

Stenographic Transcript
Before the

COMMITTEE ON
ARMED SERVICES

UNITED STATES SENATE

NOMINATION
MCCORD AND MOULTRIE

Tuesday, May 11, 2021

Washington, D.C.

ALDERSON COURT REPORTING
1111 14TH STREET NW
SUITE 1050
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(202) 289-2260
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1 NOMINATION--McCORD AND MOULTRIE

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U.S. Senate

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Committee on Armed Services

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10 The committee met, pursuant to notice, at 9:30 a.m. in
11 Room SD-G50, Dirksen Senate Office Building, Hon. Jack Reed,
12 chairman of the committee, presiding.

13 Committee Members Present: Senators Reed [presiding],
14 Shaheen, Gillibrand, Blumenthal, Hirono, Kaine, King,
15 Warren, Peters, Manchin, Duckworth, Rosen, Kelly, Inhofe,
16 Wicker, Fischer, Cotton, Rounds, Ernst, Tillis, Sullivan,
17 Cramer, Scott, Blackburn, Hawley, and Tuberville.

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

3 Chairman Reed: Let me call the hearing to order. Good
4 morning. The committee meets this morning to consider the
5 nominations of Mr. Michael McCord to be Under Secretary of
6 Defense (Comptroller), and Mr. Ronald Moultrie, to be Under
7 Secretary of Defense for Intelligence and Security. On
8 behalf of the committee I want to thank you both for your
9 willingness to return to public service.

10 Mr. McCord, I would like to welcome your wife, Ms.
11 Donna Miller Rostant, who is with us this morning, and I
12 thank Secretary Chuck Hagel for joining us today to
13 introduce Mr. McCord.

14 Mr. Moultrie, I welcome your wife, Mrs. Darlene
15 Moultrie, who is also here, and I want to send out a very
16 special recognition to your mother, Ethel Moultrie, who is
17 celebrating her 91st birthday today, and we hope she is
18 watching her son and telling everyone around how smart he
19 is. Thank you.

20 Let me also thank Vice Admiral J. Michael McConnell,
21 former Director of National Intelligence and former Director
22 of the National Security Agency who will introduce Mr.
23 Moultrie via Webex.

24 I would also like to thank Congressman Dutch
25 Ruppertsberger, representative of Maryland's Second District,

1 who I know wanted to introduce Mr. Moultrie today but is
2 unable to do so. Representative Ruppertsberger has instead
3 sent us a letter of support which will be entered in the
4 record. Without objection, so ordered.

5 [The letter follows:]

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1 Chairman Reed: I am sure both of you have additional
2 family members who would have liked to have been here this
3 morning, but because of the pandemic restrictions they are
4 watching from home, so we thank them for their continued
5 support of your service to our nation.

6 Mr. McCord is a highly regarded national security and
7 defense policy expert with extensive government experience.
8 He is well known to this committee, having served as a
9 professional staff member for more than 20 years, and is
10 well prepared for the Comptroller job, having been nominated
11 and confirmed to that position under President Obama. The
12 Comptroller is instrumental in preparing and executing the
13 Department's budget, ensuring the resources that Congress
14 provides are allocated to the troops efficiently and
15 effectively. Additionally, the Comptroller is a key player
16 in the Department's efforts to achieve a clean audit and to
17 modernize its financial management system. Mr. McCord is
18 the right person to have in this role at this time.

19 While Mr. McCord has not played a role in developing
20 the budget for this year, it should be pointed out that this
21 year is an inflection point in how the Department
22 prioritizes the resources it needs to accomplish its
23 missions, given that the fiscal year 2022 budget will not be
24 constrained by the Budget Control Act. While we await the
25 release of the detailed budget request, we know the

1 recommended top line for the Department of Defense is \$715
2 billion. Some of my colleagues feel that that number should
3 be increased, while others will argue for reduction. The
4 key, however, is what we buy with that top line, and this
5 committee will do a thorough analysis of the request when we
6 receive it.

7 Mr. McCord, as we discussed during our office call,
8 there are also a number of functions within the Department
9 that are in need of transformation. The PPBE, or Planning,
10 Programming, Budgeting, and Execution process, was first
11 implemented in the McNamara era in the '60s and may not be
12 conducive to many of DoD's requirements to adopt new
13 technology in a rapid, agile manner to compete with China
14 and Russia. Further, the Department continues to struggle
15 to achieve a clean audit, something that has been required
16 at law for over 30 years. I hope you will share your views
17 on the role of the Comptroller regarding these challenges at
18 this important moment for the Department of Defense.

19 Mr. Moultrie has had a long and distinguished career in
20 intelligence with extensive service at the NSA as well as
21 the CIA, ODNI, and DoD. Since retiring as NSA's Director of
22 Operations, he has had a successful career in the private
23 sector while remaining active in public policy. If
24 confirmed, Mr. Moultrie, you will serve as the principal
25 intelligence advisor to the Secretary of Defense and will be

1 dual-hatted as the Director of Defense Intelligence in the
2 Office of the Director of National Intelligence.

3 The scope and complexity of the global threat
4 environments we face are unprecedented. China, Russia,
5 Iran, North Korea, and many other state and nonstate actors
6 pose increasingly serious challenges, especially in their
7 hybrid warfare and gray zone tactics. It is more important
8 than ever that this committee and the Department of Defense
9 ensure that the Defense Intelligence Enterprise is
10 appropriately equipped to integrate and prioritize
11 intelligence resources and capabilities.

12 In particular, the Defense Counterintelligence and
13 Security Agency, DCSA, which you will supervise, has had a
14 slew of new and challenging missions assigned to it that are
15 critical for DoD, and is growing significantly in size and
16 responsibility. Many of the functions that DCSA is now
17 required to perform support other parts of the government
18 and customers in DoD and beyond USD(I&S). It is important
19 for DCSA to have a customer-focused culture, and your
20 leadership will be necessary to achieve that.

21 Further DoD's new all-domain/cross-domain warfighting
22 concepts require that the defense intelligence agencies,
23 chiefly the NRO, NGA, and NSA, transform themselves to
24 provide proliferated satellites and rapid and agile tasking
25 and processing to support the military. If confirmed, it

1 will be your responsibility to ensure that these agencies
2 are responsive to these emerging military requirements. Mr.
3 Moultrie, I welcome your thoughts about how you intend to
4 foster this transformation and ensure that the military has
5 timely and accurate intelligence to defend the nation in the
6 midst of a competitive security environment.

7 We face many challenges that will require strong
8 leadership and the ability to make tough decisions. I thank
9 the nominees again for your willingness to serve our nation.
10 I look forward to your testimony.

11 And now let me recognize the ranking member, Senator
12 Inhofe.

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1 STATEMENT OF HON. JAMES INHOFE, U.S. SENATOR FROM
2 OKLAHOMA

3 Senator Inhofe: Thank you, Mr. Chairman, and thanks to
4 our witnesses for being with us and for their willingness to
5 serve. Our nation's top military and intelligence leaders
6 have told this committee in recent months that the world is
7 the most dangerous place that we have had to experience.

8 In 2018, the National Defense Strategy provides a
9 roadmap, and here it is. This is one, and really, we have
10 one of our authors here as a witness, as a nominee, in
11 Michael McCord. And so it is quite a complimentary thing
12 that you are one who has put this thing together.

13 Voice: Is there a place to --

14 Senator Inhofe: What was that all about?

15 Chairman Reed: That was a message from above.

16 [Laughter.]

17 Senator Inhofe: Or below.

18 [Laughter.]

19 Senator Inhofe: All right. We have quite a few
20 challenges that you will oversee, and we understand that you
21 are certainly the two that are the best qualified around
22 that we could hope to have in these positions.

23 Insufficient and uncertain funding has hamstrung our
24 military for years. We must do a better job of resourcing
25 this strategy, improve our ability to quickly make decisions

1 and to invest in the right capabilities to keep up with
2 China and Russia. We must also continue the momentum on the
3 Pentagon's financial audit and improve the transparency of
4 the budget in Congress and the American people.

5 In the area of intelligence, we are still losing the
6 information war. Just recently, we heard about all of the
7 combatant commanders complaining that they cannot get
8 declassified intelligence to fight back against our
9 adversaries' lies.

10 Just last week, I published an article about how much
11 China and Russia truly spend on defense, which is much more
12 than many people have been led to believe. We hear over and
13 over again the notion that somehow we are spending more than
14 China and Russia put together, and they do not realize that
15 the most expensive thing that we do is taking care of our
16 troops, taking care of the housing. Those countries, they
17 do not do that, and we all understand that.

18 We must do a better job of understanding our
19 adversaries and articulating the threats they pose to the
20 American public. We have no time to lose. Our military
21 advantages are going or eroding in key areas. And we still
22 do not have a handle on how to prevent the Chinese from
23 stealing our technology for military and commercial
24 purposes. The nation and the Department of Defense must
25 tackle these problems head-on if we hope to preserve and

1 defend our way of life from those who would do is harm.

2 If you would have the honor, after your confirmation,
3 to support the team of Americans who represent everything
4 that is noble and best in our nation. Our soldiers,
5 sailors, airmen, Marines, space guardians, civilian
6 servants, and our military families, do everything we ask of
7 them, and more. The Department requires strong civilian
8 leadership that I believe the two of you will be able to
9 provide, and so we are looking forward to that.

10 Also, nice to see Chuck Hagel back again. It has been
11 quite a long period of time, and I want to welcome you back.
12 Thank you, Mr. Chairman.

13 Chairman Reed: Thank you very much, Senator Inhofe.
14 And now let me recognize, via Webex, Vice Admiral McConnell,
15 for his introduction of Mr. Moultrie. Admiral?

16 Admiral McConnell: Chairman Reed, Ranking Member
17 Inhofe, and distinguished members of the Committee, thank
18 you for the opportunity to introduce Mr. Ron Moultrie, the
19 President's nominee to serve as the Under Secretary of
20 Defense for Intelligence and Security.

21 Ron Moultrie is a highly regarded [inaudible] who has
22 successfully served in many of the nation's most demanding
23 intelligence community positions. A man of the highest
24 moral character, keen intellect, and strategic vision, Mr.
25 Moultrie has demonstrated leadership and management skills

1 to address and resolve the most challenging issues.
2 [Inaudible] first as the Director of the National Security
3 Agency [inaudible] and later as the Director of National
4 Intelligence.

5 I also know his wonderful wife of 33 years, Darlene.
6 Both served in the United States Air Force and are service
7 veterans who served the nation well.

8 Mr. Moultrie is a former [inaudible] who applied those
9 skills in the Air Force and at NSA as we engaged in
10 [inaudible]. Moving to NSA as a civilian as a signals
11 intelligence analyst, he quickly moved through the ranks,
12 and based on his drive, energy, and exceptional performance,
13 he advanced.

14 NSA is where we met when I was serving as the agency's
15 director in the early 1990s. When I needed help to address
16 some of the nation's most sensitive operations and change
17 requirements, on the advice of the agency's most senior
18 leadership I chose Mr. Moultrie for the position of Senior
19 Executive Assistant. In that role, he served as my
20 confidante and my alter ego, as we adjusted from the Cold
21 War focus to address the new challenges facing the nation,
22 not only emerging threats in signals intelligence but also
23 emerging, new cybersecurity threats due to the widespread
24 embrace of emerging network technologies, not only by the
25 U.S. Government but by the private sector. Any time a large

1 organization undergoes significant change there is always
2 confusion and resistance. Ron Moultrie helped me navigate
3 these changes, because of his understanding of the
4 technology, the workforce, and the changing mission needs.

5 Being confident in his own abilities and a natural
6 coalition builder, Mr. Moultrie was asked to serve as a
7 member of the CIA's Senior Intelligence Service to foster
8 closer collaboration between two of the nation's premier
9 intelligence organizations. This is where we met to work
10 again together. When President Bush asked me to serve as
11 the nation's second Director of National Intelligence,
12 relieving Ambassador Negroponte, I asked Mr. Moultrie to
13 again serve as my Senior Executive Assistant.

14 As a member of the DNI's leadership team, Mr. Moultrie
15 helped me manage the intelligence community's new Executive
16 Committee and the new Deputy Executive Committee that we
17 formed to address collaboration and coordination issues that
18 existed prior to the 9/11 terrorist attacks on the nation.
19 He also helped update the Foreign Intelligence Surveillance
20 Act due to information technology changes, revised for the
21 President's signature Executive Order 12333, launched the
22 National Comprehensive Community Initiative, and create the
23 Joint Duty Intelligence Program.

24 On returning to NSA after his service with ODNI, Mr.
25 Moultrie rose to become the agency's third-ranking official,

1 serving as the Director of Signals Intelligence Operations.
2 The first minority member to serve in this challenging
3 position, Mr. Moultrie helped the agency enjoy some of its
4 greatest successes in the global war on terrorism and other
5 enduring intelligence challenges.

6 After retirement from NSA, in addition to his service
7 in the private sector, Secretary of the Navy, Mr. Richard
8 Spencer, seeking a national security official with a
9 comprehensive understanding of cybersecurity and technology,
10 asked Mr. Moultrie to chair the review of the Navy's
11 information management structure. The review, completed in
12 July of 2019, led to the immediate establishment of a
13 single, accountable CIO to bolster the department's
14 warfighting and cybersecurity capabilities and to provide
15 the Navy and Marine Corps a decisive information advantage
16 in intelligence technology, big data, and artificial
17 intelligence.

18 Without hesitation, I strongly recommend favorable
19 consideration for Mr. Ronald Moultrie to become the nation's
20 Under Secretary of Defense for Intelligence and Security.
21 It is my distinct honor to introduce him to this
22 distinguished committee. Thank you so much.

23 Chairman Reed: Thank you very much, Admiral. Now let
24 me recognize former Secretary of Defense, the Honorable
25 Chuck Hagel. Secretary Hagel.

1 Mr. Hagel: Mr. Chairman, thank you. Good morning, Mr.
2 Chairman, Ranking Minority Member Inhofe, and other members
3 of the committee. First, before I introduce Mike McCord, I
4 want to recognize Mr. Moultrie and congratulate him for his
5 service and for the responsibilities that he is soon to take
6 up, pending confirmation of this committee. So, to Mr.
7 Moultrie, thank you and congratulations.

8 I appreciate the opportunity to introduce Michael J.
9 McCord in support of the President's nomination of him to be
10 Under Secretary of Defense (Comptroller). You all have
11 records of Mike McCord's bio and impressive comprehensive
12 work record of 36 years' experience in national security and
13 finance, so I am not going to repeat what you already have.
14 Instead, I am going to tell you a little bit about how I
15 know Mike McCord, my own experience with him, and knowledge
16 of him.

17 I have known and worked with Mike McCord since 1997,
18 during my 12 years in the Senate, in my 4 years as co-
19 chairman of the President's Intelligence Advisory Board.
20 When I was confirmed as Secretary of Defense in February
21 2013, Mike McCord became an important part of my team at
22 DoD. He was the Principal Deputy Under Secretary of
23 Defense, working with the Under Secretary (Comptroller), Bob
24 Hale.

25 The first few days I was in the Secretary's office we

1 were presented with sequestration. Many of you were here at
2 that time and recall the disastrous results of
3 sequestrations for DoD. We had to find an additional
4 unplanned \$30 billion in cuts, on top of the \$45 billion in
5 cuts that had already been budgeted for under the 2011
6 Budget Control Act. I looked to Mike McCord and Under
7 Secretary Hale for guidance and leadership in how we handle
8 this massive unbudgeted cut. It was a difficult time for
9 every part of the defense enterprise. Mike's leadership,
10 experience, and ability were critical in helping DoD get
11 through this time. I relied on and expected a great deal
12 from Mike McCord.

13 In the fall of 2013, and again some of you will
14 remember, we were confronted with one of the longest
15 government shutdowns in history, furloughing people, most
16 people not coming to work for weeks, and all of the waste
17 and threats to national security that went along with this
18 unproductive insanity of long government shutdowns. Again,
19 Deputy Comptroller McCord was called on for his help in
20 dealing with the long shutdown. And again, I relied on Mike
21 for advice and direction. This was also at the time
22 Comptroller Hale had informed me that he wished to retire
23 after a long, distinguished career. So there was
24 uncertainty in the Comptroller's Office and within the
25 Pentagon as to who would replace Hale. Mike handled it

1 professionally, with clear, competent direction and
2 judgment.

3 In late 2013, I recommend Mike McCord to replace Bob
4 Hale as Comptroller and Under Secretary of Defense to
5 President Obama, and in January 2014, Mike was nominated by
6 President Obama for the position, and he was confirmed by
7 this committee and the Senate in June 2014. We continued to
8 work very closely together until I left the Pentagon in
9 February 2015.

10 Some of the projects Mike led and worked tirelessly on
11 were the creation of the new European Reassurance
12 Initiative. Many of you will remember that initiative in
13 the summer of 2014, in response to Russia's invasion of
14 Eastern Ukraine and occupation of Crimea. The reprogramming
15 of \$1 billion in 2014 to underwrite the Ebola crisis, where
16 DoD managed and took responsibility for the Ebola logistics
17 in West Africa, to support the whole of U.S. Government
18 effort. How quickly this was accomplished, with minimal
19 delays, was a clear example of how the government
20 congressional Oversight Committees trusted Mike. As we all
21 know, trust is the coin of the realm, in all things.

22 In my years in the private sector and in public
23 service, I have seen and experienced the qualities that make
24 a person successful. They do not change. They are not
25 complicated. It is not just how smart you are or how well-

1 educated you are.

2 Everyone on this committee recognizes the qualities --
3 character, first, integrity, courage, and judgment. If any
4 of these are missing, the journey will not end well. If the
5 person does not possess a sense of humanity and decency and
6 dignity, they are not fit for leadership. Michael J. McCord
7 possesses all these indispensable requisites and the
8 successful experience to warrant his confirmation.

9 I am very proud to appear here today before this
10 committee to introduce Mike McCord. Thank you for allowing
11 me to present my introduction of Mike McCord and for your
12 serious consideration of President Biden's nomination of him
13 to be Under Secretary of Defense and Comptroller.

14 Thank you, Mr. Chairman.

15 Chairman Reed: Well, thank you, Mr. Secretary, for
16 your statement and also for your distinguished service, both
17 in the United States Senate and in the Department of
18 Defense. Thank you very much.

19 Now let me recognize Mr. McCord for his opening
20 statement.

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1 STATEMENT OF HONORABLE MICHAEL McCORD, NOMINEE TO BE
2 UNDER SECRETARY OF DEFENSE [COMPTROLLER]

3 Mr. McCord: Chairman Reed, Ranking Member Inhofe, and
4 members of the committee, thank you for the opportunity to
5 appear before you this morning as you consider my nomination
6 for the position of Under Secretary of Defense (Comptroller)
7 and Chief Financial Officer of the Department of Defense.

8 I want to express my gratitude to President Biden for
9 nominating me to this important position, and to Secretary
10 Austin and Deputy Secretary of Defense Hicks for their
11 confidence in me. If I am confirmed, it would be an honor
12 to serve as part of their team. I also want to thank former
13 Senator and Secretary of Defense Chuck Hagel for introducing
14 me. His support is especially meaningful as I seek to
15 become the first person to be confirmed for this position
16 twice, as he selected and recommended me, as he described,
17 to President Obama when I was confirmed for this role in
18 2014.

19 It is also a pleasure to be back before this committee
20 where I served on the staff for 21 years. I cherished the
21 opportunity to had to learn from the outstanding Senators
22 who have led this committee during my career here: former
23 Chairmen Nunn, Thurmond, Warner, and Levin. I send my best
24 wishes, as I know you do, to former Senator and Chairman
25 Carl Levin, my boss for 11 years, as he battles lung cancer

1 today.

2 I also had the privilege of working on this committee
3 with three Senators who went on to chair it after I left the
4 staff for the Department: the late Senator John McCain,
5 Senator Inhofe, and Chairman Reed. Your leadership follows
6 in the great bipartisan tradition of this committee, and it
7 is a key reason it continues to be so highly respected.

8 Finally, and most importantly, I want to thank my
9 family, especially my wife, Donna. I could not undertake
10 this mission without her love and full support. She is the
11 heart and soul of everything we are able to do as a team,
12 for our family, our community, and our country. My mother,
13 my daughters, and my brother and sister have also been with
14 me throughout my career in public service. Although my
15 family and my wife's family cannot join us here today due to
16 the pandemic, they are with me in spirit and I appreciate
17 their support along this journey.

18 If confirmed, I look forward to returning to the
19 Department of Defense to serve our nation, promote our
20 national security, and support our servicemembers. The
21 sense of mission among the civilian and military personnel
22 in the Department is a remarkable thing to be part of.

23 Should I be confirmed, my top priority will be to help
24 the Secretary and other senior leaders build the best
25 defense budget we can to meet our strategic needs and

1 carefully steward the resources Congress provides us.

2 Second, I would prioritize a strong relationship with
3 the congressional defense committees, and ensure the
4 Department provides the information you need on that budget.
5 The stronger the partnership between the Department and the
6 Congress, the stronger our national security will be.

7 Third, I would, if confirmed, ensure the Department
8 gives full effort and attention to the financial audit so
9 that we can build on and accelerate the progress that has
10 been made toward the goal of a clean opinion.

11 Fourth, working with other senior leaders, I would work
12 to re-engine the Department's management reforms in light of
13 the dis-establishment of the Chief Management Officer
14 position. I look forward to the opportunity, should I be
15 confirmed, to focus on making DoD more effective.

16 If confirmed, I will be a full partner with members of
17 this committee in ensuring that we carry out our respective
18 responsibilities for our national security.

19 Thank you. I look forward to your questions and I ask
20 that my complete statement be included in the record.

21 Chairman Reed: Without objection, the statement will
22 be included in the record.

23 [The prepared statement of Mr. McCord follows:]

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Chairman Reed: Mr. Moultrie, your statement, please.

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1 STATEMENT OF HONORABLE RONALD MOULTRIE, NOMINEE TO BE
2 UNDER SECRETARY OF DEFENSE FOR INTELLIGENCE AND SECURITY

3 Mr. Moultrie: Chairman Reed, Ranking Member Inhofe,
4 and distinguished members of this committee, thank you for
5 the opportunity to appear before you today and for your
6 consideration of my nomination to serve as the Under
7 Secretary of Defense for Intelligence and Security.

8 I want to thank DNI McConnell for his kind introductory
9 words. His mentorship and tutelage have tremendously shaped
10 my career.

11 I am honored for the trust and confidence that
12 President Biden and Secretary Austin have placed in me, and
13 if confirmed, I look forward to serving with our nation's
14 outstanding intelligence and security professionals.

15 I am blessed to have met my wife, Darlene, while we
16 served on active duty, and to have benefitted from her love
17 and wisdom for over 33 years.

18 I am also grateful to have a family that embodies
19 service. My father served in the Korean War and in Vietnam,
20 and rose to the rank of Army Sergeant Major. My mother's
21 brother made the ultimate sacrifice while serving with the
22 101st Airborne in Vietnam.

23 Duty, honor, and sacrifice. These principles have been
24 instilled in me since childhood and drive me to this day.

25 Defending against all enemies, foreign and domestic,

1 takes on new meaning for all in the intelligence and
2 security profession. China, our pacing challenge, a global
3 pandemic, malign actors, and other existential threats pose
4 risks to the global order and threaten our way of life.
5 Domestic extremism and sexual harassment tear at the fabric
6 of our society and threaten to undermine order in the
7 Defense Department's ranks. And our warfighters need a
8 "decisive, secure information advantage" and our troops must
9 be safe, regardless of their environment.

10 If confirmed, these will be among my top priorities. I
11 am confident that we can overcome these challenges and build
12 upon our global leadership role.

13 We must innovatively explore, and rapidly adapt,
14 emerging technologies that will enable us to defend our
15 nation against those seeking to erode our technological and
16 intellectual advantages. We must build and embrace
17 partnerships across our government, with the private sector
18 and academia, and with our key foreign partners and allies.
19 And we must have a close working relationship with Congress.

20 Most importantly we must have the support and trust of
21 our citizens. They are the inspiration for all that we do
22 and ultimately why we serve.

23 If confirmed, I will strive to accomplish these and
24 other priorities as determined by the Secretary and the
25 Deputy Secretary of Defense. I will always serve with the

1 utmost honor and integrity.

2 Thank you, and I look forward to your questions. I ask
3 that my full remarks be placed in the record.

4 Chairman Reed: Without objection, the full remarks
5 will be placed in the record.

6 [The prepared statement of Mr. Moultrie follows:]

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1 Chairman Reed: Gentlemen, I am going to address
2 questions that are required of all nominees. Please respond
3 appropriately.

4 Have you adhered to applicable laws and regulations
5 governing conflicts of interest?

6 Mr. McCord: Yes.

7 Mr. Moultrie: Yes.

8 Chairman Reed: Have you assumed any duties or taken
9 any actions that would appear to presume the outcome of the
10 confirmation process?

11 Mr. McCord: No.

12 Mr. Moultrie: No.

13 Chairman Reed: Exercising our legislative and
14 oversight responsibility makes it important that this
15 committee, its subcommittees, and other appropriate
16 committees of Congress receive testimony, briefings,
17 reports, records, and other information from the Executive
18 branch on a timely basis. Do you agree, if confirmed, to
19 appear and testify before this committee when requested?

20 Mr. McCord: Yes.

21 Mr. Moultrie: Yes.

22 Chairman Reed: Do you agree to provide records,
23 documents, and electronic communications in a timely manner
24 when requested by this committee, its subcommittees, or
25 other appropriate committees of Congress, and to consult

1 with the requestor regarding the basis for any good-faith
2 delay or denial in providing such records?

3 Mr. McCord: Yes.

4 Mr. Moultrie: Yes.

5 Chairman Reed: Will you ensure that your staff
6 complies with deadlines established by this committee for
7 the production of reports, records, and other information,
8 including timely responding to hearing questions for the
9 record?

10 Mr. McCord: Yes.

11 Mr. Moultrie: Yes.

12 Chairman Reed: Will you cooperate in providing
13 witnesses and briefers in response to congressional
14 requests?

15 Mr. McCord: Yes.

16 Mr. Moultrie: Yes.

17 Chairman Reed: Will those witnesses and briefers be
18 protected from reprisal for their testimony or briefings?

19 Mr. McCord: Yes.

20 Mr. Moultrie: Yes.

21 Chairman Reed: Thank you very much, gentleman. Now,
22 Mr. McCord, let me address a question to you. We have been
23 looking very closely at the PPBE process -- Planning,
24 Programming, Budgeting, and Execution. You are aware,
25 probably better than anyone, that it began in the 1960s with

1 McNamara and the Whiz Kids. It has not changed very much,
2 and we are in a different post-industrial age. Can you give
3 us your views on reforming the PPBE process? What is within
4 your scope in the Department of Defense, by regulation?
5 What legislation might be necessary, and also whether it
6 would be wise to propose a commission to look more carefully
7 at this process?

8 Mr. McCord: Thank you for that. Mr. Chairman, the
9 process, as a whole, is heavily legislated in what I would
10 call the back-end execution. There are thousands of pages
11 of laws and regulation governing how government funds may be
12 expended. It is very lightly legislated on the front end,
13 the planning and programming process, in particular. So as
14 you move through the process, the amount of statutory and
15 regulatory guidance increases fairly exponentially, with
16 regard to how taxpayer funds are used.

17 The process itself I think has -- as you said, it has
18 been in place a long time, and it is sort of foundational to
19 how the Pentagon works at this point. I think it has some
20 benefits that should be preserved as we look at reforming,
21 in particular that the Secretary and the Deputy have a lot
22 of flexibility on what topics they choose to focus on, what
23 analysis they want to rely on, and who is in the room, who
24 is not in the room. So I think those are some of the things
25 that we would want to preserve, but as you say, I think we

1 need to look at how we can have maybe greater agility to go
2 with accountability in that process, and I do think it is
3 something the Department can work with the committees on,
4 and perhaps with a commission as well.

5 Chairman Reed: Thank you very much. The audit has
6 been an issue of concern for decades. There are some that
7 suggest that while achieving an audit would not reveal sort
8 of adequate guidance to changes in the Department, there are
9 others that think the audit is a powerful weapon for change
10 and efficiencies. Where do you come down on this, and how
11 will you conduct the audit?

12 Mr. McCord: Chairman, the audit, as you know, is
13 required by law, and it is something that the Department is
14 behind other Cabinet agencies on, and it is a priority for,
15 I think, Secretary Austin and for myself. It is not the
16 answer to every question, certainly. An audit will not tell
17 you whether the particular airplane you bought was the right
18 airplane for the mission, for example, or whether the
19 contractor overcharged you. Those are all different aspects
20 of controls that are above and beyond the financial audit.

21 But that said, it does help identify where resources
22 may be being wasted or improperly used or inefficiently
23 used, and the controls that are one of the big hurdles
24 between where the Department stands today and achieving that
25 audit, getting all the controls in place I think takes on

1 new meaning in this era of cyber intrusions. So I think
2 that the business process reforms that are necessary for an
3 audit are things the Department needs to be doing anyway,
4 and the audit is a good forcing function for the direction
5 the Department needs to go.

6 Chairman Reed: Thank you.

7 Mr. Moultrie, the current Vice Chairman of the Joint
8 Chiefs of Staff emphasized joint and cross-domain capability
9 requirements that the military services have not prioritized
10 or are not responsible for developing, such as joint all-
11 domain command and control, JADC2. And JADC2 demands
12 ubiquitous interoperability, automated decision aids, and
13 systems assistance integration. Indeed, this is probably, in
14 my view, one of the key levers to continue our superiority,
15 vis-à-vis our rivals around the world.

16 Within your office, how are you going to confront these
17 challenges and hopefully delivery a robust system of joint
18 and cross-domain capability?

19 Mr. Moultrie: Senator, the JADC2 concept is extremely
20 important for us to be able to counter our adversaries in
21 whatever domain that we may need to counter them in. As you
22 know, it will provide this ubiquitous connectivity that you
23 talked about. But we must ensure that it is also secure and
24 reliable, regardless of the environment, and it must connect
25 across all domains. So it must be able to connect our land,

1 air, sea forces, and space forces, as necessary.

2 Within the Office of the USD(I&S), if I am confirmed, I
3 would work towards ensuring that we understand the
4 requirements for the JADC2 concept. I would ensure that we
5 understand what the responsibilities are of the other
6 components in the other services and what they need to
7 deliver. And then we need to ensure that we can test this
8 capability. We need to be able to prove it in combat, but
9 we also need to ensure that it has the redundancy that it
10 needs so that it can provide our warfighters with the real-
11 time connectivity and capabilities to fight the war. And,
12 if confirmed, I would commit myself to supporting the JADC2
13 concept.

14 Chairman Reed: Well, thank you, Mr. Moultrie. Again,
15 I think this is one of the most significant issues that we
16 face collectively in the Department of Defense, and I urge
17 you to follow through, if confirmed.

18 Thank you very much, gentlemen. Senator Inhofe,
19 please.

20 Senator Inhofe: Thank you, MR. Chairman. I just have
21 one question for each one. I have already expressed my
22 feelings about the two nominees and how fortunate we are
23 that they are willing to do this, and I am sure they will be
24 confirmed.

25 General Townsend, the Commander of AFRICOM, recently

1 testified about China's ruling military presence in Africa.
2 China built its first overseas military base in Djibouti and
3 is aggressively pursuing a naval base on the west coast of
4 Africa, which General Townsend called, using his quote he
5 said, "the number one global power competition concern," and
6 I agree with that.

7 I am very familiar with the AFRICOM, and I was somewhat
8 instrumental in making that a reality back in 2007. In a
9 way, though, I failed. We got AFRICOM -- well, the
10 continent of Africa used to be divided among three different
11 COMs, so at least it is all under one COM now, but we never
12 did adequately get the resources necessary. And now,
13 because it has become so much more important in the fact
14 that China -- you know, that people do not realize China --
15 Djibouti is the first time that they started an overseas
16 operation. They have done everything else in their back
17 yard, always up to now. So it is kind of a big deal there.

18 So I would ask you, Mr. Moultrie, I am going to ask you
19 if you will try to do something I failed to be able to do,
20 and that is commit to me that you will take a close look at
21 our intelligence capabilities in Africa, that you will
22 ensure that our efforts there get the attention and
23 resources they need.

24 Now, I know you will get the cooperation of this
25 committee, but it is going to be your responsibility to

1 spend the time and the resources to encourage the
2 administration to make that a reality. What are your
3 feelings about that, and are you willing to try to do that?

4 Mr. Moultrie: Senator, yes. China has been a
5 challenge for a number of years, really a number of decades
6 as it pertains to Africa, and I closely followed that when I
7 was the Director of Operations at the National Security
8 Agency. They have diplomat, they have military and economic
9 ambitions. There are a lot of reasons to focus on Africa,
10 as you know, Senator, the ports that they have there. It is
11 a mineral-rich continent that the Chinese seek, and they are
12 using all of their tools, techniques, coercion, and malign
13 influence to actually try to move into that continent.

14 I have not been briefed on it, but I understand the
15 challenges there. I understand, I think, what the Chinese
16 have tried to do there. If confirmed, I would work across
17 the interagency. I would also work with our partners and
18 allies, because they are also focused, in some ways, on
19 China, to ensure that we understand what the Chinese are
20 doing and what their plans are, and that we would be
21 prepared to support the Secretary in deterring the Chinese
22 challenge there and providing support to our warfighters and
23 commanders forward.

24 Senator Inhofe: Yeah, and specifically, though, in
25 trying to get the resources from us that, again, we failed

1 to get done previously. That is a major concern that I have
2 there.

3 And lastly, with Mr. McCord, first of all, you are very
4 familiar this committee, and we are very familiar with you,
5 and we appreciate the fact that you are taking on this
6 responsibility. It is particularly interesting that you are
7 one of the 12 listed on this document, and I do not think
8 that even you believed the attention this document would get
9 when you first developed it.

10 So one of the items in there that is pretty specific is
11 the need for the 3 to 5 percent real growth in the defense
12 budget to effectively implement the national defense system.
13 I know that when Deputy Secretary Hicks was before this
14 committee, she also was one of the authors of this, one of
15 the 12 authors of this document, and she agree that the 3 to
16 5 percent real growth was really something that is as
17 realistic today as it was in 2018. Do you agree with
18 Secretary Hicks and her comments and the necessity of the
19 resources in order to get the job done?

20 Mr. Moultrie: Yes, Senator. The Commission, as you
21 said, found that that was an appropriate resource range for
22 the National Defense Strategy that Secretary Mattis laid
23 out, and, of course, if confirmed, my job would be to work
24 with Secretary Austin as he undertakes his strategy review
25 and similarly find the right resource level for his

1 strategy.

2 Senator Inhofe: Yeah. Well, and I think that you
3 found it, and so I appreciate that in the document and your
4 efforts. Thank you, Mr. Chairman.

5 Chairman Reed: Thank you, Senator Inhofe. Let me
6 recognize Senator Shaheen, please.

7 Senator Shaheen: Thank you. Gentlemen,
8 congratulations on your nominations. Thank you for your
9 willingness to stand for those positions at these
10 challenging times.

11 I want to begin with you, Mr. McCord, because I think
12 your background in cybersecurity and information management
13 makes you a particular good choice at this critical time.
14 As we saw over the weekend, from the attack on Colonial
15 Pipeline, and the potential impacts on the East Coast's
16 access to gasoline, we need someone who understands the
17 challenges. And I wonder, if this had been a terrorist
18 attack on the pipeline, would we have reacted the same way?
19 Given your background at DoD, how do you think we might have
20 reacted if it had been a terrorist attack? And did I call
21 you McCord instead of Mr. Moultrie? If I did, I am sorry.

22 Mr. Moultrie: Senator, that is fine. I understand the
23 question. The attack on Colonial Pipeline, Senator, is
24 extremely concerning. These attacks, probably intrusions
25 and attacks probably occur much more frequently than what we

1 know. We only see what I call the tip of the iceberg as it
2 pertains to these. And while I have not been briefed on
3 this, what I have read in the media is that it was a
4 ransomware attacks, which was not necessarily directed by a
5 hostile target, but as we know, there are hacktivists who
6 are members of foreign governments, who hire themselves out
7 to do these attacks. We have been fortunate, over the last
8 year, year and a half, to dodge bullets, that there has not
9 been malicious intent.

10 I think it is important, Senator, and if confirmed, I
11 would look at this as a public-private issue that we need to
12 have the government work closely with industry. We need to
13 work closer, among ourselves in the interagency, and we need
14 to understand what the challenges are. We need to get the
15 word out to industry. We need to partner with them to help
16 them solve these challenges. We have been fortunate, but we
17 have to do more.

18 Senator Shaheen: And would you agree that our laws and
19 our responses have not kept up with the technology that is
20 available to do those kinds of cyber intrusions, and that we
21 need to do a better job of updating how we respond, both in
22 terms of our technology, that response, but also the laws
23 that we pass to respond?

24 Mr. Moultrie: Senator, I would say that we certainly
25 need to look at the laws, but we also need to look at the

1 processes that we have in place --

2 Senator Shaheen: Right.

3 Mr. Moultrie: -- for alerting people. So it would be
4 a combination.

5 Senator Shaheen: Thank you. I am also concerned about
6 the amount of information that we currently classify. In a
7 January 2020 memo that was sent by nine U.S. combatant
8 commanders to the Acting DNI, the commanders highlighted
9 what they called, and I quote, "pernicious conduct of our
10 adversaries' information operations across the world, and
11 underscored the need to improve deep classification of
12 information in order to more effectively compete in their
13 respective domains."

14 I would argue that one of the places where we have done
15 too much classification has been around our response to
16 those government officials who have been attacked by what is
17 known as the Havana Syndrome, where information has been
18 very dispersed, very classified. Sometimes I am not sure
19 that one agency talks to the other agency in terms of what
20 we are doing. Certainly under the Biden administration
21 there has been more of an effort to respond to this. But
22 would you agree with the combatant commanders that signed
23 that memo, that improving our declassification efforts would
24 actually be helpful in terms of how we respond to certain
25 situations?

1 Mr. Moultrie: Senator, I have not read this combatant
2 commanders memo. I have read about it in the media. My
3 understanding is that there is information out there on
4 malign activities that should make its way to our warfighter
5 and to our combatant commanders. So I agree with you 100
6 percent on that, Senator.

7 Senator Shaheen: Well, would you commit to doing
8 everything you can to doing everything you can to ensure
9 that there is an unclassified accounting of facts on the
10 issues surrounding those who have been attacked by these
11 electro -- radio waves, under what is called the Havana
12 Syndrome, so that there is both consistent information that
13 is going to Congress and the public and also very real
14 information that we receive about what is going on?

15 Mr. Moultrie: Senator, if confirmed, I would look into
16 what we know on these directed energy attacks, as they call
17 them, to understand what is going on, and work with the DNI
18 and others to find ways to disseminate this information to
19 our citizens and to those who need to know in our
20 installations and facilities around the world.

21 Senator Shaheen: Thank you. Thank you, Mr. Chairman.

22 Chairman Reed: Thank you, Senator Shaheen. Now let me
23 recognize, via Webex, Senator Rounds.

24 Senator Rounds: Thank you, Mr. Chairman.

25 Gentlemen, let me begin by thanking both of your for

1 your continued service to our country. I would like to
2 begin with Mr. McCord. Looking back, you began work on the
3 Senate Armed Services Committee in 1987, during the first
4 year of the implementation of the Goldwater-Nichols Act. In
5 addition to reorganizing the Department to better execute
6 joint operations, this act required the submission of a
7 National Security Strategy, the first time a strategy was
8 ever required in our nation's history.

9 Furthermore, the act actually calls for the NSS to be
10 submitted to Congress at the same time that the President
11 submits his budget. As you know, this has not happened, and
12 yet at the same time, while we do a National Defense
13 Strategy, my thoughts right now, as we look at a pipeline
14 which has been hacked, and we have people that are wondering
15 how we work through the issue of providing defense to
16 individuals within our country, how do we coordinate between
17 the different departments, how do we break down the silos,
18 and shouldn't we be looking, on a regular basis, at how we
19 defend not just through the NDS but a national security for
20 the entire country? I am just curious. Wouldn't this help
21 to have this continue to be submitted, as was originally
22 envisioned in 1987?

23 Mr. McCord: Senator, thank you. Yes, I am familiar
24 with the National Security Strategy documents. My
25 recollection is that they have not, over these 30 or so

1 years, been routinely submitted every single calendar year
2 but have been a little more sporadic than some of the
3 defense documents have been. I am aware that National
4 Security Advisor Sullivan put out an Interim Strategic
5 Guidance for this administration a few weeks ago. As a
6 private citizen, I am not privy to the schedule for
7 formalizing such a document, whatever might be envisioned by
8 the White House at this time.

9 As far as the processes, though, responding to more
10 specific threats and challenges as you were describing, and
11 Senator Shaheen also, from the outside, where I sit, it
12 looks like the Principals Committee, Deputies Committee, the
13 processes that are used to respond to the specific events
14 look fairly familiar to what has been used over many
15 administrations. So I think there is a process in place,
16 but your point is well taken that, you know, defense
17 strategy is always best when it nests inside a National
18 Security Strategy.

19 Senator Rounds: Thank you. Thank you, sir.

20 Mr. Moultrie, let me continue along that same line, and
21 I would like to preface it with I appreciated the
22 opportunity to visit with you yesterday. With this pipeline
23 hack, it brings to mind the need to really focus, as you
24 suggested earlier, not just on the challenges we have, air,
25 land, and sea, but space and cyberspace, as we look at our

1 adversaries, and not just Russia and China and Iran and
2 North Korea, but also the fact that we have criminal
3 elements, sometimes in collusion with but sometimes on their
4 own, attacking the infrastructure within the United States
5 -- financial services, transportation, electrics, electric
6 utilities. And now we find out the distribution of our
7 energy resources.

8 Mr. Moultrie, you were one of the individuals who
9 worked on the Navy's review, and I must admit, a very
10 refreshing review, of the challenges facing the Navy alone
11 with regard to its independent contractors, defending the
12 information from those who would steal it, protecting its
13 secrets, and recognizing the vulnerabilities that the
14 Department of the Navy had in the cyber world. So I
15 recognize and I appreciate the work that you did in that
16 respect.

17 Having just gone through and looked at what happened
18 here within the most recent hacking of the pipeline, it
19 seems to me that the lessons learned on this would suggest
20 that the silos we have been the different departments, the
21 different branches within the departments, and, most
22 certainly, those that come from not just the Department of
23 Defense trying to defend against those attacks from the
24 outside but then to try to coordinate with Homeland Security
25 to protect not just the DoD's interests but also the

1 interests of the American public on an infrastructure basis,
2 it seems to me that there is a real lesson to be learned
3 here about a coordination that has to occur.

4 Would you care to share a little bit about what you
5 learned about your thoughts with regard to breaking down
6 those silos, and anything else that we might have learned
7 that could be beneficial to the entire Department of Defense
8 that you saw within the review of the Department of the
9 Navy?

10 Mr. Moultrie: Yes, Senator. I will be brief about
11 this. What we found was that the cyber threat was
12 pervasive, it is real. The adversary knows what our
13 vulnerabilities are better than we do. They study this.
14 And we are probably the most connected but most
15 underprotected society in the world. We found that the
16 industrial base was a prime target of our adversary, and we
17 found that we did not have a comprehensive plan for getting
18 after that.

19 So we recommended that leadership, at least the
20 Secretary of the Navy, in this instance, transmit commanders
21 intent as to what he would want to do, how to get after it,
22 and that we organize ourselves not in silos but
23 horizontally, so that we could cross-communicate throughout
24 the Department and work on those various areas. And the
25 Navy, I want to say they have done a good job at that.

1 I think our government is moving in that direction,
2 based on President Biden's announcements of nominations for
3 a National Cyber Director, and I think that there are
4 lessons learned for the Department of Defense that could be
5 emulated from the Navy study. And, if confirmed, I would
6 look forward to working with all of the principals in the
7 Department who have a piece of cyber to support that
8 initiative.

9 Senator Rounds: Thank you. Thank you, Mr. Chairman.

10 Chairman Reed: Thank you, Senator Rounds, and let me
11 recognize, via Webex, Senator Gillibrand.

12 Senator Gillibrand: Thank you so much, Mr. Chairman.
13 Mr. Moultrie, your statement that you just said is exactly
14 what you and I discussed. You said we are the most
15 connected but the most underprotected. That is extremely
16 disturbing. And I know that you have an ambition to begin to
17 address that, as you just said.

18 It is important to our national security's success that
19 the military intelligence apparatus operates in sync with
20 the entire intelligence community, especially the CIA, and
21 that our intelligence entities are not autonomous or siloed
22 against each other, and I have heard many examples of this,
23 which is deeply concerning. And I was very happy to have
24 your commitment to work closely with DNI Haines to make sure
25 this happens correctly.

1 Do you have any additional thoughts that you want to
2 share on areas where integration between our military and
3 civilian intelligence entities can improve?

4 Mr. Moultrie: Yes, Senator. I believe that what you
5 just laid out would be the foundation that we ought to
6 pursue. Working with DNI Haines and her cadre, working with
7 Director Burns and Deputy Director Cohen at the CIA are
8 important, but there are aspects of the Defense Intelligence
9 Enterprise that have a piece of this. There are multiple
10 pieces of this.

11 We have to rally around the priorities and a sense of
12 purpose and unify around the concept of we each have a
13 shared responsibility as it pertains to this challenge.
14 And, if confirmed, I would work to build that understanding,
15 further understanding within the Defense Intelligence
16 Enterprise. I think we have great commanders who understand
17 it today, but I would further the facilitation and working
18 across those elements to ensure that we are working as a
19 unit and that we understand that this threat is more than a
20 threat. It is not something that somebody is threatening to
21 do. It is something that is happening today.

22 Senator, you have my commitment to devote myself to
23 making this happen, if confirmed as the Under Secretary for
24 Intelligence and Security.

25 Senator Gillibrand: Thank you. Mr. Moultrie, ODNI's

1 Annual Threat Assessment noted that white nationalists or
2 right-wing extremist groups have conducted at least 26
3 attacks that have killed more than 141 people over the last
4 5 years. Further, Australia, Germany, Norway, and the UK
5 all consider racist extremist groups the fastest-growing
6 terror threat that they face. What role would you say you
7 and your office might have in evaluating this threat, in
8 particular, and given that you would be the senior official
9 overseeing our insider threat program, do you have any
10 specific plans to deter or detect extremists who may have
11 infiltrated the Department or the military?

12 Mr. Moultrie: Senator, extremism should not exist in
13 our ranks, regardless of how pervasive it may be. It
14 undermines readiness and it undermines the strong values
15 that we have. I was very pleased to see that Secretary
16 Austin has charted a counter-extremism working group to help
17 define the problem and to help provide recommendations for
18 the problem. The Under Secretary for Intelligence and
19 Security has an organization that helps train and helps
20 monitor, to ensure that we do not have a proliferation of
21 any extremist views by any group.

22 I believe that there is a key role that I can play in
23 overseeing the activities and helping those professionals
24 who are already moving in that direction, and, Senator, if
25 confirmed, you have my commitment to ensure that we move in

1 that direction, ensuring that we eliminate extremism
2 throughout the Department of Defense.

3 Senator Gillibrand: With regard to China, obviously it
4 poses the most significant national security and
5 intelligence threat to the United States across the board.
6 As you are aware, China uses a number of cyber technical and
7 human intelligence tools to achieve this end. It will take
8 the full strength of our military and the civilian
9 intelligence community to deter them.

10 Are you confident in the military's ability to monitor
11 and counter China's building global military intelligence
12 footprint, including in more remote areas of the world such
13 as Latin America, Africa, and South Asia?

14 Mr. Moultrie: Yes, Senator. I have not been briefed
15 on the current collection posture of the intelligence
16 community or the Defense Intelligence Enterprise. I can
17 tell you I am confident, Senator, that we understand what
18 the challenge is. But I would want to withhold judgment as
19 to whether or now I am confident we could actually monitor,
20 on a global basis, until, if confirmed, I have the
21 opportunity to understand what we are doing and where we are
22 on that issue today.

23 Senator Gillibrand: Thank you, Mr. Chairman. Thank
24 you, Mr. Moultrie.

25 Chairman Reed: Thank you, Senator Gillibrand. Now let

1 me recognize Senator Ernst, please.

2 Senator Ernst: Thank you, Mr. Chair, and gentlemen,
3 thank you so much. It was great to have phone conversations
4 with both of you, and I really appreciate the opportunity to
5 get to know you both better. We certainly appreciate your
6 time this morning in giving testimony on these topics. And
7 if both of you are confirmed, you do have challenging roads
8 ahead, to make sure that we are providing the very best of
9 intelligence and resources to our warfighters, to help them
10 accomplish their mission, and I look forward to working with
11 both of you to ensure that America succeeds.

12 Mr. Moultrie, I would love to start with you first,
13 sir. And as evidence by your resume and the phone
14 conversation that we had, you and your family have extensive
15 experience in the intelligence community. And I think we do
16 continue, of course, to struggle to eliminate certain gaps
17 between the various agencies in the Federal Government and
18 really provide that common operating picture across the
19 Defense Intelligence Enterprise.

20 And so if you could, I know we spoke on this on the
21 phone, but if you could for everyone else that might be
22 catching up now, how do we close those gaps in information
23 between the different agencies? How do we improving the
24 sharing, the collaboration between our agencies to make sure
25 that the Department of Defense always has the cutting-edge

1 information necessary to accomplish our mission?

2 Mr. Moultrie: Yes, Senator. The need for greater
3 collaboration, and real-time collaboration, is extremely
4 important, probably no more important so than it is today.
5 I believe it is important that we work with the Director of
6 National Intelligence, who works a National Intelligence
7 Priorities Framework, to understand that the Defense
8 Intelligence Enterprise and our warfighters needs are, in
9 many ways, aligned closely with our national policymaker
10 needs.

11 And so when we are looking at real-time collection,
12 analysis, dissemination to the President of the United
13 States and policymakers, we need to ensure that that same
14 information is getting to the warfighter and getting to
15 those in the Defense Intelligence Enterprise.

16 I believe that it is a matter of building that
17 understanding, what the collective missions are, and
18 building that trust, and you have my commitment, Senator,
19 that if I am confirmed, I will work to have trusted
20 relationships with the DNI and others throughout the
21 intelligence enterprise, and we will get back to you on the
22 progress that we are making, or not making, in this area.

23 Senator Ernst: Thank you very much. And as you may
24 know, many of our operational elements are using lagging
25 programs of record, like the Distributed Common Ground

1 System, or DCGS, to provide a common operating picture to
2 those ground commanders. And how would you intend to
3 modernize intelligence infrastructures and architectures
4 throughout the DoD to enhance those warfighters'
5 understanding of the operational environment?

6 Mr. Moultrie: Senator, the real-time dissemination of
7 intelligence to the warfighter should be the Defense
8 Intelligence Enterprise's top priority. In my experience,
9 there has not been this common operating picture that you
10 discussed. We have a number of operating pictures, but not
11 a universal common operating picture, if you will.

12 I have not been briefed on the DCGS concept of where it
13 is today, but you have my commitment that the warfighter is
14 the reason that we exist. They are the reason that we are
15 here. And you have my commitment that if I am confirmed in
16 this position that I will do all that I can and work with
17 the intelligence enterprise to ensure that the warfighter
18 has the information that they need.

19 Senator Ernst: Thank you. I appreciate that very much
20 and our conversation.

21 Mr. McCord, in the final moments that I have, certainly
22 I have been really paying attention to the audit of the DoD
23 and making sure that we have a clean audit at some point.
24 Can you just explain to us how you intend to make sure the
25 Department gives full effort and attention to this financial

1 audit?

2 Mr. McCord: Thank you, Senator. Yes, the Secretary
3 has already, I think, stated that it is an important
4 priority of his. That is important. It will be a top
5 priority of mine. I know it is of this committee, that the
6 defense committees have been full partners with us and have,
7 I think, given us appropriate level of patience, while still
8 keep pushing us, as you need to do.

9 The effort will take a few more years, but the one
10 thing I will say, the Department has done everything in the
11 last 10 years or so that it has said it would do, when it
12 said it would do it. So as we move from statement of
13 budgetary resource, state audits, to full audits of each
14 military department, to full audit of the Department, we
15 have done the things that we have said we would do to the
16 committees.

17 I think to the topic you have just been discussing,
18 including controls and information access are probably the
19 key leverage point, in my view, of what I would intend to
20 look at first, if confirmed.

21 Senator Ernst: Well, and thank you, and I do believe
22 it is important that we continue with the audit, to make
23 sure that we are communicating to our taxpayers that their
24 resources are being used appropriately within the Department
25 of Defense. And, gentlemen, I look forward to supporting

1 both of your confirmations. Thank you so much.

2 Chairman Reed: Thank you, Senator Ernst. I now
3 recognize Senator Hirono, via Webex.

4 Senator Hirono: Thank you, Mr. Chairman.

5 Mr. McCord and Mr. Moultrie, I ask the following two
6 questions of every nominee who comes before any of the
7 committees on which I sit.

8 Since you became a legal adult, have either of you ever
9 made unwanted requests for sexual favors or committed any
10 verbal or physical harassment or assault of a sexual nature?

11 Mr. McCord: No.

12 Mr. Moultrie: No.

13 Senator Hirono: Did both of you say no? Thank you.

14 Have either of you ever faced discipline or entered
15 into a settlement related to this kind of conduct?

16 Mr. McCord: No.

17 Mr. Moultrie: No.

18 Senator Hirono: Mr. McCord, as Comptroller you will
19 oversee the Defense Contract Audit agency, which performs
20 financial oversight of government contracts and is critical
21 to ensuring DoD gets the best value for every dollar spent
22 on defense contracting by reporting potential problems it
23 finds to the Defense Contract Management Agency, which
24 administers all DoD contracts and DoD IG, when appropriate.
25 In your view, is the Defense Contract Audit Agency

1 appropriately staffed to conduct adequate oversight of the
2 300,000 contracts DoD is administering at any given time?

3 Mr. McCord: Senator, if confirmed, I would certainly
4 consult with the Director of DCAA, who would report to me,
5 about the workload versus the staffing levels as it exists
6 today. When I left 4 years ago, the agency had suffered a
7 bit from a downturn driven by the sequestration level
8 reductions in staff that had been imposed across the
9 Department, had gotten the backlog up to an unacceptable
10 level. We had made progress in bringing that down. I
11 believe the staffing levels are probably about right, but I
12 would want to consult further with the Director of DCAA, if
13 confirmed.

14 Senator Hirono: And when we talk about 300,000
15 contracts, it runs the gamut from very large contracts to
16 smaller contracts, I assume?

17 Mr. McCord: Senator, yes. DCAA audits contracts of
18 various different sizes. What they focus on is contracts
19 especially that are not competed, so it is the type more so
20 than the size that is a key determinant of where they focus,
21 for example, on commercially available items versus ones
22 that are more unique.

23 Senator Hirono: Yeah, so those unique contracts
24 probably require auditors who also understand what the
25 contract provides and what is expected.

1 What is your opinion of the Defense Contract Audit
2 Agency's relationship with the Defense Contract Management
3 Agency and the DoD IG, and is the current arrangement
4 referring potential problems the most efficient way for DoD
5 to identify, deter, and eliminate contracting fraud, waste,
6 and abuse?

7 Mr. McCord: Senator, DCAA is required to be
8 independent of DCMA, of the contract management folks. That
9 is, in fact, why DCAA is under the Comptroller and out of
10 the acquisition chain. And as your question illuminates,
11 there is a little bit of a nuance there in that they have to
12 talk, they have to communicate, but they also have to be
13 independent of each other. And the inspector generals, of
14 course, always assert that they are independent of
15 management, but we also work closely with them. So it is
16 definitely a bit of a delicate dance to have independent
17 actors who need to communicate and cooperate but who have to
18 also maintain a little bit of independence from each other
19 to do their roles as assigned.

20 Senator Hirono: So are you saying that the current
21 situation is the most efficient way to detect fraud, waste,
22 and abuse?

23 Mr. McCord: Senator, I would certainly not assert that
24 no improvements can be made, but I am just making the point
25 that there is only so close that they can be, given that the

1 contract auditors have to have some degree of separation
2 from the contract managers.

3 Senator Hirono: I understand the independence issue.

4 Mr. Moultrie, I am increasingly concerned about the
5 emergence of "deep fakes" -- that is in quote, quotation
6 marks -- a term which describes realistic but forced photos,
7 audios, and videos produced via artificial intelligence, and
8 how they could be utilize to erode public trust, embarrass,
9 or blackmail key officials or inflame or incite violence.

10 What are your views on this emerging technology as it
11 relates to national security, and how might our adversaries
12 seek to exploit it?

13 Mr. Moultrie: Yes. Senator, I believe that the deep
14 fake issue is one that could pose a great threat to national
15 security. If an adversary has the ability to emulate a
16 commander, or someone in authority, and actually looked as
17 if they are saying something, that could pose a challenge if
18 someone took that deep fake to be a realistic individual or
19 person.

20 AI, artificial intelligence, has a number of facets
21 that we have to ensure that we understand. We have to
22 develop the countermeasures to ensure that we can compare
23 the real information to fake information. And, Senator, as
24 I am sure you are aware, there has been a lot of work done
25 in this regard, where you can look at the subtle differences

1 between images and see where some things are slightly off.

2 If confirmed, I would be very concerned about this, but
3 I would also ensure that I would work with those across the
4 interagency, the Department, and with counterintelligence so
5 we can identify these counterintelligence threats and
6 immediately either nullify them or alert to the fact that
7 they exist.

8 Senator Hirono: So do you think that we are adequately
9 -- that we have the adequate capacity to deal with these
10 deep fake images, audios, et cetera?

11 Mr. Moultrie: Senator, I have not been briefed on the
12 current status or what our capabilities are, what our
13 processing and computing capabilities are to discern between
14 a real image and a fake image, but if confirmed, I would
15 review that and get back to you.

16 Senator Hirono: I cannot tell whether my time is up or
17 not, Mr. Chairman?

18 Chairman Reed: Yes, it is, ma'am.

19 Senator Hirono: Thank you very much.

20 Chairman Reed: Thank you, Senator Hirono. Senator
21 Cotton, please.

22 Senator Cotton: Thank you, gentlemen, for your
23 appearance today. Congratulations to you both on your
24 nominations.

25 Mr. McCord, in your answers to the advanced policy

1 questions you affirmed the NDS Commission, on which you
2 served, had found that 3 to 5 percent of real growth was,
3 quote, "illustrative of what was needed for the 2018
4 National Defense Strategy," end quote. But you also state
5 that the DoD should be able to carry on its missions under
6 the announced fiscal year 2022 funding level, which is below
7 inflation. How can the committee reconcile these two views?

8 Mr. McCord: Senator, the way I would state it is,
9 first of all, of course, neither you nor I have seen the
10 details and the specific choices made inside the '22 budget,
11 so we will all be able to learn more about how we feel about
12 the budget and what is in there, when it is available in a
13 week or two.

14 With respect to the funding level, just as an aggregate
15 number, what Secretary Mattis said at the time and what the
16 commission sort of spoke to was averaging 3 to 5 percent
17 over a 5-year period, and the FY 2022 request is still in
18 that range from where the budget was 5 years ago when I
19 left. So I think in that respect there is a certain
20 consistency.

21 Senator Cotton: Well, we will see what it says in a
22 week or two. The reports I hear are not reassuring.
23 Hopefully once you are confirmed you can exert influence
24 inside the interagency process and with OMB to make sure the
25 Department of Defense is fully funded as the threats we face

1 continue to grow.

2 I also want to ask you a question about the Overseas
3 Contingency Operations account. I have seen some novel
4 budgeting tricks used with that OCO spending account during
5 my 8 years in the Congress. At the same time, I think it is
6 important that we be able to track what we are spending on
7 overseas conflict. So by doing away with OCO spending, how
8 is it that we will be able to track, inside the Department
9 of Defense and for Congress, what we are spending on those
10 conflicts?

11 Mr. McCord: Senator, the Department, when I was there,
12 and I know continues to this day and I would insist that we
13 continue, if confirmed, does what is called a Cost of War
14 report. It has moved from, I believe, maybe monthly to
15 quarterly over the years, that is done to track obligations
16 that are chargeable against operations in Iraq or
17 Afghanistan. That can continue with or without separate
18 appropriations, and I think it would be necessary that it
19 continue for the very reasons you cite, that there is
20 accountability and transparency of what is still being spent
21 on these operations.

22 Senator Cotton: Good. Thank you. I just think it is
23 very important that we maintain a clear picture of what we
24 are spending on our forces, that excludes any kind of
25 contingency operations overseas. Now the OCO account was

1 used in some funny ways to get around budgetary spending
2 caps over the last decade that are no longer in place, so it
3 cannot be used in that way anymore. But I want to make sure
4 that we have a very crystal clear picture of what we are
5 spending on our manning, training, equipping, so we
6 understand what the force needs in the future, separate from
7 what we have to spend on a year-to-year basis, wherever our
8 forces are operating overseas.

9 Mr. Moultrie, supply chain security has always been a
10 critical component of our national security. It grows even
11 more so as our forces' equipment and weapons get more
12 technologically advanced. What do you view as the biggest
13 threats to our technology supply chains, and how would you
14 work to mitigate those threats?

15 Mr. Moultrie: Senator, the supply chain, our supply
16 chain is inherently vulnerable, is what I would say. Our
17 adversaries, specifically China and others, understand the
18 defense industrial base. We are fortunate, based on my past
19 knowledge and experience, to have organizations, especially
20 within the Intelligence Security Enterprise, such as the
21 Defense Counterintelligence Security Agency, that has
22 programs that actually enable us to go out and talk to those
23 individuals and companies and facilities that are part of
24 our critical supply infrastructure for the Department of
25 Defense.

1 I think we have to ensure that we continue to identify
2 what our vulnerabilities are in those key areas, in those
3 key industries, in those key organizations. We have to make
4 them aware, Senator, of what the challenges really are what
5 the threat actually is. And that means we have to have,
6 when I talk about public-private partnerships, to be able to
7 go out and talk to them, make sure that they understand
8 this. And, if confirmed, I would work vigorously to ensure
9 that we are doing all that we can to support the mitigation
10 of risk in our supply chain as it exists today.

11 Senator Cotton: Okay. Thank you. Last year I
12 sponsored the American Founders Act with several other
13 Senators, to reinvigorate semiconductor manufacturing here
14 at home. I believe offshoring this critical capability has
15 presented a grave threat to our national security. What
16 importance do you assign to our leadership in
17 microelectronics design and manufacturing, and what risk to
18 U.S. security will our supply chains face if we do not have
19 that critical manufacturing capability here at home?

20 Mr. Moultrie: Yeah, Senator, I have not been briefed
21 on what is currently occurring within the DoD on foundries.
22 I am aware of the microchip shortage and the challenges that
23 we are having in that regard. I think it is important that
24 wherever our chips are manufactured that they are secure,
25 that, you know, offshoring of microchips can or cannot

1 induce vulnerabilities into the process that we have there.
2 But if confirmed, I would work to understand where those
3 chips are being manufactured to support the Defense
4 Intelligence Enterprise and work across the Department and
5 the interagency to ensure that we are securing the supply
6 chain of getting chips to our military and to our critical
7 industries.

8 Senator Cotton: Good. Thank you. I agree with that.
9 It is kind of dangerous to have 80 to 90 percent of the
10 world's semiconductors manufactured within short-range
11 missile range of mainland China, in a place against which
12 Beijing has irredentist claims. Thank you both.

13 Chairman Reed: Thank you, Senator Cotton. Senator
14 Kaine, please.

15 Senator Kaine: Thank you, Mr. Chair, Ranking Member
16 Inhofe. Congratulations to the nominees for your
17 willingness to tackle these important responsibilities.

18 Mr. McCord, let me begin with you. As you know,
19 because of your long tenure with the committee and then at
20 the Pentagon, it has been a significant interest here to get
21 the DoD to full audit, and we have made significant progress
22 in that effort. I give some real credit to David Norquist.
23 I think he did a good job of moving the Pentagon further
24 toward that goal.

25 One of my interests in the audit has always been beyond

1 just passing, using the audit as a way not just to promote
2 best financial practices but also best operational
3 practices, finding in the audit strategies where we can
4 consolidate duplication and then use the dollars saved there
5 to promote better national security.

6 So I would like you to just talk to the committee a bit
7 about the way you see the audit, and how you can use the
8 audit not only to assure financial compliance but also use
9 it to advance the national security mission of the Pentagon.

10 Mr. McCord: Thank you, Senator. Yes, the audit, as
11 you say, ultimately comes down to pass-fail, and that is the
12 standard. But as with studying for a test, the process of
13 learning and getting there, improving yourself, is almost as
14 important as the grade you get if you are trying to be
15 proficient or more proficient at something.

16 Inventory is probably the chief area where audit
17 promotes better practices that can reduce waste, help the
18 warfighter, make sure that we know what we have and it is in
19 the right place. There are one or two aspects of the audit,
20 in particular, valuing property that are less connected to
21 that.

22 But the second area I would say, and this morning's
23 hearing really brings this out, in the area of controls and
24 cyber controls, cybersecurity. A large part of the findings
25 that the auditors have made are that our controls still need

1 to be better, in terms of access to information and only the
2 authorized people being able to access information. So I
3 think that the audit and businesses practices that go with
4 the audit can be synergistic with the improved cybersecurity
5 that we want for ourselves and, of course, that we want for
6 industry partners as well.

7 Senator Kaine: Thank you for that answer, and I very
8 much encourage you to take this use of the audit seriously,
9 as I know that you will.

10 Mr. Moultrie, I was the chair, along with Senator
11 Sullivan as my ranking, on a Readiness Subcommittee hearing
12 about two weeks ago, and we were looking at acquisition kind
13 of hits and misses, and trying to extract some best
14 practices from them. One of the witnesses that we had was
15 Dr. Ray O'Toole, who is the Acting Director of the
16 Operational Test and Evaluation Office. And in the course
17 of his testimony, which was in an open setting, he said that
18 in FY 2020, none of the weapons systems assessed by his
19 office were able to pass a simulated cyberattack. Every
20 single one of them was vulnerable to simulated cyberattacks.

21 When he testified to that, Senator Sullivan and I
22 looked at each other and said, "That is not good," and then
23 Senator Sullivan said, "I hope our adversaries are not
24 watching this hearing." And Dr. O'Toole said, "In writing
25 my testimony I was so worried about making this statement

1 that I actually checked to make sure, from a security
2 standpoint, I could, and it cleared security, but it is
3 something I am really worried about."

4 So should you be confirmed, what might you do, working
5 together with our acquisition professionals and others, so
6 that we build in protection against cyber vulnerability
7 very, very early in any sort of acquisition platform?

8 Mr. Moultrie: Yes, Senator. I believe that closely
9 working with acquisition and sustainment is one of the key
10 roles that the USD(I&S) has to ensure that we are looking at
11 the determination needs of acquisition to ensure that
12 adversaries have not perpetrated our industry, our
13 companies, if you will, and that they are not stealing our
14 secrets, because once they have stolen those secrets, as you
15 know, there are built-in vulnerabilities that those systems
16 are going to have.

17 More importantly today, Senator, I think it is
18 important that we understand where vulnerabilities and
19 breaches have occurred, and then that we find a way of
20 incorporating that information back into not just the
21 acquisition of the new platforms but the current deployed
22 platforms. So an adversary steals plans, blueprints, what
23 have you, we need today to get that information back into
24 the production cycle and into the current force so that they
25 cannot be degraded when they are actually doing an operation

1 in the field.

2 I have not had access to what is being done today,
3 Senator. If confirmed, you have my commitment to look at
4 this and come back and talk to you in closed committee about
5 it, because I think it is a very potentially serious
6 problem, and there are probably things occurring today that
7 we do not want to talk about in an open hearing, but our
8 adversaries probably already know.

9 Senator Kaine: Mr. Moultrie, thank you for that. I
10 look forward to following up, should you be confirmed, and I
11 am confident you will be.

12 Thank you, Mr. Chairman.

13 Chairman Reed: Thank you, Senator Kaine. Senator
14 Scott, please.

15 Senator Scott: Thank you, Chairman. Can you hear me?

16 So first I want to thank both of you for your
17 willingness to serve.

18 Mr. Moultrie, what do you believe China's plans are
19 with regard to Taiwan? Do you believe that Communist China
20 has the intention to take Taiwan by force?

21 Mr. Moultrie: Senator, I have not been briefed on the
22 current intelligence as it pertains to Taiwan, but as you
23 know, their stated intent has been the eventual acclimation
24 of Taiwan back into what they call the Mainland. As to
25 whether or not force is in their doctrine, they will execute

1 all means available to them to ensure that they are
2 protecting what they feel is in their national interest.

3 Senator Scott: So we have seen pretty aggressive
4 behavior by Communist China the last few years, whether it
5 is their military attacks or building their military
6 strength. What do you think General Secretary Xi's ultimate
7 goal is with these cyberattacks and with this aggressive
8 behavior, not just Taiwan but their actions towards
9 Australia and even the United States?

10 Mr. Moultrie: Senator, I believe that the cyberattacks
11 that China has executed are directed at a number of areas,
12 one, to bolster their research and development, where they
13 do not spend nearly as much as we do in the United States.
14 So this is a way of getting easy and cheap research and
15 development, if I can go out and steal it. Two, it is to
16 further their economic gains, and three, diplomacy and
17 undermine our diplomatic efforts, and as I started with, at
18 the forefront would really be that military gain that they
19 get from the cyberattacks.

20 Senator Scott: So we have had, for decades, strategic
21 ambiguity with regard to Taiwan, and so I have a bill that
22 is called the Taiwan Invasion Prevention Act, which
23 basically eliminates the ambiguity. It is clear that the
24 United States, if Taiwan is attacked, will show up and
25 defend them. What are your thoughts on something like this?

1 Because, I mean, if you look at, what we are doing is not
2 working. I mean, Communist China is getting more aggressive
3 every day, it seems like?

4 Mr. Moultrie: Senator, I do not subscribe to the view
5 that war is inevitable between the U.S. and China or our
6 allied forces and China. If confirmed, I would support -- I
7 have not seen your bill, so I cannot comment, Senator, on
8 your bill. If confirmed, I would love to read that, and
9 will read it, if confirmed. I would support the
10 Department's policies and Secretary Austin's policies as
11 they pertain to deterrence as it pertains to China.

12 Senator Scott: Thank you.

13 Mr. McCord, you responded to Senator Cotton with regard
14 to the Biden administration's proposal to grow defense
15 spending is less than it has been, and I understand what you
16 said is that over a period of time it is still in the 3 to 5
17 percent range. But do you believe that this initial
18 proposal will send the wrong message to Communist China and
19 to Russia and our adversaries?

20 Mr. McCord: Senator, I do not believe so, but I think
21 the meat of the proposal is yet to arrive, right, is what
22 are the specific choices made on the triad, on the joint
23 strike fighter, on readiness. And I think that is really
24 where the committee will need to focus and where, if
25 confirmed, I would want to focus, on what choices were made,

1 which I just have no information on as a private citizen.

2 Senator Scott: Okay. I think it is my understanding
3 that you, in the past, have supported increasing the
4 spending 3 to 5 percent, so if this year we do not do that,
5 how many years could we do that without having an adverse
6 impact on our military?

7 Mr. McCord: Senator, there are a couple of levers that
8 you always have, I think, in terms of the capability that
9 you are getting out of the funds that you have. It is how
10 large of a force do you think you need, how ready do you
11 feel you need to keep people, you know, the compensation for
12 the troops. So there is a mixture of choices, that it would
13 be responsibility, if confirmed, to advise the Secretary and
14 the Deputy on as to how we get the best capability we have.

15 You know, there also may be proposals to find
16 efficiencies to retire our legacy system. I have no
17 information of what choices might be about to be proposed to
18 you, having not had a role in building this budget. But if
19 confirmed, my task would be to work with the Secretary and
20 other leaders to build the '23 budget, the '24 budget, and
21 to make the best choices that we can to present to you.

22 Senator Scott: Thank you. Thank you, Mr. Chairman.

23 Chairman Reed: Thank you, Senator Scott. Senator
24 Manchin, please.

25 Senator Manchin: Thank you, Mr. Chairman, and thank

1 you both for your service, and I appreciate very much you
2 being here.

3 Mr. Moultrie, I am pleased to hear that you say we need
4 to increase the coordination of our Federal cyber response,
5 and I agree with you, you are right on the Colonial attack.

6 So my question would be, how do you intend to ensure that
7 intelligence that DoD is gathering about cyber threats and
8 shared across Federal Government, which we have a hard time
9 coordinating right now, and are you aware of the mechanisms
10 to share that information with private industry
11 organizations that also might be directly threatened?

12 Mr. Moultrie: Senator, I believe that the sharing of
13 intelligence across what I call the intelligence enterprise,
14 which I include in that the intelligence community and the
15 Defense Intelligence Enterprise, is extremely important. I
16 look forward to working with Director Haines on whether
17 those mechanisms that are in place today to provide that
18 information to Department of Homeland Security and others --

19 Senator Manchin: What seems to be the biggest
20 obstacle, sir? I mean, it seems like it is common sense
21 they would share freely, but then it is almost like it is,
22 that is ours, not yours.

23 Mr. Moultrie: Senator, I think there are concerns
24 about authorities when you start looking at --

25 Senator Manchin: Would it concern any leaks at all?

1 Would they be concerned of leaks, if they are sharing it, it
2 might be easier to be compromised?

3 Mr. Moultrie: Senator, I don't know if those are the
4 concerns, but I do know, historically, there has been
5 jurisdictional, law enforcement versus national security
6 concerns that are there. I think the processes and the
7 realization that we need to put those processes in place and
8 do exactly what you are talking about, to have that smooth
9 interconnectivity between the interagency, but more
10 importantly, between the private sector and the public
11 sectors are the realizations here. If confirmed, I would do
12 all I can, because this something --

13 Senator Manchin: I appreciate that. I really do, and
14 I think you are going to have to really go after it pretty
15 hard and make sure they start working together so we do have
16 one connected cyber preventive.

17 I want to talk about withdrawing assets from
18 Afghanistan, and I am very much kind of concerned about
19 this, and I have been concerned, and I have been thinking
20 about it. You know, we want to make sure that we return all
21 of our assets, if humanly possible, and those that we do not
22 think that we need to return, should return, they are
23 destroying. And I guess my question would be, and I will
24 start, Mr. McCord with you, with your recent position in the
25 Department, are you satisfied with what you are seeing in

1 the efforts that are being put forth, and do you believe
2 that is the best policy for the United States of America,
3 after all that we have spent, after all that we have
4 endured, after all the blood that has been shed there by
5 Americans, that on top of that now we destroy everything
6 that we are leaving, to even make them think, "Who are these
7 Americans? They have no value for anything whatsoever." So
8 rather than having someone that might get use out of it, we
9 just destroy it. Are we afraid it is going to get into the
10 wrong hands, because I do not know who the right hands are
11 over there. So I would assume it has all been the wrong
12 hands. So why start destroying stuff now?

13 Mr. McCord: Senator, when I left 4 years ago we were
14 not in that position. I do not have current information. I
15 am sorry. I would have to get briefed and get back to you
16 on what is or is not being destroyed. I assume that there
17 are some calculations being made about the cost of
18 transporting something back versus --

19 Senator Manchin: I am just saying -- okay, let me ask
20 you, just in the hypothetical realm then, just your thought
21 process. If you think you can speak out on this, do you
22 think we should be destroying what is not economically
23 feasible for us to return, just to destroy it for the sake
24 of destroying it so no one else can use it? Because we are
25 not in that area anymore. Are we afraid they are going to

1 use it against us? And if we turned everything over to the
2 people that we do trust, or think we trust, shouldn't we
3 leave it up to them then to make those decisions, so it is
4 not a wasteful appearance?

5 Mr. McCord: Senator, if I were confirmed and were part
6 of these discussions it would certainly be a discriminator,
7 in my view, as to whether, as I said, the asset had useful
8 life, but also what its purpose was. I mean, I would make a
9 different judgment on a truck versus munitions --

10 Senator Manchin: Mr. Moultrie --

11 Mr. McCord: -- versus communications equipment.

12 Senator Manchin: -- do you have any thought process on
13 this?

14 Mr. Moultrie: Senator, you know, I have read the
15 media, and I would concur with Mr. McCord that there is a
16 cost calculation that is probably being made there.

17 Senator Manchin: No, I understand that. But I am just
18 saying, you know, I have seen the headlines here and
19 everything the Associated Press put out there. And it has
20 the pictures, if you will, of all the things we destroyed in
21 there. And here is the final thing. It says that, to those
22 who are there at that base, they said, "What they are doing
23 is a betrayal of Afghans. They should leave," said Mir.
24 "Like they have destroyed this vehicle, they have destroyed
25 us."

1 I am just saying, it has not been a successful 20
2 years, so we are back where we started, I guess. But on top
3 of that, to see the Americans' mindset of assets and value
4 and cost and things of that sort, I just don't know if it is
5 doing that -- I guess it is the same as interrogation. If
6 you are interrogating someone, do you think the brutality of
7 interrogation or trying to get them to have a comfort level
8 to talk? Everyone has a different approach, I am sure.

9 This does not make any sense to me. It might above
10 where you are. I do not want to put you in a position that
11 causes a problem for your response, but I would like for
12 everybody to think about that, because I tell you, it is
13 something we should be thinking about, just for the sake of
14 destroying something for what we have already invested in
15 that area.

16 Thank you both. I appreciate it.

17 Chairman Reed: Thank you, Senator Manchin. Senator
18 Blackburn, please.

19 Senator Blackburn: Thank you, Mr. Chairman, and thank
20 you to each of you for your time to be here. Mr. McCord, I
21 so enjoyed my conversation with you and talking about the
22 Stennis Center and the work there. I enjoyed my time on
23 their board.

24 Mr. Moultrie, we have talked some about China and the
25 China threat. You and I discussed that on the phone. As we

1 look at the cyberattack that we are currently enduring, I
2 guess you would say, I would like for you to talk a little
3 bit about how you would go about assessing the China threat
4 in the non-INDOPACOM AORs. Because we know this is global.
5 You and I discussed Djibouti and the Horn of Africa and the
6 way China is trying to play there.

7 So for the record, just a little bit about how you
8 would handle that assessment in that non-INDOPACOM area.

9 Mr. Moultrie: Senator, the Chinese ambitions, as we
10 discussed, are global, and they are using economic coercion,
11 these initiatives, the Road and Belt Initiative, and other
12 financial inducements, if I can call them that, that lure
13 countries in. They use vaccine diplomacy and a number of
14 other things to spread their influence.

15 In terms of truly understanding how we ought to
16 approach it, I think it is part academic, understanding the
17 long-term goal of the Chinese. I have always said they play
18 a long-term game. It is a society that is several thousand
19 years old. They do not look at things necessarily the way
20 we do.

21 Senator Blackburn: Right. The hundred-year marathon.

22 Mr. Moultrie: Exactly. That is exactly right.

23 Senator Blackburn: So you would assess it more on a
24 long term?

25 Mr. Moultrie: I think that their ambitions are long-

1 term ambitions.

2 Senator Blackburn: Okay. I appreciate that. Let me
3 ask you this. As we look at what transpired with the
4 cyberattack, and we have a lot of small and mid-sized
5 businesses that are contractors, so as you work with them,
6 what would be your advice, and how would we share
7 information with them to protect themselves from attack, as
8 they are contracting with our U.S. military?

9 Mr. Moultrie: Yes, Senator. I think you are hitting
10 upon a key point here. The defense industrial base is
11 particularly under attack by nation states and hacktivists
12 and others. My understanding is that the intelligence and
13 security organization has programs that enable it to go out
14 and work with thousands of contractors, to provide them with
15 the standards that they need and provide them with the
16 oversight that they need to protect themselves.

17 I think that we have to continue to not only have those
18 types of programs but the public-private partnerships that
19 will enable us to share information with them, and the
20 encouraging of these companies to understand the threat and
21 to take good hygiene methods to protect themselves. If
22 confirmed, I would devote myself to really pushing in that
23 area, Senator.

24 Senator Blackburn: Okay. Mr. McCord, part of this
25 would come to you, and working with some of our suppliers,

1 and in the work that you would do in the Comptroller's
2 Office. There is a lot of technology that could be utilized
3 within DoD and that structure to achieve efficiencies and to
4 build out securities. But that means we have got to go
5 outside of DoD to do this.

6 So I would like for you, for the record, just to
7 comment a little bit on achieving those efficiencies, and as
8 you and I talked, I know we have talked a lot about the
9 audit today, but the way we do purchasing and acquisitions
10 is so broken. Having so many P-cards through the system,
11 whether it is DoD or the VA, this leads to inefficiencies.
12 So if you will just touch on this risk tolerance for
13 utilizing new technologies and reforming the way we handle
14 purchasing and acquisitions.

15 Mr. McCord: Senator, thank you. Yes, the Department
16 has both a large, as you know, acquisition workforce and a
17 fairly large financial management workforce, at about 50,000
18 people. There are a lot of players with responsibilities up
19 and down the chain, and I take your point and I agree with
20 you that we should look at ways that we could streamline and
21 maybe have purchasing be at higher levels, or more
22 efficiently structured.

23 We do have, for a variety of reasons, somewhat of a
24 decentralized execution model in the Defense Department.
25 Each state's National Guard has its own people responsible

1 for its finances, for example. Every command has its own.
2 And that is something that, I agree, we should look at,
3 whether modern technology allows us to streamline and
4 centralize perhaps a little more, without losing the ability
5 for someone on the ground to be able to raise their hand and
6 solve a problem that they know about that somebody up here
7 at headquarters does not.

8 Senator Blackburn: Well, indeed, there is room for
9 improvements, and we hope that when it comes to the
10 financial management and also the purchasing and
11 acquisitions we can see some of that improvement.

12 Thank you, Mr. Chairman.

13 Chairman Reed: Thank you, Senator Blackburn. Senator
14 Peters, please.

15 Senator Peters: Thank you, Mr. Chairman. To our
16 witnesses, thank you.

17 Mr. Moultrie, the past year and a half has certainly
18 reiterated the value of medical intelligence and the
19 importance of expertise and the need to optimize our
20 capabilities in that area. Some believe that the National
21 Center for Medical Intelligence should be expanded and given
22 increased visibility and influence. What are your thoughts
23 on a potential expansion? Does that make sense to you, and
24 if so, what should we be thinking about?

25 Mr. Moultrie: Sir, I am not familiar with the

1 expansion plans right now for the medical center. I do
2 believe that intelligence can play a role in helping us
3 understand threats and, to use a term that is used
4 elsewhere, enabling us to defend forward against these
5 threats, such as pandemics, that may originate in a location
6 overseas and then migrate to the United States. But I am
7 not familiar with the expansion of the center, as you laid
8 that out, sir.

9 Senator Peters: Well, very well. That may mean my
10 next question may not make a lot of sense, because based on
11 your understanding, while there are folks that have thought
12 of reorganizing out of the DIA, but it sounds as if you are
13 not as familiar with this unit to make a --

14 Mr. Moultrie: I just have not been briefed on that,
15 Senator. If confirmed, I would come back and give you my
16 views on the expansion of that center and how that should be
17 done.

18 Senator Peters: Well, clearly medical intelligence is
19 incredibly important, as we know, and so if confirmed, I
20 would look forward to having an opportunity to sit down with
21 you to discuss that further, and decide which is the best
22 way to approach it.

23 Mr. Moultrie, my next question is related to a GAO
24 study that found that the Office of the Under Secretary of
25 Defense for Intelligence and Security is not well postured

1 to assess effectiveness of the intelligence and security
2 enterprises because it has, quote, "not defined goals,
3 desired outcomes, and performance metrics." All the while
4 the office has taken on, as you know, many more
5 responsibilities over the past several years.

6 So my question to you is, in your view, is the office
7 exceeding its capacity to effectively develop policy and
8 also conduct oversight?

9 Mr. Moultrie: Senator, I have not been briefed on the
10 specific metrics that exist in the office today and how
11 those metrics are being collected, and more importantly, how
12 they are being analyzed. So, if confirmed, I would need to
13 come back and talk to you about that.

14 I will say that the oversight of the intelligence and
15 security policies and practices would be my top concern. We
16 have to ensure that we have effective, efficient processes
17 in place, and if confirmed, you have my commitment to focus
18 on this area and report back to you with my findings.

19 Senator Peters: Very well. Mr. McCord, having served
20 in senior leadership positions at the Comptroller Office for
21 over 20 years, on the staff of the committee, you certainly
22 are very qualified for this position. But my question is,
23 how have you prepared for the addition of the former Chief
24 Management Officer's duties, specifically those related to
25 improving business processes?

1 Mr. McCord: Senator, as you know, the authorization
2 bill terminated that position. I think that was a
3 reasonable judgment by the Congress that it was time to try
4 something new. Deputy Secretary Norquist, then-Deputy
5 Secretary Norquist, set up a structure on his way out, to
6 leave for this administration to fall in on, of how he would
7 propose to divide up those duties, and, as you say, many of
8 those would come to the Comptroller organization.

9 Should I be confirmed, one of my earliest tasks would
10 be to sit down with Deputy Secretary Hicks, and as others
11 are confirmed in that space, the CAPE Director, who has been
12 nominated, and the Chief Information Officer I believe has
13 not been nominated yet, all those players would have a role
14 in the structure that Deputy Secretary Norquist left.

15 We need to examine, you know, what Deputy Secretary
16 Hicks wants to do moving forward. My focus would be on
17 whatever stays with Comptroller is to make the Department
18 more effective, and I think we have doubled down to the
19 point of maybe overdoing it over the last decade on trying
20 to focus only on efficiency and cutting billets. I think we
21 need to focus more on outcomes and effectiveness. And if
22 that role stays with Comptroller, I would need, if
23 confirmed, to hire a somewhat different type of workforce
24 and move them over, if they have not left the Department,
25 from the CMO office. The Comptroller has budget analysts,

1 which are not exactly the same as the program managers and
2 program analysts we would need.

3 But I do look forward to working on that. I just would
4 need to sit down with the Deputy Secretary and decide if she
5 accepts or wants to modify the structure that Mr. Norquist
6 left for us.

7 Senator Peters: Thank you, Mr. Chairman.

8 Chairman Reed: Thank you, Senator Peters. And for the
9 benefit of my colleagues we have two votes scheduled to
10 begin at 11:30, so I would ask if you could try your best to
11 adhere to the 5-minute limit.

12 Senator Sullivan, please.

13 Senator Sullivan: Thank you, Mr. Chairman, and
14 gentlemen, thanks for your service, and congratulations on
15 your nominations.

16 Mr. McCord, I appreciated our discussion yesterday, and
17 I know you have already talked about it, but I just want to
18 reconfirm. You know, your work on the National Defense
19 Strategy Commission I think is much appreciated. A lot of
20 us have looked at the recommendations of that commission and
21 have really guided us in a lot of what we have done here, in
22 a bipartisan way, on the committee.

23 As you know, that commission focused on a 3 to 5
24 percent annual increase, and you mentioned to me yesterday
25 you generally agreed with that. Is that correct?

1 Mr. McCord: That is correct, that the commission felt,
2 that I was part of, that that was an appropriate range for
3 the Mattis strategy.

4 Senator Sullivan: Well, I certainly hope that, if
5 confirmed, and I think it is very likely you will be, that
6 you can continue to press for that, within the building,
7 within the administration. I worry, and I know a number of
8 us worry, the Biden administration has a lot of internal and
9 external forces that want to dramatically cut defense
10 spending, and I think this is not the time, it is not the
11 place. I will not help our country. Going back to the last
12 term of Obama-Biden, when defense spending was slashed by 25
13 percent, what do you think happened to readiness during that
14 time?

15 Mr. McCord: Senator, as you recall, readiness took a
16 severe hit when the sequester was imposed. It took the
17 services years to sort of dig out of that \$30-plus billion
18 that we had to cut in just 6 months. And the whole era of
19 Budget Control Act, the sort of constraints of is the budget
20 going to be up here, if sequester is not changed it is going
21 to be down here, and then it would get negotiated in 2-year
22 increments up to some number in between was a very
23 suboptimal way to budget.

24 Senator Sullivan: So I think it is good if you can
25 commit to this committee to be a voice on that.

1 You and I talked about this. I often give this book,
2 and I am going to provide it to you here today, and we
3 talked about it. This is a book by an Army officer called
4 T.R. Fehrenbach, This Kind of War. Most of the senior
5 military, uniformed leaders in the Pentagon will have read
6 it. It is a cautionary tale about what happens when you
7 dramatically cut defense spending, this time in terms of the
8 Korean War, and thousands of young Americans were killed
9 because we could not stop a third-world peasant army in
10 1950, the North Korean Army, because we were not ready.

11 And I would like you to have the book, take a look at
12 it. But it is required reading in most services, and it
13 talks about what happens when we are not ready. It is not
14 just airplanes cannot fly. It is young Americans die, and
15 we can never let that happen again. The Army talks about
16 never again having what was called "Task Force Smith." That
17 was the first unit that went to Korea, and they were pretty
18 much destroyed.

19 Let me ask real quick again on the Arctic. You know,
20 this committee, in a bipartisan way, has been very focused
21 on our strategic interests there, the need to build up our
22 forces there. The Secretary, Secretary Austin, the Deputy
23 Secretary Hicks, have both committed to me, in their
24 confirmations, to fully resource the new Arctic strategies
25 that are coming from the services. Can I get your

1 commitment on that as well.

2 Mr. McCord: Yes, Senator. The Arctic has certainly
3 elevated in importance in our thinking and in policy
4 thinking. I would need to get more information in terms of
5 how it has moved into a budgeting structure without a
6 unified or sub-unified command, as most other ways that we
7 focus have. But yes, I would fully support the strategies
8 of the Secretary and the Deputy on the Arctic.

9 Senator Sullivan: Great. Thank you.

10 Mr. Moultrie, let me ask a question. This used to be
11 so non-controversial that I would not even ask it. Now we
12 are starting to get hesitation, kind of equivocating. The
13 DIA official, when he was up for his confirmation a couple
14 of weeks ago, in my view completely whiffed this question,
15 which is a pretty much intel, National Security 101. Is it
16 better for the United States' national security to be a
17 major energy superpower? That means that we produce world
18 record levels of oil, of gas, of renewables. We are now at
19 that stage. Everybody used to say, "Of course, Senator, a
20 net exporter of energy is critical." What is your view on
21 that?

22 Mr. Moultrie: Senator, I believe if the United States
23 can lower its dependence in almost any area, then we are a
24 more secure nation. So I may have rephrased your statement
25 somewhat --

1 Senator Sullivan: It is a good rephrasing, I would say.

2 Mr. Moultrie: -- but that is the way I would look at
3 it. We need to lower our dependencies across a number of
4 areas and vectors.

5 Senator Sullivan: Say, Russian oil? Lower dependency
6 of Russian oil? Is that a good thing?

7 Mr. Moultrie: I do not know what the ratio is today,
8 but I would just say, in general, reducing dependencies as
9 much as possible is important for our nation.

10 Senator Sullivan: Thank you. Thank you, Mr. Chairman.

11 Chairman Reed: Thank you, Senator Sullivan. Senator
12 Hawley, please.

13 Senator Hawley: Thank you, Mr. Chairman, and thank you
14 to both the witnesses for being here. Mr. Moultrie, let me
15 just start with you. The National Geospace Intelligence
16 Agency in my home state, Missouri, in St. Louis, is going to
17 be home to many of the agency's most advance capabilities.
18 We are very proud of that. How do you see this campus, and,
19 more broadly, the NGA contributing to our efforts to
20 maintain an intelligence advantage over China and Russia in
21 the coming years?

22 Mr. Moultrie: Senator, NGA plays a critical role, a
23 critical role, and having campuses in different locations I
24 think is important, for a lot of different reasons -- to
25 attract talent, for survivability reasons. There are just a

1 number of reasons that we want to do that.

2 I was somewhat familiar with that when I was in a few
3 years ago and was energized by it. So, if confirmed, I
4 would continue to support that. I think there are a number
5 of benefits of having campuses in different locations.

6 Senator Hawley: Very good. Let me ask you an ISR
7 question. U.S. Central Command has regularly requested and
8 received a preponderance of the Department's ISR. My own
9 view is that is going to be hard to continue if we are going
10 to be able to ensure that our forces in the Pacific and
11 elsewhere have the ISR that they need to perform their
12 critical missions.

13 So let me just ask you, if you are confirmed, how will
14 you ensure that CENTCOM uses its in-theater ISR as
15 effectively as possible so that it can do more with what it
16 has and some of those other assets, other ISR assets, can be
17 given back for other uses?

18 Mr. Moultrie: Senator, as you know, ISR, there is an
19 insatiable appetite for ISR, across the commands. I am not
20 familiar with the specific CENTCOM usage rate today, but if
21 confirmed, you have my commitment to ensure that we are
22 getting the ISR capabilities to satisfy the critical needs
23 of the commanders who need that capability.

24 Senator Hawley: Very good. Let me ask you about China
25 and the situation with regard to Taiwan. Both DoD, the

1 National Strategy Defense Commission, and others have been
2 warning now for years about the growing threat of the
3 Chinese fait accompli, with regard to Taiwan. One of the
4 most important thing we need for deterring such an attack is
5 timely indication and warning.

6 If you are confirmed, how will you ensure that the
7 President, the Department leadership, and our forces in
8 PACOM have as much warning as possible before any attempted
9 fait accompli on the part of Chinese forces?

10 Mr. Moultrie: Senator, I think that the PACOM ability
11 to do I&W is just absolutely essential. I do not have the
12 current laydown of the sensors that we have out there or the
13 mechanisms for dissemination of real-time intelligence to
14 the SecDef and others, but if confirmed, you would have my
15 commitment to ensuring that the Defense Intelligence Center
16 works with the DNI and others to look at what are laid out
17 is across all the INTs to ensure that we can do that real-
18 time indications, warning, and dissemination to the national
19 command authority.

20 Senator Hawley: Very good. Thank you.

21 Mr. McCord, let me ask you a little bit about the match
22 between the Department strategy and the resources that are
23 available to meet that strategy. My own concern is there
24 appears to be a bit of a mismatch. On the one hand, we are
25 withdrawing from Afghanistan, which will free up resources.

1 I am 100 percent in favor of that. I think that is good.
2 On the other hand, the administration has indicated that we
3 will retain most, if not all of our other defense
4 commitments, and in some instances actually plus-up those
5 commitments. The administration has also told the
6 Department to prioritize additional missions like climate
7 change and biological defense, and it has done all of the
8 above while effectively cutting defense spending.

9 So my question is, what steps does the Department need
10 to take in order to ensure that our strategic ends align
11 with the means that are actually available to it?

12 Mr. McCord: Senator, Secretary Austin is required, as
13 all Secretaries are, by law, to develop a strategy, and I
14 believe that effort is probably underway. If confirmed, I
15 would look forward, as a senior leader, to being part of
16 that review.

17 You are exactly right that the balancing is very much a
18 key to what DoD is always trying to do, because you can have
19 a top priority, a second priority. People expect the
20 Department of Defense to do many things well. Readiness, as
21 Senator Sullivan was saying, you know, there is sort of a
22 floor there where it is not appropriate to send people out
23 who are not trained.

24 So I think really the variables you need to look at the
25 most are the size of the force. Do we have a force that is

1 big enough to do what our strategy asks of it, but also not
2 so big that we cannot afford to maintain it?

3 On some areas like climate change, I am hopeful, not
4 being inside right now, that that can be accomplished by
5 making sure that, you know, if you are going to recapitalize
6 your infrastructure you are doing it in the smartest way,
7 and that it is not necessarily a big addition of resources.
8 I agree with you that Afghanistan should free up some
9 resources that can be redirected to other uses, but we have,
10 as you say, many competing demands that need to be balanced.

11 Senator Hawley: Very good. I have got another
12 question or two for both of you. I will give those to you,
13 though, for the record, because my time has expired. Thank
14 you, Mr. Chairman.

15 Chairman Reed: Thank you, Senator Hawley. Now let me
16 recognize, via Webex, Senator Rosen.

17 Senator Rosen: Well, thank you, Chairman Reed, and, of
18 course, Ranking Member Inhofe, for holding this hearing,
19 and, of course, to Mr. McCord and Mr. Moultrie for their
20 willingness to serve and for being here today.

21 So I would like to talk a little bit about, of course
22 we know about the Solar Winds attack, we know we have an
23 attack workforce shortage, and our civilian cyber reserve.
24 So, Mr. Moultrie, some experts are calling the SolarWinds
25 attacks on networks of multiple government agencies and

1 private companies the greatest act of cyber espionage to
2 date in our history. As a nation, as we continue to grapple
3 with the aftermath of this attack, the United States is
4 expected to face a shortage of about 3.4 million skilled
5 technical workers by next year, with particularly large gaps
6 in the cybersecurity area.

7 So to address this shortfall and promote our
8 cybersecurity workforce, Senator Blackburn and I recently
9 introduced the Civilian Cybersecurity Reserve Act, to
10 establish a civilian cyber reserve corps, modeled after a
11 recommendation from the National Commission on Military,
12 National, and Public Service report. According to the
13 report, and I am going to quote, "A reserve program that
14 permits agencies to call up cybersecurity experts could
15 ensure additional cyber capacity at times of greatest need."

16 So, Mr. Moultrie, of course in your written response to
17 the committee you noted DoD's challenges in this area,
18 competitive requirements that we need. So given your
19 experience, could a civilian cyber reserve corps really
20 boost up what you do, especially if we had people who are
21 former military personnel in that cyber corps as well, and
22 would you work with me to just be sure that we are able to
23 address these issues?

24 Mr. Moultrie: Yes, Senator, I agree wholeheartedly
25 with your premise that we are faced with a shortage in

1 skills, our STEM skills, especially cybersecurity. Other
2 agencies have reserves that they use. When individuals
3 retire or individuals leave they can join that reserve, if
4 you will.

5 If confirmed, you have my commitment to working with
6 you to explore this idea and to determine what we need to do
7 to ensure that we have the skills that we need to support
8 our needs across this and other areas.

9 Senator Rosen: Thank you. Well, I want to actually
10 build upon the tech area, cyber area, and really talk about
11 another point. The DoD inspector general noted that one of
12 the top management challenges we have is sustaining our
13 technological dominance, specifically in the areas of
14 artificial intelligence and machine learning. These fields
15 can really transform the kinds of work that we do, the
16 information and knowledge that we have, and harnessing this
17 technology is going to require continued collaboration
18 between DoD and, again, private industry.

19 So, Mr. Moultrie, how would you guide DoD to continue
20 to improve the public-private coordination in current and
21 emergent technologies as AI becomes better and better,
22 machine learning, all of those things?

23 Mr. Moultrie: Yes, Senator, as you know, much of the
24 innovation that is done in a number of areas, including
25 artificial intelligence and machine learning, is actually

1 done in academia or it is done in the industrial base. We
2 need to harness that. We need to ensure that we understand
3 how it will change our future missions, and we need to
4 understand how our adversaries will use it against us. So
5 there is both a need to understand this so we can do our
6 missions more effectively, and also to protect ourselves.
7 If confirmed, I would work with the Director of National
8 Intelligence and across the interagency to ensure that we
9 are doing what we can to establish these public-private
10 partnerships and to look at AI, ML, and a number of other
11 emerging technologies, Senator.

12 Senator Rosen: Thank you. Well, you know, we think
13 about building our workforce, we think about the public-
14 private partnerships, and all of that, but then we also have
15 to cyber-collaborate with our allies, as we see attacks and
16 threats, threat-hunting, as we see all of this around the
17 world. And so this is going to help us collectively with
18 our allies to harden our own resources.

19 So how would you enhance, Mr. Moultrie, our
20 intelligence sharing and cooperation with our partners and
21 allies around the world to execute, prevent, mitigate,
22 recover from cyberattacks, and we just saw one on our
23 pipelines this last week? They are going to keep coming, so
24 we need to work with people around the world.

25 Mr. Moultrie: Yes, Senator. As you know, many of at

1 least the detected cyberattacks that we see are coming from
2 overseas locations, if you will. Our partners, our key
3 allies and partners, actually in many instances are on the
4 front end of detecting those, and they have tremendous
5 expertise that can help us not only detect and analyze but
6 also deter these threats. I believe that having those right
7 coalition partners, having those right allies, and having
8 those nation states that are allied with us to help us in
9 this effort is absolutely critical, and you have my
10 commitment to work with the DNI, and under the authorities
11 granted to the Secretary of Defense, to build on the
12 partnerships that we have, and if we need new ones, to
13 explore new partnerships.

14 Senator Rosen: Thank you. My time has expired. I
15 appreciate it.

16 Chairman Reed: Thank you, Senator Rosen. Let me
17 recognize Senator Kelly, please.

18 Senator Kelly: Thank you, Mr. Chairman.

19 Mr. McCord, I want to follow up a little bit on some of
20 the discussion we had earlier about Defense Department
21 audit, follow-up on Senator Kaine's question. I am not
22 asking you to repeat something you have already gone
23 through, so if that is the case and I was not in the room
24 just please let me know.

25 But as we all know, the Defense Department has the

1 distinction of being the only Federal agency that is yet to
2 pass an annual financial audit. I am a strong supporter of
3 our national defense -- we spoke about this yesterday -- and
4 our military has to have the resources it needs to defend
5 against the threats we face and to maintain our competitive
6 advantage. But we also must ensure that taxpayer funds are
7 used as accountably and as effectively as possible. And
8 this was an issue that was really important to one of the
9 former Armed Services Committee chairman, and the man whose
10 term I was sworn in, in December, to complete, Senator John
11 McCain.

12 So, Mr. McCord, you have served in the Comptroller's
13 Office before, and you understand these challenges. But I
14 am looking for any other specifics that you might do or put
15 into place to improve the Department's ability to pass an
16 audit and ensure accountability to the taxpayer.

17 Mr. McCord: Thank you, Senator. Yes, I fully agree
18 that this is an important effort for the Department to keep
19 faith with the taxpayers. Over 40 percent of all individual
20 tax receipts are consumed by the Department of Defense's
21 budget, so it is a huge -- I understand the responsibility
22 we have to the taxpayer.

23 The Department has made considerable progress in the
24 last 10 years, but unfortunately it is going to be a couple
25 more before we get to that clean audit stage, that is the

1 ultimate pass-fail, you know, mark on the wall. But as we
2 have discussed throughout this hearing, I think, when we
3 see, in particular, the cyberattacks and the importance of
4 controlling your information, controlling access to your
5 information, I think that is the key area I will be looking
6 forward to, if confirmed, to getting with the staff and
7 seeing how we can press on that particular area. Even
8 though there are other areas we also need to look at to pass
9 the audit, ultimately I think that is the key leverage point
10 in my mind, is getting the controls right, because the
11 auditors keep noticing that we have more work to do on that
12 front.

13 Senator Kelly: And what do you envision as an
14 optimistic timeline for getting this done?

15 Mr. McCord: I understand that in testimony before the
16 House Armed Services Committee within the last 2 or 3 weeks,
17 the Department said 2027 or 2028 as their estimate. We did
18 not have a timeline for a full Department audit when I left
19 4 years ago, so while I do not have the exact basis of the
20 information that the Department used to come up with that
21 figure, because it postdates my time with the Department, I
22 would get with the audit staff very early, if confirmed, to
23 assess what is the basis of that date and what can we do to
24 try and move that to the left and accelerate it, if
25 possible, and what are the key factors. Again, I think

1 internal controls and information controls are, in my mind,
2 the first thing I would want to look at.

3 Senator Kelly: Thank you.

4 Mr. Moultrie, I had the chance recently to visit the
5 U.S. Army Intelligence Center of Excellence at Fort Huachuca
6 in Arizona. I am proud that we are training some of the
7 finest intelligence professionals there in my state. Our
8 309th Military Intelligence Battalion supports a range of
9 critical career fields, from human intelligence and
10 interpreters to ground surveillance radar techs, and has
11 provided critical skill sets in operations across the globe,
12 from El Salvador to Afghanistan and South Korea.

13 Mr. Moultrie, as our nation endures changing threats
14 from near-peer competitors, can you speak to the importance
15 of keeping our military intelligence capabilities sharp, and
16 if confirmed, how will you ensure that military intelligence
17 pipelines, like the Army Intelligence Center of Excellence,
18 remain well-resourced and able to prepare our operators to
19 address the range of emerging threats and technologies that
20 they will face?

21 Mr. Moultrie: Yes, Senator. Our military intelligence
22 capabilities are some of our longest-standing capabilities.
23 You go back wars, if you will, and they are the foundation
24 of the intelligence apparatus that we have today. So some
25 of our nation's best and brightest professionals have come

1 from military intelligence, and they are the lifeline, if
2 you will, of the Defense Intelligence Enterprise.

3 If confirmed, you have my commitment to not only
4 continue to work across the Defense Intelligence Enterprise
5 to groom and grow and to support these individuals and to
6 support bases like Fort Huachuca and others, but also to do
7 what I can to ensure that we are providing the pipeline to
8 bring new people in, to get them trained so they can be the
9 intelligence professionals of the future. And so you have
10 my commitment, if confirmed, Senator, to do that.

11 Senator Kelly: Thank you, and thank you, Mr. Chairman.

12 Chairman Reed: Thank you, Senator Kelly. Gentlemen,
13 thank you for your testimony today, which was quite
14 thoughtful and convincing. And thank you also for your
15 distinguished service to the country over many, many years.
16 And thank you again for your willingness to serve again.

17 And I think it is only fitting, the final comment would
18 be to once again to wish Mrs. Moultrie a happy 91st
19 birthday.

20 With that, the hearing is adjourned.

21 [Whereupon, at 11:44 a.m., the committee was
22 adjourned.]

23

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25