

Stenographic Transcript  
Before the

COMMITTEE ON  
ARMED SERVICES

## UNITED STATES SENATE

HEARING TO CONSIDER THE NOMINATIONS OF:  
HONORABLE DAVID L. NORQUIST  
TO BE UNDER SECRETARY OF DEFENSE, COMPTROLLER;  
ROBERT B. DAIGLE  
TO BE DIRECTOR OF COST ASSESSMENT AND  
PROGRAM EVALUATION, DEPARTMENT OF DEFENSE;  
AND  
ELAINE A. McCUSKER  
TO BE PRINCIPAL DEPUTY UNDER SECRETARY OF  
DEFENSE,  
COMPTROLLER

Tuesday, May 9, 2017

Washington, D.C.

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

The committee met, pursuant to notice, at 2:32 p.m. in Room SD-G50, Dirksen Senate Office Building, Hon. John McCain, chairman of the committee, presiding.

Committee Members Present: Senators McCain [presiding], Rounds, Ernst, Tillis, Sullivan, Perdue, Reed, McCaskill, Gillibrand, Blumenthal, Donnelly, Hirono, Kaine, King, Warren, and Peters.

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

3           Chairman McCain: The Senate Armed Services Committee  
4 meets today to consider the nomination of David Norquist to  
5 be Under Secretary of Defense, Comptroller; Robert B. Daigle  
6 to be Director of Cost Assessment and Program Evaluation;  
7 and Elaine A. McCusker to be Principal Deputy Under  
8 Secretary of Defense, Comptroller.

9           Mr. Norquist, Mr. Daigle, and Ms. McCusker, we thank  
10 you for joining us this morning. We also welcome your  
11 families and friends here with us today. As is our  
12 tradition, at the beginning of your testimony, we would  
13 invite you to introduce those that are joining you today.

14           It is the standard for this committee to ask certain  
15 questions in order to exercise its legislative and oversight  
16 responsibilities. It is important that this committee and  
17 other appropriate committees of Congress be able to receive,  
18 testimony, briefings and other communications of  
19 information. In response to these questions, just respond  
20 by saying yes or no.

21           Have you adhered to applicable laws and regulations  
22 governing conflicts of interest?

23           Ms. McCusker: Yes.

24           Mr. Daigle: Yes.

25           Mr. Norquist: Yes.

1 Chairman McCain: Will you ensure that your staff  
2 complies with deadlines established for requested  
3 communications, including questions for the record in  
4 hearings?

5 Ms. McCusker: Yes.

6 Mr. Daigle: Yes.

7 Mr. Norquist: Yes.

8 Chairman McCain: Will you cooperate in providing  
9 witnesses and briefers in response to congressional  
10 requests?

11 Ms. McCusker: Yes.

12 Mr. Daigle: Yes.

13 Mr. Norquist: Yes.

14 Chairman McCain: Will those witnesses be protected  
15 from reprisal for their testimony or briefings?

16 Ms. McCusker: Yes.

17 Mr. Daigle: Yes.

18 Mr. Norquist: Yes.

19 Chairman McCain: Do you agree, if confirmed, to appear  
20 and testify upon request before this committee?

21 Ms. McCusker: Yes.

22 Mr. Daigle: Yes.

23 Mr. Norquist: Yes.

24 Chairman McCain: Do you agree to provide documents,  
25 including copies of electronic forms of communication, in a

1 timely manner when requested by a duly constituted committee  
2 or to consult with the committee regarding the basis of any  
3 good faith delay or denial in providing such documents?

4 Ms. McCusker: Yes.

5 Mr. Daigle: Yes.

6 Mr. Norquist: Yes.

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

10 Ms. McCusker: No.

11 Mr. Daigle: No.

12 Mr. Norquist: No.

13 Chairman McCain: All three of you are being nominated  
14 for positions directly responsible for helping guide the  
15 Department of Defense through extremely challenging times.  
16 The country is facing the most diverse array of challenges  
17 and crises since World War II, and to make matters worse,  
18 our financial house is not in order. Truth be told, I do  
19 not envy any of you.

20 In fiscal year 2018, which begins less than 5 months  
21 from now, the original Budget Control Act caps are set to  
22 return. Both Republicans and Democrats know that the Budget  
23 Control Act discretionary spending caps are unacceptably low  
24 budgets for defense. President Trump's estimated budget is  
25 \$216 billion, in excess of the BCA caps in their 4 remaining

1 years. Even President Obama's budget was \$113 billion above  
2 the BCA caps, and that budget would have barely slowed the  
3 deterioration of our military readiness and capability.  
4 Yet, these caps are the law of the land. Changing or  
5 eliminating them will require a bipartisan budget deal that  
6 would be difficult under any circumstances, let alone our  
7 current political state.

8 We are now 3 weeks past the deadline to pass a fiscal  
9 year 2018 budget resolution. Yet, there is still no serious  
10 conversation that I am aware of in this body or anywhere  
11 else in Washington about what a bipartisan budget agreement  
12 would look like and how it would be achieved.

13 Each day the Congress does nothing to negotiate a  
14 budget deal simply increases the likelihood that the  
15 Department of Defense will once again start out the fiscal  
16 year under a continuing resolution. If Congress continues  
17 business as usual, then the Department will continue to face  
18 the same problems, financial instability, uncertainty, and a  
19 mismatch of resources to requirements.

20 Internally the Department faces just as many  
21 challenges. 27 years ago, the Chief Financial Officers Act  
22 was passed, and to this day, the Department of Defense is  
23 still not auditable. I repeat. To this day 27 years later,  
24 the Department of Defense is still not auditable. The  
25 Department of Defense is the only department in the Federal

1 Government which has failed to meet this mandate. The  
2 Department now has until September 30th, 2017 to be audit-  
3 ready, a deadline I am skeptical the Department will be able  
4 to meet. This has been a very public continuing failure for  
5 the Department of Defense in large part due to the failure  
6 of senior management to make this a priority for the  
7 Department and invest the necessary time and will to get it  
8 done.

9 This must end with you, Mr. Norquist and Ms. McCusker.  
10 As this committee considers your nomination for key posts in  
11 the Under Secretary of Defense, Comptroller's Office, making  
12 the Department auditable remains one of the committee's  
13 highest priorities. I believe that will only be possible  
14 when the right leaders who share the same goals are in the  
15 right position.

16 Lastly, the Department of Defense must rein in cost  
17 overruns. This committee has done much to reform the  
18 acquisition system over the past 2 years, but the fact  
19 remains that the Department still has too many programs,  
20 both big and small, which are either facing cost growth or  
21 under-performing. Given the budget challenges I already  
22 mentioned, we simply cannot afford to wait until a program  
23 has reached a critical stage and breached Nunn-McCurdy  
24 before taking corrective action.

25 The Department of Defense and Congress must work

1 together to be proactive in our oversight role and identify  
2 troubled programs sooner rather than later.

3 We look forward to hearing your testimony on how you  
4 intend to lead the Department through these challenging  
5 issues.

6 Senator Reed?

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

3           Senator Reed: Well, thank you, Mr. Chairman. And let  
4 me join you in welcoming the witnesses and also thank them  
5 for their service to the Nation already and also to the  
6 families that support them in their efforts. So thank you  
7 very much.

8           The nominees before us today have impressive records of  
9 service and expertise and are well qualified for the  
10 positions to which they have been nominated.

11          Mr. Norquist has previously served as the Chief  
12 Financial Officer of the Department of Homeland Security  
13 where he was instrumental in their financial audit process,  
14 among other responsibilities. Before that, Mr. Norquist  
15 served in the DOD's Comptroller Office and as a member of  
16 the professional staff of the House Defense Appropriations  
17 Subcommittee.

18          Ms. McCusker is currently serving as the Director of  
19 Resources Analysis at CENTCOM headquarters where she  
20 oversees the financial management of the combatant  
21 commander's operational requirements. Previously she served  
22 as a professional staff member of this committee for Senator  
23 John Warner -- thank you -- and as a special assistant to  
24 the Assistant Secretary of the Navy for the MRAP program and  
25 as Deputy Director in the DOD's Comptroller Office.

1           Mr. Daigle is currently working on the staff of the  
2 House Armed Services Committee, leading Chairman  
3 Thornberry's team on acquisition policy reform. He also  
4 performed exceptional service leading the staff on the  
5 Military Compensation and Retirement Modernization  
6 Commission and has prior experience in the Pentagon. He  
7 also served as an enlisted soldier early in his career,  
8 which is your most significant accomplishment, sir.

9           If confirmed, all three of these nominees will be  
10 instrumental in the preparation and execution of DOD's  
11 budget, the completion of an audit of the entire Department,  
12 as the chairman has emphasized, and the independent cost  
13 analysis of major acquisition programs.

14           The committee looks forward to hearing your views on  
15 these and other complex issues. Thank you for your  
16 dedication.

17           And thank you, Mr. Chairman.

18           Chairman McCain: We will begin with you, Ms. McCusker.

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1           STATEMENT OF ELAINE A. McCUSKER TO BE PRINCIPAL DEPUTY  
2 UNDER SECRETARY OF DEFENSE, COMPTROLLER

3           Ms. McCusker: Thank you, Mr. Chairman and Senator  
4 Reed, members of the committee. It is a privilege to be  
5 here to answer your questions regarding my nomination to the  
6 position of Principal Deputy Under Secretary of Defense,  
7 Comptroller.

8           I am humbled and honored by the confidence Secretary  
9 Mattis and the President have placed in me with this  
10 nomination.

11           Before I provide a brief statement, I would like to  
12 introduce and offer my deepest appreciation to my mother  
13 Kathleen, my sister Michele, and my friend Mary, who are  
14 here today.

15           Chairman McCain: Welcome.

16           Ms. McCusker: I have a deep personal commitment and  
17 dedication to the U.S. military and to the security of this  
18 great Nation. I have been fortunate to work in various  
19 positions for a series of great leaders. Amazing teammates  
20 have allowed me to leverage my skills in the service of the  
21 country that I love.

22           I also have a keen appreciation for the challenges  
23 facing the Department, particularly in the area of  
24 resourcing. It is important that we carry out legal,  
25 ethical, and accountable budgeting and financial management

1 so the Department can maintain focus on rebuilding and  
2 maintaining the readiness and capability necessary to carry  
3 out its roles and responsibilities.

4 The Comptroller has several important challenges and  
5 opportunities to attack in the coming months. To name just  
6 a few, if confirmed, my priorities will include supporting  
7 the Secretary in obtaining the top line defense budget and  
8 resources necessary to rebuild the military; participating  
9 in defense strategy, reform, and other reviews; and starting  
10 the Department's first full audit.

11 If I am confirmed, I will work in close partnership  
12 with my colleagues here on the panel to link strategy to  
13 resourcing. Together we must provide sound analysis and  
14 compelling justifications for the resources the Department  
15 requests. Continued interactions with this committee will  
16 be critical.

17 I have more than 20 years of experience in academia,  
18 the private sector, on Capitol Hill, in the Pentagon, and at  
19 U.S. Central Command. I have built a diverse skill set  
20 that, if confirmed, I will aggressively and relentlessly  
21 apply to the duties and responsibilities of the Principal  
22 Deputy Comptroller and to the challenges facing the  
23 Department.

24 I am grateful for your consideration, and I look  
25 forward to your questions. Thank you.

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[The prepared statement of Ms. McCusker follows:]

1 Chairman McCain: Thank you.  
2 Mr. Daigle?  
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1           STATEMENT OF ROBERT B. DAIGLE TO BE DIRECTOR OF COST  
2 ASSESSMENT AND PROGRAM EVALUATION, DEPARTMENT OF DEFENSE

3           Mr. Daigle: Thank you. Chairman McCain, Ranking  
4 Member Reed, and distinguished members of the committee,  
5 thank you for the opportunity to appear before you today and  
6 for your consideration of my nomination to be the Director  
7 of Cost Assessment and Program Evaluation, or CAPE. It is  
8 truly an honor to appear before you.

9           I am grateful that President Trump had the confidence  
10 to nominate me for this position, and I thank Secretary  
11 Mattis for his support.

12           First, please allow me to introduce my wife and two  
13 boys, who are with me today. You should know that we are a  
14 defense family. My wife Veronica recently left CAPE. My  
15 oldest son Mitchell interned at the House Armed Services  
16 Committee last summer, and my son Justin wants to build  
17 either military robots or satellites. He just has not  
18 decided which.

19           Chairman McCain: Welcome to all.

20           Mr. Daigle: CAPE is truly an exceptional organization.  
21 It plays a crucial role in providing independent cost and  
22 schedule estimates that improve the performance of the  
23 defense acquisition system. It objectively analyzes defense  
24 programs. Its analyses allow the Secretary of Defense to  
25 make informed decisions. It also uses these cost and

1 program analyses, in collaboration with its Comptroller  
2 partners, to develop alternative investment strategies for  
3 the Department's future year's defense program. But most  
4 important, CAPE comprises a team of highly talented,  
5 experienced, and dedicated professionals that make the  
6 organization exceptional. If confirmed, it would be my  
7 honor to lead such an organization.

8 I have a decade of experience analyzing defense  
9 programs, as the lead for acquisition policy on the House  
10 Armed Services Committee, as the Executive Director of the  
11 Military Compensation and Retirement Modernization  
12 Commission, and as a member of the CAPE team. If confirmed,  
13 I would leverage these experiences to help rebuild the  
14 capability and capacity of our armed forces.

15 Defense sequestration constraints must be eliminated as  
16 they have weakened our military at a time when threats to  
17 our Nation all across the globe are rising. Concurrently,  
18 additional reforms must be pursued so that available  
19 resources are used to maximize the lethality of our armed  
20 forces. If confirmed, I would welcome the opportunity to  
21 assume the responsibilities of this position and, with my  
22 colleagues here on the panel, support the Secretary of  
23 Defense in these efforts.

24 Thank you again, and I look forward to answering your  
25 questions.



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[The prepared statement of Mr. Daigle follows:]

1 Chairman McCain: Thank you.  
2 Mr. Norquist?  
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1           STATEMENT OF HON. DAVID L. NORQUIST TO BE UNDER  
2           SECRETARY OF DEFENSE, COMPTROLLER

3           Mr. Norquist: Chairman McCain, Ranking Member Reed,  
4           and members of this committee, it is an honor to appear  
5           before you today as President Trump's nominee to be Under  
6           Secretary of Defense, Comptroller, and Chief Financial  
7           Officer. I am humbled by the confidence the President and  
8           Secretary Mattis have shown in nominating me, and I thank  
9           the committee for its consideration of my nomination.

10          On a personal note, I would like to recognize my  
11          father, Warren Norquist. The lessons my parents taught me  
12          are the foundation of who I am.

13          I would also like to express my appreciation to my wife  
14          Stephanie for her love, her dedication to our family, and  
15          especially her willingness to support me in this nomination  
16          process as she is all too familiar with the long hours that  
17          would accompany a return to government service.

18          And finally, my children, Warren, Elise, and Vivian.  
19          They are a constant reminder that the decisions we make  
20          today determine the America they will live in tomorrow.

21          Chairman McCain: Welcome to the family, and we are  
22          very happy your brother is not here today.

23          [Laughter.]

24          Mr. Norquist: I began my career as a federal civil  
25          servant, a GS-9 program/budget analyst, working for the

1 Department of the Army. Over the last 28 years, I have  
2 worked financial management at virtually every level at  
3 which the Federal Government spends or oversees the  
4 expenditure of money, to include serving as Director of  
5 Resource Management at a military field site overseas, as  
6 well as Chief Financial Officer of the Department of  
7 Homeland Security.

8 Each of these positions has the dual responsibility of  
9 protecting the Nation and protecting the taxpayers' money.  
10 It is a profound responsibility, but these are things I  
11 believe in passionately. It is what I do for a living. It  
12 is why I enjoy my work.

13 Should I be confirmed as Under Secretary of Defense,  
14 Comptroller, my duties would include working within the  
15 administration and with the Congress to build robust defense  
16 budgets that fully support the Department's mission and the  
17 men and women in our armed forces.

18 Unfortunately, we would not start from level ground.  
19 Years of sequestration have seriously undermined the  
20 readiness of our military and delayed its modernization.  
21 The fiscal year 2017 omnibus is a first step and the pending  
22 fiscal year 2018 budget will be another. But this needs to  
23 be the beginning, not the end. Significantly more needs to  
24 be done, including fully eliminating sequestration-level  
25 caps for the defense budget.

1           It is fitting that the committee should consider the  
2 three of us in one panel. Helping the Secretary make the  
3 case for the right level of funding for defense requires  
4 close cooperation between Comptroller and CAPE. I believe I  
5 am safe in speaking for my colleagues when I say that should  
6 we be confirmed, we are committed to working as a team to  
7 achieve Secretary Mattis' objective of a larger, more  
8 capable, and more lethal joint force, driven by a new  
9 national defense strategy.

10           If confirmed as Chief Financial Officer, I would also  
11 be responsible for improving the Department's financial  
12 management practices. As the topic of the audit has come up  
13 in several of my meetings with you, let me address it  
14 directly.

15           It is time to audit the Pentagon. For 7 years or more,  
16 the Department has engaged in audit readiness, preparing for  
17 a full scope audit without starting it. This approach has  
18 diminishing returns. President Trump has called for  
19 conducting a full audit of the Pentagon. If confirmed, I  
20 would implement the President's vision.

21           I recognize it will take time for the Department to go  
22 from being audited to passing an audit. Everything you have  
23 heard about the size and the complexity of the Department is  
24 true, and this legitimately makes any endeavor, including an  
25 audit, harder. But that is not a reason to delay the audit.

1 That is a reason to begin.

2 In 2006, DHS was in a similar position, having never  
3 passed a financial statement audit. When I was confirmed as  
4 CFO of the Department of Homeland Security, I implemented a  
5 process of remediation and accountability. Today, DHS has  
6 achieved four consecutive clean opinions. It was a  
7 bipartisan effort that depended upon strong support from  
8 Congress. If confirmed, and with this committee's support,  
9 I believe we can bring similar change to the Department of  
10 Defense.

11 In closing, I would like to thank the committee for its  
12 consideration of my nomination, and I look forward to  
13 answering your questions. Thank you, Mr. Chairman.

14 [The prepared statement of Mr. Norquist follows:]

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1 Chairman McCain: Thank you.

2 Again, welcome to all the family members who are here  
3 today. I know you are proud of these individuals' service  
4 to the country and willingness to continue.

5 I think all three of you are very highly qualified  
6 despite having worked over on the other side of the Capitol.  
7 We will forgive those indiscretions.

8 [Laughter.]

9 Chairman McCain: I just have one question that I want  
10 to explore with you. We have been wrestling, as I  
11 mentioned, for God knows how many years with the audit  
12 issue. We have these cost overruns, and then we invoke  
13 Nunn-McCurdy, which is basically an autopsy because it is so  
14 late in a program that very little can be done about it  
15 because of the cost overruns that have already occurred.  
16 But what seems to compound all of this problem is the fact  
17 that we do not have an audit. So we do not know how much  
18 money is being spent and on what.

19 So you come before this committee. There is a terrible  
20 cost overrun, and we complain about it and then next  
21 subject, and yet, we have a \$2 billion cost overrun on an  
22 aircraft carrier. The most expensive weapon system in the  
23 history is the F-35 and the costs are still going up. And I  
24 could go on and on.

25 And so it seems to me that none of the three of you can

1 do your job unless you have a handle on how much money is  
2 being spent. It would seem to me that would be a  
3 fundamental of trying to address this really unacceptable  
4 issue.

5 So I guess I would say, one, why do you think it has  
6 taken so long for us to complete an audit or even actually  
7 begin one? What do you want to do different than what has  
8 been done for the last 17 years as we have not completed an  
9 audit? And what in your view is the smartest thing we can  
10 do to avoid these massive cost overruns which are an  
11 embarrassment to all of us who are supporters of a strong  
12 national defense? We will begin with you, Ms. McCusker.

13 Ms. McCusker: Thank you, Senator.

14 My understanding of what has prevented us from getting  
15 to an audit to this point is a long history of complex and  
16 diverse financial systems that were not designed to be  
17 auditable. And so they were really designed with budgetary  
18 reporting in mind and not financial statements. And combine  
19 that with just sort of the difficulty of placing a priority  
20 on this over time and the legacy systems not being able to  
21 talk to each other, I think that is what has led us to the  
22 point where we are today.

23 I think what we are going to do differently is start  
24 the audit. And as Mr. Norquist said in his opening  
25 statement, we have spent some considerable time and effort



1 on audit readiness, and the time is now to start the audit  
2 so we can aggressively pursue corrective action plans that  
3 have accountability matrix in them and we can start  
4 reporting some progress.

5 Chairman McCain: And you are confident we can do it.

6 Ms. McCusker: I am confident we can get started.

7 Chairman McCain: Whoops. After 17 years, we can get  
8 started?

9 Ms. McCusker: Yes. I think we have to get started so  
10 we can understand what it is going to take from what we find  
11 on the first audit to see how long it is going to take us to  
12 actually get to a clean audit. I do not think we can  
13 predict at this point how long that is going to take until  
14 we really start going after our action plans.

15 Chairman McCain: Mr. Daigle?

16 Mr. Daigle: I think there are two things that can be  
17 done in the short term.

18 Chairman McCain: First of all, why do you think we  
19 have not been able to conduct an audit? And then what needs  
20 to be done?

21 Mr. Daigle: Senator, I am not an expert on audit. I  
22 am not sure why we have not been able to do it.

23 I would, instead, think that one of the things that we  
24 could do better than we do right now is data analytics  
25 inside the Department. Even after we get to a point where

1 we have an audit, the underlying business systems, as I  
2 understand it, will still often have disparate data  
3 structures. And so one of the issues that CAPE has to deal  
4 with or any of the analytic organizations have to deal with  
5 inside the Department is Congress asks a question or the  
6 Secretary asks a question, and the first thing we have to do  
7 is a data call. And CAPE gets information back, and then it  
8 has to spend time manually putting that data together, as  
9 Elaine said, from various legacy systems into a common data  
10 set.

11 Reversing that thought process where we get closer to  
12 data analytics up front and a common data structure where we  
13 can avoid that kind of manual work every time will go a long  
14 way towards allowing the Department to centrally see what is  
15 going on across the enterprise and answer the questions that  
16 you are asking in a more timely manner.

17 Chairman McCain: And, Mr. Norquist, in addition to  
18 what I just asked also, you were able to achieve an audit at  
19 the Department of Homeland Security. Except for size, what  
20 is the difference?

21 Mr. Norquist: So let me take your questions in order,  
22 Mr. Chairman.

23 So, first off, why does it take so long to start an  
24 audit? It should not. This is just a matter of priority.  
25 There are technical reasons on what it takes to pass an

1     audit, but starting an audit is a matter of driving change  
2     inside a bureaucracy that may resist it. And the challenge  
3     in a large organization, Homeland Security and Defense, is  
4     there is a lot of other demands. So leadership not only has  
5     to make it a priority, they have to continue to make it a  
6     priority when other things are distractive. It does not  
7     have to be the top priority, but it has to be one of the  
8     priorities over a sustained period of time. I think that  
9     challenge of maintaining that level of energy has kept the  
10    Department not just from passing on it but even starting the  
11    audit.

12           The next question you asked about is, what would you do  
13    differently? Well, first, of course, you need to start the  
14    audit. But from there, the audit has a number of things in  
15    it that are tremendously helpful if it is done correctly.  
16    When I was at DHS, the IG worked with us, and his audit  
17    report did not just say "pass/fail," it included a chart.  
18    Each organization across the top, each weakness down the  
19    side, and a red box whenever an organization contributed to  
20    the Department weakness. Well, somebody inside the Pentagon  
21    can say I do not contribute really, but that is because it  
22    is such a large thing. But if you see yourself called out,  
23    the answer is, well, can you fix the two problems within  
24    your control. That is all. Just fix those two. And as  
25    each of them is held accountable fixing in their area, the

1 problem becomes smaller and more manageable.

2           And so one of the things to drive change is to move it  
3 so you can see the accountability for the corrective action  
4 plans at a level where people actually have the authority  
5 and the ability to implement change. So that is one of the  
6 things that we did at Homeland Security. That is one of the  
7 things that I would look to bring to the Department of  
8 Defense is that corrective action plan linked to  
9 accountability over remediating those weaknesses.

10           I think in regard to your question about overruns, one  
11 of the challenges is both accurate data, but also the  
12 timeliness of the information. How hard is it or how easy  
13 is it to get information about the changes so you can  
14 anticipate it rather than, as you pointed out, just doing  
15 the autopsy afterward?

16           And then your last question is what is the difference  
17 between the Department and Homeland. It is really a matter  
18 of size. I think the other main difference is at Homeland  
19 we did not have a choice. When I was confirmed, the audit  
20 had already started, and so we were already underway. That  
21 is actually a huge help because I already had the prior year  
22 report. Should I be confirmed at Defense, we will not have  
23 that instantly, but that is the reason to get it started  
24 because it is such a useful tool. The scale will be there.  
25 Okay, that is fine. It just will take a number of

1 challenges to work through it. But it is the same approach,  
2 and the same solution should be effective.

3 Chairman McCain: Senator Reed?

4 Senator Reed: Thank you all very, very much.

5 Let me direct a question following this line of  
6 questioning about the audit to Mr. Norquist and Ms.  
7 McCusker.

8 I think you made a very good point in your opening  
9 statement, Mr. Norquist. I think the Department was waiting  
10 for the moment, they could pass an audit, and that is like  
11 waiting for Godot. It never really comes the first time out  
12 for any organization is my sense.

13 But I suspect in the process of starting the audit, you  
14 are going to find not only constraints within the Department  
15 but also perhaps statutory issues. And both you and Ms.  
16 McCusker, I hope, would keep the committee informed of  
17 additional legislative steps that we can take. The chairman  
18 has been an extraordinary leader on acquisition, along with  
19 Chairman Thornberry. But I think we could benefit, as well  
20 as the Department, from the audit. I will just get your  
21 thoughts on that point and then Ms. McCusker.

22 Mr. Norquist: I completely agree, and there may be  
23 areas where there is a legislative requirement to do  
24 something one way that is inconsistent with accounting  
25 standards. And then I would look, should I be confirmed, to

1 come back to the committee and say what was the intent of  
2 that legislation and can we achieve it a different way that  
3 does not convolute the financial transaction processes.

4 Senator Reed: Thank you.

5 And Ms. McCusker, your comments.

6 Ms. McCusker: Yes, I absolutely agree. I think that  
7 there is going to be a lot of important things that we are  
8 going to learn during this first cycle, and if we learn  
9 anything from a statutory perspective, we will absolutely  
10 keep in touch with you and work with you to resolve those  
11 issues.

12 Senator Reed: Thank you.

13 Mr. Daigle, CAPE has extraordinary responsibilities in  
14 terms of developing these new weapons platforms and the  
15 monitoring the development. And many times we look back  
16 sort of with chagrin because the requirements from this  
17 perspective look absolutely unrealistic. And one of your  
18 challenges is coming up with very realistic, very practical  
19 requirements that advance the capabilities of the service  
20 but they are not unreachable and so expensive.

21 So can you give us a sense of how you are going to  
22 approach that issue?

23 Mr. Daigle: Senator, my first steps would be to  
24 implement the acquisition reforms that both chambers  
25 implemented last year, which I think goes directly to the

1 question you are asking. Part of those acquisition reforms-  
2 - part of it is making sure that the results of the analysis  
3 of alternatives on the front end of an acquisition system  
4 where we look at a gap in capabilities and assess  
5 alternative ways of meeting that gap or fulfilling that gap  
6 are teed up to the senior levels of the Department in a way  
7 that brings the requirements and the resourcing and the  
8 acquisition communities together. So having those three  
9 silos, if you will, historical silos of the overall big A  
10 acquisition system together, making that trade space early  
11 on, and trying to figure out what is affordable within the  
12 top line will help address the kind of gold-plated  
13 requirements that we have heard about through the years.

14 The second piece of that is the independent cost  
15 estimation process, since the Weapon Systems Acquisition  
16 Reform Act, WSARA, was implemented in 2009, has really been  
17 quite effective. We see that the cost estimates between  
18 CAPE and the services have come much closer. We have seen a  
19 decline in the number of Nunn-McCurdy breaches. We have  
20 seen a decline in cost growth since WSARA on weapons  
21 programs. So continuing that good behavior is going to be  
22 instrumental.

23 And the last thing I would say is more analysis and  
24 more consideration up front of the sustainment tails of the  
25 weapon systems must be part of the next step of what we do

1 in the acquisition arena.

2 Senator Reed: Let me just ask very quickly because my  
3 time is short of all three of you. Mr. Daigle alluded to it  
4 in his opening statement.

5 Big organizations, CVS, Amazon, have mastered or at  
6 least done much better with big data than DOD and using  
7 that, as Mr. Daigle suggested, to really fine tune their  
8 programs, their platforms, delivery systems, whatever. In  
9 fact, my sense -- and you can correct me -- is that unlike  
10 the good old days when DOD/Pentagon led the way on these  
11 things, they are very far behind in terms of harnessing big  
12 data.

13 So just quickly your comment on that point, Mr.  
14 Norquist, Mr. Daigle, and Ms. McCusker.

15 Mr. Norquist: I agree with you, Senator. And I would  
16 point out that part of the use of data analytics, one, is to  
17 clean up the data, but once you have reliable data, there  
18 are more things you can do with it. There are more  
19 opportunities for reform and efficiency that start with  
20 everyone agreeing that these are the right numbers. So I  
21 think it opens the door to make greater use of data  
22 analytics.

23 Senator Reed: Thank you.

24 Mr. Daigle?

25 Mr. Daigle: I agree completely, Senator, and if



1 confirmed, I would be quite eager to work on that.

2 Senator Reed: To your knowledge, who is responsible  
3 for the big data effort now or anyone in the Department?  
4 Would that be the Comptroller, or is it something that the--  
5 Secretary Work or somebody?

6 Mr. Daigle: It is my understanding the leading person  
7 or the leading organization right now is the DCMO.

8 Senator Reed: Ms. McCusker?

9 Ms. McCusker: Yes, I absolutely agree as well. And I  
10 think that any opportunity we have to leverage the  
11 capabilities and technology, as you mentioned in terms of  
12 the big companies, the Department should look into that, and  
13 if confirmed, I would definitely do that.

14 Senator Reed: Thank you.

15 Thank you very much, Mr. Chairman.

16 Chairman McCain: Senator Perdue?

17 Senator Perdue: Thank you, Chair.

18 Mr. Norquist, what reasons do you believe have been  
19 given so far that are credible in terms of not having the  
20 audit? I just have one quick point before I go to the other  
21 two questions real quick. Have size and complexity been  
22 used to complain about -- are used as a reason why an audit  
23 has not been successfully completed so far?

24 Mr. Norquist: That is one of the explanations, which  
25 is the size and the complexity. And part of it is since

1 most people in the organization had not experienced an audit  
2 before, you did not have as much exposure to what it should  
3 look like, whereas at Homeland, we had a number of groups  
4 who came together from places that had at least had an  
5 audit, even if they had struggled, and therefore, they knew  
6 what to expect. And it was easier to train or coach them on  
7 what was coming.

8         Senator Perdue: That is a great point. If you look at  
9 the size and complexity issue, my point, coming from the  
10 business world, is the Department of Defense is only a  
11 little larger than Walmart. And I cannot imagine Walmart  
12 calling the SEC or any other agency and saying we are too  
13 large and complex to file our documents this quarter. So I  
14 agree with your point.

15         Secondly, the spend it or lose it. You commented  
16 briefly on that. In 2015, we spent about \$275 billion under  
17 contracts. And yet, in the last week of the year, we spent  
18 10 percent of the entire \$275 billion in the last week of  
19 the year. Can you comment on that and what you would do to  
20 look at that?

21         Mr. Norquist: Sure. I think there are two things that  
22 happened. One is an understandable hesitation, if you do  
23 not know exactly how much you are going to have, to move it  
24 until you are certain how you are going to go. And so they  
25 save it up until the very end. And then they are like,

1 okay, now I got to spend it. So that is a consequence, a  
2 little bit, of unpredictability.

3 The other part is the use it or lose it effect of the  
4 legislation, which is --

5 Senator Perdue: I am sorry. Can I just expand on that  
6 point? So Congress' lack of consistent budgeting and  
7 timeliness of that budget could actually contribute to that.  
8 Is that what you are saying?

9 Mr. Norquist: It could but it does not have to be  
10 Congress. It could also be the headquarters of your  
11 organization. Whoever is holding your money, if you do not  
12 know how much of it you are going to get, there is a  
13 temptation to make sure you can at least cover the  
14 essentials. And then when the additional comes down, you go  
15 like I can do more now. So at any level where that occurs,  
16 you can have that challenge.

17 The other effect, of course, is that O&M money expires,  
18 and this can create an incentive for people to use it or  
19 lose it. I think the point you were referencing is when  
20 Homeland Security was formed, they gave a provision in there  
21 that said if you do not spend it, we will give you 50 cents  
22 for every dollar at the beginning of the next fiscal year.  
23 And I think the congressional intent on that was if you do  
24 not spend the dollar in exchange for 50 cents, it was  
25 probably not an exciting use of the dollar and we would like

1 you not to do it. There are some pros and cons to that I  
2 would want to discuss before somebody did that because there  
3 are some challenges in implementing. But there has been a  
4 series of efforts I know from different people to look at  
5 that and say how do we discourage that sort of behavior.

6 Senator Perdue: Mr. Daigle, today we acquire a lot of  
7 software, a lot of high-tech stuff, and yet the acquisition  
8 policies and regulatory schemes that govern those were  
9 developed in an era before the development of a lot of this  
10 technology. I mean, this iPhone, for example, has more  
11 computing power than NASA did maybe when we put men on the  
12 moon.

13 The question I have is there are outside groups like  
14 the Defense Innovation Board. I do not know if you guys are  
15 familiar with their work. How would you interact with  
16 someone outside to help us close that gap to get back to the  
17 time when DOD was actually the leader in technology?

18 Mr. Daigle: Senator, I completely agree. Even in  
19 terms of CAPE's cost estimation processes, they are not  
20 really in line with the way the private sector thinks about  
21 cost estimation for software development. So if confirmed,  
22 that is one of the things that I would look at.

23 The Defense Science Board, for example, is coming  
24 forward soon. I have spoken with them several times about a  
25 report that they have ongoing to look at the way the

1 Department develops software, tests software, costs  
2 software, and deploys software to warfighters and whether or  
3 not we can speed up that entire process in the same way that  
4 updates to your iPhone apps come out sometimes without your  
5 knowledge.

6 I completely agree that software development is  
7 something that needs a look inside the Department, and if  
8 confirmed, I would absolutely do it.

9 Senator Perdue: Ms. McCusker, quickly. Our  
10 acquisition processes in space. This is again a technology  
11 question. But the auditing of that -- I know in business,  
12 the benefit of an audit is not necessarily just the  
13 financial issues. It is also comparing to best practices  
14 and that sort of thing. In a new area where there may not  
15 be best practices, how does an audit help us prepare for the  
16 next gin-up, if you will, in needs for our space defense?

17 Ms. McCusker: I think the most immediate thing that  
18 comes to mind is it gives you a chance to do things right  
19 from the start. And so if you have an audit when you are  
20 beginning a new activity, you have got the benefit of  
21 developing the reporting structure and the systems and the  
22 accountability that you would need for an audit.

23 I cannot speak specifically to the area that you are  
24 referencing, but I can look into that, if confirmed.

25 Senator Perdue: Great. Thank you.

1 Thank you, Mr. Chair.

2 Chairman McCain: Senator Ernst?

3 Senator Ernst: Thank you, Mr. Chair.

4 Thank you to our panelists today.

5 I appreciate what you are attempting to do or hope to  
6 attempt to do within the DOD. I served as a county auditor  
7 for many years, and we understand that certainly to get a  
8 clean audit, you have to have an accounting system that  
9 actually works. And that is my concern, is that we do not  
10 have an accounting system within the DOD that actually  
11 works.

12 And, Mr. Norquist, I would like your thoughts on what  
13 we can do to improve the accounting system that currently  
14 exists within the DOD, and what other business practices  
15 would you implement that could help us achieve that clean  
16 audit of the DOD?

17 Mr. Norquist: Sure. I think the first challenge, as  
18 you pointed out, is there are a large number of accounting  
19 systems in the Department of Defense. It is not essential  
20 to get down to one, but getting down to a small number would  
21 be a step in the right direction.

22 There are also a lot of feeder systems that are in  
23 accounting but are essential to provide data that were not  
24 built to talk to each other. And so there are techniques of  
25 ways of sharing data, or at least when a new system is

1 implemented, that it is set up from the beginning to provide  
2 data correctly. Some of the programs when implemented, if  
3 they have a firm that tests that, not just from a  
4 performance perspective, from a compliance or an audit  
5 perspective, you can have greater confidence that when the  
6 systems are turned on, they are going to do what they are  
7 supposed to do.

8         You talked about other ways of looking at the reform.  
9 Under what we call A-123, you test entire processes and you  
10 look at what are called key controls. And the idea is what  
11 is it that if it goes wrong creates the biggest risk to our  
12 organization. Do you know what those controls are and are  
13 you monitoring them?

14         The process of doing that often helps you uncover  
15 inefficiencies. There is a whole process of why is the  
16 person entering the data here and then it being reentered  
17 here, and then it is not being transferred when it goes to  
18 this third player who has to go look it up. So it can come  
19 out of those processes where you can find ways to streamline  
20 it, and the best practice is load it once, load it at the  
21 beginning, and make sure it carries consistently through,  
22 and that tends to both reduce costs and improve efficiency.

23         Senator Ernst: That is very good. And that is the  
24 type of attitude and foresight that we are looking for to  
25 tackle this problem in the DOD. It has been years. We need

1 to get this done.

2 The chairman mentioned cost overruns with a number of  
3 programs, and you mentioned inefficiencies. And we have  
4 seen that. The chairman mentioned the F-35, which is great  
5 to develop these systems to compete with our near-peer  
6 competitors. However, there are times that I think we can  
7 use just as effective means that have cost us less. And to  
8 that, I am going to go to Ms. McCusker.

9 Have you worked with the Combat Dragon program?

10 Ms. McCusker: Yes, Senator. When I first arrived at  
11 CENTCOM, Combat Dragon was an idea of then General Mattis on  
12 doing an experiment to test the application of light attack  
13 air more closely attached to ground forces. And over the  
14 last 5 years, we conducted an experiment in CONUS and then  
15 we deployed a couple of aircraft to Iraq to test that  
16 concept and to test specifically the expeditionary nature of  
17 it and the cost. And we kind of pushed the system to see  
18 what it can do.

19 The final report on that has been sent to the  
20 Department and they are looking at this as an option for the  
21 future, maybe a cheaper way to do things in certain  
22 environments.

23 Senator Ernst: And we certainly do have the Combat  
24 Dragons in existence. Right? They were mothballed, put  
25 away in hangars. Is that correct?



1 Ms. McCusker: Yes. We took a transfer of two OB-10's  
2 from NASA actually to do the experiment and did the  
3 weaponization on them, then de-milled them afterwards.

4 Senator Ernst: Exactly. And I think that proves a  
5 point that there are useful things that we already have in  
6 our inventory that can be used in the right environment and  
7 situation. It does not always have to be the highest  
8 technology, the fastest plane, the most expensive plane that  
9 can get the job done. Sometimes it is just thinking back a  
10 little bit and what is the appropriate use of what we have  
11 in our inventory instead of investing in these high-tech,  
12 high-dollar programs, which again are essential if we need  
13 to compete with our near-peer adversaries. But sometimes  
14 programs like that are just as effective in a different type  
15 of environment.

16 Thank you, Mr. Chair.

17 Chairman McCain: Senator Rounds?

18 Senator Rounds: Thank you, Mr. Chairman.

19 Mr. Norquist, in South Dakota during the time in which  
20 we had audits performed on different State agencies, there  
21 was an opportunity that we used both when I was in the  
22 legislature and then when I was Governor, and that was that  
23 the audits would be delivered to the appropriations  
24 committee and then the authorizing committees. When it came  
25 time to look at a program, the audit was also available to

1 them. In doing so, the appropriators could ask specific  
2 questions about whether or not, with any discrepancies  
3 within the audit, that they could be rectified or at least  
4 the directions or the plan to rectify would be laid out  
5 before the operating committee.

6 Do you know of any such activity like that within the  
7 Federal Government today?

8 Mr. Norquist: Yes, Senator. When I was at the  
9 Department of Homeland Security, the audit was a pressing  
10 issue, and when witnesses would come up and testify, the  
11 committee would ask about the status of the audit and the  
12 findings. And as certain groups fixed their problems, the  
13 members would point out and congratulate them for success,  
14 and the few that were the stragglers discovered it far less  
15 comfortable to testify because they were standing out as the  
16 reason that the whole Department was being held back. And  
17 so I know that there is language I think in the NDAA that  
18 requires that the audits at the Department of Defense go  
19 both, should I be confirmed, to the Comptroller's Office,  
20 but also to the Congress.

21 Senator Rounds: DOD has been forced to operate under  
22 continuing resolutions for extended periods. Can you tell  
23 this committee your view with regard to continuing  
24 resolutions and your role in assisting the Secretary with  
25 possible future CRs?

1           Mr. Norquist: So the challenge with the CR tends to be  
2 their length, and if your organization looks the same in  
3 October as it does in January as it does in May, that may  
4 not be an issue. But at the Department of Defense things  
5 change. Programs move from R&D to procurement. Acquisition  
6 numbers are either ramping up or they are ramping down. And  
7 the steady state is sort of an unstable and unsatisfactory  
8 position.

9           So I think one of the challenges is trying to avoid  
10 CRs, trying to get predictability over the next several  
11 years for the funding levels. There are things that, should  
12 I be confirmed, I would look to do to try and make them less  
13 disruptive. But even then you are sort of mitigating the  
14 damage. The ideal solution is a several-year plan where you  
15 know where you are going to be and can build budgets  
16 accordingly.

17           Senator Rounds: Mr. Daigle, sustainment costs are the  
18 long-term driver of the F-35 total cost of ownership. A  
19 2014 GAO report estimated that the DOD would incur an extra  
20 \$4 billion a year in operating and sustainment if the F-35  
21 was fully fielded as planned. Do you believe there are any  
22 alternative contracting approaches that could lower these  
23 particular costs?

24           Mr. Daigle: I do not have any specifics right now, but  
25 if confirmed, that is definitely, given the size of the

1 program, something that CAPE would have a strong hand in  
2 evaluating.

3 Senator Rounds: Ms. McCusker, you stated in the  
4 answers to your advance policy questions that it will be  
5 necessary for the OMB to develop a resourcing strategy which  
6 will meet the Department's priorities for readiness,  
7 modernization, capacity, and lethality. How do you envision  
8 your role in this process?

9 Ms. McCusker: So I think in conjunction with Mr.  
10 Norquist and actually Mr. Daigle, we have a central role to  
11 perform in conducting the analysis to link the resources  
12 that we need to conduct a strategy that the President and  
13 the Secretary have outlined in a way that allows us to  
14 provide compelling information to OMB to support the  
15 Department's top line.

16 Senator Rounds: Mr. Daigle, perhaps I am just an  
17 optimist, but I am very hopeful that the new long-range  
18 strike bomber, the B-21, which is under development today,  
19 will come in at or below budget. I am an optimist.

20 But let us just assume that we have a major program  
21 that actually does come in at or under budget. If that were  
22 the case and in your review you look at it and you find  
23 unique planning or unique things, do you believe that your  
24 office is in a position to share those techniques with other  
25 areas to perhaps see that those planning techniques and so

1     forth be adopted elsewhere as well?

2             Mr. Daigle: Absolutely, Senator, more so if we find  
3     lessons learned that work. I would expect to share those in  
4     the next analysis of alternatives on the next program and  
5     force the system to evaluate those best practices.  
6     Absolutely.

7             Senator Rounds: Very good.

8             Thank you, Mr. Chairman.

9             Chairman McCain: Senator King?

10            Senator King: Thank you, Mr. Chairman.

11            Mr. Daigle, I would like to follow up on those  
12     questions. One of the real issues that has confronted the  
13     Defense Department over the not so recent past but  
14     continuously has been procurement and the escalation of  
15     costs and also time, that it takes so long to bring an idea  
16     to fruition. In fact, we had testimony before this  
17     committee not long ago that companies in Silicon Valley do  
18     not even bid on contracts with the Pentagon because they  
19     find it so burdensome and over-regulated.

20            What are your thoughts on how we can get a hold of this  
21     procurement process?

22            One of the things I have observed, we have learned in  
23     these hearings is quite often we are trying to build devices  
24     while we are designing them. That is devices that means  
25     everything from a handgun to a destroyer. Give me your

1 thoughts on how we get this procurement issue under control  
2 because it is hurting the country and it is hurting the  
3 military services.

4 Mr. Daigle: This could be a long answer because there  
5 is a lot to discuss in there.

6 Let me begin by saying that the work from the  
7 committees over the last couple years in terms of open  
8 systems architecture should have -- presents an opportunity,  
9 if you will, to restructure the acquisition system, to take  
10 what is typically considered a major defense acquisition  
11 system and break it into component parts, each of which  
12 should be developed and upgraded on its own technology  
13 cycle. Realistically, we are not going to be in a position  
14 where we can build an aircraft carrier quickly. That is  
15 going to take time. Building our next fighter aircraft will  
16 take time to design and test and to build. But it is the  
17 components that get strapped onto those platforms that  
18 really provide the capabilities to the warfighters.

19 Senator King: And is one possible answer  
20 modularization so that we do not have to rebuild an entire  
21 weapon system, but we can plug and play the different  
22 sections?

23 Mr. Daigle: Absolutely, Senator. So at the major  
24 defense acquisition program, that would be an approach that  
25 I think the Department should explore fully.

1           At the process level, we still have work to be done.  
2           If you think about a typical MDAP, a requirements process  
3           can take 2 or 3 years. So I have an idea. I have a gap. I  
4           have an idea of how to fill that gap. I need to specify the  
5           requirements for that. That can take 2 or 3 years. Once I  
6           have that done, then I can request funding in the POM.

7           Senator King: Why does it have to take 2 or 3 years?

8           Eisenhower retook Europe in 11 months.

9           Mr. Daigle: So you are getting to the point at the end  
10          of the story, which is we need to figure out faster ways to  
11          do this. It should not take 2 and a half years to develop  
12          requirements documents. Within CAPE, typical timelines for  
13          an analysis of alternatives is a couple of years in and of  
14          itself. The planning for these systems needs to be done  
15          deliberately, but it should not take 7 to 9 years to get  
16          from I have a capability gap to somebody who is bending  
17          metal to build something to fill that capability gap.

18          So the front end of that process needs to be evaluated.  
19          Part of that is the programming process and the budgeting  
20          process. Right now, even after we have the requirements  
21          done, the services have to POM for it, and then it comes up  
22          to our organizations for review. And then it goes over to  
23          OMB for review. Then it comes over here for review. And  
24          then the money eventually ends out back at the program  
25          office. That in and of itself can be 2 and a half years.

1           So the time on the front end before we actually start  
2 development of a weapon system in and of itself pushes our  
3 acquisition system far outside of the technology cycle.

4           Senator King: And the time on the front end is the  
5 final point I wanted to make. Abraham Lincoln was once  
6 asked what he would do if he was given an hour to split a  
7 cord of wood. And his answer was I would spend the first 15  
8 minutes sharpening his axe.

9           I hope that before you enter into the maelstrom of this  
10 job and the day-to-day pressures, that you will take some  
11 time to sharpen your axe to think about how to change this  
12 system in a broad and comprehensive way because it is not  
13 serving us well, but it is not going to be fixed if you have  
14 to do 16 other things. And I would urge you, as a kind of  
15 beginning process, to go off-site somewhere with some smart  
16 people that know about this, people who work in the  
17 government, out of the government, Frank Kendall, others and  
18 say how can we restructure the system to do it faster, more  
19 dependably and more economically. I think this is a crucial  
20 task as we are going into the B-21, the Ohio replacement,  
21 the missile upgrades, all of the significant expenditures  
22 that we have coming toward us. And I hope you will take  
23 some quiet time, if you will, to think about this  
24 systematically rather than just tinkering with it while you  
25 are putting wallpaper up over there.



1 Thank you, Mr. Chairman.

2 Mr. Daigle: You have my commitment.

3 Senator King: Thank you, sir.

4 Thank you, Mr. Chairman.

5 Chairman McCain: Well, Mr. Daigle, you might look at  
6 the way that Kelly Johnson of Skunk Works went into the  
7 desert of Nevada and developed an SR-71 in, I think it was,  
8 15 months. What has changed today? That is what you ought  
9 to look at because what you just described to Senator King  
10 is exactly why, after grappling with this issue in this  
11 committee, we have made so little progress. And it is  
12 absolutely disgraceful. So I hope you will start thinking  
13 outside the box.

14 I get a new one of these every week, year, whatever it  
15 is. Whatever time it takes me to figure it out, it is time  
16 for a new one.

17 But the point is if they can do this, which is cutting  
18 edge of technology, why in the world would we have to go  
19 through what you just described to Senator King?

20 Mr. Daigle: I do not have a good answer for that,  
21 Senator.

22 Chairman McCain: I guess we do not either.

23 Senator Tillis?

24 Senator Tillis: Thank you, Mr. Chair.

25 First off, congratulations to all three of you. You

1 should be very proud and your families as well for being  
2 nominated.

3 On the audit, first, Mr. Norquist, I want to thank you  
4 for the time that we have spent in the office. We were able  
5 to drill down on a number of subjects. So I know that the  
6 audit has been covered several times here. I have full  
7 confidence that we will get the underlying systems right and  
8 some of the processes aligned so that they can perform an  
9 audit.

10 But I would encourage you and Ms. McCusker to not go in  
11 there with a mindset, once you get inside there, well, we  
12 not only got to do an audit but we got to be absolutely sure  
13 that we pass everything. The reason why audits exist is to  
14 find out where the vulnerabilities are to create after-audit  
15 reports so that you can act on them. So let us just not get  
16 perfect. Let us get the cycle going. I understand, coming  
17 from a firm that completed these for the private sector,  
18 there are some foundational things that need to be worked  
19 on, but we need to get past this audit-ready mentality which  
20 is not only be audit-ready but make sure we come out with  
21 shining colors to actually just start getting the job done  
22 to learn a lot from it.

23 Mr. Daigle, we were talking about sophisticated  
24 equipment. This is one of my favorite props. Sophisticated  
25 equipment, lengthy delays, and acquisitions. This is for a

1 handgun, 10 years, 680 pages. When you talk to the people  
2 that put it together, they said there are only 39 pages that  
3 are technical specifications. So can I take that out and  
4 not have to deal with the rest? 10 years for a handgun? We  
5 are wondering why it takes 20 years for any sort of complex  
6 system. I am surprised it does not take 50 years if it  
7 takes this long to get a handgun done.

8           And program evaluation and assessment. To what extent  
9 do they get into assessing the total cost to make an  
10 acquisition decision? In other words, let us not get into  
11 what it is going to cost to field the capability once it has  
12 been specced, but come up with norms for how much it should  
13 cost because I am pretty sure it is not 10 years and 700  
14 pages for a handgun. Is that within the lanes or possibly  
15 within the lanes of the job you will be assuming?

16           Mr. Daigle: Senator, that is not something I think  
17 CAPE does on a regular basis. Having said that --

18           Senator Tillis: Well, who does?

19           Mr. Daigle: I would look to AT&L for the metrics and  
20 for the tracking of how long things take.

21           Senator Tillis: When you do program assessment, when  
22 you are finally going back and doing program assessment and  
23 an evaluation, do you go back and take a look at the fully  
24 burdened cost for that program, in other words, all the time  
25 leading up to the actual program initiation?

1 Mr. Daigle: I do not believe CAPE typically does that.

2 But having said that, acquisition planning is a program  
3 just like anything else. So CAPE could be tasked to assess  
4 how long that takes, how much it costs.

5 Senator Tillis: I think it would be helpful. I think  
6 that if we go back and take a look at -- history could be  
7 very instructive in terms of how we stratify going back to  
8 some of the points that were made about how we can  
9 streamline or expedite acquisitions. I think we are, in  
10 some cases, putting a \$100 saddle on a \$10 horse. I do not  
11 necessarily think the acquisitions process for a handgun has  
12 to rise to the same level as the Joint Strike Fighter, but I  
13 do believe that we have systems and processes that do not  
14 stratify along the lines of complexity and mission focus.  
15 And I think that that is an area that we have to go back,  
16 look at existing programs, and see how they ran off the  
17 rails to be instructive to future programs so that we  
18 stratify them appropriately. Does that make sense to you,  
19 how you all can play a role in that?

20 Mr. Daigle: It does.

21 Senator Tillis: The last question I had was for either  
22 Ms. McCusker or Mr. Norquist. What do you think is left  
23 based -- I know you are not confirmed, so you may have  
24 limited information. But if you take a look at the process  
25 leading up to getting the audit done, what big rocks still

1 need to be turned over before we are prepared to actually  
2 get the audit completed and start acting on the audit  
3 recommendations? Mr. Norquist?

4 Mr. Norquist: So there are a couple of steps. The  
5 first one is there is a letter the Secretary would sign  
6 that, should I be confirmed, I think is prepared out of the  
7 Comptroller's Office that says, yes, it is worth to go ahead  
8 and start the audit. Several of the contracts are already  
9 in place. So the IG who owns all of the contracts for the  
10 audits would say go. There is one with the Navy that has  
11 been held up on an issue that needs to get resolved. Should  
12 that be resolved, and you get all of them underway starting  
13 next fiscal year, hopefully you would start to learn things  
14 from it along the way. But certainly at the end when they  
15 give the report, you would have detailed findings, and then  
16 you would have the corrective action plans executed against  
17 them. So I think at this point it is making sure that you  
18 continue to have leadership support saying, yes, this is  
19 what we want to do. This is the direction we want to go.  
20 Let us get it started.

21 Senator Tillis: Thank you, all three, for being here.  
22 Best of luck. And I look forward to supporting your  
23 confirmations.

24 Mr. Norquist: Thank you, Senator.

25 Senator Reed [presiding]: On behalf of the chairman,

1 Senator Warren, please.

2 Senator Warren: Thank you, Mr. Chairman.

3 Mr. Daigle, thank you for meeting with me earlier  
4 today.

5 I want to talk a bit about your obligations to work  
6 with AT&L to oversee the DOD's major acquisition programs.  
7 As you know, DOD currently spends about \$180 billion every  
8 year on acquiring major weapon systems. And while the  
9 Department has improved outcomes in recent years, some  
10 analysts have suggested that the reason they have improved  
11 outcomes has been more to do with budget pressures limiting  
12 the number of new programs that were started and forcing  
13 more discipline into the few starts that did occur.

14 If you are confirmed, you are going to be responsible  
15 for making sure that every taxpayer dollar is spent both  
16 efficiently and wisely. So the question I would like to  
17 ask, Mr. Daigle, is if the defense budget increases, as the  
18 President would like, how do you ensure a disciplined  
19 approach to what programs are started and what kind of shape  
20 they are in, not that we just shovel money in, but that we  
21 really are disciplined and are going to get an effective  
22 program out on the other end that is going to contribute  
23 significantly to our safety?

24 Mr. Daigle: Senator, I would say the answer to that is  
25 strong, independent, unbiased analysis of program

1 requirements, program capabilities, and program costs,  
2 teeing those up to leadership and oversight bodies and  
3 making sure that the folks that are making the decisions  
4 have the best information available in terms of the pros and  
5 cons and the good and the bad and the ugly of acquisition  
6 programs.

7 Senator Warren: Good. And I take it part of that too  
8 is making sure that cost estimates are public. We spoke a  
9 bit about this earlier.

10 Mr. Daigle: Yes, ma'am.

11 Senator Warren: Good, good.

12 Mr. Norquist, if I could ask you -- again, thank you  
13 for taking the time to meet with me.

14 We had an interesting conversation about the  
15 Department's progress or maybe I should say delay in finally  
16 submitting to an audit. You know that there is tremendous  
17 frustration right now in Congress about DOD's lack of  
18 progress in this area. And you and I talked about why the  
19 can keeps getting kicked down the road on that first audit  
20 and particularly about the impact of the fear of failure.

21 So let me ask you here in a public hearing. Do you  
22 think DOD can get a clean audit opinion on its first try?  
23 And do you think it matters?

24 Mr. Norquist: I do not think they can get a clean  
25 audit opinion on their first try, Senator. And in fact, I

1 think it would be unproductive for them to be focused on  
2 that. I would rather everyone be focused on disclosing and  
3 discovering as many of the issues as possible. You know,  
4 one of the things that helped at DHS was I told everyone you  
5 are going to fail the first year. Do not worry about it.  
6 Let us see how many of the problems we can find now because  
7 if we find them 3 years from now, we have lost 3 years'  
8 worth of opportunity to remediate. So my view is they  
9 should not focus on that part. They should focus on getting  
10 started, finding the problems, and fixing them.

11 Senator Warren: All right, good.

12 You know, I feel like postponing the audit because you  
13 might not get a good result is kind of like not going to the  
14 doctor because you do not want to hear what the doctor say.  
15 It does not make problems any better.

16 Mr. Norquist: An excellent analogy, Senator.

17 Senator Warren: All right, good. And I am glad that  
18 means you are going to be a strong voice for pushing towards  
19 these audits.

20 Can you give us your perspective on the kinds of  
21 cultural changes that hinder progress toward a full audit  
22 and how you think about changing the culture, using your  
23 experience from DHS in that?

24 Mr. Norquist: Absolutely. So there is a cultural  
25 aspect to this. You have got organizations that are not



1 used to being audited. And in fact, one of the things that  
2 will be a surprise is they are not used to getting audited  
3 on the same thing again. So the auditor comes through. He  
4 writes your recommendation. You say, okay, we made a  
5 mistake. Thank you and we promise to do better. Well, they  
6 come back. They come back every year. That is not a  
7 problem. That is actually a huge help because now when you  
8 fix something, a year later he will be saying, well done, it  
9 is fixed, or that is odd. It is not. You know, what are  
10 you doing --

11 Senator Warren: I think what you are talking about is  
12 accountability?

13 Mr. Norquist: It is accountability, yes.

14 But there is an up side to that which is you know there  
15 will be someone who cares enough to come back and say you  
16 fixed it, well done, and so you will get to see that.

17 The other part is there is an exposure. There are  
18 people who have been auditors before. And what I found at  
19 DHS when I showed up is there was one person in my  
20 organization who I knew had been an auditor before, and  
21 their reaction to every meeting was completely different.  
22 So the staff would sort of get taken aback and a little bit  
23 offended by the exchange, and you would have the healthy  
24 body language when you are meeting with your auditor. And  
25 this gentleman -- he is an exceptionally good gentleman,

1 Mike Weckler -- would take me aside and say, boss, they have  
2 to do this. That is the audit structure. They are going to  
3 ask the same questions, and frankly they are going to ask  
4 you the same set of questions next year we should have the  
5 answers for when they show up.

6 And so we started hiring a couple people with audit  
7 experience, not a lot but just enough within the  
8 organization so that people would understand the auditors  
9 follow standards. They ask for certain things. There is an  
10 expectation. And also there is a way of dealing with them  
11 when there is an alternative solution. And if you have been  
12 an auditor, you can go back to them and say I am going to do  
13 it this way instead. Oh, that is okay. That is acceptable  
14 under the audit standard.

15 So there is training you need for professionalization,  
16 and there is a mix of bringing in folks with that other  
17 perspective that really helps shift the culture of the  
18 organization.

19 Senator Warren: Well, thank you very much. And I  
20 think this committee stands ready to provide you with any  
21 additional tools you may need or incentivizes you may need  
22 to help move this along faster.

23 But I want to thank all three of you for your  
24 willingness to serve.

25 Thank you, Mr. Chairman.

1           Mr. Norquist: I appreciate that, Senator. We will  
2 need all of those.

3           Senator Warren: Let us know.

4           Senator Reed: On behalf of the chairman, Senator  
5 Blumenthal.

6           Senator Blumenthal: Thanks, Mr. Chairman.

7           I want to focus on some of the unseen costs or less  
8 visible costs of shipbuilding. And as you know, the Navy's  
9 2016 force structure assessment reemphasized the priority of  
10 undersea warfare capabilities focusing especially on our  
11 attack submarines. One of the most common questions I am  
12 asked by the Pentagon is about the industrial base, whether  
13 we will have sufficient skilled and trained workers to build  
14 submarines at the rate of two a year. The accelerated fleet  
15 plan supports three additional Virginia submarines, one more  
16 in fiscal year 2021, 2022, and 2023, respectively, to ensure  
17 that we move as quickly as possible toward the goal of 66  
18 submarines from the present 48.

19           I would like to ask all of you in terms of assessing  
20 the costs and the capabilities of this country, do you agree  
21 that we need to assure a stable, healthy industrial base as  
22 we modernize our military and that the assessment of cost  
23 should include some kind of measure of whether the pace of  
24 work will maintain that industrial base? Because as you  
25 know, you cannot just let people go and call them back, turn

1 the spigot on and off. People have lives. They are going  
2 to go do something else. And we are talking about people  
3 who are very capable of doing other things with their lives,  
4 and they need to do other things with their lives if they  
5 are not going to be employed for a period of time. And  
6 training those people, maintaining the workforce is a major  
7 challenge for our military contractors, particularly  
8 Electric Boat and our submarine contractors and, equally so,  
9 our subcontractors, the supply chain throughout Connecticut  
10 and the country.

11 So I am asking you this question because it is very  
12 much on my mind as Electric Boat is, just to give you one  
13 example, now working on maintenance of the Montpelier, an  
14 existing submarine. That work will end sometime in probably  
15 2017, and then there will be a lag before the USS Boise  
16 potentially could be in for overhaul as it needs to do  
17 because it cannot submerge right now. So that gap will be  
18 there on maintenance operations.

19 Should we not worry about accelerating work on the  
20 Boise on its maintenance and overhaul so that we move that  
21 workforce to the Boise rather than have the lag or gap in  
22 between and thereby potentially lose some of that workforce?  
23 I realize it is a longwinded question, but I would like your  
24 general thoughts about it.

25 Mr. Daigle: Senator, I agree that workforce

1 implications should absolutely be part of both the  
2 Department's investment strategies and its cost estimates  
3 related to those programs.

4 Mr. Norquist: I think the point you made is essential,  
5 Senator. The amount of investment that it takes to be able  
6 to have the capacity to make a Virginia class submarine is  
7 complex. And if you were to decide to not buy them for 2  
8 years, you cannot buy six the next year. You cannot buy  
9 any. And so one of the advantages I think of the  
10 Department's 6-year plan is you lay out how many of each  
11 capability -- say submarines -- you wanted to have at the  
12 end of a period of time, but then as you figure out the rate  
13 at which you are buying them, you can pay attention  
14 particularly to these types of industrial base issues and  
15 challenges. And they will vary by technology, but it is an  
16 essential part of having a successful multiyear strategy.

17 Ms. McCusker: Senator, I am familiar, to a degree, on  
18 the work that the Department has done to really look at the  
19 industrial base and to try to do a better job of predicting  
20 what our decision-making will do over time and give a little  
21 bit more predictability in there. And I think, if  
22 confirmed, I would really be looking at this from a  
23 resourcing perspective, and so working with AT&L and others,  
24 what are the resourcing implications that we need to take a  
25 look at in conjunction with the results of the strategy

1 reviews that are going on now will have an impact  
2 potentially on those exact things in the future as well. So  
3 I think that is where I would definitely be coming from if  
4 confirmed in this position.

5 Senator Blumenthal: Thank you each for your answers.  
6 Thank you for your willingness to serve. And thank you to  
7 your families as well. And I look forward to working with  
8 you, assuming that you are confirmed.

9 Thank you, Mr. Chairman.

10 Senator Reed: Thank you.

11 On behalf of the chairman, Senator McCaskill, please.

12 Senator McCaskill: Thank you.

13 Congratulations and condolences to all three of you.  
14 You have got really hard jobs. And I have worked closely  
15 with your predecessors on a number of items, and I look  
16 forward to that same working relationship with you.

17 One of my areas in the decade that I have served on  
18 this committee has been contracting. And I continue to  
19 remain frustrated over the lack of transparency on  
20 contracting especially as it relates to contract services.

21 GAO put out a report. They have put out several  
22 reports on this subject, but the latest one was -- and I am  
23 a former auditor. So I read all those GAO reports. I am  
24 used to this body language. I got it a lot as an auditor.  
25 I get it a lot as a Senator too.

1           The 2016 February report showed that between 2010 and  
2           2015, that no question DOD contracted for a lot more  
3           services than products. And I think, unfortunately, people  
4           around here when they think of contracts, they think of us  
5           buying stuff instead of us buying people. In 2014 alone,  
6           there was over \$85 billion spent on just contract services.

7           Now, previous audits have talked about how many of  
8           those service contracts were not even for inherently -- they  
9           were for inherently governmental functions, which of course  
10          there is a whole process you need to go through if you are  
11          going to be hiring people to do inherently governmental  
12          functions in a contract capacity.

13          I have said many times on this committee before my  
14          father peeled potatoes in World War II. I do not expect us  
15          to be using our very expensively trained military, point-of-  
16          the-spear personnel to be peeling potatoes ever again. I  
17          get that part. But I am talking about over there in that  
18          building. I am talking about layer upon layer of contract  
19          services.

20          The recommendations made by the GAO last year was  
21          essentially that we need to have some transparency and  
22          especially some kind of budget going forward. All of the  
23          services should revise their programming guidance to collect  
24          on how contracted services will be used to meet requirements  
25          beyond the budget year into the FYDP. DOD partially

1 concurred with this, saying the volatility of requirements  
2 in each budget cycle constrained the Department's ability to  
3 accurately quantify service contract requirements. You  
4 know, that dog doesn't hunt because we have been spending  
5 billions of dollars on contract services every year. We  
6 have a look forward and GAO says you have the data to be  
7 able to do this for -- we have a look back and the GAO says  
8 you have the data for a look forward. So that is what I  
9 really want to focus on today.

10 How can the Department best estimate what kind of  
11 service contracts will be necessary in the future years?  
12 And why can we not get a system in place where we are doing  
13 a better job? Because if we do not know what that line item  
14 is, there is no way we can do oversight on that line item.  
15 And I think it has remained kind of -- you know, slide  
16 around because then we cannot say why did it jump so much in  
17 this year. And you guys know how the FYDP works over there.  
18 It actually does have a constraining effect on DOD and the  
19 branches as they look into the FYDP and what is coming. If  
20 we had this number in the FYDP, I think it would have a  
21 really positive impact on the budgeting process and  
22 ultimately hopefully the auditing process.

23 Mr. Norquist?

24 Mr. Norquist: So what I would say is I would start by  
25 looking at some of the largest service contracts, the ones



1 where there is -- either associated with maintenance of  
2 weapon systems or something where you can directly associate  
3 the volume of activity with the number of systems in  
4 inventory and its maintenance schedule. Those provide some  
5 of the best out-year predictions.

6 Other ones may be by capability. You may use services  
7 to maintain roads and facilities on a base. Then you are  
8 funding it by the function you are trying to perform. The  
9 actual vendor who wins the contract is irrelevant. It may  
10 be different ones at different points in time, but this is  
11 the amount of money we will want to spend on maintaining  
12 facilities and infrastructure. I think those allow you to  
13 look out multiple years and be more than guessing. You can  
14 say, well, this facility is expanding and therefore I will  
15 need additional support or it is contracting. But the  
16 ability to reliably project other than using inflation or  
17 some other generic dramatically improves the quality of your  
18 out-year projection, Senator.

19 Senator McCaskill: So would you get back to me and let  
20 me know if this is something that you would be willing to  
21 prioritize going forward? Because I think not doing it -- I  
22 mean, listen, I get a contingency, but we are not talking  
23 about contingencies here. We are talking about service  
24 contracts like you said from everything from repairing roads  
25 to providing jock air to fixing the copy machine. You know,

1 sometimes it is security services. It is a variety of  
2 things.

3 I just think you all have been doing so much service  
4 contracting for so long that it is time for us to have a  
5 better look into the future so we can have a better handle  
6 on it. And I would like a commitment today that when you  
7 all are confirmed, that this is something that will be  
8 discussed and talked about, along with having that first  
9 audit where it is going to be painful but it will be  
10 downhill from there.

11 Mr. Norquist: Senator, should I be confirmed, I commit  
12 to working with my colleagues here as part of looking at the  
13 planning and programming budget process to see how we can  
14 address the issue you brought up.

15 Senator McCaskill: Thank you very much.

16 Thank you, Mr. Chairman.

17 Senator Reed: Thank you.

18 On behalf of Chairman McCain, Senator Kaine.

19 Senator Kaine: Thank you, Mr. Chair, and thanks to our  
20 committee members.

21 Congratulations on your appointment.

22 When we got a budget deal last week, the President  
23 tweeted out the next morning there might be a need for a  
24 good shutdown of the government in September. And there has  
25 been an interesting discussion with comments by the OMB

1 Director about what a good shutdown would be.

2 So I want to ask you with respect to your own  
3 functions, should you be confirmed. With respect to either  
4 the Comptroller function or this cost assessment and program  
5 evaluation function, would you see any good to the work that  
6 needs to be done if the Government of the United States were  
7 to shut down in September?

8 Mr. Norquist: Senator, there is a cost and disruption  
9 to services whenever there is a shutdown. So absent a  
10 significant policy change as a result of it, that is a  
11 challenge. It depends on what the policy change is as to  
12 whether it is beneficial. But from the point of view of the  
13 Comptroller, a shutdown is disruptive.

14 Senator Kaine: The same on the cost assessment  
15 function?

16 Mr. Daigle: Agreed.

17 Senator Kaine: Let me broaden it beyond Comptroller  
18 and the cost assessment and program evaluation function.  
19 With respect to the national security and the defense of the  
20 United States, which is the overall mission of everybody who  
21 works for the SecDef, can you see any good in a shutdown of  
22 the Government of the United States?

23 Mr. Norquist: The disruption that you have in the  
24 Comptroller function you would see similar things in all of  
25 the military organizations and units that are affected by

1 it. So the question would be what is the policy change that  
2 resulted from it because otherwise there is just pain.

3 Senator Kaine: Same on the cost assessment function?

4 Mr. Daigle: Agreed. I would just add -- go back to  
5 David's point earlier. I think in particular the three  
6 people sitting here would very much prefer stability in  
7 resourcing over the next few years so that we can develop an  
8 investment strategy and an investment plan for the Secretary  
9 and for the Department of Defense.

10 Senator Kaine: Actually that is a very good point. I  
11 am a former mayor and governor. I am kind of a certainty  
12 freak. I am in a line of work where you do not necessarily  
13 always get certainty. My general assessment is our  
14 governmental professionals, as well as the outside private  
15 sector, can sort of adjust around a certain outcome. Even  
16 if they do not like the line item in the budget, they can  
17 kind of plan and adjust around it. And that is an awful lot  
18 easier than trying to adjust around an asterisk where you do  
19 not know what the budget number is going to be, you do not  
20 know if there are going to be furloughs, you do not know if  
21 there is going to be a shutdown. I think particularly in  
22 sort of Comptroller, cost assessment and program evaluation,  
23 uncertainty has cost and our job should be to try to reduce  
24 that uncertainty if at all possible. Would you agree with  
25 that?

1           Mr. Norquist: Yes, absolutely. If you think about the  
2 process that the three of us go through in support of the  
3 Secretary, there is a look at what the national military  
4 defense strategy needs to be, what the threats are, and what  
5 size force we need out several years, what size Navy, what  
6 size other things, and then you work back over 6 years  
7 paying attention to the concerns the Senator made about the  
8 industrial base and others. Am I increasing the size of the  
9 Army? How much? How many can I bring on board per year?  
10 If you have a 6-year idea of what your number is, you can do  
11 all sorts of decision-making and planning, but if you only  
12 know next year's number and then it may go back down again,  
13 well, you are not going to increase the size of the Army  
14 easily because you do not know if you can afford it the next  
15 year.

16           So the benefits you get from multiyear planning depend  
17 on having some reasonable confidence. I understand the  
18 world changes and people are used to that. But the  
19 stability you get -- and when we have had periods of time  
20 where you have had that stability, it has greatly  
21 facilitated acquisition. It has facilitated planning. It  
22 has facilitated the types of tradeoffs that you need.

23           Senator Kaine: Let me just follow up. Even just  
24 within a 1-year cycle -- as an example, we got a budget deal  
25 last week. I believe that we easily could have gotten that

1 exact deal in December. So we got it last week, and through  
2 the rest of the year, we have that deal. But if we could  
3 have gotten that deal in December or something like it and  
4 people would have had not a full 12 months but at least 10  
5 months to plan, that would have made people's jobs a little  
6 bit easier to have that degree of certainty and not have to  
7 wait till April to find out what the answer was. Would you  
8 agree with that?

9 Mr. Norquist: Absolutely.

10 Senator Kaine: Let me ask one last question. I very  
11 much support the CAPE office. I think it is a really  
12 important one to go in and look at program decisions and see  
13 whether the costs or the program evaluations were right or  
14 wrong. Program officers I think have a bias toward optimism  
15 because they want to get the program done, and sometimes  
16 that bias also is toward underselling what the costs might  
17 be or making at least favorable assumptions on cost. And  
18 you guys come in and then you are going to give the straight  
19 story. They are kind of the accelerator and you are kind of  
20 the brake, and hopefully you would then your best practices  
21 and that would inform things.

22 Is there a way to build within the program office a  
23 little bit of a CAPE mentality or kind of a red team  
24 approach that while things are happening, there could be an  
25 effort to counter what I think would be almost a natural

1 institutional bias toward optimism in a program office and  
2 put in some of the real tough kind of number crunching  
3 analysis that you guys do? So it is not just after the  
4 fact.

5 Mr. Daigle: Senator, I think that is ongoing in the  
6 Department right now. Part of the implementation plan from  
7 the acquisition reforms from last year, the Department is  
8 going back and looking at how do we do requirements  
9 processes. How do we come up with our acquisition  
10 strategies? My understanding is part of that discussion is  
11 building cross-functional teams upfront in an acquisition  
12 program to bring the various points of view together,  
13 greater collaboration between, say, CAPE and the services in  
14 the requirements generation process itself so that those  
15 multiple points of view come forward much sooner rather than  
16 everybody operating in their own individual stovepipe.

17 Senator Kaine: Great, great. Thank you very much.

18 Thanks, Mr. Chair.

19 Chairman McCain: Thank you, Senator Kaine.

20 Thank you all for your very thoughtful answers and for  
21 your dedicated service in so many different ways. We thank  
22 your families for being here.

23 On behalf of Chairman McCain, let me adjourn the  
24 hearing. Thank you very much.

25 [Whereupon, at 3:54 p.m., the hearing was adjourned.]