

House Budget Committee
Written Statement for the Record
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Performing the Duties of the Deputy Secretary of Defense
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Chairman Yarmuth, Ranking Member Womack, distinguished members of the Committee, I appreciate the opportunity to testify in support of the President's FY2020 budget request for the Department of Defense.

I would like to start by thanking the Members of this Committee for your support for the Department of Defense. I look forward to working with you to ensure the men and women of the Armed Forces have the resources they need to execute the mission.

The FY2020 defense budget is a strategy driven budget. As described by the National Defense Strategy (NDS), the erosion of our competitive edge against China and Russia continues to be DoD's "central problem" and to preserve peace we must be prepared for the high-end fight against near-peer competitors. While counter-terrorism will continue as a core challenge, in the future, conventional conflicts with other nations will likely be radically different than the short conventional wars we've fought since the collapse of the Soviet Union. Since the 1990s, conventional opponents have typically lacked a Navy or meaningful Air Force, much less space or cyber capabilities. As a result, these conventional conflicts were short and lopsided. For example, Desert Storm took less than 45 days.

To assume future conventional wars will be like those wars would be a tragic mistake. Desert Storm occurred at the pinnacle of our military advantage, and the world has changed dramatically since then. After the Gulf War, the United States reduced defense investments and restructured its military to fight violent extremist organizations, wars that consumed the readiness of a smaller force and diverted resources to current operations instead of modernization. The Department of Defense cut force structure by 30 to 50 percent and reduced research and development in cutting-edge capabilities.

In contrast, China and Russia have spent the last thirty years studying the capabilities that gave the United States overmatch in Desert Storm and building militaries to counter them, dramatically reducing our advantage. In recent years, China has fielded its first aircraft carrier; demonstrated the ability to shoot down satellites; continued to field short, medium, and long range missiles; successfully tested hypersonic glide vehicles; and modernized and expanded its nuclear capabilities, to name just a few examples. Meanwhile, Russia is modernizing its nuclear triad; fielding ground-based directed energy laser weapons; pursuing six new strategic weapons systems including hypersonic systems; and developing counterspace capabilities.

As these developments indicate, wars of the future will be waged not just in the air, on land, and at sea, but also in space and cyberspace. For example, we must anticipate multi-dimensional attacks not just against our military forces, but on critical infrastructure at home alongside space-based attacks designed to take down satellites and disrupt our communication systems and the Global Positioning System (GPS) we rely on for everything from navigating our ships and guiding our munitions to setting time globally.

In order to deter these future conflicts, we need a military capable of winning them. The National Defense Strategy is our roadmap to get there. It has three lines of effort: build a more lethal force, strengthen alliances and attract new partners, and reform the Department to include the first Department-wide full scope financial statement audit.

At the beginning of 2017, the Department had suffered from unstable budgets and devastating sequestration cuts that had eroded readiness and exacerbated our challenges. Over the past two years, this Administration, with Congress's support, has made investments to undo this damage—and are already seeing significant benefits to readiness across military services. As we move forward, we must work together to protect these gains while building a military to meet the challenges of the future.

The President's budget request for Fiscal Year 2020 is \$750 billion for national security, with \$718 billion for the Department of Defense. To put this in context, this Committee has oversight over a \$4.7 trillion budget of which Department of Defense budget authority represents just 15%.

Department of Defense Budget

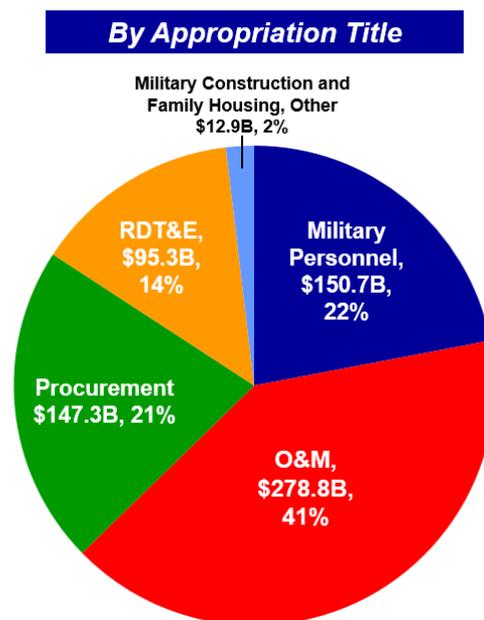
<i>\$ in billions</i>	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2020 Request
Base	523.5	599.6	616.1	544.5
Overseas Contingency Operations	82.5	65.2	68.8	66.7
OCO for Base	--	--	--	97.9
Emergency	--	5.8	--	9.2
Total	606.0	670.6	685.0	718.3

Of the \$718 billion, \$545 billion would go towards base funding and of the Overseas Contingency Operations funds, \$67 billion would go to direct war and enduring requirements—similar to the amount we spent last year—while \$98 billion would fund base requirements. \$9.2 billion would fund emergency construction, which includes: an estimated \$2 billion to rebuild facilities damaged by Hurricanes Florence and Michael; up to \$3.6 billion to replenish funding for any military construction projects should the Acting Secretary decide to use such funds to undertake border barrier projects under the emergency declaration this year; and \$3.6 billion in case additional emergency construction is needed to support use of the Armed Forces under the emergency declaration.

The budget is also broken down into five categories based on use—military personnel, operations and maintenance, procurement, research and development, and military construction.

With respect to military personnel, this budget increases end-strength by roughly 7,700 service members over FY2019 projected levels and includes a 3.1 percent military pay raise, the largest in a decade.

With respect to operations and maintenance, it funds readiness to executable levels across the Military Services, including an additional \$1.7 billion for Armored Brigade Combat Teams critical training and



infrastructure improvements and \$1.2 billion in core Air Force readiness programs such as depot maintenance, contractors logistics support, and flying hours.

With respect to procurement, the FY2020 budget includes the largest ship-building request in 20 years and a \$57.7 billion investment in modernizing our air capabilities which includes 4th and 5th generation aircraft and extended range missiles.

\$95 billion for research and development is the largest RDT&E request in 70 years, and includes \$3.7 billion for unmanned/autonomous systems, \$927 million for artificial intelligence, and \$2.6 billion for hypersonics.

Finally, within military construction, we are investing in critical infrastructure and key facilities to include \$6.1 billion for readiness improvements and \$200 million for military and family housing construction associated with critical life, safety, and health repairs.

Other key initiatives include \$14 billion to modernize and recapitalize all three legs of our nuclear capabilities, \$13.6 billion for missile defense modernization, and the establishment of the United States Space Force.

Although defense spending is sizeable, it is at near record lows as a percentage of the economy and federal spending. Defense spending is now at 3.1% of GDP, down from 11.3% in 1953 and 4.5% in 2010—and at 15% of the federal budget, down from 52% in 1957 and 21% in 2007.

Defense Spending as a % of Gross Domestic Product (GDP)



Source: National Defense Budget Estimates for FY 2019 (Table 6-13); historical and projected GDP from both the FY 2019 and FY 2020 Budget of the U.S. Government.

DoD funding is near a record low as a percent of our economy

The FY2020 budget is about laying the foundation for transformational change—and it executes the NDS by reprioritizing resources through reform and increasing investments in four key areas. First, it invests in the contested space and cyber warfighting domains, increasing our allocations in space by 15% and in cyber by 10%. Second, it modernizes capabilities in the traditional air, maritime, and land domains. Third, it accelerates innovation in emerging technologies such as artificial intelligence, hypersonics, autonomy, and directed energy. Finally, it sustains our forces and builds on our readiness gains. As a result of these investments, we will field a Joint Force that is flexible, adaptable, and capable of operating in an environment that is increasingly complex and contested.

The stakes are clear. If we want peace, our adversaries need to know there is no path to victory through fighting us. Military superiority is not a birthright. Each generation must actively sustain it. I appreciate your support and look forward to answering your questions.

Thank you.