

**Chairman Adam Smith - Opening Statement**  
**Hearing on “The Fiscal Year 2020 National Defense Authorization Budget**  
**Request from the Department of Defense” (As Prepared)**  
**March 26, 2019**

~\*~

*Video link to hearing and Chairman Smith’s opening remarks*

*here: <https://armedservices.house.gov/2019/3/the-fiscal-year-2020-national-defense-budget-request-from-the-department-of-defense>*

I would like to welcome Acting Secretary Shanahan and General Dunford and thank them both for their testimony today. Thank you as well to Undersecretary Norquist for appearing today. I believe this may be General Dunford’s final appearance in front of our committee and I want to take a moment to thank him and his family for their dedicated service to our country. Today’s testimony will be instrumental to our consideration of the President’s Fiscal Year (FY) 2020 budget request and inform our work as we build the FY2020 National Defense Authorization Act.

We have a duty to ensure the safety and the security of the American people by funding defense programs that support our military servicemembers and their families as well as fielding a ready and capable military force. As I have said many times, we must invest wisely in national security, and we must be realistic when it comes to resourcing strategic objectives. Given the current, and likely future, challenging global security environment, we clearly need to find new, bipartisan, ways to better and more affordably manage our strategic risk by prioritizing military capabilities and capacities that are relevant and necessary to meet our greatest threats, adequately resourcing those priorities by accepting some risk with well-considered and agreed upon tradeoffs, and, at the same time realizing savings with aggressive oversight and control of any unjustified costs.

For FY2020, the President’s budget request includes a defense topline of \$750 billion. This represents a \$34 billion increase above FY2019 – more than the FY2020 requests for NASA and Interior Department combined – at a time when there is immense pressure on spending for all the other government programs that the public values and contribute to our national power. I have long held that Congress should eliminate sequestration and lift the Budget Control Act (BCA) caps. However, the President’s FY2020 defense budget request uses a widely recognized dishonest budgeting gimmick to side step the BCA caps but only for defense. The budget request technically matches the BCA level and includes \$576 billion in base funding but it also includes funding exempt from the budget caps - \$165 billion for Overseas Contingency Operations (OCO) and \$9 billion of emergency funding, \$96 billion more than what was enacted in 2019.

Clearly our OMB Director, Mick Mulvaney, has reversed his previous position that “[i]f appropriations come across with any OCO money hidden in it, I’ll do everything I can to strip it...It’s a slush fund and gimmick, and our own budget called it a backdoor trick last year.” The FY2020 approach to OCO makes a mockery of the federal budget process. It is an attempt to avoid negotiations to raise both the defense and non-defense budget caps. Furthermore, \$98 billion of the OCO request is faux-OCO, or “OCO for base” requirements. That’s nearly \$100 billion of readiness funding, including entire categories of spending, that is shunted into OCO in

addition to the already tens of billions of dollars in costs that will endure after combat operations cease. This type of budgeting is irresponsible. Adding OCO funds for regular, high-priority activities such as the European Deterrence Initiative (EDI) and accounts that support depot maintenance, training, and flying hours precludes the funding certainty the military needs to effectively and efficiently plan and execute the budget - including base-budget activities in OCO excludes them from the DoD's five-year defense program (FYDP). Further, this gimmick allows the Department to dodge its responsibility for recommending the tough but necessary tradeoffs that prioritize the resources we need most. Rather than being honest and responsible about budgeting, the President's budget deceives the American public. Spending defense dollars wisely involves budgeting to a prioritized strategy, rather than strategizing to arbitrary budgetary goals. I agree with Secretary Gates' view that "not every defense dollar is sacred and well-spent, and that more of nearly everything is simply not sustainable."

Beyond the budget numbers, the contributions of our partners and allies in our common security objectives are a key element upholding our national security. To quote the National Defense Strategy summary, "our network of alliances and partnerships remain the backbone of global security." The importance of this network is most relevant in our operations around the world, from the Defeat-Islamic State in Iraq and Syria (ISIS) campaign and the fight in Afghanistan to our counter-violent extremist organizations (VEO) operations in Africa. As we saw from the Administration's announcement over the weekend that, together with the Global Coalition to Defeat ISIS, the Syrian Democratic Forces, and Iraqi Security Forces, the military has liberated ISIS-controlled territory. I should caution, however, that the threat remains. Further, for 70 years, the North Atlantic Treaty Organization (NATO) is the best example of how valuable and enduring a collective response to security can be, and demonstrates how essential it is to lead and foster a strong, rules-based international order. Russia and China are actively seeking to undermine democratic values, institutions, and that international order around the globe. The Administration is enabling such efforts by disparaging our alliances and allies and through its ideological aversion to arms control. This Administration has taken and may take further actions to undermine the use of arms control agreements as a tool for advancing national security, but in reality leaving or otherwise undermining these agreements endangers our safety, as well as that of our allies and partners. The risk of miscalculation or misunderstanding is already higher than at any point since the end of the Cold War, and decisions like withdrawing from the Intermediate-Range Nuclear Forces (INF) Treaty only make it worse.

The threat to the international order is most clearly demonstrated by Russia's interference in our, and our partners', democratic elections. Countering and deterring such efforts require partnerships, alliances, and, in the United States, a whole-of-government response. Engaging in whole-of-government approaches is absolutely necessary to address our most serious national security concerns. This includes, for example, investments in stability and foreign assistance by the U.S. Agency for International Development (USAID) and State Department. Investments in diplomatic efforts, foreign assistance programs, and emergency preparedness must be prioritized, and here at home we need to invest heavily in infrastructure, research and innovation, energy solutions, education, health care, addressing climate change, and many other facets of enduring national strength. National security involves much more than defense. I find it unacceptable that the President's budget has proposed a 23 percent cut to the State Department and USAID, which would affect U.S. support to the United Nations (including UN peacekeeping organizations),

foreign military assistance, and development assistance. These proposed cuts mirror similar proposals for deep cuts in FY2018 and FY2019. The cuts are at best misguided and at worst dangerously irresponsible. As fourteen former regional combatant commanders said in a press release earlier this month, “we know that the military alone cannot keep our nation safe. Diplomacy and development are essential to combating threats before they reach our shores.”

It is also troubling that the President’s budget request includes \$7.2 billion in “LOCO” emergency funding for the border wall. This request is, indeed, crazy. The idea that Congress will give the Department a blank check to restock the FY2019 funding that was raided for the President’s border wall is not grounded in reality. I would caution our witnesses to keep this in mind as they weigh the consequences of diverting existing funding for Congressionally authorized and appropriated military construction projects over the coming weeks. The President has declared a National Emergency and, as a result, the Department may divert billions of dollars in military construction funds to construct additional portions of a border wall. Such action could adversely affect military training, readiness, or service and family member quality of life programs if military construction funding is diverted away from critical military projects. We’ve already seen reporting about such concerns from the Commandant of the Marine Corps, General Neller, who has apparently made multiple pleas for immediate assistance in staunching current readiness risks and long-term damaging impacts to “Marine Corps combat readiness and solvency” caused, in part, by the Department’s inaction in addressing the full scope of disaster recovery required by the Marine Corps, border security funding transfers, and “unplanned/unbudgeted southwest border operations.”

The Department should not be cancelling or significantly reducing participation in training exercises and “reduc[ing] maintenance expenditures for combat equipment.” It is unconscionable that this Administration would force the services to cancel training exercises or not perform critical maintenance functions because funding has been usurped by southern border operations or border funding transfers. The priority needs to be on supporting our service men and women, and their families who defend our nation, and the administration continues to fail. General Neller’s memos point to a decline in readiness brought on by a diversion of fiscal support, but instead of focusing on this real issue the administration continues to spend billions of dollars on an imaginary crisis. There is no national emergency at the southern border. The Administration should stop using our servicemembers as a political tool and instead focus on building military capabilities and readiness, an area where should focus our defense resources.

I would remind our witnesses as well of the likely consequences of abusing transfer authorities to fund border barriers. While I understand that there are greater political forces at work, Congress may have no choice but to rein in those authorities.

Finally, I would note that the Department completed its first-ever consolidated financial audit in 2019. It is crucial, though, that we maintain focus both on audit efforts and on financial and business systems improvements. The financial investment that we are making in the audit is worthwhile for a number of reasons, including transparency and accountability to the American public, but it will only be a success if the power of the increased transparency is made manifest in better, smarter financial management.

Thank you and I look forward to today's testimony.