, Mr. Chairman.

16 Senator Reed: [presiding] Senator Fischer?

17 Senator Fischer: Thank you, Mr. Chairman.

18 And thank you, gentlemen, for being here today. I do
19 appreciate your service.

20 Secretary Carter, I appreciate your fortitude to stay,
21 so you can have my questions.

22 A lot of my colleagues have drilled down on some
23 issues, and I have about three different areas I would like
24 to touch on, if I may.

25 As we look at the situation in Ukraine, and we see that

1 the separatist forces are having success on the battlefield,
2 do you believe that that may incentivize Putin to become
3 more ambitious in Ukraine, so that he maybe would look at
4 more ambitious goals with regard to that country?

5 Secretary Carter: I am concerned about that. And I
6 think he has made his goals pretty clear. He speaks about
7 them openly, which is to have all around him states that are
8 in his orbit, rather than pursuing their own futures, their
9 own independent futures. And Ukraine is an example of that.

10 And I think that if we don't remain united on the
11 political and economic pressure, which is having a real
12 effect in Russia, and if we don't remain united in standing
13 up for NATO in Europe, and if we don't remain united in
14 sticking up for the ability of the Ukrainian Government and
15 Ukraine to plot an independent path for itself, Putin will
16 just keep pushing and keep pushing. My read of him is that
17 that is the kind of guy he is.

18 Senator Fischer: I would say, right now, that we are
19 united. But I have fears for the future and how we move
20 forward in this area. You mentioned NATO and our commitment
21 there and the commitment that we have.

22 What effect is it on the world when they see that we
23 are not helping a country, Ukraine, with more lethal force
24 to defend themselves when we signed an agreement that we
25 would? What message does that send to our NATO allies and

1 to the institution of NATO itself?

2 Secretary Carter: As it happens, I was in Budapest in
3 1994 when that agreement was signed, the very one that
4 Vladimir Putin's Russia is violating, so I know it well.

5 It was not a NATO-type agreement. But in it, Russia
6 pledged to respect to the territorial integrity of Ukraine,
7 which it clearly has not done.

8 And insofar as NATO is concerned, as you say, I think
9 the point of our so-called reassurance initiative, but it
10 basically means rotating more forces into Europe and taking
11 steps to strengthen our presence in Europe, that is a way of
12 saying, which I think we have to do, to NATO that we are
13 with you in a very serious kind of obligation that we have
14 under the NATO treaty.

15 We have an obligation to Ukraine also. And to get to
16 your other point, I think that assisting them politically,
17 economically, and we talked before about the military being
18 something also under consideration, that is very important.

19 Senator Fischer: As we look at Russia, they are not
20 honoring the assurances that they gave to Ukraine. As you
21 mentioned, that was an agreement. They have been in
22 violation of the INF treaty, which they don't admit to. But
23 as has been discussed, they have been in violation of that
24 treaty.

25 How long does the United States wait before we start

1 exploring options, not just with regard to Ukraine but with
2 regard to Russia's blatant violations of a treaty agreement
3 with our country?

4 Secretary Carter: We haven't waited. We shouldn't
5 wait. We haven't waited to explore alternatives. The INF
6 treaty is a two-sided treaty. They said they wouldn't do
7 something. We said we wouldn't do something. And they have
8 done what they weren't supposed to do. So that means that
9 we can react, in various ways.

10 So if they don't get back into compliance, we can take
11 steps that are defensive, in terms of defending ourselves,
12 that are deterrent steps, and that are aimed at countering
13 the effects of this weapons system that violates the INF
14 treaty that they are working on.

15 And I think they need to understand that the United
16 States can react to this kind of thing. It was a two-way
17 street. So it is not something that we asked them to do and
18 they give us for free. It is something that we have. It is
19 a two-way street, and we have begun to think about things we
20 can do now.

21 I mean, we signed the treaty because we thought it was,
22 on the whole, best for both of us not to do that. That was
23 the logic behind the treaty. I think that logic is still
24 fine. But you can't be one-sided about it.

25 Senator Fischer: I totally agree. I appreciate that

1 you are looking for options. I hope you can be more public
2 about that and also very firm publicly in that the United
3 States will react to treaty violations, especially when they
4 are violations on treaties with our country. Thank you.

5 Senator Reed: Senator Donnelly?

6 Senator Donnelly: Thank you, Mr. Chairman.

7 And thank you all for your service.

8 General Dempsey, Secretary Carter, are you looking into
9 how our plan for Mosul got out and what is going on with
10 that?

11 Secretary Carter: I have spoken to General Austin. The
12 chairman has as well. And, clearly, that was an instance of
13 speculation that, certainly, doesn't reflect what we need to
14 be thinking, with respect to an offensive against Mosul,
15 which is, we will conduct an offensive against Mosul when
16 the Iraqi security forces can lead such an offensive helped
17 by us, because it is important that that offensive succeed.
18 So it will happen when it can succeed.

19 Senator Donnelly: And this would be for either you or
20 General Dempsey. How do we make sure this doesn't happen
21 again? And what is being done to prevent it?

22 General Dempsey: As the Secretary mentioned, General
23 Austin and I have been in contact. He is conducting an
24 internal inquiry into it. I know he will take the
25 appropriate action.

1 Senator Donnelly: Thank you.

2 Let me ask you this, and these are obviously not
3 classified sources or whatever. These are newspapers you
4 read, this and that. They said this morning, in the effort
5 that is going on in Tikrit, that we are really kind of
6 peripheral players in this and that General Soleimani from
7 Iran is on the frontlines with the Shiite militia.

8 What is going on there?

9 Secretary Carter: This gets back to the point made
10 earlier.

11 Senator Donnelly: I apologize, if it was already
12 mentioned.

13 Secretary Carter: No, it is fine. I am sorry. Your
14 question is right on.

15 We operate in Iraq in support of the Iraqi Government.
16 The Iraqi Government, in this case, did not ask for our
17 support, in this particular operation. And I think that we
18 need to be watchful, together with the Iraqi Government, as
19 we take back territory from ISIL, that we continue to
20 conduct this campaign in a multisectarian way, because we
21 have been down the road of sectarianism in Iraq, and it is
22 important that the Government of Iraq today not go down that
23 road again.

24 So we need to have success against ISIL. But we need
25 to have it in a way that doesn't inflame sectarianism again.

1 That is why we are watching this so closely.

2 General Dempsey: If I could add, Senator, the
3 Soleimani report, by the way, is a pull off of social media.
4 I have seen pictures myself. And our intel community will
5 now go to work to decide whether he was personally there or
6 not.

7 But it is worth reminding ourselves that Iran and its
8 proxies have been inside Iraq since 2004. This is the most
9 overt conduct of Iranian support in the form of artillery
10 and other things. Frankly, it will only be a problem if it
11 results in sectarianism, as the Secretary said.

12 So of the size of the force going to Tikrit, about a
13 third of it is Iraqi security forces, the Fifth Division
14 normally based just north of Taji, and then the other two-
15 thirds are Shia militia from the Popular Mobilization
16 Committee.

17 If they perform in a credible way, rid the city of
18 Tikrit, turn it back over to its inhabitants, then it will,
19 in the main, have been a positive thing in terms of the
20 counter-ISIL campaign.

21 At this point, as the Secretary has mentioned, it is
22 supported by the Sunni members of parliament and the local
23 leaders. But that is dependent on the behavior of the
24 militia as they conduct this campaign.

25 And by the way, we are watching.

1 Senator Donnelly: I was going to say, I am sure, like
2 you, my concern is that these Sunni tribal leaders look up
3 and go, these are the same people who have been working us
4 over for years. At what point do they say, where's the good
5 option here of these sides?

6 Secretary Carter: That is exactly the concern. They
7 did, as we understand it, make a statement today, the tribal
8 leaders in the area, that they supported the offensive. I
9 hope that is true, because what is very important is that we
10 all be behind defeating ISIL and that sectarianism not raise
11 its ugly head again, because that is what brought us to this
12 place in the first place.

13 Senator Donnelly: Let me ask one last question,
14 because I have about a minute, and I know it will take up
15 that much time.

16 It has been mentioned in Syria that we plan to reduce
17 ISIS, get rid of them. How do you bring Assad to the table?

18 Secretary Carter: In Syria, it is a very good
19 question. I will offer the following. He needs to come to
20 the table in order to discuss his own receding from the
21 scene in Syria.

22 Senator Donnelly: Right.

23 Secretary Carter: And for that to occur, he needs to
24 see the right combination of the doom of the strategy that
25 he has set his country's course on, set the course of his

1 country on, and also I believe the pressure from Russia and
2 Iran, both of whom are supporting him. And they need to
3 withdraw their support of him, because of what he has done
4 to his country. And when he sees that combination, it seems
5 to me that may cause him to recede.

6 But no doubt on our point of view, which is he has done
7 things to his people by this time that put him outside the
8 pale, and he has to go.

9 Senator Donnelly: Thank you, Mr. Chairman.

10 Senator Reed: Senator Sullivan, please.

11 Senator Sullivan: Thank you, Mr. Chairman.

12 And, Secretary Carter, it is good to see you again.

13 Congratulations.

14 General Dempsey, others, thank you for your service.

15 I want to go back to a theme that we discussed during
16 your confirmation hearing, and that is this broader theme of
17 leveling with the American people on our threats. I think
18 that you are seeing -- I would call it a pretty general
19 bipartisan concern that there is a disconnect sometimes
20 between what we are hearing from the uniformed military and
21 what we are hearing from the intelligence services and
22 agencies, and, importantly, what we are hearing from the
23 leadership of the country, the President. Senator Wicker
24 was talking about the Secretary of State.

25 You know, I think there is growing agreement,

1 certainly, here about the importance of defense spending,
2 and how we, certainly, think, I think most Americans think,
3 we face a lot of threats in the world. And defense spending
4 is a function of these threats.

5 But when we hear kind of the disconnect between
6 different members of the administration on what the threat
7 levels are, and how the President in many ways paints a very
8 benign picture of what is going on in the world and how we
9 are making progress in a lot of areas, it undermines
10 credibility in what we all are trying to do with regard to
11 bolstering our national defense.

12 So again, I am not going to go into the specific quotes
13 from Secretary Kerry, the President's State of the Union,
14 all of which seemed to tell Americans, hey, don't worry,
15 everything is looking great. Things aren't looking great,
16 and I think that you and the members of the military
17 recognize that.

18 What would you see right now as the top three biggest
19 threats that the United States is facing, both of you,
20 Secretary Carter and General Dempsey?

21 Secretary Carter: Before I get to the top three, to
22 your first point, I think that the President is requesting
23 in this budget an end to sequester and more money than would
24 be called for by sequester.

25 Senator Sullivan: I recognize that. But it is harder

1 to get through the Congress, if the President in his next
2 breath or the Secretary, in his next breath, of State, says
3 that, don't worry, everything is fine in the international
4 world. The threat level is decreasing. The moment of
5 crisis has passed. We are making progress with ISIS. I
6 mean, I don't think any of those statements are accurate.

7 Secretary Carter: Well, the only thing I would say is
8 that I think the reason why we need the resources that we
9 are requesting, both in the base budget and in the OCO
10 budget, is because we are being asked to respond to and
11 defend the country against a great variety of threats.

12 I will do a stab at three of them, but it is very hard
13 to rank things, because they are all important, otherwise we
14 wouldn't be doing them. But just to pick the things that we
15 are requesting additional funds for, that is OCO funds this
16 year, which are new things. I think you have to count ISIL
17 as one. And we are requesting funds specifically in
18 addition to the base budget for combating ISIL. I think the
19 same is true of the European Reassurance Initiative, which
20 is connected with the behavior of Russia in Europe and our
21 NATO and other obligations in Europe. We are requesting
22 extra money for that in the OCO budget. And we are
23 requesting, of course, funds for Afghanistan, to make sure
24 that our success there can stick.

25 So I don't know those are the most important things,

1 but they are very important things. And there are other
2 reasons why we are requesting the amount of money that we
3 think the country needs, which is above the sequester level.

4 Senator Sullivan: So, General Dempsey, do you
5 generally agree with those top three?

6 And I am going to get to a couple other questions.

7 General Dempsey: I might package them a little
8 differently. I am actually concerned about European
9 security for reasons we talked about earlier and, in
10 particular, because -- and it is not just about Russia. It
11 is what Russia has done, as I mentioned. It has started a
12 fire of ethnicity and nationalism. It may, actually, burn
13 out of their control.

14 So European security, for the first time in 20 years,
15 concerns me.

16 Secondly, the threat network that, as I mentioned, runs
17 from Afghanistan, Pakistan, all the way to Boko Haram. We
18 can't just deal with one of those groups. We have to deal
19 with them in the aggregate. We have all kinds of tools,
20 direct action, building partners, enabling others like we
21 are doing with the French in Mali. But we have to keep the
22 pressure on that entire network.

23 And the last one is one I would have to discuss in a
24 closed session, and that would be on narrowing technological
25 gaps in certain key areas.

1 Senator Sullivan: Okay, thank you.

2 I want to switch, gentlemen, to the Arctic and the
3 strategic posture that we have up there.

4 Mr. Secretary, in your last hearing here, you did
5 mention that you agreed with me that Alaska occupied the
6 most strategic place in the world, according to Billy
7 Mitchell. I just want to straighten the record with the
8 chairman and the ranking member. Billy Mitchell was court-
9 martialed, but he was court-martialed for insubordination
10 after accusing Army and Navy leaders of "almost treasonable
11 administration of national defense" for investing in
12 battleships as opposed to aircraft carriers. He was later
13 given a Congressional Medal of Honor by the Congress. So I
14 think he has been vindicated, but I am going to ask a
15 question that follows up on that.

16 You put out a strategy on the Arctic, and yet the
17 Russians are making huge moves in the Arctic with regard to
18 new bases, with regard to new airfields, new Arctic command,
19 claiming territory over huge swaths of the Arctic. We had
20 big support in Alaska the last week, the Army task force
21 that was up looking at potential force reductions, looking
22 at two brigade combat teams potentially being moved out of
23 Alaska.

24 If the Army eliminated even one brigade combat team in
25 Alaska, how do you think Kim Jong-Il or Vladimir Putin or

1 our allies in Japan, Korea, Singapore, would react to that,
2 given how important the Arctic is, given how important this
3 new part of the country is? And to be honest, we have a 13-
4 page paper. The Russians are putting major, major troops
5 and infrastructure in the Arctic.

6 Does that concern you? And should we be looking at
7 removing brigade combat teams, our only airborne brigade in
8 the Pacific?

9 Sorry, Mr. Chairman. I went on a little longer.

10 Secretary Carter: I think both of your points are very
11 important. The Arctic is going to be a place of growing
12 strategic importance. The Russians are active there. We
13 are, as your State is right on the point of, an Arctic
14 power. And that needs to be part of our strategy. It needs
15 to be more than, and I think it is, more than a pamphlet, as
16 you say.

17 And the other thing you raised with Kim Jong-Il's
18 thinking, and so forth, this is why, whether we continue to
19 invest in the defense that we need, whether it be BCTs, as
20 you say, or any other part of our force, is something that
21 others are watching. It is important, if we ever have to
22 use it. But it is also important in ensuring that it is
23 less likely that we will have to use it.

24 And I do worry about our foes being encouraged or
25 heartened when they see us debate whether we should spend

1 enough money on our defense. That is just yet another
2 reason why I really hope we get the support for the defense
3 spending we need.

4 General Dempsey: I won't speak to the number of Army
5 BCTs, brigade combat teams. But I will say the Russians
6 have just taken a decision to activate six new brigades, and
7 four of them will be in the Arctic.

8 Chairman McCain: [presiding] Thank you.

9 Some of us still believe in battleships, and we are not
10 sure that Alaska should have ever been made a State.

11 [Laughter.]

12 Chairman McCain: Senator King?

13 Senator King: With some trepidation, Mr. Chairman, I
14 want to associate myself actually with the Senator from
15 Alaska's questions, because the Arctic is emerging as an
16 enormously important and strategic area. Just one of the
17 simplest measurements is, we have one heavy icebreaker and
18 one medium icebreaker. The estimates are that the Russians
19 have seven to 10 icebreakers. That is just basic
20 infrastructure. And the resources up there, and the
21 strategic implications, are enormous. So I appreciate the
22 Senator raising that question.

23 I think one of the things we have to do is put this
24 discussion into context, in terms of your budget. This
25 chart, which I am sure you are familiar with, is the last 50

1 years of defense spending as a percentage of GDP. Starting
2 in 1962 at about 9 percent, today it is at 3.3 percent and
3 headed down at a time of increasing threat and peril for our
4 country.

5 Often, we get confused about the absolute dollar
6 amounts, but a percent of GDP is a way of comparing apples
7 to apples throughout recent history. And we are reducing
8 the defense function dramatically -- dramatically -- at a
9 time, as I say, of increasing threat.

10 General Dempsey, I want to put a fine point on your
11 testimony. You talked about numbers of deployments and
12 readiness. If we aren't able to avoid the sequester, are
13 American lives being put at risk?

14 General Dempsey: Yes.

15 Senator King: That is an eloquent answer, General. I
16 appreciate it.

17 Secretary Carter, I do want to talk about an area of
18 your budget in a little more detail. \$5.5 billion is
19 scheduled for increased activities in cyber. I am extremely
20 concerned about cyber. I think it is the next frontier of
21 warfare. We have had plenty of warning shots across our bow
22 in the last couple years. And yet Congress hasn't acted. I
23 commend you for taking this initiative.

24 Here's my concern, however. News reports are that the
25 CIA is expanding their cyber capability. And, of course,

1 NSA has a substantial cyber capability. And you are
2 building a substantial cyber capability. I don't want to
3 return to the post-9/11 days when we had a lot of
4 intelligence capability, but they weren't talking to each
5 other.

6 Please assure me that you will be coordinating with CIA
7 and NSA, so that we are not duplicating, overlapping,
8 spending more of the taxpayers' money than we have to, and,
9 worst of all, not sharing whatever information is being
10 derived in this field.

11 Secretary Carter: Well, thank you. And you are
12 absolutely right. This is a terribly important DOD mission,
13 and that is why both I and, I think, the chairman has been a
14 great leader in this as well, and are so determined to do
15 more.

16 But this is one of these things that, just like you
17 analogized it to the war on terrorism before 9/11, it
18 requires us to stitch together the efforts of different
19 parts of the government. And to the list you named, I would
20 add also the FBI, which has some capabilities and some
21 authorities in this area; DHS, which has capabilities and
22 authorities in this area. We have to make the whole greater
23 than the sum of the parts.

24 So even as we in DOD move out and make the investments
25 we need to, we need to coordinate with the others.

1 Our investments are in two categories. One is to make
2 sure that our networks are secure, because our forces depend
3 for their effectiveness upon information networks. So the
4 buying of planes, ships, and tanks doesn't get us anywhere
5 unless we have the networks to go with them. And they don't
6 do any good in warfare, unless the networks are survivable
7 and able to avoid penetration.

8 And also, another thing we need to do is build cyber-
9 weapons as weapons of war, because war comes out of being a
10 dimension of future warfare, as many have noted.

11 We also play a role --

12 Senator King: Let me interrupt you there, if I might.
13 I am concerned that our cyber-defense system is just that,
14 it is defense, and that we don't have an offensive
15 capability. Or if we do, it is not broadly known. And
16 therefore, particularly nation states who act against our
17 cyber, we are very vulnerable, because we are such a wired
18 country. There is no price to be paid.

19 I wonder if we shouldn't be developing a theory of
20 deterrence similar to nuclear deterrence in the 1950s,
21 1960s, and 1970s, which served us well, actually, until
22 today, so that people understand that if they come against
23 our cyber-infrastructure, they are going to pay a price. Is
24 that something that I hope you can consider?

25 Secretary Carter: I think that is very wise, so I

1 appreciate that thought.

2 I think that is something that we need to think through
3 better than we have. What does doctrine mean, what does
4 deterrence mean, in this new domain?

5 So at the same time we build capabilities, we have to
6 build doctrine as well. So I think that is a very, very
7 wise point.

8 Senator King: Thank you.

9 Final question, and I am running out of time, so I will
10 really ask you to respond to this perhaps on the record.

11 That is, you have identified as a priority acquisition
12 reform. I know that you once held that job, and I hope you
13 will hold to that. I would like to see a little more detail
14 about how you are going to tackle that.

15 I know the chairman has expressed this concern. How do
16 we get at procurement not only in terms of cost, but in
17 terms of timeliness, that we are not taking literally
18 decades to develop a new aircraft, but that we have a more
19 timely procurement process?

20 So you don't have to respond now, but I would
21 appreciate seeing something on that, because I think that is
22 a very important part of your mission, going into this job.

23 And by the way, I am delighted that you are here with
24 us today. Thank you.

25 Secretary Carter: Thank you. And will do. I will

1 respond.

2 Senator King: Thank you, Mr. Chair.

3 Chairman McCain: Senator Ernst?

4 Senator Ernst: Thank you, Mr. Chair.

5 Thank you, Secretary Carter, General Dempsey, for being
6 here with us. We appreciate your service and your testimony
7 today.

8 Secretary Carter, in the beginning of your testimony,
9 you had given quite an extensive list of the trips that you
10 have taken, the people that you have met, the places you
11 have been, and the impact with equipping and training our
12 soldiers. So I can tell that is very important to you.

13 Do I understand correctly that you also took a trip to
14 Arlington?

15 Secretary Carter: I did the morning I was sworn in,
16 with my wife.

17 Senator Ernst: I appreciate that so much, Secretary.
18 That tells a lot about a person, that not only are you
19 recognizing the sacrifice that the blue star families give
20 to their loved ones who are serving overseas right now, but
21 also to those gold star families that have left someone
22 behind.

23 Secretary Carter: Thank you.

24 Senator Ernst: So thank you for doing that.

25 Secretary Carter: Thank you.

1 Senator Ernst: I learned of that, and I was
2 significantly impressed that you would take the time to do
3 that. So thank you.

4 I do want to talk a little bit about, we have talked
5 about this all day, with the Shia militia. I know Senator
6 McCain had spoken about this earlier. In the fiscal year
7 2015 budget, we had \$1.6 billion that we used for the Iraq
8 train and equip fund, and that was to train and equip the
9 Iraqi security forces, the Kurdish Peshmerga, and Sunni
10 tribes and, of course, other local forces. And now in this
11 fiscal year 2016 budget, you are requesting \$700 million for
12 this fund.

13 I do support this effort. I think we should be
14 training and equipping the Kurdish Peshmerga. I think they
15 have been important allies in the pushback against ISIS and
16 others. But what I am concerned about, though, is the
17 relationship between the Iraqi security forces, Iran, which
18 has been the sidebar topic of many conversations today, and
19 the Shia militia forces.

20 During the Iraq war, IEDs were a huge concern to
21 American troops. And I think as Senator McCain alluded to
22 earlier, there were some types of IEDs, the EFPs,
23 explosively formed projectiles, that were used. They were
24 devastating to our men and women, left many gold star
25 families out there.

1 We know that those EFPs, a lot of those came from Iran.
2 And so right now, what I would like to hear from you is, are
3 American taxpayer dollars going to the Shia militia that
4 once were fighting against American soldiers? And how can
5 we assure the American taxpayer that these dollars going to
6 this fund to train and equip Iraqi forces will not be used
7 against us, as we move forward?

8 Secretary Carter, if you can address that?

9 Secretary Carter: Thank you. And then chairman
10 Dempsey.

11 First of all, I share your concern about the Shia
12 militias and the face of sectarianism looming again in Iraq,
13 which, as you know extremely well from your own service, is
14 the principal challenge that the Government of Iraq faces
15 going forward.

16 Our training and equipping is to Iraqi security forces
17 through the Government of Iraq. And our assistance, by the
18 way, also to Peshmerga is through the Government of Iraq.
19 That reflects the view that a multisectarian Iraqi
20 Government is the best way to keep Iraq together and to
21 defeat ISIL in Iraq, and ultimately drive them out of the
22 country.

23 But I say I share your concern because what we have
24 seen in the last few years has been sectarianism eroding the
25 capabilities of the Iraqi security forces. That is why they

1 collapsed in the face of ISIL.

2 So I absolutely share your concern about EFPs. You
3 know that extremely well from your own service. We have had
4 that experience before.

5 And, General Dempsey, who was there also in Iraq, does
6 as well, so let me ask him to join in.

7 General Dempsey: I will just express my own concern as
8 well. I think if General Austin were here -- I guess he
9 will be here, actually -- he would tell you that the reason
10 his campaign plan is deliberate is that one of the lines of
11 effort -- I mentioned there were nine -- is Iraqi
12 governance. And if the central government of Iraq does not
13 achieve, let's call it reconciliation, because that is
14 probably the right word, with the Shia and the Kurds, then
15 it does put our campaign at risk. So I am concerned about
16 that.

17 As far as the weapons that we have been issuing to the
18 ISF, as well as to the Peshmerga through the Government of
19 Iraq, we have confidence that those are going into the right
20 hands.

21 Some of the weapons you have seen in the hands of the
22 Shia militia, because you can see it on YouTube and on
23 Twitter and places, are things that were procured by the
24 Iraqis through our foreign military sales process that they
25 bought a couple years ago, 2 or 3 years ago. But we are

1 monitoring it as well as we can.

2 Senator Ernst: I thank you very much.

3 Senator McCain, thank you.

4 Chairman McCain: Senator Kaine?

5 Senator Kaine: Thank you, Mr. Chairman.

6 And thank you to the witnesses for this excellent
7 testimony. I want to ask about two items, sequester and the
8 ISIL AUMF.

9 On sequester, I received a letter last week as a member
10 of the Budget Committee from Chairman McCain and Ranking
11 Member Reed that I would ask unanimous consent that it be
12 entered into the record.

13 Chairman McCain: Without objection.

14 [The information referred to follows:]

15 [COMMITTEE INSERT]

16

17

18

19

20

21

22

23

24

25

1 Senator Kaine: Highly important letter for Budget
2 Committee members and all of us, and I just want to read one
3 sentence to you and ask if you agree with it.

4 "If we continue on our current path, i.e., sequester,
5 we risk undermining the central pillars of our all-volunteer
6 force and with it the foundations of international peace and
7 security, of which the United States military has been the
8 most reliable guarantor since the end of World War II."

9 Do you agree with that statement?

10 Secretary Carter: I do.

11 Senator Kaine: General Dempsey?

12 General Dempsey: I do, Senator.

13 Senator Kaine: It strikes me, could we send up any
14 sort of clearer white flag at the beginning of a partial
15 disarmament than to place a vote on the BCA from August 2011
16 as a higher priority for the Nation than our security in a
17 world that has changed and put new threats on the board
18 since then? Could we do anything that would send a worse
19 message to our allies about our weakening resolve?

20 Secretary Carter: I am very concerned about what our
21 internal budget debates look like to friends and foes alike
22 internationally. It is yet another reason why we really
23 need to knock it off and get ourselves on a stable budget
24 path that gives us enough to defend ourselves properly.

25 Senator Kaine: Let me just say that we have had an

1 interesting set of discussions about Afghanistan. I think
2 the committee has come to the position we should be
3 conditions-based, not calendar-based. Let me apply that
4 same analogy to our sequester issues.

5 Shouldn't we be conditions-based? I mean, are we
6 really going to elevate a BCA cap that we voted on in August
7 2011 before North Korea's cyberattack, before Putin went
8 into the Ukraine, before ISIL was grabbing acres? Are we
9 really going to elevate that above a conditions-based
10 national defense? For the same reasons that we shouldn't
11 elevate a calendar over the conditions in Afghanistan, we
12 shouldn't elevate an August 2011 vote over the conditions of
13 security that faces the country.

14 I took that as the point of the letter, and I recommend
15 it to all of my colleagues.

16 With respect to the ISIL AUMF, an area where I sort of
17 have disagreed sometimes with the chairman, but where the
18 back-and-forth has made me think about my position, is the
19 question about the issue of ground troops as part of the
20 ISIL AUMF. In listening to the chairman about this, what I
21 have realized is that my concern is not really about
22 language, and it is not really about sort of the
23 constitutional allocation of power. It is really about the
24 definition of the mission. I would like to ask you a
25 question on this.

1 We have heard in last 3 weeks, in meetings with the
2 Foreign Relations Committee by, first, King Abdullah of
3 Jordan, and then the emir of Qatar last week, about the
4 battle against ISIL in the region. Both of them said to us,
5 essentially, U.S. ground troops aren't a good idea because
6 this has to be our fight against our terrorist threat. We
7 want your help. We want you to be deeply involved. But if
8 it gets pitched as the U.S. against ISIL, or even as the
9 West against ISIL, then it takes on a fundamentally
10 different tenor and could even become kind of a recruiting
11 bonanza for ISIL.

12 King Abdullah, in a very courageous way, and sadly, we
13 met with him on the very day that it was revealed that the
14 Jordanian pilot was so horribly murdered, burned, he said,
15 this is our fight and we have to show the world that this is
16 our fight. And if we are willing to do it, then we need all
17 kinds of help from you. But we have to be up front that
18 this is our fight. The United States didn't create ISIL.
19 It didn't create this extremist ideology. It was birthed in
20 our region by people claiming the mantle of the religious
21 tradition that we honor, and perverting it for a bad end.

22 So both of them have sort of guardedly advised us
23 against ground troops, but toward the big picture goal that
24 this battle against ISIL has to be the region policing
25 itself, not the U.S. trying to counter them.

1 As we think through this military mission, what is your
2 response to that sentiment? And again, it is not about
3 draftsmanship or about the allocation of power, but it is
4 about isn't there a compelling need for the region to show
5 that it will battle its own threat? And if so, we will help
6 them, rather than have it be the U.S. burden?

7 General Dempsey: Senator, that is exactly how the
8 campaign is designed. It is designed to leverage a
9 coalition of regional partners, assisted by those outside
10 the region, but very much relying upon those in the region
11 to lead the effort, requiring the Government of Iraq to lead
12 the effort, especially in terms of reaching out to form a
13 coalition within Iraq of Sunni tribal leaders and Kurdistan
14 Peshmerga.

15 So I would simply say that is exactly how the campaign
16 is designed.

17 Secretary Carter: I second that. That is how the
18 campaign is designed, and it is how it needs to be designed
19 for the two reasons you say. The first is that we don't
20 only seek the defeat of ISIL. We seek the lasting defeat of
21 ISIL. That means after they are defeated, they need to stay
22 defeated. That means somebody who is there ensuring that
23 defeat. And the second reason, that you also say, which is
24 that if it becomes our war, it becomes a harder war.

25 So for both of those reasons, we need to have others

1 involved. And that is, as the chairman says, what the
2 campaign calls for now.

3 Senator Kaine: Thank you so much.

4 Thank you, Mr. Chairman.

5 Chairman McCain: Senator Cotton?

6 Senator Cotton: Thank you.

7 Secretary Carter, welcome back in your capacity as
8 Secretary. I have to go back to something that we were
9 discussing a few series ago about the leak of our plans to
10 Mosul. I believe Secretary Carter said you are looking into
11 it. General Dempsey, I know you said you are looking into
12 it.

13 I don't understand what would take so long to get to
14 the bottom of it. This was not a leak. It was a planned
15 conference call with members of the media, if I understand
16 the reporting correctly.

17 Do I misunderstand something here?

18 Secretary Carter: No, that is my understanding as
19 well. And I just would say two things about this whole
20 incident.

21 The first is, Senator, that when an operation is
22 mounted against Mosul or anywhere else, it needs to be a
23 success, and it needs to be Iraqi led, supported by us, and
24 it has to be successful. And that is a little bit like the
25 conditions-based points that Senator Kaine --

1 Senator Cotton: Mr. Secretary, I agree fully. I agree
2 fully. I don't understand why announcing any timeline would
3 have contributed to any idea it would have been a success,
4 nor do I understand why it would take so long to understand
5 why an organized conference call with the media was held.

6 Secretary Carter: I will say something about that, and
7 let the chairman, who has also spoken to General Austin
8 about that.

9 That clearly was neither accurate information nor, had
10 it been accurate, would it have been information that should
11 have been blurted out to the press. So it is wrong on both
12 scores.

13 And the only thing I will say is that we try, as the
14 Department of Defense of a democracy, to be as open as we
15 can. So there are lots of people out there talking all the
16 time about what we are doing. And every once in a while,
17 somebody gets out in front of their skis.

18 But I also, even as we make sure that this particular
19 incident doesn't happen again, I think that it is important
20 that we be open as a department, not with military secrets
21 and not with war plans, which is the mistake made in this
22 case. But we do try to keep the country informed of what we
23 are doing. It is about protecting them. It is a democracy.

24 And so openness is important, but it has to have limits
25 when it comes to security matters. Those limits, obviously,

1 weren't respected in this case.

2 Chairman?

3 General Dempsey: Senators McCain and Graham have sent
4 a letter through the President to the Secretary to me to
5 General Austin, actually, to ask that very question. I must
6 suggest that I will wait until we respond to the letter.

7 Senator Cotton: Secretary Carter, during your
8 confirmation hearings, you had mentioned that U.S. options
9 to respond to the breach of INF treaty by Russia and, this
10 is a quote, and I think you alluded to this earlier when you
11 were speaking with Senator Fischer, active defenses to
12 counter intermediate-range ground-launch cruise missiles,
13 counterforce capabilities to prevent intermediate-range
14 ground-launch cruise missile attacks, and countervailing
15 strike capabilities to enhance U.S. or allied forces.

16 Could you elaborate on the size and scope of those
17 capabilities, and what you think the Russian Government's
18 reaction might be if we were to fund such capabilities?

19 Secretary Carter: I think in this setting, I would
20 like to limit the amount of detail that I go into. But I
21 will affirm what you just said, which is that we have three
22 kinds of options for responding to a violation of the INF
23 treaty. I think the Russians need to know that this is a
24 two-way street. They signed, we signed, and we can and will
25 react. And those are the three categories in which we could

1 react militarily: active defenses, which are to protect
2 ourselves and our allies and their territory against this
3 new threat; counterforce, which is a way of making sure that
4 if, God forbid, there is an actual military confrontation,
5 they can't be used; and the third is this opens up the
6 option for us to have systems which we decided to forgo in
7 the interest of this INF treaty years ago. We don't have to
8 forgo them anymore because a treaty is a two-way street.

9 With that, Chairman, do you want to add anything?

10 General Dempsey: The only thing I will add, Senator,
11 is that the development of capabilities to fit into the
12 categories that the Secretary mentions would be INF-
13 compliant. And that is the difference between the two of
14 us.

15 Senator Cotton: Okay.

16 This may be a question about military terms of art, so
17 I will start with the chairman, if that is okay, and let
18 Secretary Carter bat cleanup.

19 Mr. Chairman, what are "enduring offensive ground
20 combat operations"?

21 General Dempsey: I will tell you that as the one who
22 would have to assist in the implementation of that, I would
23 consider "enduring" to be mission-by-mission. So if we
24 were, for example, to decide that our advice to the
25 President would be that we would have to introduce ground

1 forces to accompany Iraqis into combat in Mosul because of
2 the complexity of the terrain, then we can do that, but it
3 would be mission-specific, as opposed to a temporal issue,
4 mission-specific rather than a temporal dimension, meaning 2
5 weeks or 2 years.

6 Senator Cotton: Secretary Carter, do you have anything
7 to add?

8 Secretary Carter: No, I think that is accurate.

9 I think the important thing about the language of the
10 AUMF, and however that discussion, debate, turns out from my
11 point of view is, first, that we have the flexibility to run
12 the campaign we need to defend the country. And the second
13 is that our troops see our government as a whole supporting
14 them.

15 Those are the two things that are important to me in
16 this whole debate.

17 Senator Cotton: Thank you.

18 Chairman McCain: General, you keep saying that if you
19 decide to recommend to the President. We would like to know
20 when you are going to decide to make that recommendation to
21 the President.

22 General Dempsey: Well, Senator, when the task at hand,
23 when I get the advice from CENTCOM, of course, General
24 Austin, and when the mission would require it. We have not
25 reached that point.

1 Chairman McCain: No, things are going fine.

2 Senator Nelson?

3 Senator Nelson: Thank you, Mr. Chairman.

4 Gentlemen, it is good to see you.

5 Mr. Chairman, in your professional military opinion, if
6 additional arms are not provided to Ukraine, you have a
7 little David fighting the Russian bear. Is it reasonable to
8 assume that Russia, through their subterfuge of the rebels,
9 would continue to advance right across the country?

10 General Dempsey: I am concerned about two things,
11 Senator. One is that it would be a Russian aspiration to do
12 so, and then, secondly, the separatists may on their own
13 decide to do so. There are capability gaps we have
14 identified.

15 Look, here's the other thing, Senator. If Russia wants
16 to take Ukraine, it is going to take it, because of its
17 geographic proximity and the size.

18 On the other hand, there are some capability gaps that
19 put the Ukraine forces at a real disadvantage. I think we
20 ought to look for opportunities to provide those
21 capabilities, so that on the chance that the Russians are
22 actually telling the truth, which, frankly, I doubt very
23 much, that the separatists and the sovereign state of
24 Ukraine can compete on a level think field.

25 Senator Nelson: Why do you think that the Russian

1 policy is such that -- as you say, if they decide to take
2 Ukraine, they could. Why are they not moving more
3 aggressively across Ukraine?

4 General Dempsey: This is probably now speculative
5 because the intelligence doesn't yet support it. I suspect
6 it will. I think that their pace is designed to create
7 uncertainty on the part of our European allies, because if
8 they can maintain that level of uncertainty, then they have
9 the potential to put friction inside of NATO, which is
10 actually their larger strategic goal.

11 Senator Nelson: And if successful in Ukraine, and
12 Russia wanted to continue to be aggressive, they could
13 suddenly mass on the borders of the three Baltic states.
14 There would be no match there, but now we have NATO members.

15 What do you think is the resolve of the European NATO
16 membership to stand and fight for the Baltics, if the
17 Russian bear comes across the line?

18 General Dempsey: That is the commitment they have made
19 as a member of NATO. They all agreed to live up to their
20 Article 5 responsibilities.

21 I will say that, based on the European Reassurance
22 Initiative, that NATO has taken rotational force, Baltic air
23 policing, establishment of a very high readiness joint task
24 force. NATO and Wales made some commitments that indicate
25 to me that they, all of them, take that responsibility

1 seriously.

2 The problem we could potentially have is the asymmetric
3 nature of it, where there might be a dispute about whether
4 it is actually happening. So we are working with our NATO
5 allies to work through that.

6 Senator Nelson: And, of course, the situation there
7 is, with those large Russian-speaking populations in the
8 Baltics, especially in Estonia, it could give him the same
9 excuse that he has tried to use with regard to Crimea.

10 Let me ask you about mental health. I have been
11 enormously impressed with some of our Special Operations
12 Forces, that they are now realizing that the stigma against
13 mental health counseling, they are really trying to turn it
14 around, because it is performance enhancement, not only the
15 body but the mind as well. To what degree are you all
16 trying to implement that same thing across-the-board of the
17 Department of Defense?

18 General Dempsey: To a great degree, because it
19 actually, when it started under Bill McRaven when he was the
20 SOCOM commander, now under Joe Votel, what they realized is
21 exactly what you said, that it is not enough just to say it
22 is not a stigma. So they found a way to turn it into a
23 positive. We would call it a combat multiplier.

24 So not only is it something you do after the fact but
25 you build in the kind of resiliency you need right from the

1 start. And all the services are learning lessons with each
2 other.

3 Senator Nelson: Final question for either of you,
4 training 500 a month or every 2 months for the Free Syrian
5 Army, is that really going to be productive?

6 Secretary Carter: I will take that first, if I may,
7 chairman.

8 That is a small number but grows over time. It is
9 paced by the throughput of the training centers. I think
10 that the U.S. effort needs to be just one effort. There
11 need to be others in the region who participate in this. It
12 gets back to something we were discussing earlier about the
13 need for the defeat of ISIL to be a lasting defeat and for
14 regional partners to be involved.

15 So the only thing I would say is that there need to be
16 other efforts beside the U.S. effort here, in accordance
17 with the discussion we were having earlier.

18 Chairman McCain: Senator Graham?

19 Oh, I am sorry. General, did you want to --

20 General Dempsey: Just to say that we need a partner on
21 the ground, and we need something we can have this coalition
22 coalesce around.

23 Chairman McCain: Senator Graham?

24 Senator Graham: Thank you. And I think Senator Lee is
25 allowing me to go ahead, and I appreciate it very, very

1 much.

2 Let's continue that thought.

3 Have you been told, General, by the Arab forces in the
4 region, the Arab leaders, that we are not going into Syria
5 unless we can get rid of Assad?

6 General Dempsey: There are some of them who say that,
7 and others who don't. But, yes, I have heard that.

8 Senator Graham: Well, the reason they are saying that
9 is they don't want to defeat ISIL and turn Syria over to
10 Iran, that Assad is a puppet of Iran. Do you agree with
11 that?

12 General Dempsey: I do.

13 Senator Graham: So a lot of Arabs are saying, I want
14 to destroy both enemies of the region, Assad as well as
15 ISIL. So I don't see any chance of a regional force until
16 you put Assad on the table.

17 The Authorization to Use Military Force, I have a very
18 specific question. The people we are training throughout
19 the region to go in and fight ISIL, the Free Syrian Army,
20 the young men who are going to join this cause, what would
21 happen if the Assad air force, the airpower through MiGs and
22 helicopters with barrel bombs, if they began to attack the
23 people we trained because Assad knows one day they will turn
24 on him.

25 Under the Authorization to Use Military Force, can we

1 protect the people we train against an attack by Assad?

2 Secretary Carter: Well, first of all, I think we have
3 an obligation to those we have trained to protect them. The
4 manner in which that would be done is something that is
5 being discussed. But in my view, we have an obligation to
6 do that. It goes with the training part.

7 Senator Graham: Do you agree with that, General?

8 General Dempsey: I do, Senator.

9 Senator Graham: Well, I agree with you both, and I
10 have asked the White House General Counsel this very
11 question and he told me very quickly, no, the Authorization
12 to Use Military Force would not allow us, the United States,
13 to engage the air forces of Assad. That is not included
14 within the authorization.

15 So that, to me, is a very important point. Could you
16 check with the White House and see where they come out on
17 this, at a later time?

18 If the sanctions were relieved tomorrow, if the
19 Iranians got sanction relief, General, what do you think
20 they would do with the money, given their behavior on the
21 ground today?

22 General Dempsey: I can't speak to that, Senator. But
23 here's what I will say, I am under no illusions that ending
24 their nuclear program ends the problems we have with Iran in
25 the region, whether it is surrogates and proxies, arms

1 trafficking, cyber.

2 So this is an adversary who, as someone pointed out
3 earlier, has actually led to the deaths of American
4 servicemen on the battlefield. And so I think we have to
5 keep an eye on them in that regard as well.

6 Senator Graham: Would you agree with me that the most
7 likely outcome, given their behavior today, is that they are
8 not going to build hospitals and schools. They are probably
9 going to put the money into their military?

10 General Dempsey: You know, Senator, I think they will
11 probably distribute their money like we do. I just hope
12 they don't sequester it.

13 Senator Graham: Well, I will tell you what, I just
14 hope we don't give them more cash, because I think they are
15 wreaking havoc as it is.

16 Secretary Carter, do you agree with me that the
17 Iranians as I speak are wreaking havoc throughout the region
18 without a nuclear weapon?

19 Secretary Carter: I do agree with that, Senator. You
20 look at Yemen, from Yemen to Syria and Iraq and Lebanon and
21 elsewhere, and that is why I think that it is important that
22 we remain vigilant and prepared, and I think we, in the
23 Department of Defense, need to and will be prepared for Iran
24 across a very wide front.

25 Senator Graham: Would you agree with the following

1 statement? The Iranians with a nuclear weapon would be the
2 most significant national security threat that Israel faces
3 and the United States would face.

4 Secretary Carter: Certainly, I would let the Israelis
5 speak for themselves.

6 Senator Graham: I think they have.

7 Secretary Carter: I think so, too.

8 The two things I would say is that we need to be
9 concerned about Iranian behavior beyond their nuclear
10 program.

11 Senator Graham: Well, let's look at it the other way.
12 Can you think of anything, off the top of your head, that
13 would beat out an Iran with nuclear weapons?

14 Secretary Carter: Well, there may be a close tie with
15 North Korea with nuclear weapons.

16 Senator Graham: Well, they already have nuclear
17 weapons.

18 Secretary Carter: I understand, but in terms of the
19 danger posed by a difficult state in the possession of
20 nuclear weapons.

21 Senator Graham: Well, let's look at that. Do you
22 think it is more destabilizing for Iran to get a nuclear
23 weapon than North Korea, in terms of the Mideast?

24 Secretary Carter: In terms of the Mideast, surely.

25 Senator Graham: Have you been told by Arab allies that

1 anything you give the Iranians on the nuclear front, we are
2 going to want the same thing or more? If the Iranians get a
3 nuclear capability, do you think the Arabs in the region
4 will want nuclear capability to match the Iranians?

5 Secretary Carter: There are those who have said that,
6 and that is one of the reasons why we oppose Iran getting a
7 nuclear weapon, because it could be the beginning of a
8 powder train that would encourage others in the region to
9 pursue a nuclear program as well. So that would just
10 unleash proliferation in the Middle East.

11 Senator Graham: So, the Prime Minister's warning in
12 that regard today is probably well-heeded?

13 Secretary Carter: I did not hear the Prime Minister
14 today, but I, certainly, think that the danger of a runaway
15 Iranian program stimulating runaway nuclear programs
16 elsewhere in the Middle East is a very serious one.

17 Senator Graham: Thank you, both, for your service.

18 Chairman McCain: Senator Lee?

19 Senator Lee: Thank you, Mr. Chairman.

20 Thanks to each of you for being here, and thanks for
21 all you do to keep our country safe.

22 Secretary Carter, the Department of Defense is calling
23 for a BRAC round in 2017, citing that it has nearly 20
24 percent more infrastructure than it finds necessary. Can
25 you give a more detailed explanation as to what the

1 department finds within its infrastructure that is
2 unnecessary or in excess, and why? And also, can you
3 describe to us what improvements you think need to be made
4 to the BRAC process to avoid the kind of cost overruns that
5 we experienced in the 2005 round?

6 Secretary Carter: Thank you. We are requesting
7 another round of BRAC. And the basis for that is a
8 measurement of our infrastructure against our current
9 holdings of equipment and our needs.

10 So, for example, it is aircraft fleets versus apron
11 space. It is that kind of analysis that measures the amount
12 of excess infrastructure that we are carrying.

13 With respect to BRAC rounds, the 2005 BRAC round was
14 not what we are seeking, that kind of BRAC round. We are
15 looking for the kind of BRAC that occurred in the 1990s,
16 where true savings occurred.

17 You might say, why didn't savings occur in the 2005
18 BRAC round? It is because when it came time to reconfigure
19 bases -- that was, by the way, at a time when the defense
20 budget was growing very rapidly -- the department decided at
21 the same time to modernize a lot of installations at the
22 same time it was consolidating others. That created far
23 fewer savings than a pure BRAC round would.

24 So we are seeking BRAC authority. I know that that is
25 not an easy thing to get, but we simply have to reduce tail,

1 or we have to take it out of tooth, and I don't think
2 anybody wants that.

3 Senator Lee: Okay.

4 A lot of Americans became frustrated last summer when
5 we saw the Iraqi security forces, on whom we had just spent
6 \$25 billion training and equipping over the course of the
7 last decade, quickly free from a much smaller and less well-
8 trained, less well-equipped ISIS force in northern Iraq,
9 giving up ground and leaving behind a lot of weapons and
10 leaving behind a lot of equipment that had been provided for
11 them, a lot of it by us.

12 So, Mr. Secretary, you just returned from a visit to
13 the Middle East to look into our strategy there and how
14 things are going there. Can you discuss with us a little
15 bit the oversight we exercise over the train and equip
16 missions in Iraq and in Syria, and tell us a little bit
17 about what is being done to make those forces accountable
18 for the training and equipment that we are giving them, just
19 to make sure that something similar doesn't happen, make
20 sure that our investment is not in vain?

21 Secretary Carter: Thank you, Senator. Let me give
22 that a start and then ask Chairman Dempsey to chime in,
23 also.

24 You exactly put your finger on it. What happened last
25 year was an unwillingness of the Iraqi security forces to

1 fight using the equipment and training that the United
2 States had given them. The reason for that was a political
3 failure on the part of their government to keep the promise
4 that had been made to the country to keep it a
5 multisectarian state. That is not what was happening under
6 Maliki. That is the reason why the forces folded.

7 So the most important thing we can do going forward is
8 to make sure that Iraq doesn't decline again into
9 sectarianism. So that is the most important thing we can
10 do, and it is a political thing rather than a technical
11 thing involving the training. But it is job one.

12 Insofar as their training is concerned, I will let the
13 chairman speak to that. But we are giving them training and
14 we are going to give them support when they go into battle.
15 And we are now, and we have been now for quite some time,
16 conducting a bombing campaign against ISIL in order to blunt
17 their offense and prepare the way for the counteroffensive.

18 Let me ask the chairman if he wants to add anything
19 there.

20 General Dempsey: Just in terms of the oversight,
21 Senator, four locations: Irbil in the north, al Asad in the
22 west, Taji just north of Baghdad, and Besmaya to the east of
23 Baghdad. So the training is centralized.

24 The oversight, once they deploy, is actually built
25 around the supply chain, so the things that we are giving

1 them, there is a tether that goes out to where they are
2 operating.

3 And to this point, our program is to take and pull some
4 units offline who exist, regroup them, put them back out, as
5 well as to help the Iraqis manage their own training base.

6 Does that answer the question?

7 Senator Lee: Yes, I think that is helpful.

8 As my clock is ticking down, if I can just ask one
9 other quick question that either one of you can answer.

10 How are U.S. defense and intelligence agencies adapting
11 to the collapse of the Yemeni Government, and the loss of
12 our primary counterterrorism partner against one of the most
13 capable al Qaeda offshoots? What are we doing in that
14 realm?

15 Secretary Carter: Well, I will start, and the chairman
16 can, please, add.

17 The first thing is that al Qaeda in the Arabian
18 Peninsula, which is in Yemen, is a very serious offshoot of
19 al Qaeda, very serious for us because they are determined to
20 attack us. They make that absolutely clear. And therefore,
21 our counterterrorism operations in Yemen are critically
22 important. And therefore, the restoration of a government
23 there that will cooperate with us is very important to us.

24 Now, we are trying to do everything we can to continue
25 to combat AQAP in the face of what is going on with the

1 Houthis and the government in Sana'a. But it will be much
2 better for us if we are able to reconstitute or assist in
3 the reconstitution of a government there in Sana'a.

4 I know our diplomatic colleagues are working on that,
5 but it is important to our counterterrorism effort.

6 Let me ask the chairman.

7 General Dempsey: Yes, what I would add, Senator, is
8 our diplomatic effort is to try to keep the country
9 together, but our counterterror effort is based mostly out
10 of Aden in the south.

11 We still have a partner there who has an interest in
12 keeping al Qaeda in the Arabian Peninsula under pressure.
13 Our fear is that if the country does devolve into civil war,
14 we lose that platform.

15 Senator Lee: Thank you. Thank you very much.

16 Thank you, Mr. Chairman.

17 Chairman McCain: I want to thank the witnesses for a
18 long afternoon of testimony. I believe that it is important
19 that all of our colleagues, as well as the American people,
20 understand your message, and that is that sequestration
21 cannot continue without, as you responded to Senator King,
22 without putting the lives of the men and women who are
23 serving in uniform today in danger.

24 I thank you for that frank and candid testimony. And I
25 thank you for being here this afternoon.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Secretary Carter: Thank you.

General Dempsey: Thank you.

Chairman McCain: This hearing is adjourned.

[Whereupon, at 5:19 p.m., the hearing was adjourned.]