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COMMITTEE ON ARMED SERVICES

## **UNITED STATES SENATE**

## HEARING TO CONSIDER THE NOMINATION OF ERIC K. FANNING TO BE SECRETARY OF THE ARMY

Thursday, January 21, 2016

Washington, D.C.

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1	HEARING TO CONSIDER THE NOMINATION OF
2	ERIC K. FANNING TO BE SECRETARY OF THE ARMY
3	
4	Thursday, January 21, 2016
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6	U.S. Senate
7	Committee on Armed Services
8	Washington, D.C.
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10	The committee met, pursuant to notice, at 9:34 a.m. in
11	Room SD-G50, Dirksen Senate Office Building, Hon. John
12	McCain, chairman of the committee, presiding.
13	Committee Members Present: Senators McCain
14	[presiding], Inhofe, Ayotte, Fischer, Cotton, Rounds, Ernst,
15	Tillis, Sullivan, Lee, Graham, Reed, McCaskill, Manchin,
16	Shaheen, Gillibrand, Donnelly, Hirono, Kaine, King, and
17	Heinrich.
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OPENING STATEMENT OF HON. JOHN McCAIN, U.S. SENATOR
 FROM ARIZONA

3 Chairman McCain: Good morning. Before I begin my statement, I would like to note it has been reported that 4 5 the White House has authorized the Department of Defense to 6 target ISIL in Afghanistan, the first such authorization beyond Iraq and Syria. Many of us may be interested to know 7 8 that we confined our attacks on ISIL to Iraq and Syria. Now the administration seems to be waking up to the fact that 9 more than a year into the U.S. military campaign, ISIL's 10 11 reach is global and growing.

We can only hope it will not take so long for the administration to realize the conditions on the ground in Afghanistan simply do not warrant a dangerous calendardriven withdrawal of U.S. forces.

The Senate Armed Services Committee meets this morning to consider the nomination of Eric Fanning to be Secretary of the Army. We understand that your mother, Cathy, is joining us this morning. As is our tradition, Mr. Fanning, we hope you will take the opportunity to introduce her and any other family and friends joining you today.

The United States Army is at war. Tested by 15 years of war, the Army is confronting growing threats and increasing operational demands with shrinking and less ready forces and aging equipment.

1 By the end of the next fiscal year, the Army will be cut down to 450,000 Active Duty personnel, soldiers down 2 from a wartime peak of 570,000. These budget-driven force 3 reductions were decided before the rise of ISIL or Russia's 4 5 invasion of Ukraine. If mindless sequestration cuts are 6 allowed to return, the Army will shrink to 420,000 troops, increasing the risk that, in a crisis, we will have too few 7 soldiers who could enter a fight without proper training or 8 9 equipment.

10 Readiness must be the first priority of the Army. As 11 global instability increases, the Army must be able to 12 maintain an uncommitted force and readiness to respond to 13 unforeseen contingencies.

As our Army shrinks, readiness suffers. Just over onethird of the Army's brigade combat teams -- just over one third of the Army's brigade combat teams -- are ready for deployment and decisive operations.

Meanwhile, the Army is woefully behind on modernization. The Army must modernize for the harsh realities of 21st-century warfare. Our soldiers must be trained and equipped for an increasingly diverse and complex range of threats. They must be able to win against peers in highly lethal combined arms maneuvers, near-peers in hybrid warfare conditions, and determined unconventional

25 insurgents.

1 Yet our Army is essentially organized and equipped as 2 it was in the 1980s. The main difference is that it is 3 smaller. In fact, many key enabling forces like artillery, 4 armored cavalry, and engineers have been reduced to levels 5 that compromise the Army's ability to field campaign-quality 6 forces. Part of that is the legacy of the Army's acquisition record, which Secretary McHugh has said is "too 7 often a tale of failure, too many underperforming or 8 canceled programs, too few successful fieldings of 9 10 developmental designs, and far too many taxpayer dollars 11 wasted." That is from your predecessor, Mr. Fanning, 12 Secretary McHugh.

The Army must learn the lessons of the failed 13 14 acquisitions program of recent years. Together with the 15 experience of more than a decade of war, these lessons must 16 quide critical acquisition programs, including the joint 17 light tactical vehicle and the armored multipurpose vehicle. New acquisition authorities passed into law in the 18 19 National Defense Authorization Act for fiscal year 2016 open 20 opportunities for both the Secretary and Chief of Staff to 21 lead positive change. It will not be easy, but it has been 22 done before.

Army leaders like General Abrams transformed the Army before. They restored the discipline and morale of the force in the aftermath of the Vietnam War. They

transitioned the Army to an all-volunteer force while revolutionizing training doctrine, and they built an Army that won the Cold War and removed Saddam Hussein from Kuwait.

5 We need this kind of transformation again today. I am 6 deeply concerned about the dangerous choice we are forcing 7 upon our Army. The increasing velocity of instability 8 combined with continued reduction in defense spending will 9 inevitably lead to depleted readiness, chronic modernization 10 problems, and deteriorating morale.

11 These are just some of the major challenges the United 12 States Army faces. One Army Secretary will not tackle them 13 alone.

Mr. Fanning, if confirmed, you will take office with 14 15 less than a year remaining in this administration. Some may 16 question what you can realistically hope to achieve. But as you have been patient, waiting for this day to testify on 17 your nomination, I challenge you to be inpatient, if 18 19 confirmed as Secretary. Our Nation's soldiers do not need a 20 Secretary to mark time. They need a strong Secretary that 21 recognizes there is much to be done and not a minute to be 22 wasted.

23 Senator Reed?

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

Senator Reed: Thank you very much, Mr. Chairman. I
join you in welcoming Mr. Fanning. I thank you for holding
this hearing to fill the critical position of Secretary of
the Army.

I also would like to thank Mr. Fanning for his
willingness to serve in this position of great
responsibility. It is my understanding, as the chairman has
indicated, that your mother, Cathy, is in the audience this
morning, and I welcome her to the hearing also.

Mr. Fanning has a wealth of experience, having served in senior-level positions throughout the Department of Defense. His previous positions include serving as the acting Under Secretary of Army, where he was responsible for issues related to the daily management and operation of the Army.

Prior to that position, Mr. Fanning was confirmed as the Under Secretary of the Air Force, and he oversaw the Air Force's annual budget and served as the chief management officer.

Finally, Mr. Fanning has served as the Deputy Under Secretary of the Navy and played an integral role in the Navy business transformation efforts.

25 Mr. Fanning, if you are confirmed as the next Secretary

of the Army, your experience during your tenure in the department will be critical in order to lead the Army during a very critical time when it faces a multitude of challenges. As you know, the Army continues to draw down its end-strength with the final goal of 450,000 in the Active Army, 335,000 in the Army National Guard, and 195,000 in the Army Reserve.

8 In addition, I would welcome your comments and your 9 testimony on whether the U.S. can continue to meet 10 commitments overseas with this smaller Army.

At the same time, the Army must also contend with how to modernize the force and increase readiness levels. As you are aware, the Army modernization program has been challenged. Many programs have been truncated or canceled.

And, Mr. Fanning, I look forward to hearing your thoughts on how the Army can make targeted investments in modernization as well as your views on how the Army can improve its acquisition process.

Finally, I welcome Secretary Carter's decision to open all military positions to service by women. With respect to the Army, it is my understanding that neither General Milley nor Secretary McHugh requested an exception to policy to keep any position within the Army closed.

As General Milley testified last July during his confirmation hearing, there is no doubt that women can

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engage in ground combat with the enemies of our Nation
 because they have been doing it for 10 years. I strongly
 agree with those comments.

4 Since that hearing, three women have graduated from the 5 United States Army Ranger School, which is the premier 6 training school for Army combat armed soldiers and officers. According to Army statistics, between fiscal year 2010 7 8 and fiscal year 2014, the graduation rate at Ranger school was only 42 percent, so this is another example of the 9 10 significance of this accomplishment. And all of those 11 people, prior to these individuals, were men.

12 These three women represent the Army of today and the 13 Army of the future, and I look forward to full integration 14 of women into all of the roles in the United States Army. 15 Again, Mr. Fanning, we look forward to your proposals, 16 your plans, your ideas to continue to lead and serve the 17 Army.

18 Thank you, Mr. Chairman.

19 Chairman McCain: Mr. Fanning, it is the custom of the 20 committee to ask several standard questions, so I will begin 21 them now, and we appreciate your answers.

In order to exercise legislative and oversight responsibilities important to this committee and other appropriate committees of the Congress, we are able to receive testimony, briefings, and other communications of

1 information. Have you adhered to applicable laws and 2 regulations governing conflicts of interest?

3 Mr. Fanning: I have.

Chairman McCain: Have you assumed any duties or
undertaken any actions which would appear to presume the
outcome of the confirmation process?

7 Mr. Fanning: No, Mr. Chairman. I was appointed acting 8 Secretary, but after you notified the President that you 9 thought that was in violation of the law, I did resign the 10 position.

11 Chairman McCain: Thank you.

12 For the record, on November 30, 2015, I notified 13 President Obama by letter that Mr. Fanning's appointment as the acting Secretary of the Army violated the Federal 14 15 Vacancies Reform Act of 1998. Without objection, a copy of 16 that letter will be included in the record of this hearing. 17 [The information referred to follows:] 18 [COMMITTEE INSERT] 19 20 21 22 23 24

1 Chairman McCain: I further note for the record that 2 the Senate and this committee takes with the utmost 3 seriousness the Senate's constitutional responsibility to 4 provide advice and consent on presidential nominations. 5 That important constitutional requirement is fundamental to 6 the separation of powers between the executive and 7 legislative branches.

8 I have often said that elections have consequences, and 9 Presidents are entitled to considerations of their 10 nominations. However, until the Senate gives its advice and 11 consent, and until the nomination is confirmed by the full 12 Senate, no President and nominee may conduct themselves in a 13 way that would presume confirmation.

Each administration issues guidance to nominees on the actions they must avoid to presume confirmation. Following that guidance allows nominees to prepare for the important duties and responsibilities that they will undertake, if confirmed by the Senate. Nominees disregard that guidance at the peril of presuming confirmation.

20 Senator Reed, do you have any comment on that?

21 Senator Reed: I do not, sir.

22 Chairman McCain: Thank you.

As Mr. Fanning indicated, he has now resigned from his position and is no longer serving in the acting capacity.
In my opinion, his resignation has cured the President's

1 violation of the law. Therefore, I believe this committee is prepared to continue consideration of his nomination. 2 3 Will you ensure that your staff complies with deadlines 4 established for requested communications, including 5 questions for the record in hearings? 6 Mr. Fanning: I will. 7 Chairman McCain: Will you cooperate in providing witnesses and briefers in response to congressional 8 9 requests? 10 Mr. Fanning: I will. 11 Chairman McCain: Will those witnesses be protected 12 from reprisal for their testimony or briefings? 13 Mr. Fanning: They will. Chairman McCain: Do you agree, if confirmed, to appear 14 15 and testify upon request before this committee? 16 Mr. Fanning: I do. 17 Chairman McCain: Do you agree to provide documents including copies of electronic forms of communication in a 18 19 timely manner when requested by a duly constituted committee 20 or to consult with the committee regarding the basis for any 21 good-faith delay or denial in providing such documents? 22 Mr. Fanning: I do. 23 Chairman McCain: Thank you. 24 Please proceed. 25

STATEMENT OF HON. ERIC K. FANNING TO BE SECRETARY OF
 THE ARMY

Mr. Fanning: Thank you, Mr. Chairman, Senator Reed,
members of the committee. It is an honor to appear before
you today.

I would like to thank President Obama for nominating me and the Secretary of Defense for supporting this opportunity to serve. If confirmed, I look forward to working with them and with Congress.

10 My mother, Cathy Fanning, is here today from Florida. 11 She was unable to attend my previous confirmation hearing 3 12 years ago, but not even the threat of record-breaking snow 13 was going to stop her this time.

14 Chairman McCain: We welcome Ms. Fanning, and I hope, 15 like my mother who is 104 years old, you will provide 16 Secretary Fanning with the same advice and counsel that I 17 receive from my mother.

18 [Laughter.]

Mr. Fanning: There is certainly no shortage of advice and counsel.

21 [Laughter.]

22 Mr. Fanning: I see also that my goddaughter, Caroline 23 Kassir, and her mother, Allison, have joined us as well.

24 Chairman McCain: Welcome.

25 Mr. Fanning: Nobody gets the opportunity to serve in

positions like this without the help of many people over a
 very long period of time. This is particularly true for me.
 I am fortunate to have many in this room with me today, and
 I will always be grateful for their support.

5 I come from a family with a long history of service in 6 uniform. Two uncles graduated from West Point and made a career of the Army. A third uncle served a career in the 7 8 Air Force. A cousin flew helicopters for the Marine Corps. 9 And another cousin was an Army Ranger. I learned from an early age the importance of service and developed a deep 10 11 respect and admiration for the sacrifices of those in 12 uniform and their families.

I have now had the privilege to work in all three military departments with all four services, as well as in the Office of the Secretary of Defense over the course of two administrations, all after starting my career 25 years ago as a research assistant on the House Armed Services Committee. I have seen the Army from every seat at the table, including the Army's.

I was deputy chief management officer of the Navy Department and chief management officer of the Air Force and the Army. I worked on efficiencies and transformation in every part of the Department of Defense and look forward, if confirmed, to working with this committee as it explores the next round of defense reforms.

1 The Army as a force is viewed by too many as just a 2 number, its end-strength. Few understand the complexity of 3 ground warfare like this committee does, or how long it 4 takes to build an army with the overmatch necessary to win 5 decisively and with as few casualties as possible.

6 It takes a generation to build an army. It is not just 7 the privates but the senior enlisted who lead them.

8 Few understand the many missions of the Army. In 9 addition to fighting and winning wars, the Army deters 10 enemies, ensures allies, builds partner capacity, enables 11 the joint fight through foundational capabilities, and 12 responds to national emergencies like we see today with 13 flooding and severe weather.

The Army's greatest strength is, of course, its 14 15 soldiers, over 1 million of them in the Active, Guard, and 16 Reserve. There are more than 140,000 of them currently 17 serving in over 140 countries outside the United States. Today, they are exercising with allies in Eastern 18 19 Europe to deter Russian aggression; training, enabling and 20 fighting against ISIS and other terrorists around the world; 21 building partnership capacity across the Pacific. If 22 confirmed, these soldiers will be my highest priority, 23 specifically making sure they are ready, which means 24 ensuring they are resilient, fully trained, and properly 25 equipped.

To do that, we must create an environment where everyone can flourish, rid of the scourge of sexual assault and suicide. While soldiers are deployed, they must have confidence we will take care of their families. They must also know that we will take care of them when they come home and ease their transition should they choose to leave the Army.

8 We must make the same commitment to the future force by 9 investing now so that we have the right capabilities for 10 them when they are needed.

I have been immensely proud during my first 6 years in this administration to work alongside the men and women of the Navy, Marine Corps, and Air Force. If confirmed, I very much look forward to becoming part of the Army family.

15 It would be my honor to play a role in making sure that 16 the best men and women our country has to offer get all the 17 support they need in undertaking the mission of defending 18 our country, a mission for which they freely volunteer.

19 We ask them to do extraordinary things. We owe them no
20 less.

Thank you again for considering my nomination. Thank you for your service. And I look forward to your questions. [The prepared statement of Mr. Fanning follows:]

1 Chairman McCain: Thank you, Mr. Fanning. We will pause a moment for business. Since a quorum is 2 now present, I ask the committee to consider a list of 3,178 3 pending military nominations. All of these nominations have 4 5 been before the committee the required length of time. 6 Is there a motion to favorably report these 3,178 military nominations to the Senate? 7 Senator Reed: So moved. 8 9 Chairman McCain: Is there a second? 10 Senator Kaine: Second. 11 Chairman McCain: All in favor, say aye. 12 Mr. Fanning, roughly how many Army and other personnel are now in Iraq serving there? 13 Mr. Fanning: I understand the number to be about 14 15 4,500. 16 Chairman McCain: About 4,500. Is there a status of 17 forces agreement with Iraq on the presence of those troops, 18 that you know of? 19 Mr. Fanning: Not that I know of, Mr. Chairman. 20 Chairman McCain: Certainly not one that has been 21 through the parliament of Iraq. 22 So ostensibly, you were in administration at the time, 23 the reason why we could not leave a sustaining force behind 24 in Iraq at the time of the withdrawal was because we did not 25 have a status of forces agreement so, therefore, it would be

1 impossible for us to leave a force behind. Yet somehow we have now 4,500 uniform members of the military, and no one 2 seems to be confirmed about the fact we do not have a status 3 4 of forces agreement with the Iragis. I find that curious. 5 Let me ask you a fundamental question. In Iraq and 6 Syria in the battle against ISIS, which is now metastasizing, at least to the degree where we are going to 7 8 have to attack ISIS in Afghanistan among other places, are 9 we winning?

10 Mr. Fanning: Mr. Chairman, I think it is too early to 11 tell. We clearly are putting a lot of pressure on ISIS, but 12 they are also showing they can put pressure on us and they are not contained. But I do think we are making process 13 14 recently. There is open source reporting of 6,400 ISIS 15 fighters killed in the last 3 months. We have disrupted the 16 supply route between Mosul and Raqqa, taking back Sinjar and 17 Ramadi.

But a great deal of work needs to be done. I do believe it is a long fight.

20 Chairman McCain: Do you think we have any plan to take 21 Raqqa?

22 Mr. Fanning: I do not know the specifics of any plan, 23 but we are moving in that direction, applying pressure both 24 outside Raqqa and outside Mosul.

25 Chairman McCain: But you do not know of any specific

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1 plan?

2 Mr. Fanning: I do not, sir, but I do not think I 3 would, in my current capacity.

4 Chairman McCain: You work directly for Secretary5 Carter?

6 Mr. Fanning: I do.

7 Chairman McCain: And you did not know of any strategy8 to retake Raqqa there?

9 Mr. Fanning: Since I have returned to his office, I am 10 in a different capacity than I was before when I was chief 11 of staff. I am assigned special projects, and he has been 12 generous enough to let me focus on this hearing today.

So no, I have not been involved with him on any discussions about a plan for Ragga.

15 Chairman McCain: So, therefore, you would not have any 16 estimate as to how long it would take before we could retake 17 Mosul?

18 Mr. Fanning: No, Mr. Chairman, I do not.

19 Chairman McCain: In the defense bill we just passed, 20 which I know you are very well aware of, it requires a 21 reduction of headquarters staff by 25 percent, cost savings 22 from overall administrative support by \$10 billion over a 5-23 year period.

24 Committee testimony, obviously, is that staffs are too 25 large and redundant, some going so far to say that the

secretarial staff and the military staff should be
 consolidated into a single service staff.

First of all, what do you think about the reductions?
Second of all, what do you think about such a fundamental
change?

6 Mr. Fanning: I think first on the reductions, I have 7 seen this now in all parts of the Department of Defense. I 8 have been particularly impressed with how the Army went 9 about it, because they really did try to delayer the 10 organization, increase the span of control for supervisors.

I think this is something you never stop working on. Headquarters grow back, if you are not applying pressure in the opposite direction. So I think the 25 percent reduction was a good start. I would like to see how we rationalize that reduction where we go further.

As to the second part, the question about collapsing the staffs inside the military departments, I think there is a great deal of potential there. Fundamental guiding principles need to be, one, protecting civilian control of the military; but two, also making sure the Chiefs have the support and resources they need to give independent military advice.

But I think if we keep cutting the headquarters in the form that they currently exist in, we are just going to have weaker product delivered later. I think we need to have

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some reform as the next round, and I think there is enormous
 potential there, not just in the military departments but
 between military departments and OSD, within OSD, and then
 further out in the headquarters in the field.

5 Chairman McCain: Well, I thank you for that. You are 6 uniquely situated now to play a key role. I agree with you 7 that just flat-out reductions are just the first steps. It 8 is a little bit like sequestration in that it is a meat ax 9 when we need a scalpel.

10 So I would look forward to having you play a role 11 there, given your unique background.

Finally, a source of great frustration to this committee, all of us members, are continued cost overruns on weapons systems. We made some reforms. We are getting the service chiefs more involved, you are aware. But it still seems to go on. Every time we really need something, we use that expedited process, which we used for the MRAP and we used for others.

19 So I hope that you will make that one of your top 20 priorities. We cannot justify eliminating sequestration and 21 increasing defense spending, which the majority of members 22 of this committee on both sides feel is necessary given the 23 nature of the events in the world today, but it is hard for 24 us to go back to our constituents when we have a \$2 billion 25 cost overrun on an aircraft carrier. And numerous Army

programs that spent billions, and then never became
 realities, going all the way back to the future combat
 systems, to the presidential helicopter. You are very aware
 of them.

5 We have to stop it. If we are going to have 6 credibility with the American people, we cannot have these 7 horror stories. I am sure you appreciate it.

Mr. Fanning: I do. Thank you, Mr. Chairman.

9 If confirmed, one of the things I would want to do in 10 the Army is initiate a rapid capabilities office like I 11 worked with very closely in the Air Force. I found it to be 12 a very effective way for large programs as well, the bombers 13 inside the RCO, the Rapid Capabilities Office in the Air 14 Force.

I think that the acquisition reforms in the NDAA will help with this as well. That is injecting the military departments, the Chiefs, in the requirements process, especially as it overlaps with the acquisition process, to help keep costs under control.

That is different than dumping requirements when you already have cost overruns because you cannot afford them. It is making wise decisions at the proper times, when you have more information to make those trade-offs.

24 So I look forward to implementing those reforms and 25 think it will help us greatly field things faster and avoid

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1 the cost overruns that we saw in the past.

2 Chairman McCain: Senator Reed?

3 Senator Reed: Thank you very much, Mr. Chairman.

Again, Mr. Fanning, thank you for your service to date
and your willingness to continue to serve.

Given your perspectives in both the Navy and Air Force,
can you just outline what you think are the most significant
priorities you would bring to the Secretary of Army's
Office?

Mr. Fanning: First, I think for the Army, readiness has to be the priority. It is what General Milley said is his priority, and I would agree with him, if confirmed, 100 percent that we need to make sure the soldiers we are sending into harm's way, into combat, are ready, fully trained, fully equipped. So that would be the first priority.

The second, as a part of these efficiencies, is the end result has to be maximizing the combat power of the force structure that we have. So I think that is a continual culling process to make sure that you are looking across all of your force structure and keeping that tail-to-tooth ratio as strong in the tooth direction as you possibly can.

Third, something that I took very seriously and spent a lot of time on in the Air Force, is maximizing the idea of one Army, a total force, Active, Guard, and Reserve. We

1 talk a lot about the Army going from 490,000 to 450,000.
2 That is just the Active component. We cannot do what we are
3 asked to do, the Army cannot do what it is asked to do, if
4 we just think in terms of an Active component. We have to
5 think more creatively going forward about how we operate as
6 a total force.

Then fourth, as I mentioned earlier, I would really 7 8 want to focus on acquisition reform, specifically the standup of a rapid capabilities office. The Army has some 9 10 capabilities where we are seeing, based on what is going on 11 on the ground in Ukraine in Syria and so forth, that our 12 overmatch is not as great as it should be, as it needs to 13 be, particularly if we do not change course. I think 14 specifically about position navigation and timing, 15 electronic warfare and cyber, and then survivability of our 16 platforms, particularly aviation. I see these as three 17 great problem sets that we could launch in a new rapid capabilities office. 18

Senator Reed: As part of your development of a one Army concept, I would presume that you are going to take an active role in an engaging the TAGs?

Mr. Fanning: Absolutely. Already, I spent a lot of time with General Grass in both jobs. And whenever I travel to a State, I always ask if the TAG is available to meet. I took the Vice Chief of Staff of the Army out with me -- I

believe it was in December; it may have been in November -to me with all the TAGs when they were gathered in Colorado. So I bring a number of relationships with me from the Air Force and plan on increasing that while in the Army, working very closely with the TAGs and the Council of Governors.

Senator Reed: One of the issues, and the chairman made reference to this quite explicitly, is the new legislation which he guided through last year with respect to the services' role in acquisition. I presume that would be one of your significant priorities in getting the Army fully engaged with their new responsibilities in acquisition.

13 Can you give us some perspective on that? 14 Mr. Fanning: Absolutely. There are many great 15 dedicated professionals in OSD but my experience in having 16 worked in all three military departments in OSD, even though we are in the same building, one of the reasons I prefer 17 working in the military department is I feel those who do 18 are much closer to the troops. I think that is very 19 20 important in terms of setting monitoring requirements. 21 What I would say about these new reforms, and I do

think putting more responsibility in the military department is the right direction to move, is it is easy for people to conflate the acquisition process and the requirements process. They are fundamentally linked. They overlap. But

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where I think there is the most potential is that
 requirements process, getting the requirements right to
 start and then at various points in the acquisition process
 being able to make those trade-offs.

5 We learn more as we do, particularly if the technology 6 is not mature. And a good program manager should have the 7 opportunity to come back to the Chief of Staff, the service 8 Secretary, and say, "I can get this to you a year faster, if 9 you can cut 5 percent the requirement you thought you set. 10 I can meet that requirement in a different way. I can save 11 money if we do not chase this."

Also, that there are smart decisions rather than 12 13 reactions to when all the green vectors have turned red. 14 Senator Reed: I think one of the other aspects that 15 you suggest in your comments is holding those program 16 officers accountable. One of the things I think we all 17 noticed is that accountability has been so diffuse that these systems take on a life of their own and no one is 18 19 really responsible, et cetera.

I would assume that in your development of the new approach that you would have accountability at the forefront in terms of the program managers and others that are under your command. Is that fair?

24 Mr. Fanning: Absolutely. One of the things that is 25 most intriguing about these changes, it is hard to hold

program managers accountable now, based on the process, how
long they serve, how long the process is. This gives us an
opportunity to iterate through the process in ways where we
can design more fundamentally transparent metrics that we
can hold people accountable to.

6 Senator Reed: Thank you very much.

7 Thank you, Mr. Chairman.

8 Chairman McCain: Senator Ayotte?

9 Senator Ayotte: Thank you, Mr. Fanning. I want to
10 thank you for your service, and it is great to have your mom
11 here.

12 I wanted to ask you about the size of the Army and what your viewpoint is on that. As you know, we are drawing down 13 14 the end-strength of the Army to 450,000 by 2018. As a 15 result of that, we are actually seeing a huge number of 16 involuntary separations of people who have served multiple 17 deployments, who have served the country admirably, which, to me, to get a pink slip after you come home and served our 18 19 country is pretty appalling.

20 But I want to ask you two questions.

21 Number one, do you think that we have the right size 22 Army? And what about the reduction down to 450,000.

Then, secondly, when General Milley was before our committee in July, he said that only about 30 percent of our Army brigades are at acceptable levels of combat readiness,

and he noted that that number should be between 60 percent and 70 percent. So what do you view to be the biggest readiness problem? Has it improved since July? And where are we?

5 Mr. Fanning: I will start with readiness. It has not 6 improved markedly since July. It is still about a third of 7 our BCTs that are ready, that the Army would define as 8 decisive action, ready for a big, large land fight that we 9 might face against Russia, North Korea, or what have you. 10 The Army has a plan, ways to get there, but there are many 11 impediments in place.

12 The demand on the force the size that it is makes it 13 difficult to keep it trained, to keep it going through those 14 training rotations.

Senator Ayotte: When you shrink the Army, you get the dwell-to-deploy ratio that is very difficult to meet.

Mr. Fanning: Absolutely, because the demand is notshrinking at the same rate.

Senator Ayotte: So should we be pushing for more resources for a larger Army, given the threats that we face? Is that something that you would advocate for?

22 Mr. Fanning: I do worry about the size of the Army 23 today. When we were directed to go down to 450,000 in the 24 Active component by the QDR, General Odierno testified that 25 this was with risk. I know he said this quite a bit. I was

sitting across the table in the Air Force seat. General
 Milley has recently testified that we can meet the combatant
 commanders' requirements at 450,000, but the risk is
 increasing. I do not see that vector changing.

5 Two years ago, when we targeted 450,000, we did not 6 have ISIL, we did not have Russia as provocative as it is. 7 So I am concerned. It is preventing us from doing a number 8 of things we want to do to the Army to make it readier and 9 to keep it whole.

By the way, I know that you directed the Chairman of the Joint Chiefs to do a force assessment on the Army specifically by the end of next month, which I think will be very telling.

14 Senator Ayotte: Yes. Good. I look forward to 15 receiving that, especially as we look at this readiness 16 issue, which is fundamental to the strength of our force and obviously how we treat our men and women in uniform. I 17 think this needs to be a priority for you in this position. 18 19 I also wanted to follow up on an issue that we have 20 seen in New Hampshire with our Guard, and that is military 21 construction. In fact, in New Hampshire, the condition of

22 our readiness centers in New Hampshire is unacceptable.
23 According to the Army National Guard Readiness Center
24 transformation master plan, if you look at where we are, we

25 are ranked 51 out of 54 States and territories evaluated

nationwide with our infrastructure. In total, the New
 Hampshire Army National Guard, if you look at our readiness
 centers, all except one are rated poor or failing.

So in fact, if you look at our Manchester Readiness
Center, it was constructed from 1938 to 1940. It does not
comply with building codes, life, health, safety, or any
antiterrorism force protection standards.

8 So I would ask you, in the upcoming budget request, I 9 hope the Army does not continue to postpone its requests for 10 funding for the New Hampshire Army National Guard vehicle 11 maintenance shops in Hooksett and Rochester, as well as our 12 readiness centers in Pembroke and Concord, because we are 13 just in a very deplorable situation, if you think about our 14 being 51 out of 54.

15 And I hope, if confirmed, that you will commit to 16 examining the allocation of military construction dollars 17 not only between the Active and Reserve component, but also the allocation among the State Army National Guards to 18 19 ensure that the Army is prioritizing what our Guard needs as 20 well. As we know, this is a total force situation. We 21 could not have fought in Afghanistan, Iraq, or what we are 22 doing against ISIS without the Guard.

23 Mr. Fanning: I absolutely will, and I think we need to 24 take a fundamental look at the total number of dollars as 25 well. This is a place where, across all the military

departments where I work, we take the greatest risks -milcon, facility sustainment -- to the point -- because that
includes ranges, testing facilities -- that it has become in
and of itself a readiness issue.

5 Senator Ayotte: Thank you very much.

6 Chairman McCain: Senator Manchin?

Senator Manchin: Thank you very much, Mr. Chairman.
Thank you, Mr. Fanning, and your family and all the
support you have.

10 You have quite a resume, sir, and all the experience 11 you have, which I think would be a tremendous asset for the 12 Army, and what you can bring to it, organizational skills. 13 The thing I would like to ask and everybody is talking about 14 is our force. And I agree with you. I am concerned as you 15 are about reduction of forces.

16 Give me the ratio of forces versus contractors. If adjustments can be made, because I would tell you this, 17 there is not a West Virginian I know that would not 18 19 sacrifice so we have the military we have to defend our 20 country. Not one. But they want to make sure we are using 21 their money right. They do not think that we do it as 22 efficiently as we could, as far as procurement. They 23 believe that we are sometimes top-heavy, as far as 24 contractors versus reduction in force. And every time 25 somebody comes before us wanting more money, they tell us

how they reduced the forces. And when we check everything else, your command centers are high, all the administration is high, contractors are high. But the people that we actually want to do the fighting for us, they are the ones that are in critical need.

6 There has to be an adjustment. Give me your take on 7 this.

8 Mr. Fanning: First, I would say that there are 9 tremendous individuals and product that comes out of the 10 contract workforces as an integral part of how we fight and 11 how we mobilize, train, and equip.

12 That said, we lean on the contractor workforce to surge 13 when we need to. I do not think we do a good enough job of 14 then rationalizing and culling afterward. It is much like 15 efficiencies. I think that the contractor workforce is 16 something we need to be analyzing continually.

Senator Manchin: Can I interrupt you? I am so sorry,sir.

But being a former Governor, and there are a few of us here, we know that we were in charge. We were commanders in chief of our National Guard. It was our responsibility to do the things that needed to be done. And we had the support of the Governor and the Legislature. But we are the ones who led that charge.

25 With that being said, we think there is so much more

31

our Guard could be doing in the role that we are paying high-priced contractors to do. We just think it is ridiculous, the redundancy. We are paying contractors but we already have a Guard in waiting that is trained and ready to do the job and go to the frontline and do whatever. We do not see that correlation or that commitment to

7 using what resources we already have.

8 Mr. Fanning: I think certainly General Milley has 9 talked about the total force and using the Guard more. If 10 confirmed, as I said, that will be a priority of mine. I 11 spent 2 years working that pretty hard in the Air Force. 12 Not only do we need to do it, as we draw down, it is

13 the right thing to do to make sure that we are utilizing all 14 the components properly.

We are in an interesting position now where we are almost due the national commission's report on the structure of the Army. I am optimistic we will get some interesting ideas out of that that will help push us forward in thinking more about total force and using the Guard more

20 productively.

But going back to the contractor workforce, that is something that we need to rationalize all the time. When I was in the Navy Department, we started something called contractors court where every echelon has to justify its contracts to the next echelon up. It does an interesting

32

thing, because you would see each echelon cancel a certain percentage of the contracts because they knew they could not justify it to the boss. So by the time it got all the way up to the top of the pyramid, you had rationalized that pretty well.

We did it in the Air Force to great success. The Army
has something similar. But if confirmed, it would be
something that I personally would oversee.

9 Senator Manchin: Have you gotten a handle on how many 10 contractors we actually have? I cannot get anybody to give 11 me an accurate count.

Mr. Fanning: That is the first thing and the most difficult thing, to know how many contracts you have. And, of course, we contract for services, so we do not always know how many people are behind those contracts.

Senator Manchin: And the amount of money we are paying.

18 Mr. Fanning: It is amazingly difficult to figure out 19 what that number is. It is very frustrating.

Senator Manchin: And as far as procurement, that seems to be your strong point. What would you do? I mean, the bottom line is, every time somebody asks you if we have enough money or enough in force, you always are going to say you need more.

But on the other hand, if you only have X amount to

33

work with, what can we do here that allows you to be more effective and to use that in a more prudent way? Can we untie your hands?

4 Mr. Fanning: In my experience, bureaucracies are 5 additive, and processes are created to prevent the last bad 6 thing from happening.

7 Senator Manchin: What would you change in procurement 8 right now?

9 Mr. Fanning: I would give more flexibility to the program managers, those people who you are holding 10 11 accountable, and then hold those people accountable. That 12 includes whoever it is in the leadership positions, but then 13 us inside of the organization so that we can develop --14 program managers spend the vast majority of their time 15 putting briefing slides together and briefing people, as 16 opposed to actually running their programs. We are not nearly as agile as an institution as our adversaries are 17 now, or even private sector companies that do not want to 18 19 work with us because of all the barriers we put up for them 20 to do so.

So I would look for ways we can strip out some of these requirements that slow us down, allow us to be more agile, better tap into innovation, both in terms of technology but also processes, so we can iterate more rapidly than we are now.

1 Senator Manchin: Let me just say, my time is running out, but I think you are uniquely qualified, because you are 2 3 seeing three branches of government. Very few people have come to this position having the background that you have 4 5 had and the administrative skills that you have. I hope you 6 put them to good use. And I hope we give you the ability to do that, sir. And I hope you use the forces that we have, 7 8 make sure that our frontline forces are strong and we have the right number of people to do the job, and make sure that 9 we do not have an abundance of contractors that we do not 10 11 need, overpriced, using our Guard more effectively, and 12 building the force that we need to protect our country. We will be behind you 1,000 percent. 13 14 Mr. Fanning: Thank you, Senator. 15 Senator Manchin: Thank you. 16 Chairman McCain: Senator Donnelly? Senator Donnelly: Thank you, Mr. Chairman. 17 Thank you, Mr. Fanning, for your service and your 18 19 continued willingness to serve. 20 I have a number of questions, so hopefully you can 21 answer these succinctly. Yes or no will suffice on some of 22 these. 23 You and I have talked a lot about what is going on with regard to Russia, the massive Russian buildup in the Arctic, 24 25 as well as Russia's other numerous provocations over the

35

## Alderson Court Reporting
1 past few years.

As you know, Senator Dunford and General Milley testified that they saw Russia as the biggest threat to the U.S. Secretary Carter here also testified that he saw significant strategic importance to the Arctic and how we late to the game. Admiral Zukunft, the Coast Guard Commandant, said we are not even in the game relative to Russia's massive buildup in the Arctic.

9 Do you agree with that, what Secretary Carter and the10 Coast Guard admiral said?

Mr. Fanning: I do think that we are not nearly enough in the game in the Arctic as we should be.

Senator Donnelly: Admiral Harris testified here that he saw one of the greatest threats in the Pacific as North Korea. Do you agree with that?

16 Mr. Fanning: I do.

Senator Donnelly: We have been supportive in a bipartisan way of the President's rebalance or pivot to the Asia-Pacific. Are you supportive of that strategy?

20 Mr. Fanning: Yes.

21 Senator Donnelly: So as you know, last year, the Army 22 decided to get rid of the 425 base, the Joint Base Elmendorf 23 Richardson, 5,000 airborne infantry troops, strategic asset 24 for the country, kick-in-the-door capability, 7 to 8 hours 25 can be anywhere in the northern hemisphere given the

36

1 strategic lift that we also have at JBER.

2 To General Milley's credit, he has put this decision on 3 hold, reevaluating it, thinking it may have been a strategic 4 mistake.

5 Does the U.S. Army have any other airborne brigade that 6 is trained, equipped, and ready to fight and win in subzero 7 mountain climates like those in the Arctic or those in North 8 Korea?

9 Mr. Fanning: No, not like those we have in Alaska.
10 Senator Donnelly: And the 425 is part of the strategic
11 Reserve right now with regard to a contingency in Korea.
12 General Scaparrotti called it the over the hill cavalry that
13 could be there in 7 hours.

Do you think removing these forces emboldens the already unstable leader of North Korea or Putin, in terms of his buildup in the Arctic, when we are removing literally the only airborne BCT-trained soldiers in that part of the world?

Mr. Fanning: If confirmed, Senator, I would look for ways to reverse as many of the combat cuts that the Army made last year as possible, to include Alaska.

22 Senator Donnelly: Let me talk about, just very 23 quickly, we have been supportive of the President's 24 rebalance. As a matter fact, in the NDAA, we had language 25 supporting it, talking about how we should not be cutting

1 forces in the Asia-Pacific.

How does cutting the only airborne brigade combat team in the Asia-Pacific support the President's rebalance to the Asia-Pacific?

5 Mr. Fanning: That is one element of the Army's 6 rebalance to the Pacific. The Army created a four-star leader there and has increased the number of soldiers and 7 civilians overall that are dedicated to the Pacific. I 8 think the number is 77,000 to over 100,000 today since 2007. 9 Senator Donnelly: Let me just say if the Army retained 10 11 the 425 at its full strength, as you and I have talked 12 about, would it not send a strong message, a strategic message to North Korea, to Russia, and our allies about 13 14 America's commitment to defend our strategic interests on 15 the Korean Peninsula, in the Arctic, and support our allies? 16 Do you think that would be a strong message?

Mr. Fanning: I think it would send a strong message. The Army last year had to balance the cuts that it needed to make across all of the requirements and priorities that it has.

21 Senator Donnelly: Let me get to the 450,000 number. I 22 believe, and I think a lot of members of this committee 23 think it is low. I think it is way too low, strategically 24 risky for the country.

25 Do you agree with that?

Mr. Fanning: I do believe it is a risk, yes. That has
 been testified to by many others as well.

3 Senator Donnelly: To his credit, again -- and you already touched on it and I appreciate you mentioning it --4 5 General Milley is working hard to balance the tooth-to-tail 6 ratio, as you said earlier, making sure we have much more in the teeth category than the tail. 7 8 Of the 450,000, how many currently have musician MOS? Mr. Fanning: In the 450,000, I believe that number is 9 about 1,500. 10 11 Senator Donnelly: How many prisoners are at Fort 12 Leavenworth of the 450,000? Mr. Fanning: Of the 450,000, 1,100 of them are counted 13 14 as prisoners. 15 Senator Donnelly: How many soldiers of the 450,000 are 16 right now out-processing? 17 Mr. Fanning: Combined total of just over 15,000. Senator Donnelly: So when we talk about the 450,000, 18 19 there are literally thousands, tens of thousands, who are 20 not deployable, not capable of fighting. Correct? 21 Mr. Fanning: That is correct. 22 Senator Donnelly: Does it make sense that the Army is 23 proposing cutting thousands of healthy, deployable airborne 24 infantry soldiers to make room for tens of thousands of 25 nondeployables and noneffective soldiers that are counted as

39

## Alderson Court Reporting

1 part of the 450,000?

2 Mr. Fanning: It would be nice not to count them 3 against the 450,000. I do not think people realize what percentage of the 450,000 Active component is not deployable 4 5 for reasons even greater than you have mentioned. They have 6 medical profiles or for other legitimate reasons. They are part of the generating force. They are training now. They 7 8 are already deployed.

9 So when we say we are heading toward a 450,000 Active 10 component in the Army, that is not 450,000 people ready to 11 be deployed.

12 Senator Donnelly: My time is expired here, but let me get one final commitment, Mr. Fanning. We have had a lot of 13 14 discussions, but, if confirmed, I need your 110 percent 15 commitment to ensure that the very last soldiers that we are 16 cutting are the combat-effective, tip-of-the-spear, strategically located infantry soldiers who can fight 17 tonight if they need to, as opposed to so many of the other 18 19 soldiers that we are talking about.

In other words, that you and General Milley would commit to cut the trigger-pullers strategically located like the 425 absolutely, positively last relative to any other soldiers you are looking at cutting. Can I get that commitment from you?

25 Mr. Fanning: You absolutely have that commitment,

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1 Senator.

2 Senator Donnelly: Thank you.

3 Thank you, Mr. Chairman.

4 Chairman McCain: Senator Sullivan?

5 Senator Sullivan: Thank you, Mr. Chairman.

6 Mr. Fanning, thank you for being here. And to your 7 mom, thank you. To the Kassir family, it is wonderful to 8 have you here, your dear friends.

9 Mr. Fanning, one of the things that we have seen is 10 again in the third quarter a big spike in suicides, 11 especially among Guard members. What are your plans to 12 improve mental health services and to make that number go 13 down in the United States Army?

Mr. Fanning: We have seen a spike. With the sheer size of the Army, the number in absolute terms is large and it is too large. I think the Army has made some impressive progress, increasing access to health care by embedding it at the brigade level so that it is more readily accessible.

20 prevention, behavioral health, suicide, I think that is a 21 key component of making access to care as easy as possible 22 for our soldiers. So that is one thing.

In terms of care across-the-board, sexual assault

But I think also a lot more work has to be done
fighting the stigma against seeking behavioral health care.
Senator Sullivan: One of the other things that has

41

been done in the Israeli Defense Forces is they have pushed down to the platoon level that the soldier in charge keeps an eye out for the other members and reports, "Hey, Tim is getting a little sideways," or, "Cathy is getting a little sideways."

6 Are you looking at anyways to push the decisionmaking down a little bit lower as to enabling them to have the 7 8 ability to say, look, maybe we need to help this person? 9 Mr. Fanning: Absolutely. I think we need to have it down as low as possible. The Army is actually already 10 11 looking at this, from my understanding, and has a number of 12 other programs like that. The senior master sergeant of the Army has started something called Not In My Squad to cover a 13 14 whole range of issues. Part of that is training people to 15 look for indicators that they should act on and report.

Senator Sullivan: It really helped reduced the numbers in the IDF.

Another area, you said before that the Army recognizes the tactical importance of the Humvee fleet and the enduring requirement to maintain a relevant and capable fleet. Do you expect the Army will continue to rely on a large Humvee fleet even after the JLTV has been fully fielded?

23 Mr. Fanning: Absolutely. As I recall, the ultimate 24 end-state after they rationalize the requirements for the 25 ground fleet was to maintain about 50,000 Humvees, which

1 also allows them to cull out the newest and best maintained of what they have. So it will end up being a relatively 2 young and well-maintained fleet, and a sizable one still. 3 4 Senator Sullivan: Looking in the Middle East, one of 5 the things that has struck me is we have seen refugees all 6 throughout the world at the same time that we will not put in a no-fly zone or safe zone, right in the same country 7 8 where those refugees are coming from.

9 Do you support putting in place a no-fly zone or a safe 10 zone?

11 Mr. Fanning: I actually have not studied either of 12 those proposals enough to give you an opinion on them. I am 13 happy to come back and talk to you. I do think we have not 14 done enough collectively to prevent the crisis and now deal 15 with the crisis, which is unlike any refugee crisis that I 16 have seen.

17 Senator Sullivan: Well, you are going to be working 18 with the Department of defense, you are going to be working 19 with the Secretary of Defense, and this is a critical issue 20 to all of us. And we need you to provide the unvarnished 21 truth of your opinion to him.

I am wondering if you are going to look into this and start to put this information together and come to some conclusions on this?

25 Mr. Fanning: I will, Senator. As you know, it is the

43

service Secretary's responsibility to make sure that we have the forces that are ready and trained for whatever they are asked to do, including if it is a no-fly zone or a safe zone.

5 Senator Sullivan: I do. But I am also hopeful that if 6 Secretary Carter asks you, that you say: Look, here is why 7 I think it makes sense, or why it does not make sense. Here 8 is a mission that is critical and important to the success 9 of our Nation's future and where this goes.

Mr. Fanning: Absolutely. I commit to you that I, certainly, will give my unvarnished opinion to Secretary Carter whenever asked.

Senator Sullivan: On occasion, if not asked, if you see something a little sideways, will you take him aside privately and say to him, "Look, here is my view of this"? Mr. Fanning: Yes.

17 Senator Sullivan: Okay.

18 Mr. Fanning, you have served this Nation well and with 19 distinction. We appreciate everything you have done for our 20 country. Thank you for being here today.

21 Thank you, Mr. Chairman.

22 Mr. Fanning: Thank you, Senator.

23 Chairman McCain: Senator Fischer?

24 Senator Fischer: Thank you, Mr. Chairman.

25 Welcome, Mr. Fanning. I would like to begin by

1 thanking Senator Sullivan for bringing to your attention some questions and comments that he has about our concern 2 that we have with Russia, especially in the Arctic. I think 3 many times we do not focus on that because of the truly 4 5 large challenges that we see all around this world. But I 6 do appreciate his comments and I do share the concerns that he has about the 425. So I thank you for your commitments 7 8 that you made to him.

9 I know one of your main challenges is going to be to 10 balance that investment made against future threats 11 alongside the demands that we now face with readiness and 12 modernization and force structure. You have said that your 13 top priority is readiness. You noted to me when we met last 14 month the need for more investment in facility sustainment.

How do you plan to prioritize all those remaining demands, if we are going to be able to address needs in the future and be able to balance those? I want to see what your thought process is on that.

Mr. Fanning: Sure, Senator. I think we take risks in all parts of our budget right now. What I look at, having seen this happen incrementally, and part of it is just the uncertain fiscal environment that we have been planning in, is looking -- sometimes we lose sight of the aggregate risks. That is really what I am trying to get at now and, if confirmed, would do so in the Army.

1 One of those places that is not unique to the Army, 2 where we have taken an aggregate risk that I think a lot of 3 people have not fully realized yet is in milcon and facility 4 sustainment.

5 So it really is becoming, in my view, a fundamental 6 readiness issue for all of the services. As I said earlier, 7 ranges are a part of that. We need to make sure that we are 8 not mortgaging our future with the decisions we are making 9 now.

But all that means is we would be moving risk to another part of the budget. But we have taken year after year after year of layered risk in facility sustainment, and it concerns me greatly.

The first visit I made in the Army was to Fort Bragg. That is a critical, very busy base. And from the minute that I landed, I could tell that this base looks tired. So we have to look into that very seriously.

Senator Fischer: As members of this committee, we are 18 19 hearing a number of predictions and ideas about what the 20 future is going to look like. Do you see any kind of major 21 shift on the horizon for the Army, and what the Army will 22 do, how it will operate, what it will need in the future? 23 Mr. Fanning: Secretary Gates always said, "We have a perfect record of predicting the future. We get it wrong 24 25 every time." I think he was talking about the future kind

1 of war we will have.

What I try to do, and, if confirmed, will try to do in 2 the Army, is less predict what that future is than take 3 advantage of some of the reforms we are talking about to 4 5 make the Army more agile at getting new capabilities out to 6 the field. I think we are losing the competitive edge we have at iterating against our adversaries, either in how to 7 use technology, which is a big part of it -- we have to 8 empower soldiers in the field with the tools that we already 9 10 have, and how to use them differently -- but how to 11 incorporate new ideas and new technology faster into what we 12 do produce and what we do field.

13 Senator Fischer: Are there resources or specific 14 equipment that the Army now has that you believe is outdated 15 and should be replaced? Do you have a list of what needs to 16 be ended in order to move forward in the future for what you 17 are really going to need?

Mr. Fanning: I do not know, in the current state, 18 19 there are a lot of things that I say we could end, because we are reliant on them all. A lot of the platforms are old 20 21 but have lots of new technology and capability on them. 22 I think of three phases to procurement, which is 23 modernizing what you have now, recapitalizing the next 24 generation, and then your science and technology to keep 25 investing in what comes after that.

47

## Alderson Court Reporting

1 The Army, last year, before I went over as acting 2 Under, just because of the budget pressures, decided to 3 invest more in modernizing the platforms they have and 4 keeping the science and technology for the long-term 5 investment going, and taking risks in developing the next 6 generation platforms.

7 That is a concern to me. If confirmed, that is an area 8 I would be looking at very closely. Where have we taken too 9 much risk in platforms that we are going to try to hold on 10 too long?

11 Senator Fischer: Thank you.

12 Chairman McCain: Senator King?

Senator King: Mr. Fanning, I, certainly, appreciate 13 14 you being here today. I have to say you are one of the most 15 refreshingly candid witnesses I can recall being before this 16 committee. I want to join Senator Donnelly and really encourage you to carry that quality into your work. You 17 have a great deal of experience, a great deal of knowledge, 18 19 and, I have learned today, a great deal of wisdom on these 20 issues. Share it. Do not be hesitant, even if it might 21 cause some friction. That is your value to the United 22 States.

I hope you will maximize the input that you have, because I believe you have a lot to contribute.

25 Mr. Fanning: Thank you.

1 Senator King: There has been a theme in our 2 discussions today, and what bothers me is that what we are 3 talking about is turning one of those expensive aircraft 4 carriers. And we make strategic decisions that have long-5 term implications and even long-term implementation based 6 upon assumptions that turn out to not be very good.

I was in Iceland recently. And if there is a strategic spot on this planet, it is Iceland in the North Atlantic. Yet because we thought the Cold War was over, we closed the airbase at Keflavik. I think that was a tremendous strategic mistake in retrospect, because the world has changed and now suddenly we are in competition with Russia again, and I use the word "competition" advisedly.

The Army size that we have been talking about today, the assumptions upon which that decision was made were valid when they were made, but they are no longer valid. I share my colleagues' concern that we are facing a new round of challenges around the world and we really have to revisit that decision.

I am not so convinced as some of my colleagues about the danger of contractors. Because of the cost of training and high level of training that our Army and our tooth, if you will, we ought to be using contractors for everything but fighting. We should not have somebody who costs \$1 million or \$500,000 to train to do work that contractors can

do. So I think that is something that has to be constantly
 evaluated.

Do you agree with that assessment?

4 Mr. Fanning: I do. I think the contract workforce is 5 an important, integral part of the workforce, the civilian 6 workforce and the uniformed workforce. The challenge is getting the balance right. In my view, the contract 7 workforce provides invaluable services to the Department of 8 9 Defense and is a place you can go to when you need to surge. Senator King: And it makes sense to do that rather 10 11 than use trained Army personnel, our uniformed force, to do 12 things that are not warfare.

Mr. Fanning: Absolutely. The challenge is, and it is something that we have to keep on all the time, making sure we have those three components properly balanced.

16 The one that grows the fastest if not properly overseen 17 can be the contractor workforce because of how many 18 different ways it can grow.

19 Senator King: That is a management challenge.

20 Mr. Fanning: It is a management challenge. But I 21 would never suggest, and I hope that I have not, that they 22 are not a very valued and important part of how we get 23 things done. Some things are best done in the contract 24 workforce because it is an expertise that you do not need 25 organically and want to pay for, or it is a surge

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capability. Some things you want in your civilian
 workforce, and others you want a uniformed person to do.

3 Senator King: I do think that we need to talk about 4 the Army, the end-strength, and have a review of that. I 5 hope that is something that you will initiate.

6 The third area where we are talking about having made strategic decisions that now appear imprudent because of 7 changed assumptions is the Arctic, as Senator Sullivan has 8 emphasized. Huge activity by the Russians, in terms of 9 10 their military buildup, and the idea of depopulating or 11 diminishing our force availability in that region seems to 12 me, given again changed assumptions -- it may have made good 13 sense 2 years, 5 years ago. I am not sure it makes sense 14 today.

We have to continue to reassess these decisions and be flexible in responding to the current realities.

The final one that the chairman talked about is Afghanistan. We have to assess what is going on on the ground as opposed to saying we are going to make certain decisions based upon the calendar or 2-year-old assumptions.

I think all of those are examples of this importance of flexibility and constant reassessment of what the realities on the ground are.

24 Do you share that sort of overall concern?

25 Mr. Fanning: Absolutely, Senator. We like to say we

51

1 are a learning organization. That does not mean much if we 2 are not willing to make changes based on what we have 3 learned.

4 In regard to the Arctic and Alaska, in particular, when 5 I became acting Secretary of the Air Force about 2 years 6 ago, one of the first things I did was reverse an Air Force decision to move a squadron of aggressors, fighter jets, out 7 8 of Alaska because of the strategic importance there, because 9 of the range space we had there, because of the proximity not just to adversaries or potential adversaries in the 10 11 Pacific, but the proximity to our partners in terms of 12 training and so forth.

So I have had a particular interest in that region for a long time.

15 Senator King: Finally, I noted in your testimony 16 several times you used the words "agile" and "mobile." You 17 remind me of my high school football coach used to say he 18 wanted us to be agile, mobile, and hostile.

19 [Laughter.]

20 Senator King: I appreciate your testimony, Mr.

21 Fanning, and I appreciate your service to this country.

22 Thank you.

23 Mr. Fanning: Thank you, Senator.

24 Chairman McCain: That is no longer possible for the 25 Senator.

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Senator Ernst?

2 Senator Ernst: Thank you, Mr. Chair.

Thank you, Mr. Fanning, for being here today and for your service in so many different capacities throughout our various departments.

I want to thank your mother for joining us today aswell today. Thank you, Cathy, for being here.

As you know, Mr. Fanning, last month, Secretary Carter announced that all military occupational specialties will be open to women. I do support providing women with various opportunities to serve in any capacity as long as we are not lowering standards to allow participation, and that we are not decreasing our combat effectiveness.

So in order to ensure that women are fully integrated into these previously closed positions, I believe the implementation strategy must be thoroughly and fully developed to include having an understanding of those secondary and tertiary effects, so that we are not setting our women or our men up for failure.

20 Over the past few weeks, I have had the opportunity to 21 visit with a number of soldiers and Marines. I visited Fort 22 Bragg, North Carolina, as well as Marine Base Quantico in 23 Virginia. During my trip to Fort Bragg, I was able to sit 24 down with the number of special operators and airborne 25 paratroopers from the 82nd to discuss the gender

1 integration. I did the same at Quantico.

Both of these groups were mostly senior-level NCOs, more junior noncommissioned officers, and, of course, some junior officers, both men and women. We really talked about gender integration.

Have you had the opportunity to go out and talk through gender integration with soldiers? Are you committed to doing that, if you have not?

9 Mr. Fanning: I have. I have been to Fort Benning, 10 Fort Bragg, Fort Hood. I spent a lot of time at Benning, in 11 particular, discussing this issue down at the Ranger school.

12 If confirmed, it would be a dialogue I would continue 13 to have because I share your view that we need to get this 14 right. It is critical that we get this right.

15 Senator Ernst: Absolutely. And I think we have to, 16 again, make sure that we are planning wisely and that we are 17 understanding what any follow-on effects will be, whether it 18 is positive or whether it is negative as well.

One of the top concerns that I heard about the implementation is that it should not be done haphazardly. We have seen this recently with short turns of getting plans turned in, and short turnarounds for implementation. I am directing those comments at the Marines.

24 But we want to make sure that the Army does it right. 25 We want to make sure that everybody does it right. Do you

1 think that having such a quick turnaround of 15 days for a 2 plan, to work that out, do you think that is enough time to 3 get it right.

4 Mr. Fanning: I have not seen the Marine Corps plan or 5 any guidance they have been given. I will say that I think 6 getting this right means doing it methodically and deliberately, in however much time it takes to get it right. 7 8 The Army plan, as I saw it before I left, is just that. 9 It is a long-term plan that I think is carefully thought through, starting with validated requirements for 10 11 infantrymen, for example. What requirements do you need to 12 meet to do a job of an infantryman? If you can meet the 13 requirements, then we start from there.

But I do not believe, in the Army plan -- and all the plans are with the Secretary of Defense for review -- you are going to see anything that looks like a rush to judgment.

18 Senator Ernst: I am very hopeful of that.

Mr. Fanning: That would set us back, set back opportunities for women and take us more time, in the end. Senator Ernst: Yes. I agree with that. We do have to be very methodical and talk about the implications of the standards and what that might do to orders of merit lists and promotion opportunities. Are we setting our women back or moving them forward? We do not know what those

1 implications are yet.

2 So I appreciate your thoughtful approach to that. 3 Also, do you believe that women, now that we have opened up those areas of combat, do you believe that women 4 5 should be required to register for the selective service? 6 Mr. Fanning: Senator, I think that is something the administration has taken up and is looking for a 7 recommendation from Secretary Carter. I cannot get out in 8 front of him. 9

10 I would say, if we are focused on equal opportunity, I11 think a part of that is equal responsibility.

Senator Ernst: Thank you. I do appreciate your thoughtful manner as we work with our soldiers in the Army. I also want to echo -- I know Senator Sullivan had spoken earlier about the 425. We want to make sure that we are protecting our assets in the Pacific Northwest. That is of great concern. Many of us have talked that through. So I would appreciate your consideration with that as well.

19 Thank you, Ranking Member Reed.

20 And thank you, Mr. Fanning.

21 Senator Reed: [Presiding.] Thank you, Senator.

22 On behalf of Chairman McCain, let me recognize Senator23 Heinrich.

Senator Heinrich: I want to thank the ranking member.And thank you, Mr. Fanning. Welcome back. And I want

56

to say, I really appreciate your willingness to serve. You have served this country in many different roles. In particular, I want to thank you for the work that we did together on operationally responsive space.

5 Senator King was talking about the ability to 6 reevaluate information and change directions. That is a 7 skill that is often lost on people in this town. I think 8 you have it, and I appreciate that very deeply.

9 In last year's NDAA, this committee expressed its 10 concern about the lack of investment and sustainment of 11 major range and test facility bases. The committee noted 12 that some test ranges, and I know I have mentioned the White 13 Sands Missile Range but there are others, have not received 14 a milcon project in direct support of tests and evaluation 15 in over a decade now.

16 The committee, therefore, urged the department to 17 complete its comprehensive assessment of test range only 18 milcon needs and investments.

19 I wanted to ask you if you know what the status of this 20 comprehensive assessment is at this time.

21 Mr. Fanning: If I understand correctly, I think the 22 draft assessment is done and it is now in coordination. I 23 have not seen anything yet.

24 But I share your concern on that. I saw it acutely in 25 the Air Force. That is why I mentioned it as readiness

57

issue. Not investing in the ranges and testing facilities
 means that we cannot replicate real-world scenarios.
 Ineffective training, ineffective testing, does not tell us
 much.

5 Senator Heinrich: Do you have thoughts on what metrics 6 you will use, if confirmed, to assess the quality and 7 capability of the Army's test and evaluation infrastructure, 8 in particular?

9 Mr. Fanning: I think two fundamental metrics -- first, 10 I would probably start with the end user to see what they 11 got from the range, what they did not get from the range or 12 the facility.

But I think, if we are focused on investments in the facilities, a series of metrics would be how often the facilities are actually available when we need them to be.

16 Senator Heinrich: Switching gears a little bit, Mr. 17 Fanning, morale, welfare, and recreation programs are a key 18 component to soldier retention and quality-of-life. As you 19 noted in your advanced policy questions, it is important to 20 continue providing high-quality MWR programs and to sustain 21 them for the future. I would say that is even more acutely 22 important in remote and isolated installations.

If confirmed, how do you intend to address those challenges in sustaining Army MWR programs, particularly given the current fiscal environment, and, in particular, at

1 those remote and isolated installations?

2 Mr. Fanning: I share your commitment to the remote and 3 isolated installations and facilities. I think one of the most important things to do with MWR is to constantly assess 4 5 what is of value to the soldiers and their families. We lay 6 on a lot of programs, and we do not ever rationalize them and pull money out of ones that are not effective to put 7 8 back into ones that are. And people cannot access them, because we are not investing enough. 9

10 And be on the lookout for how things evolve, how 11 families are evolving, how needs are evolving, to look for 12 new ways that we can provide services in that area.

13 Senator Heinrich: I think that is particularly 14 important, because those needs change, and we need to meet 15 people where they are, especially if we are going to 16 continue to be able to have the kind of people that we want 17 serving at those remote and isolated installations.

As a former engineer, I was pleased to see your commitment to expanding, in particular, outreach programs that foster STEM professionals. We really need to make sure that we are getting the best and brightest within the Army and all the services, with regard to the next generation of scientists and engineers.

24 Can you talk a little bit about how you are going to 25 approach that issue at the Army, in particular, and how we

1 make sure that we have a constant structure in place to engage those scientists and engineers early so that we can 2 3 get them into the services and doing that kind of work? 4 Mr. Fanning: First, I would say that I think we need 5 to start by explaining what the civilian workforce is and 6 what it is not. It gets kind of bandied about in the political process. I think a lot of people assume it is 7 8 just a large collection of bureaucrats.

9 Our engineers and scientists are national treasures. I 10 think that hit me the most, and probably a lot of other 11 people, a few years back when we were furloughing civilians 12 -- what was happening to our laboratories, what was 13 happening to our test ranges. Now these are people who can 14 make a lot more money doing things outside of government, 15 but who are committed to the mission.

16 So I think that is where we can do the most in 17 capturing people earlier, which is finding ways to expose 18 them to the mission and the problem sets that we are on and 19 get them excited about that.

But these workforces, as we decrease the civilian workforce, increase the civilian workforce, convert from contractor to civilian, we need to make sure that we are keeping this talent organically that is very hard to recruit and very hard to replace if we lose it.

25 Senator Heinrich: Thank you very much.

Senator Reed: Thank you very much, Senator Heinrich.
 I have been informed that my colleagues might return
 from the vote, Mr. Secretary, which gives me the great
 opportunity to initiate a second round.

5 Let me ask, you bring to this job extraordinary 6 experience in management in the Department of Defense, in both the Department of Navy and Department of Air Force. 7 8 One of the persistent criticisms of the Defense Department 9 is that it has not been able to successfully pass an audit. 10 Can you give us some insight as to how you in the Army, 11 but hopefully the Department of Defense across-the-board, 12 can get DOD on the track to a successful audit? Mr. Fanning: I think, first of all, for success to 13 14 take place in this area, it needs constant senior 15 leadership. We got a tremendous shot in the arm from 16 Secretary Panetta, who understood this better, probably, 17 than most. So that is the first thing. It is just a commitment, if confirmed, that I will make to this process. 18 19 I think in regard to the Army, there are probably two 20 things. I have seen it now in each of the military 21 departments, and it is different in each service, what the 22 strengths and weaknesses are, and what the ways forward are. 23 I have long been a proponent of learning from doing. We had

25 think, where we had prepped enough and it was time to start

gotten to a point across all of the military services, I

61

1 testing what we had done. We are actually learning a lot from that. In 2014, just now 2015, the Army had an auditor 2 that put down its pen, so we did not complete the audit. 3 4 The Army did not complete the audit or get a favorable 5 opinion at the end. But we are learning two things. We are 6 not only learning where we have weaknesses that we need to put more emphasis. We are learning where we have made 7 8 enough improvements that we can pull resources off of that, 9 so finding the resources to put in the areas where we have 10 problems.

11 So in the Army, the first thing is creating a series of 12 work schedules based on those problems and sticking to it 13 and holding people accountable.

14 The second, and this applies to all the military 15 departments, but maybe even more so to the Army, the Army is 16 fortunate in that some of its ERP systems are actually more 17 robust and are fielded, and is making sure that you shut down the legacy systems when you are supposed to, because 18 19 those legacy systems are not audit-compliant. So you need 20 to force the service, the workforce, into the new systems 21 that are compliant.

22 So those would be the two areas I think I would 23 probably focus on the most.

Senator Reed: Thank you very much, Mr. Secretary.I notice that my colleague, Senator Graham, has

62

arrived. Let me forgo further questioning in the second
 round so that he may have a first opportunity.

3 Senator Graham?

4 Senator Graham: Thank you, Senator Reed. Thank you5 very much.

6 Have you been following the media reports that there 7 may be consideration at the Pentagon to take a star away 8 from General Petraeus?

9 Mr. Fanning: I have.

10 Senator Graham: What is your view of that?

Mr. Fanning: I shared Secretary McHugh's view that no further action was necessary regarding General Petraeus. I was his acting Under when he was the Secretary of the Army. Senator Graham: I just want to say for the record, Senator Reed, that I hope there is bipartisanship for this approach.

17 Number one, that is a great answer. I think General Petraeus, like everyone else who has been fighting this war, 18 19 only God knows how many years he was deployed since 9/11. 20 He made a mistake. He took responsibility for it. His 21 military record I think stands as one of the greatest in 22 recent memory. And I would just urge the Secretary of 23 Defense to follow your recommendation and not go down this 24 path.

25 As to the Army itself, I know you have been asked force

63

structure. What does it mean to have 490,000 members of the Army versus 420,000, in terms of things you can do? What is the difference? I know you have 70,000 more people, but what does it mean in terms of engagement?

5 Mr. Fanning: I think when you look at 490,000 down to 6 450,000 in the current construct, down to 420,000 as a 7 possible number in sequestration, General Odierno testified 8 when the Army was first targeted on the 450,000 number that 9 there would be great risk. General Milley has testified the 10 same thing. The risk has increased. The number has not 11 changed for our end-strength, but the risk has increased.

Going down to 420,000 in a sequester environment I think would require a whole new set of assumptions and guidance on what the Army is supposed to do and what its priorities should be.

Everyone has testified, and I will do it here today, that we could not do even as a total force, not just the Active component, what we are being asked to do if we went down to what sequestration would force us to do.

20 Senator Graham: President Obama in the State of the 21 Union address called for the Congress to give him an 22 authorization to use military force against ISIL. I think 23 that is an absolutely reasonable request. Do you agree that 24 it would be good, if Congress would do it?

25 Mr. Fanning: I do.

Senator Graham: You are about to Secretary of the
 Army. I think you are well-qualified.

From an Army perspective, would you like to see
limitations on time when it comes to fighting ISIL?
Mr. Fanning: I think my preference would be not to
have a limitation.

7 Senator Graham: Okay, I think that makes perfect 8 sense. If I am in the Army, I do not want to tell the 9 enemy, after 3 years, we are going to have to stop and start 10 all over again.

11 So one, that makes sense to me that from an Army 12 perspective, I think from a national perspective, we should 13 not have a limitation on time.

14 What about geography? Should we limit it to geography?
15 Mr. Fanning: I think we should fight them wherever
16 they are.

17 Senator Graham: They are in Afghanistan today. I want 18 to applaud the administration for allowing our military to 19 go after ISIL as if they were al Qaeda. I think that is a 20 responsible deal.

21 Means. Are there any means you want to take off the 22 table?

23 Mr. Fanning: No.

24 Senator Graham: Thank you. I look forward to voting 25 for you as Secretary of the Army.

Mr. Fanning: Thank you, Senator. Senator Reed: I do not think I can top that so let me just say the staff has indicated that there are no more of my colleagues that are returning. Let me thank you, Mr. Fanning, for your service to the Nation. On behalf of Chairman McCain, the hearing is adjourned. [Whereupon, at 10:54 a.m., the hearing was adjourned.]