

**HEARING TO MARK UP THE READINESS AND
MANAGEMENT SUPPORT PROGRAMS CON-
TAINED IN THE NATIONAL DEFENSE AU-
THORIZATION ACT FOR FISCAL YEAR 2015.**

TUESDAY, MAY 20, 2014

U.S. SENATE,
SUBCOMMITTEE ON READINESS
AND MANAGEMENT SUPPORT,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The subcommittee met, pursuant to notice, at 3:36 p.m. in room SD-G50, Dirksen Senate Office Building, Senator Jeanne Shaheen (chairman of the subcommittee) presiding.

Committee members present: Senators Shaheen, Donnelly, Kaine, Ayotte, and Cruz.

Committee staff members present: Peter K. Levine, staff director; and Leah C. Brewer, nominations and hearings clerk.

Majority staff members present: Ozge Guzelsu, counsel; Gerald J. Leeling, general counsel; Jason W. Maroney, counsel; Thomas K. McConnell, professional staff member; Michael J. Noblet, professional staff member; John H. Quirk V, professional staff member; Arun A. Seraphin, professional staff member.

Minority staff members present: Daniel C. Adams, minority associate counsel; William S. Castle, minority general counsel; John D. Cewe, professional staff member; Ambrose R. Hock, professional staff member; Anthony J. Lazarski, professional staff member; Daniel A. Lerner, professional staff member; Sean J. Wolfe, research analyst.

Staff assistant present: Daniel J. Harder.

Committee members' assistants present: Stephen C. Hedger, assistant to Senator McCaskill; Christopher R. Howard, assistant to Senator Udall; Christopher M. Cannon, assistant to Senator Hagan; Nick Ikeda, assistant to Senator Hirono; Karen E. Courington and Mary A. Naylor, assistants to Senator Kaine; Bradley L. Bowman, assistant to Senator Ayotte; Peter W. Schirtzinger, assistant to Senator Fischer; Bryson Bachman and Peter H. Blair, assistants to Senator Lee; Samantha Leahy, assistant to Senator Cruz.

**OPENING STATEMENT OF SENATOR JEANNE SHAHEEN,
CHAIRMAN**

Senator SHAHEEN. Good afternoon. At this time, the subcommittee will come to order.

I am pleased that the markup of the Readiness and Management Support Subcommittee will be held in open session for the fourth straight year, and I'm happy to point out that there are three other subcommittees—Emerging Threats and Capabilities, Airland, and Personnel—that also conduct open markups that are following in the Readiness and Management Support Subcommittee's tradition of transparency.

I am confident that we can conduct our business in public without any disclosure of classified information or any adverse impact on the process. In this regard, I ask that any senator who wishes to offer an amendment or raise an issue of a classified nature, please defer to the full committee's consideration.

Please note also that while the subcommittee meeting is in open session, the entire contents of the markup book are subject to amendment throughout its consideration by the Armed Services Committee and are therefore embargoed until passage by the full committee and reported to the Senate.

Historically, the subcommittee has used the chairman's mark, the package of legislative provisions and report language that the two staffs have worked on together that have been reviewed and approved, as a markup vehicle, and I would point out that they have been approved by both the minority and the majority. The chairman's mark has been fully briefed and made available to the staff of all the committee's members.

Without objection, we will use the chairman's mark as a markup vehicle, subject to amendment.

I'd like to begin by acknowledging what a pleasure it has been to work with my colleague from New Hampshire, Senator Ayotte, and her staff again this year. We continue to work in both a time-honored bipartisan fashion on this subcommittee and also a tradition that we have developed in New Hampshire of working together in a bipartisan way.

In preparing for this markup, Senator Levin asked the subcommittee to consider certain guidelines in evaluating and making recommendations for programs or activities to the fiscal year 2015 budget request. This markup package follows that guidance.

The mark recommends authorizing \$165.9 billion to fund the readiness, training, maintenance and operations of the Department of Defense (DOD). Our recommended modifications to the budget request include roughly \$795 million in funding increases to address some of the top unfunded requirements of the Service Chiefs, and these increases are offset by roughly \$795 million in proposed reductions.

Some of these increases include but are not limited to an increase of \$104 million to bring the shipyards to their mandated 6 percent capital investment program goal, and \$430.6 million for depot maintenance shortfalls. We also include funding for two National Guard Combat Training Center rotations, significant facilities sustainment funding, corrosion prevention, and resourcing for two additional special-purpose Marine air-ground task forces.

The mark recommends authorizing \$6.5 billion for military construction, housing programs, energy conservation, and base closure activities, including \$150 million for the Energy Conservation Investment Program.

In military construction, modifications to the budget request include a reduction of \$324.7 million to improve efficiency and prevent waste through the incrementing of large projects, and an addition of \$219.5 million to address the top unfunded military construction requirements of the Active Guard and Reserve components.

We once again make clear that nothing in the bill shall be construed to authorize a future Base Realignment and Closure (BRAC).

I would like to note the subcommittee's strong support for the Air Force request of approximately \$42 million for facilities needed to bed down KC-46A tankers at Pease Air National Guard Base, aircraft that Senator Ayotte and I are thrilled to see coming to the New Hampshire Air National Guard.

An acquisition policy, the mark includes a provision that would require the Department to continue its effort to reduce management headquarters staffing by extending the review to lower echelon headquarters, and another that would require the Department to provide a strategy for program manager training and development and have program managers remain in their positions until program milestones are achieved.

We also include a provision similar to the one that we included in last year's bill that would elevate the position of Deputy Chief Management Officer and combine it with the position of Chief Information Officer. The objective of the provision is to increase the authority and stature of the DOD official with primary responsibility for promoting auditability and improved management systems.

And finally, I'm pleased to say that the mark fully funds the President's request for environmental programs.

I believe the subcommittee mark is a productive and successful one that will strengthen our Nation's Armed Forces by providing the required level of support. I look forward to any debate on the many issues it raises and will now turn to Senator Ayotte for any opening statement she might have.

Senator Ayotte.

STATEMENT OF SENATOR KELLY AYOTTE

Senator AYOTTE. Thank you very much, Madam Chairman. It has been a pleasure to work with you on this important subcommittee. And I also want to thank your staff, Jay Maroney, John Quirk, Mike Noblet, Dan Harder, Joshua Lucas, and Patrick Day, for their hard work on this mark; as well as Daniel Lerner, Anthony Lazarski, and Bill Castle for their hard work as well.

I am also very pleased that this is an open mark in which we can conduct business in an open and transparent manner, and I thank the chairman for conducting the committee in this way, and I fully support this.

Our Nation confronts unprecedented challenges abroad and difficult fiscal challenges at home, and certainly we must ensure that our men and women in uniform have the resources that they need to protect themselves and our country.

I believe we have drafted a good bipartisan mark that prioritizes the critical readiness needs of the Department, our servicemembers, and their families.

Madam Chair, I am glad that we have been able to accomplish so much together for our men and women in uniform, as well as for the people of New Hampshire.

I'd like to highlight a few of the provisions in the mark that I am particularly proud of.

First, I am proud that our mark focuses on military readiness but looks for opportunities to also cut waste and unnecessary spending. For example, our mark includes a \$324.7 million reduction to improve efficiency and prevent waste; a \$15 million reduction for unjustified enterprise IT programs; and a \$12.5 million reduction in the logistics IT program for unjustified cost growth.

While we have recommended important spending reductions, we have also worked to address important priorities. One of these is military construction (MILCON). In periods of budget constraints, MILCON is often the first area to get cut. Yet, as I said earlier this year during our hearing, military construction is a very important part in terms of the readiness for our men and women in uniform. Yet, there are an increasing number of facilities that are in poor to failing condition. This is true across all the Services, as well if we look at the Total Force, Active Guard and Reserve.

In Senator Shaheen and my home state of New Hampshire, the average condition index for the assessed Army National Guard facilities was poor, trending to failing. Members of the New Hampshire Army National Guard and servicemembers like them around the country deserve better. We can't expect our servicemembers and DOD civilians to conduct effective operations and training if they are using old, inefficient, and decaying buildings, some of which threaten them.

That's why I'm so pleased that this mark not only authorizes approximately \$6.5 billion for military construction, housing programs, energy conservation and other activities, but it also funds the top unfunded military construction priority of each of the active duty Guard and Reserve components, as well as adds \$105 million to facilities sustainment accounts for each Service to mitigate risk due to historic underfunding.

I'm also pleased that I was able to work with the chairman to include a provision in the mark focused on improving the condition of our military facilities. This provision will require the Department to provide an accounting of unfunded MILCON requirements over Future Years Defense Programs by Service components in all States, as well as an assessment of the associated risk to those unfunded requirements. The provision will also provide this committee better oversight of how the Department allocates finite resources across components so that we can better assess deteriorating facilities and prioritize the limited funding that we do have.

In addition, there was an amendment included in the manager's package that I worked on and I appreciate the chairman's support on that will strengthen this provision even further to make clear that the Department should allocate sufficient MILCON resources to the National Guard, and will provide the committee better over-

sight of the process the National Guard Bureau utilizes to allocate MILCON funding among the states.

I am also very pleased that the mark includes a provision that calls attention to the fact that the law requires at least 6 percent of the average total combined maintenance repair and overhaul workload funded at the depots and our public shipyards, like the Portsmouth Naval Shipyard, and that these funds be reinvested into infrastructure and capital assets.

Right now, the Navy, for example, for the Portsmouth Naval Shipyard, proposes to only invest 3.4 percent in fiscal year 2015. The provision that we have included in the mark will urge the Army and Navy to follow the statutory requirements with respect to minimal capital investment, and that is why we have recommended the funding increases which will meet the minimum capital investment threshold of 6 percent of all the Military Services, as required by law.

I am also very pleased, and I want to thank the chairman for her leadership on this as well, that the mark includes an authorization for \$2.7 million for energy conservation projects at the Portsmouth Naval Shipyard, as well as an authorization for \$41.9 million for Air National Guard construction projects at Pease, as the chairman has said, which will serve as the first home in the Guard for the Air National Guard KC-46A.

The readiness mark does not authorize another BRAC round, and I know that the chairman and I are on the exact same page on this, and this is an important provision of this mark. As I've said before, the Government Accountability Office has done a number of studies of the 2005 BRAC round, which found among other things that BRAC implementation costs grew to about \$35 billion, exceeding the initial 2005 estimate of \$21 billion by 67 percent. Now is not the time to spend billions of up-front dollars on another BRAC round, especially as DOD has been forced to ground combat aircraft, cancel ship deployments, and furlough workers.

A major priority of mine since coming to the Senate has been ensuring that the Department has the authorities needed to quickly terminate contracts when we discover that they are being used to funnel taxpayer dollars to our enemies. We were able to include in the past in the defense authorization the "No Contracting with the Enemy" provision. We also included expanding these authorities in the 2014 defense authorization, and in this mark we have also included a provision that will expand these authorities to Transportation Command, which conducts so much of the contracting around the world to get our servicemembers and their equipment where they need to go.

The bottom line is that none of our dollars should go to our enemies, and these provisions will help us cut contracts off sooner or money going in the wrong hands, and I'm glad that we could include some of these provisions in this mark.

I also serve on the Homeland Security and Governmental Affairs Committee, and it is my hope that that committee will extend these authorities beyond the Department of Defense to the U.S. Agency for International Development and the State Department so that those contracts can ensure that the money is not getting in the wrong hands.

Finally, I would also like to talk about two other amendments. One is with regard to Afghanistan. As we transition in Afghanistan, I think it's important that we not lose the lessons that we've learned in the acquisition workarounds that have been developed to get our troops the weapons and equipment that they need quickly. So the amendment that we have in this mark will seek to make sure that we don't lose those lessons from Afghanistan and will also push to streamline the rapid acquisition bureaucracy. The amendment requires the Pentagon to submit a plan to keep the lessons learned in rapid acquisition and ensure those lessons are incorporated into service acquisition processes and organizations going forward.

Another amendment in this mark which is important I know to myself and the chairman is related to small businesses and the health of our defense industrial base. A vibrant and technologically advanced U.S. defense industrial base is a key component of the U.S. national security, and any definition of a healthy defense industrial base must include a large number of vibrant, growing, and technologically advanced small defense companies.

Small defense companies can provide an excellent source of competition that drives down costs for taxpayers. Yet, as we look at where we stand right now with defense sequestration, this has been very difficult for small businesses and has forced many of them to go out of business. In some cases, this has left DOD more reliant on sole-source or foreign suppliers.

The amendment that has been included in the mark calls on DOD to meet the statutory small business contracting goals and seeks to better understand how defense sequestration has impacted small defense companies that play such an important role in driving down costs, promoting innovation, and ensuring our troops have the best weapons in the world.

Madam Chairman, the final component of readiness is training, and that's why I want to thank you again that we have included in this mark nearly \$800 million in additional funding to address key readiness shortfalls such as two additional Combat Training Center rotations in the Army National Guard.

In closing, given our resource limitations, I believe we have crafted a mark that does cut waste but also addresses many of the critical needs of the Department. As we see even more clearly during our full committee markup, the unprecedented difficult decisions confronting our military on issues such as force structure, military compensation, weapon system divestment, and modernization cuts, just to name a few, are not getting any easier.

I thank the chairman for working together on this important mark, and I would like to take the opportunity, since this is a public mark, of saying that it is my hope that we will work together going forward, everyone on this committee, everyone on the Armed Services Committee, to address defense sequestration, because the choices are only going to get harder going forward, and I know that this subcommittee in particular is very focused on the readiness for our troops, and I think that will be what takes the biggest hit going forward if defense sequestration remains in place. So I'm hoping that as we go beyond this defense authorization, that we

will be able to work together to address defense sequestration for the sake of our Nation.

Thank you.

Senator SHAHEEN. Thank you very much, Senator Ayotte. And a very important reminder about the importance of addressing sequestration before too much more time elapses.

Is there anyone else on the subcommittee who would like to make an opening statement?

Senator KAINE.

Senator KAINE. Thank you, Madam Chairman.

Just briefly, one provision in the package before us that I want to draw attention to and also provide some thanks for is a provision dealing with Arlington National Cemetery.

There has been a longstanding desire to expand the cemetery so that it can be for generations to come the place that it is now and offering that opportunity to those who have served and lost their lives.

But the physical space limitations have been significant, and there has been work underway between the Secretary of the Army and other Pentagon officials and Arlington County, where the cemetery is located, the Commonwealth of Virginia, to try to do a complicated land swap. This particular mark in the Readiness and Management Support Subcommittee kind of represents the fruits of that long negotiation, and a lot of folks were involved, staffers on this committee and at the Pentagon, officials with local and State government, to try to do what is right to expand the cemetery, and I'm glad that that negotiation is now done, and this mark accomplishes that end, and that's a very positive thing.

All the comments that each of you made I share, but I did want to at least mention that because I think it's such an important item, and I'm glad that we've reached the end of that negotiation and the matter is now included in this package.

Senator SHAHEEN. Thank you very much.

Any other opening comments? [No response.]

Thank you.

It has been the practice of the Senate Armed Services Committee that any amendment to add funding must be accompanied by an offset. Accordingly, if any Senator proposes an amendment that would increase spending, they should also identify an offset to pay for it.

At this time, I'd like to offer a package of 27 amendments, which I understand have been cleared on both sides. These have been made available to all members' offices. We have a list of them here. I am not going to read them because there are 27 of them.

But is there anyone who would like to speak to any of these amendments? [No response.]

Hearing none, can we adopt these amendments by unanimous consent?

Senator KAINE. So moved.

Senator DONNELLY. Second.

Senator SHAHEEN. If there's no discussion, we will adopt these amendments as submitted.

Are there any other proposed amendments? [No response.]

Well, seeing none, without objection, the recommendations of the subcommittee will be reported to the full committee, and staff will be authorized to draft bill and report language implementing the agreements that we have reached today, and to make necessary technical and conforming changes.

I would like to again remind everyone and staff that although this markup has been held in open session, the materials in the markup book are embargoed and may not be disclosed to the public, to the Department, or to anybody else until they are released by the committee.

Senator Ayotte, I would like to again take this opportunity to thank you for all of your hard work on the Readiness and Management Subcommittee and express my appreciation to all of the staff, and you read a number of them. I think I will read them again just to make sure we don't forget anyone.

So, for the majority and minority professional staff, Jay Maroney, John Quirk, Mike Noblet, Ozge Guzelsu—pardon me for not getting that one exactly right. How bad was it? Okay, good. Dan Harder on the majority side; Dan Lerner, Bill Castle, Bruce Hock, John Cewe, Anthony Lazarski, and Dan Adams from the minority.

And finally, I want to thank all of the military legislative assistants, Brad Bowman for Senator Ayotte, and on my staff Patrick Day, Josh Lucas, Anne Dreazen, and Will Scheffer.

If there are no further comments or discussion, I will declare this markup adjourned.

[Whereupon, at 3:57 p.m., the subcommittee adjourned.]