

## **Center for Strategic and International Studies**

### **“Discussion with the Secretaries of the U.S. Military Departments”**

**Featuring:**

**Hon. Mark T. Esper,  
Secretary of the Army**

**Hon. Richard V. Spencer,  
Secretary of the Navy**

**Hon. Heather Wilson,  
Secretary of the Air Force**

**CSIS Experts:**

**Kathleen H. Hicks,  
Senior Vice President; Henry A. Kissinger Chair; Director, International Security  
Program, CSIS**

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KATHLEEN H. HICKS: Good morning, everyone. I'm Kathleen Hicks. I direct the International Security Program here at CSIS. It's my pleasure to have all of you here today for this very unique joint appearance of the three secretaries of the military departments.

Before we begin, just a reminder. If you hear a fire alarm of anything of that sort, I'm your person who will direct you either behind you to the exits or behind me to the exits.

Our time is brief, and I'm going to make sure that we get to your audience questions, but it will mean we'll move at a pretty good clip. And when we get to the questions – and I will remind you of this at the time – we have time for questions, not statements, and one per person only.

Let me briefly introduce each of the service secretaries before we begin. To my immediate left is Secretary Mark Esper. He is the 23<sup>rd</sup> secretary of the U.S. Army. He is a graduate of the U.S. Military Academy and served in the regular Army for over a decade, including service in the Gulf War. He also served as deputy assistant secretary of defense for negotiations policy in the Office of the Secretary of Defense, and for the past seven years he has served as the vice president for government relations at Raytheon. Mr. Esper holds a – Dr. Esper – a doctorate in public policy from George Washington University.

Sitting in the middle is Secretary Richard Spencer, who is the 76<sup>th</sup> secretary of the Navy. He served as a pilot for the United States Marine Corps early in his career before departing active duty to enter the private financial sector. Prior to serving as secretary of the Navy, Secretary Spencer worked as vice chairman of Intercontinental Exchange, Incorporated, and he served on the Defense Business Board and the Chief of Naval Operations Executive Panel.

And then all the way to my left is Secretary Heather Wilson, the 24<sup>th</sup> secretary of the Air Force, a graduate of the U.S. Air Force Academy and served as an Air Force officer from 1982 to 1989. She also served on the National Security Council staff of President George H.W. Bush and later served in Congress, where her committee assignments included House Armed Services, House Permanent Select Committee on Intelligence, and Energy and Commerce. She was a Rhodes Scholar, earning her doctorate at Oxford University.

So what I would like to do first, I promised each of the secretaries an opportunity to talk a little bit about their priorities, as we are here at the beginning of the second year in the administration: We have a National Security Strategy that's been released, Secretary Mattis has released his National Defense Strategy, posture hearings are upon us, and the time is right to hear from the secretaries about their priorities. And so, Secretary Esper, I'll begin with you.

SECRETARY MARK T. ESPER: Good. Thank you, Kathleen. And thank you for today's event, and for CSIS as well for hosting it.

So let me just speak broadly to my priorities coming in, a little bit over three months in the job as secretary of the Army. My priorities break out into three areas, readiness being the number one priority, the top priority of the United States Army. Second, modernization, and that includes overhauling the current acquisition process so that we can build the next generation of vehicles and aircraft, et cetera. And, third, reform, and reform the aim of which is to free up time, money, and manpower to do those previous two priorities.

I couple that, as well, with what I call my enduring priorities. And that is a continuing commitment to make sure that our soldiers, our civilians, and their families are well taken care of, well- led. Second, I have asked all of my – everyone in the Army, to include leaders, to recommit themselves to the Army values. And then third, of course, is to continue to build – strengthen our bonds with our allies and build strategic partnerships. Those priorities, those enduring priorities, will not change.

And in the context of the FY '19 budget, which is a focus of today, and of course in the coming weeks for the three of us, what I've done is aligned those three priorities with the direction of the National Defense Strategy. As many of you know, the National Defense Strategy calls for a – what we are entering or have entered a new era of great-power competition, and with that has identified clearly China and Russia as strategic competitors. But at the same time, we recognize – or I should say concurrent with that is the fact that the strategic environment has changed. We now see ourselves opening the aperture of the last 17 years of war, moving from low-intensity conflict to having to be ready for high-intensity conflict, working in a more dynamic environment than what we have in the past, and really being capable to do – being capable to do a wide range of activities across the full spectrum of conflict.

Within that, the Army is moving on a number of lines of effort to make sure that we can both implement that National Defense Strategy and be capable of dealing with the threats that we see ahead. So how do we do that?

We are pulling along multiple lines, first of which is improving our doctrine, making sure we turn what we call conceptually and doctrinally multidomain battle into the products that we can teach in our schoolhouses, we can teach to our young lieutenants and NCOs. That's number one.

Two, our training. We are doing a lot more high-end training at the Combat Training Center, such as NTC and the JRMC in Germany. We're also doing a lot of home-station training, where we allow soldiers more time at home to, again, build those core tasks.

Third, modernization. We are doing everything from upgrading Stryker vehicles to our Bradley Fighting Vehicles to our tanks, to looking at the Next-Generation Combat Vehicles through our cross-functional teams.

That gets into the fourth piece, reform, where we are fundamentally reforming the area with regard to modernization by establishing what will be called the Army Futures Command. It will stand up this summer. And there's probably some more interest in this from the crowd, so I can talk in greater detail about that. But it'll be the biggest reform in the Army since 1973 in terms of structure, and it promises to really reduce the time it takes to design, acquire, or – better put – to field a new piece of equipment, do it at less cost, and in time for the soldier to be able to use it.

So those are some of the key lines of effort we are pursuing. We're also continuing to build munitions so that we're prepared for those future environments. But all that is built, and you can see it within the FY '19 budget that's been proposed. We're putting additional monies into procurement, into RDT&E, into munitions, at the same time growing our end strength so that the capacity of the service with regard to soldiers can meet the demands that we are seeing from the combatant commanders and, again, continue to deliver that value to the country that the – that the American people expect of us.

MS. HICKS: Thank you, Mr. Secretary.

Secretary Spencer?

SECRETARY RICHARD V. SPENCER: So if you've heard the news, which I know you have, '17, we had an RAA that gave us funds to stop the knife from falling any further, and we caught it successfully in our hand. '18, we're getting after readiness. And '19 actually gives us a path to do readiness and growth.

The three priorities that I've put forth to really focus the Navy and Marine Corps team on how we're going to get after readiness and lethality under the banner of urgency are people, process, and capabilities. At the end of the day, people are what makes everything works, and we really have to focus on this. Going forward, we're all going to have a real war for talent. The three of us up here fish from the same pool, and we're all going to be looking for more people to do more things in a more intelligent manner.

The demographics you're well aware. Depending upon what article you read, the number of potential applicants that would successfully qualify for our services range somewhere from 25 to 30 percent. That's it. So it's going to be a war for talent. But people are going to have to come, number one, and we're going to have to figure out a way to adopt and adapt and keep those people that we have.

We have – internally, we're trying to reset the culture. While we have a very full budget, and it's greatly appreciated, we still have to be able to do the most with what we have. And the culture shift that we're looking for in the people in the Navy and Marine Corps team is if you see a problem, fix a problem. The best person who has a solution to any problem is the person facing off that problem. Every layer that gets away from that person has a more obfuscated point of view.

We have some, first, baby steps. We're starting to make some traction there. But it's going to be a very interesting shift that we're going to do in culture, and I ask you to hold that thought because culture will come in and out of the conversation.

Process. Process drives an organization. And depending upon how you view both the building and/or the tribes within the military, everyone has their own interpretation on process. The focus line here is that we have to bring performance metrics to process. Process cannot live for process' sake. Again, this is going to be a cultural shift in the building, both on the civilian side and the military side.

The biggest lever here is going to be the acquisition camp. We have to be able to get things to the warfighter quicker and at a more efficient price point. It's underway. Later on we can talk about some examples of success. But I will tell you it's a long row to hoe, and we got a lot of work to do.

Capabilities. We're going to have to immediately enhance capabilities of the platforms that we have. This is where we've reached out to industry and said, you know, we have to be working as a partner. No longer – or should we cast aside any sort of antagonistic relationship we have on past contractual relationships where we're looking for the cheapest at all costs. We have to be able to sit there and be a responsible buyer. We have to be able to sit there and say here is the signal to allow you to do the R&D and judge a return on investment to supply solutions to my problems. I have to be a responsible buyer in that I have to put good requirements out there in front of them and I have to hold them to task to deliver a high-quality item. We have to be very upfront and open.

If we look at those three metrics, those are what's kind of driving the Navy in its turn here, again, to get after lethality and readiness. If I look at what we did with the Strategic Readiness Review, you all remember we had accidents over in the 7<sup>th</sup> Fleet. The CNO set up the CR. I set up the SRR. That's going to have an impact on the Navy and Marine Corps team across the board. This isn't just going to be the surface Navy. We went after root causes about what's going to make – why did this happen and how are we going to correct the actual trajectory of where the Navy and Marine Corps team is going. It hits us from how we do business, to how we recruit, to how we employ and how we deploy.

I'd close in saying that Congress is going to give us quite a healthy basket here if, in fact, we get the budget that's being discussed. And that dovetails into the audit. If I'm Congress, I'm going to ask for a receipt. I'm going to ask where did the money go and what did it go to, and the audit is going to be the primary tool for us to respond. I'll tell you that we've been underway for the audit a short period of time and we're already seeing a very interesting reaction in both services. As you know, the Marine Corps has been at it for a while. The Navy just started.

We're changing the conversation from this being a task to this being a learning experience. What the audit is doing is uncovering the way we do business. And when that happens and you start shining lights on logistical distribution, investments in weapons systems, you all of a sudden get some clarity as to where your dollars are being spent, and then you get to put the metrics as to are these worth the dollars being expended. It really is a good step forward.

In closing, I'd say the biggest message that I'm transmitting throughout the services along the lines of this is urgency. We have to get after this yesterday, and it's a drum that we continue to beat loudly and clearly. It's being received.

I will tell you that after 16 years of doing more with less, and now we're in a growth phase, those are new muscles. We're going to be leaning forward. And it's going to take us a little while. I'll be very frank with you: We can't expect this to happen overnight. Congress is giving us some relief in these areas. But in general it's going to be building a new muscle structure to lean forward into the issue, and we look forward to doing it. Thank you.

MS. HICKS: Great.

Secretary Wilson?

SECRETARY HEATHER WILSON: Our fiscal year '19 budget that the Air Force has just put forward is driven by the National Defense Strategy and our recognition of the reemergence of great-power competition as what will guide us going forward. I would say that in that budget there are really two big, bold changes.

The first is the acceleration of space superiority, and a recognition that the United States of America and the United States Air Force is the best in the world at space capabilities, and our adversaries know it, and they are seeking to develop the ability to deny the United States the use of space in conflict or in crisis. There is not a military mission that doesn't rely in some way on space. And so accelerating the move towards defensible space is one of the major themes of the Air Force budget in fiscal year '19.

The second major change or bold move that's included in our budget has to do with the move towards multidomain operations. One of the Air Force core missions is command and control, and we do that often from the air looking down to the ground with radars off of aircraft. In future combat we have to be able to do that, including in contested airspace. That means we have to do this in a different way. We've put forward a plan to the Congress, included in our budget, to be able to do multidomain command and control taking – using sensors off of a variety of platforms – space, air, ground, sea – fusing that data, and being able to create a picture for counter-fire from a lot of different domains. So, whether it is – whether it is from the air, from the ground, or from sea, to destroy formations on the ground as they begin to mass against our forces. That's a change from the way the Air Force had proposed to do that in the past.

There are a number of other things embedded in our budget proposal that my colleagues have also emphasized and talked about; obviously, restoring the readiness of the force and cost-effective modernization being the two most important. But when you're looking for what's different, what has the National Defense Strategy done to change things in the way the United States Air Force is pursuing and solving problems, I would point to those two: the acceleration of defendable space and the shift to multidomain operations.

The final thing I would say is that – and maybe it's – maybe it's highlighted by the fact that we're all three sitting here on the same platform – when I started out my career as a young officer, when they said, well, you have to do more things that are joint, people would say, well, that means I've got to do some assignment some way along the way to – you know, to color my – check that box somewhere, right? And the chief of staff of the Air Force talks about in the Kosovo campaign “joint” meant that the Air Force said, OK, we take the east of this line and you guys take the west of that line, right? (Laughter.) Wasn't exactly joint. And we moved from that to more interdependent.

I would say that the services are on the cusp of becoming integrated – not just interdependent, not just joint, but integrated in our operations. Because if we could do that – if we can gather information faster, decide faster, and act faster on that information – that we're going to prevail in 21<sup>st</sup>-century conflict. And I think that's on the – we are on the cusp of being able to think and move in that direction.

MS. HICKS: Well, Secretary Wilson, it's too tempting not to start there, which is we do in fact have the three secretaries here. I would love to hear a little bit about how that manifests – that sense of integration is manifesting how you all see your jobs, and maybe some of the practical ways in which you're trying to make sure you kind of live that out.

SEC. WILSON: We get together for – we've started getting together for breakfast every week or two weeks, depending on schedules, but no longer than two weeks – just the three of us. It's absolutely terrifying the staffs, I think. (Laughter.) And we've already identified and started about a dozen things we're doing together. And probably one of the most exciting is looking at our science and technology portfolios – what research is the Navy doing, how can we leverage that in the Air Force, what projects do we want to do together? And it's starting to pick up a lot of momentum.

SEC. SPENCER: I'd say one of the most fascinating things – and this really does dovetail off of what Secretary Wilson just said – is she was kind enough to invite the CNO and I down to her Corona event, after a wargame. And we sat through the complete debrief. And the interchange – one, the absorption of ideas on how the Air Force was looking at the situation we were looking at, and also

just a couple of times where we interjected, why, why would you load up and fly that far, when you could shoot it out of the water for a 22-second air flight?

It was just – it as – I don't mean to make that sound like brilliant flashes of the obvious, but it was a fascinating interchange of really going over the stovepipes. And there's joint, but now there is integration. There is a difference. As Heather talked, we are sitting there at the S&T level going, OK, who's doing – who should be the lead dog in distributed energy. Who in the portfolio is doing the primary job where we can say, OK, you lead, versus all of us trying to match each other. And this is happening at the secretariat level.

SEC. ESPER: Well, I would just build on what my two colleagues said. I mean, in these discussions we have, when we're talking about S&T project – and they'll be talking about a program that they're working on or could work on. And I'll be there and I'll ask myself: Is that something I can shoot from an Army vehicle? And we have a discussion about that, about how we can share technologies between us based on our programs. I mean, it seems obvious, but I'm not sure it's happened as much as it should in the past.

I would say, extending that forward into the day-to-day, and I'm sure it's true of my – again, of Richard and Heather – is I don't go throughout the day asking myself: How do I – how does that impact the Air Force and Navy and how might I be able to fight that fight and help them? So, again, with regard to long-range fires – which is the Army's top priority right now in terms of modernization – is I'm thinking about not just how I can reach out and touch enemy ground forces, but maybe how can I strike enemy ships. How can I strike enemy air fields that may help the Air Force get off the ground or suppress the enemy's aircraft?

So it's just that way of thinking multidomain as to how you engage that. And we've also been – we've been involved together in space briefings because, as Heather said, we all have an interest in space. We all rely on space to one degree or another. And it's a critical domain that we all have to protect. And we all have roles in protecting it and making sure it's resilient.

MS. HICKS: Secretary Esper, you offered to do a follow up on the Army Futures Command. Can you talk a little bit about what – how you see the problem the Army is trying to solve with the new command, and what you think its priorities will be?

SEC. ESPER: Well, the Army's had its share over the years of good programs. But we've also had our share of programs that have gone back, and billions of dollars spent, years behind delivery, or maybe a product never appearing. And this is well-documented. So –

MS. HICKS: FCS being the one most people point to.

SEC. ESPER: FCS being one, Comanche. There are a few others out there. And what it's done is it's hurt us from a fiscal standpoint. And most importantly, it's denied the soldier the tools, equipment, the weapon systems he or she needs to be effective on the battlefield. So how do you fix that?

You know, we looked at a number of reports. I personally have read several. We've talked to experts. And it comes down to some – you know, a series of problems, but there are some critical – some core ones. And it begins with the requirements process. It extends all the way through lack of

accountability. And then when you look at the Army structure, you see that all the critical components in terms of acquisition – big-A acquisition – are spread throughout multiple commands.

So what we were proposing to do with regard to Army Futures Command is to pull in all those disparate elements that are critical to the modernization process, and put them under a single command with a single person in charge – a single general officer, who is now responsible – who is accountable to me and the chief of staff for delivering on those products, on time, on schedule, within the key performance parameters. And that – building that accountability into it by establishing a unity of command, a unity of effort – two core principles – really promises us – promises us the ability to deliver what the soldier needs when he or she needs it.

MS. HICK: Very good. And, Secretary Spencer, you mentioned here urgency and cultural change. And these are themes that have also appeared in your posture statements to date. You know, I think for those who've been around the Pentagon a long time, you know, the goal of efficiency is ever-there, and ever-feeling ephemeral. You know, how do we not get cynical about this? What – can you offer to – point to some practical ways in which you're actually getting at change and incentives? And I wonder if you could talk about a few of those?

SEC. SPENCER: Sure. One of the ones that I love to hold up, because, Kath, you and I were talking earlier on highlights of the job. And there truly is an appreciation for that statement that culture eats strategy for lunch. You really do have to get after the culture if, in fact, you're going to move the needle in an organization. And the way that we've had the best amount of traction is by holding up poster children of success. We put the word out there that people are our number-one priority, my number-one priority, the team's number-one priority. And if you're facing a problem, come up with a solution.

We have a corporal in the Marine Corps who was with an Amtrac Company out in Pendleton on her own. There's a part there for the diesel engine that is a foreign object, debris extractor. It looks like a turbine. Actually, if you cut it in half, it looks like the elegant inside of a seashell. And she took this home with her, along with the CAM equipment – the computer-aided manufacturing equipment – and created an algorithm for this to be manufactured negative – subtractive manufactured in town.

The part is a 19-week lead time part. It's a \$23,000 part. She gave it to her compadre at SPAWARs who took it into town, bought the billet, had it milled. First one failed, second one worked. Four days to manufacture, a lance corporal's salary. And the milling bill came to about \$2,400. We promoted her to sergeant and gave her \$5,000. She went to the moon. She is our loudest advocate for what's going on. (Laughter.) This is what we're trying to do on the deck plates. And it's really starting to gain some traction.

Inside the building, my biggest secret weapon that I got in unveil in October was Hondo Geurts, our head of acquisition, who has been doing this the majority of his life for the SOF folks down in Tampa on the acquisition side. We really have to figure out and get after, as I said earlier, getting the weapons, getting the needs to the warfighter as quickly as possible. So deck plate, events motivating, incentivizing – which is going to take some time. The leveragability there is one by one. The big leveragability coming down from the top, having an acquisition organization that is – that is truly attacking process in a meaningful way.

We've been given some great authorities by our board of directors, other transactions, OTAs. We have not been as rapid in grasping it, I think, in talking to Heather, as the Air Force has. But the

Navy is now really going tooth and nail after OTAs to try to see if we can, again, expedite from idea to presentation to warfighter, those things that they need.

MS. HICKS: That's great. Secretary Wilson – first of all, you all are welcome to chime in on anything you like – but I did want to ask you about readiness. I think often that question might be going to the Navy, but all the services are having struggles, of course, with readiness. You're welcome. (Laughter.) You can pay me later. So I would – and I thought, in particular, a former member of Congress – you know, one of the things we in the D.C. community, if you will, or the defense community more broadly, struggle with is trying to translate this readiness concept or the – how do you fund readiness? How do you know when there's sufficient readiness?

And you, as a former member, I thought maybe if you could talk a little bit about how you try to speak to your former colleagues on the Hill, and maybe to airmen, deployed, and to the average American about how we should think about readiness? And in particular, what the Air Force is doing under your leadership to get after it.

SEC. WILSON: Sure. The first – when we talk about readiness, first and foremost, it's about people – well-trained people. And the Air Force lost 30,000 people in the wake of sequester. We lost 10 squadrons of aircraft. And then, in 2014, ISIS declared its caliphate. And Air Force did what all the other services, what the United States military does every time, to resurge to the fighting. But we have been burning out our people. And we are – so our readiness is first and foremost about people.

There's an increase in end-strength in the FY '18 budget. When we get that done, and our FY '19 budget also proposes an increase in end strength of about 4,700 people. We want to get at a – kind of a steady path towards restoring the readiness of our people – well-trained people. There's also munitions and the upgrades of our equipment and so forth. But I would also say that the Air Force – the chief of staff and I looked at readiness and said: All right, how do we assess readiness? How do we report readiness? How do we resource for readiness? And we weren't getting really solid answers.

So we put together a team that's been working for the last five weeks. They've got about another week to go on the work that they're doing, of 50 people from across the Air Force. Kind of seconded them to a windowless room in the Pentagon. And said: Let's get after this. Let's really understand, how do we – how do we understand readiness in much greater detail, so that we can resource for it and accelerate readiness recovery? Their work will probably guide the Air Force over the next 10 years, as we're finding things that – you know, we are optimized right now – the Air Force is optimized to cannibalize itself and put forward forces into the Central Command area of authority, to fall in on established infrastructure with established command and control systems. And to do that over and over again with about 16,000 people a year.

That is not what you would do for a high-end fight in a near-peer competition where you can't count on exquisite command and control and infrastructure that's already there and uncontested air space. So the demands on the National Defense Strategy will probably change the way the Air Force thinks about and prepares for readiness and the high-end fight.

SEC. ESPER: And I would add, the challenge is even more complex these days. So for readiness, for the Army and I'm sure it's with the other services, you need a certain amount of end strength, you need time to train, you need equipment that is ready that you can maintain. And then, with regard to the training piece, you need time at home station to train, to get your soldiers ready for the big game. I always put it in terms of a football analogy. You need time to train for your upcoming

game. And that means drilling, running drills, making sure you're exercising the combined-arms team, working with your sister services.

But now what we're proposing to do under the National Defense Strategy is a number of things. First of all, we're opening up the aperture, so we're looking at not just low-intensity conflict anymore, but also high-intensity conflict. So that's challenge number one. Number two, we've identified strategic competitors, two of which present a much more complex threat than what you may see from – in Iran or North Korea. And third, at the same time, we have ongoing operations around the world, whether they are combat operations in Iraq and Afghanistan or real-world deployments happening in either Korea or Europe, where the Army, for example, is sending an armored brigade combat team every nine months into these theaters.

You put on top of that training exercises, and now you have a situation where you have read forces and – for the Army, over – well-over half the combatant commander's demands for forces come from the Army. So very high demand, and supply that just cannot meet that demand right now. And so we have a delta in between there, which is putting this churn on the force for all of us that is – that we need to close that gap quickly. And one of the ways by which we are doing that, of course, is by building end strength – growing end strength, upgrading equipment, et cetera.

That's why these – the budgets we're seeing that we should see from the FY '18, FY '19 for Congress are so – are so welcome, because they are really good increases to build upon the funding we saw in '17 to get readiness up in terms of end strength, in terms of training time, in terms of equipment and equipment readiness rates – all those things I need to do to build that readiness. Because, as soon as I build it, all these other things are consuming it and eating it back down.

MS. HICKS: So all of you have talked about the competitions that are out there. It is, as you said, a focus of the – the focus of the NDS, a focus of the NSS. Maybe starting with you, Secretary Esper, what are some – we know some of the gaps. It's been made clear, and in the case of the Army you've talked about SHORAD and some capabilities forward beyond that in Europe, electronic warfare. But what are some of the comparative advantages that your services bring to these competitions that we ought to be building on and leveraging. Where are we actually able to get a leg up on those competitors?

SEC. ESPER: I think for the Army – and, again, it's fair for the other services as well – I think what distinguishes our military, which makes us the premier fighting force in the world, which guarantees, I'm confident, that we'll prevail in any conflict, is the quality of our service members – of our soldiers, sailors, airmen, and Marines. They are, bar none, the best in the world. They're smart. They're aggressive. They're resourceful. They're persistent. And they have a lot of grit. And man to man, woman to woman, I'll put them – I'll take them any day of the week. And I think that is the key element that separates us from most militaries in the world.

And I think then when you build around them the great technologies that our industry can produce to really enable them to be even more effective in combat, again, you have a fighting force that's incomparable to anything in history. So I'd put those two assets on the table any day of the week. Combine it with our doctrine, our leadership. We really make a very credible fighting force. But the world is a big place. And America has a lot of commitments. And the National Defense Strategy calls them out from the low end to the high end. So we need a lot of these service members. And we need those capabilities. You know, the Army has been upgrading its top five – the Bradley,

Abrams, Apache, et cetera – now for three-plus decades. It's time to build the next generation of weapons. And that's where we're going in the Army.

MS. HICKS: Secretary Spencer?

SEC. SPENCER: I think speaking to the beauty of integration, as Heather had alluded to and Mark has also, it doesn't go without saying. It goes with saying that people are the most important aspect of what the Navy has to offer. But what we are, in a different way, which I think is our primary strength, is we are your forward-deployed force that is ready to fight tonight immediately in any location. And when you look at that integrated with the Air Force and the Navy, it is the full team to bring the battle to the situation at hand.

Couple with that you take our undersea water leg, the undersea water leg of the nuclear triad, one of the more stealthy weapons that we have, I think puts us in the game in a very meaningful way. And I think that really, in a nutshell, is where the Navy excels.

MS. HICKS: Great.

Secretary Wilson?

SEC. WILSON: I would say that – just to echo what my colleagues have said – the quality of our airmen is exceptional compared to any other country in the world.

But I would also add – and it's called out in the National Defense Strategy – one of the differences between us and our adversaries, one of our strategic advantages, is we have allies. The coalition that has destroyed ISIS in the Middle East was truly a coalition. The air tasking order went out to 27 countries every day, and that has to do with the – with the attractiveness of our values. In the Western Pacific, we stand for a rules-based international order, for prosperity and freedom of the seas. Our adversaries do not.

And as a result, we have allies and they are true allies and partners. And we can build on those partnerships to preserve a rules-based international order. And so I think – I think that's one of our great strengths and sometimes we don't – we don't highlight that enough, that the – that what America stands for in the world is deeply appreciated and admired and people want to be on America's side. And we desperately need those partnerships and alliances as well.

SEC. SPENCER: To wit, one U.S. Naval aircraft carrier in Danang, who would have thought that 30 years ago? I had the ambassador, the MOD and the CHOD onboard the Navy barge this summer hatching that plan. And to have a socialist country, declared so, sitting there on U.S. soil talking about the beauty of doing something with the Navy truly does speak to that.

SEC. WILSON: Or the chief of staff of the Air Force – we want our partners, not our – not our ally, but a close partner state and deepening partnership – flying with the Indian air force just about six weeks ago now. So those partnerships and alliances are – are a – are a gift and we need to cultivate that gift.

SEC. ESPER: Of course, I've got to have an example, too. (Laughter.)

MS. HICKS: You have to, yes.

SEC. ESPER: You know, it was a great privilege to – in the three-and-a-half months I've been in the job, I've had the chance to spend most of that time abroad visiting our soldiers. And my last experience was in Europe where I went from Germany to Belgium, Poland and Ukraine. And in Ukraine, American forces, National Guard troops from the New York National Guard at the time, are training Ukrainians, training Ukrainian forces to deal with the Russians in the east. And you talk about a change. For somebody like myself who entered the service in 1982 and to the academy in 1986 and to the Army where the Soviet Union was our threat and the Cold War was the operating environment, that's a big change.

And I'll tell you personally, when I – when we drove into the training area and I saw a BTR-60 or a BMP, going through a training course, it kind of catches your attention because that's what you grew up as the threat.

MS. HICKS: Right.

SEC. ESPER: And here it's American soldiers training Ukrainians to operate the vehicles. Who'd have think?

MS. HICKS: Well, let me ask one more question and then we'll turn it over to audience Q&A.

And, Secretary Spencer, I'll begin with you. And I'm just seeing that we have one of your predecessors, Senator Warner, here, former secretary of the Navy, in the audience.

SEC. SPENCER: That's where I got my steering instructions from. (Laughter.)

MS. HICKS: Yeah, he can give you a thumbs-up or -down on how you – how you respond to this question.

But I want to ask each of you, beginning with Secretary Spencer, beyond the budget levels, what is it – what is the – what is something important – and I don't want to say it's your number-one thing because you might want to think about it later – but what is something important that Congress can do for you this cycle besides just appropriating the level that we've sought?

SEC. SPENCER: They've talked about it and I truly believe that they mean it. And I'm going to back up and say I've only hung around the hoop here for 10 years with my time on the Defense Business Board and the CNO's Executive Panel, but I was kind of living it from a satellite point of view. But I've never seen the Armed Services Committee and the Hill lean in harder than they're leaning in right now. I mean, we open up the conversations on the Hill – I believe both Heather and Mark would agree – saying, look, we realize that everyone was pushed to their comfort level on this budget, every other department took a cut so we could shore up defense and we are greatly appreciative of that.

My little soliloquy that I use is “rocks in the rucksack.” They have promised and we are putting the list together on what can they do to take instructions, reports, et cetera out of our rucksack that they have put in there over time? There has been the best intent in the world, and they're all corrective activities, and that is another rock in the rucksack. There is no rock rucksack removal officer and that is what we've asked them to do.

I've told them basically stand by, we will be coming to you saying we'd like to stop the following reports if in fact you agree that they do not provide any value – they had value 15 years ago, maybe not now – can we stop the following activities, whatever the case may be, they are not contributing to lethality now. That would be my first call for them.

MS. HICKS: Great.

Secretary Esper.

SEC. ESPER: I'll choose three things. In the near term, we need greater flexibility in spending the FY '18 dollars. We're really appreciative of what Congress has done with regard to FY '18 dollars, the increase is spectacular, but by the time we see those, assuming the bill is passed later this month, I probably won't see those dollars until April, which only leaves me a few short months to spend it. So I think – I think giving us flexibility, and there's a lot of talk on the Hill of doing that, to spend those dollars, in my mind, make sure that we spend it smartly, more effectively. I can get – I can do better training for my soldiers, better maintenance and I can deliver better outcome for the taxpayer.

Second, in the midterm as we stand up Army Futures Command, I may need some legislative support. I don't know that I do right now, none appear apparent. But I think helping us follow through and overhaul the acquisition system and gear toward Army Futures Command and what we're building would be – would be helpful.

And in the longer term – and this may just be unique to me – I'm looking at – I've stood up a task force to look at how we manage people in the Army. And I'm moving – I want to move more toward a talent management-based system where you look at each individual's knowledge, skills and behaviors and marry that to their preferences to meet the Army's needs. But to do that, I probably will – we'll probably need revisions to DOPMA to make that happen.

But I think in the long term, helping us manage people, better leaders, getting more out of them, particularly given, you know, what we see lying ahead, would really help us create a more effective fighting force.

MS. HICKS: Great.

Secretary Wilson.

SEC. WILSON: I would just echo what Mark said. We're probably going to need some defense personnel reform. All of us are dealing with it taking about 130 to 150 days to hire a civilian into the service. That doesn't even come close to what we need to be able to do to get the talent for the services. And a backlog for security clearances that has doubled, the backlog has doubled in the last 18 months, so we've got to get some personnel reform.

There are – there are a couple of – the Congress has done quite a bit in acquisition reform. I think we're at the point where we've got to really implement acquisition reform. There may be some tweaks there that we need as we're going through – going through the implementation.

I would also say that there's something we need to pause, which is probably organizational change. There's been a lot of it in the Pentagon and we need to just let the – let the – let the org chart

boxes stay where they are this year and focus on things like personnel reform and some fine-tuning of acquisition.

MS. HICKS: OK, very good.

All right, it's the audience's turn. When I call on you, there are mics that are coming around. I'm going to have you stand up, say your name, your affiliation if you have one, and it is a question please.

And we'll start right here in the front.

Q: Hello. I'm Kathleen Delano, CEO of PMIC. Thank you, Kathleen. And thank you, secretaries, for your service and for this meeting.

You all talked about readiness. And I'd like to congratulate the Army on being named DOD innovation exemplar, Army Research Lab. To me, the start of the supply chain is the basic research that comes out of the labs. And in talking about the future force and what we're doing to integrate, what thought is being given to the infusion of budget to the basic research, which, as you all know, is that building block upon which everything else can happen?

MS. HICKS: Great. Basic research, anyone?

SEC. WILSON: The Air Force is undergoing a 12-month review of our Science and Technology Strategy which will – which will decide, you know, where are the major areas of research that we need to pursue? But we'll also look at, how do we do our research?

In the wake of sequester, there was a, you know, a deep cutback across the board, but particularly in research. And as most normal organizations do, they turn inward, they steward what they have at the core. We need to revitalize our connections to the broader scientific and technical enterprise in America – some of it is in corporations, a lot of it is in universities – and so we're developing our strategy to do that.

At the same time, with respect to innovation, doing a number of things in the Air Force in the way in which we drive innovation and get things faster from the lab bench to the flight line and rewarding innovation with our – with our airmen.

You know, every service has a culture and culture does eat strategy for breakfast. The neat thing about the Air Force for me is that our culture is pretty iconoclastic and we're a bunch of bicycle mechanics. And we have to – when we liberate that spirit instead of trying to crush it, we get back to the kind of innovative, research-oriented, technically competent entity.

And I would – the final thing I would say on research is this year's budget proposal significantly increases the number of sponsored degrees for our airmen so that we increase the level of education, particularly in science and technology, to drive that forward for the future.

SEC. ESPER: I would – I would add the Army is putting additional monies in '18 and '19 into RDT&E. But I'd say more importantly for us or as important is we've looked at the S&T portfolio and what we've done is we've aligned 80 percent of it up to our six priorities. Again, we've chosen these six priorities that begin with Long-Range Precision Fires, Next Generation Combat Vehicle, Future

Vertical Lift, et cetera, all the way to soldier lethality. And we're putting all of our dollars – not all of it, we're lining them up against those six priorities to make sure we get more bang for the buck, more effectiveness focus on that, because we know that those six priorities will close the gaps or extend our advantage in key areas opposite our adversaries.

And as I've traveled, I've met with, you know, a few of the combatant commanders. They've reinforced the importance of doing that.

SEC. SPENCER: I think when it comes to the Navy, I've always appreciated and I continue to appreciate the Navy research organization that has truly delivered some outstanding product to the Navy.

My only add there would be that one of the things that we are in the process of doing is aligning it to the National Defense Strategy initiatives that have been outlined in the rollout there and to really bring back – because I think sequester did destroy this to a larger extent – bring back risk management portfolio review rigor. There's some fascinating things coming out of the labs. And I have to admit, when you walk around in the summer when they have the labs all out with their goods in the courtyard of the Pentagon, I look at what Navy research has done and I'm going that's fantastic, where was the pull demand there? That we have to match.

MS. HICKS: Great.

OK, let's see. I've got one right here in the front.

Q: Hi. Ben Warner from the U.S. Naval Institute.

SEC. ESPER: This is yours. (Laughter.)

Q: And I've got a question about –

SEC. SPENCER: That's an Army question, right?

Q: You can all answer, but this one, it's something for Secretary Spencer not specifically, but about blended retirement and how that fits into recruitment/retaining. Several years ago, you were on the committee that thought it up, now you're living with it. I'm just kind of curious, here it is, how does that kind of factor into really everyone's ability to recruit and retain talent?

SEC. SPENCER: That's a great question. And for those of you who don't know, my first year on the Defense Business Board, Michael Bayer walked me up to the secretary's office and said here he is. And the secretary looked and said, this is the guy that's going to do the three projects? And Bayer said yeah. And he said OK. He goes, modernizing military retirement, defense commissary systems and defense education, can you reform them? And all I needed was a Kevlar jacket at that point, I think.

We did do what the Defense Business Board does so well, and that is just to get the conversation started. And we addressed how to modernize military retirement. We think we addressed some of the issues at hand. I had the exact same question delivered to me my third day on the job. It was put with a little more spin to it: OK, smart guy, what are you going to do with this now?

It goes back to what I was talking about people. It's game on right now. Let alone the Navy, the Army, the Air Force and the building is in a – is in a talent war and we are going to have to compete with every single tool we have. I truly believe the blended retirement system is a benefit that is going to draw people into the service.

But what are we going to have to do? We're going to have to do what both Heather and Mark talked about with DOPMA. We might have to find ways to get on- and off-ramps for people. We might actually want it in cyber. We might want you in for three years and then go back out to the community and get refreshed and come back in. And I want to be able to have a retirement package like a 401(k) that can walk with you, so let's take advantage of this thing and not think in the old model, how does this compete against the 20-year system that's cliff vested? We're giving ourselves much more flexibility.

I will say we're also opening ourselves up to competition from the outside, but that's where game is on. We have to start thinking smarter as managers and providing tools and solutions to retain the best and the brightest.

MS. HICKS: Great, OK.

How about one over here? Right here, second row.

Q: Hi. Lauren Williams with Federal Computer Week.

You were talking about the integration of the services, which made me think of DOD's cloud procurement strategy and some of the controversy around that. And so I'm interested in understanding how that is affecting each of your services, where you are in your cloud plans, and where that fits in with FY '19.

SEC. SPENCER: I'll jump first –

MS. HICKS: Sure.

SEC. SPENCER: – if you want. Having come from a technology company, I'm actually – I'm not stunned, I guess it's to be expected – but as an example, the last company that we started up, we were a technology-oriented company – based company, and one Thursday afternoon I walked around and realized that no two people had the same platform of applications on their – on their screen. And I thought – we were just about to go public, and I thought to myself, oh, my god, what are we opening ourselves here to. So we put out a little memo that said, you have until next Thursday to migrate everything off because you are going to get the next following structure, and that is what you will deal with.

And everyone said, you are going to lose all your best developers, you're going to lose all your good people. There will be crying, gnashing of teeth, clouds going over the building. There was crying, there was gnashing of teeth, and then a week and a half passed and everybody adapted.

I'm stunned in the building in the disparity of availability and consistency of systems to be used. As far as the Navy is concerned, we look forward to the inbound of a new CIO who can sit there and said (sic), here is the construct; migrate to the construct so we get the benefits of similar line systems, both economic benefits and managerial benefits from them.

SEC. WILSON: I would say that for the Air Force, beyond just moving some things to the cloud, we're trying to move what they call computing to the edge so that we don't need as much cloud, and we move faster, and you don't have to move as much data around.

The second thing I would say is that our plan, with respect to our Enterprise IT – so our, you know, email and other kinds of just basic services – that we're going to start – there are companies that are set up to do that, and so we've got over 1700 people in the service who are pretty well trained on cyber, and we're using them at the help desk to fix my email when it has a problem. (Laughter.)

I have to say I had a whole lot less problems with my email when I was outside the Pentagon now that I'm inside the Pentagon. So we're going to shift to Enterprise IT as a service and buy that service from companies that provide it, and then use the airmen, who are uniformed airmen, to really do the cyber part of defending our networks and focusing on warfare rather than on helping me when my email doesn't work.

SEC. SPENCER: I believe you have an email solution.

SEC. WILSON: Maybe.

MS. HICKS: All right, we'll take two questions grouped together and have the secretaries respond to those and make any closing comments they would like because we're low on time.

So we'll take one right here.

Q: Thank you. I'm Dmitry Filipoff. I'm the editor of a website called CIMSEC that focuses on naval affairs.

My question is for Secretary Spencer. In an article –

SEC. SPENCER: This is completely –

MS. HICKS: This is apparently the Navy question alley. I apologize.

Q: Yes.

SEC. SPENCER: We're blended services up here. It's OK.

Q: In an article that came out in USNI Proceedings this month, Admiral Swift detailed training failures that he claims do not prepare the Navy for high-end conflict.

MS. HICKS: This sounds like it's going to be long. Go to the question.

Q: I'll go to the question. I have to quote Admiral Swift, though. He says that in this new series of fleet problem exercises that were instituted only two years ago and seem to be the first set of realistic exercises the Navy has been doing, that if we presented an accurate – which is to say hard – problem, there is a high probability the forces involved were going to fail and that in our regular training events, that simply does not happen at the rate we assess will occur in war.

So these fleet problems seem to be revealing that the Navy's units are not able to competently execute high-end war fighting operations regardless of their training certifications.

So my question is when Admiral Swift describes the Navy's training as ticking off a discrete schedule of individual training objectives, is it true that the Navy's pre-deployment training largely consists of highly scripted scenarios that focus on certifying one skill at a time?

MS. HICKS: That was the question, OK. And then we'll take one more from over here. Secretary – sorry, Senator Warner, former secretary of the Navy.

Q: I just prefer Petty Officer Third Class John Warner. (Laughter.)

MS. HICKS: Duly noted.

Q: First, having had the privilege of observing the Department of Defense and those who occupy your offices over many years, I think we got three exceptional people here today with us, and we're fortunate. (Applause.)

The one thing that has changed over the long period I have been observing this is the strategic problem that faces that world today with the nuclear systems. And while we're blessed with this concept – and it has been a blessing – of the triad, and it's in stone that we should have it, and we shall always have it, we've got to begin to make tough decisions on the various allocation between air-sea, subsea, and land.

With all due respect to my two secretaries on the end, given that the subsea – submarine force still has, I believe, the most – highest invulnerability, and with the Air Force, I've been puzzled, as a lot of Americans have. When we look at the problem with North Korea, there is always the if. We don't know if we had to hit or strike whether we can get it all, whereas most of our land-based systems are out there for the world to see.

Are you considering a greater emphasis on sub service – submarine service type of strengthening as we go into this major addition to the Fiji forces, and what about some measure of concealment of your land forces?

SEC. WILSON: Senator, let me start out with that one. The Nuclear Posture Review did kind of reaffirm the importance of the triad and that each of the – each of the legs of the triad provide things that the other two legs don't. And so the Air Force is moving forward with the upgrade of the Minuteman III, so the replacement of the Minuteman III, which is 1980s technology, as well as the Long Range Standoff weapon, which is the replacement for the air-launched cruise missile, so the air- and ground-based leg of the triad.

The third thing that we don't often talk about but we really need to is nuclear command, control and communication. Again, that's something that we share with the Navy and the Air Force, but nuclear command, control and communication is also up for modernization. And those – and the Nuclear Posture Review reaffirms the wisdom of having a triad and not going simply to a dyad.

SEC. SPENCER: It's a terrific question, and to dovetail off of Heather, it is a – it is a team effort. Right when we sat down and did the strategy for shipbuilding, it kind of evolves, and – what's going on on the surface and the amphibs, and then all of a sudden you talk about the submarines, and

there's a number there that will make your eyes water. Columbia will be a hundred-billion-dollar program in its lifetime.

We have to do it. I think we have to have big discussions about it. We are budgeted; we're doing long-lead-time purchase already for Columbia, Virginia payload, stretching some of our existing attacks which, depending upon what we put on the Tomahawks as far as payload, has different implications. But the underwater aspect to date does seem to be the most elusive. But it comes with a price.

SEC. WILSON: And I would also say that – I mean, we face the same problem in that we're modernizing all three legs of the triad and nuclear command and control at the same time, and both the Navy and the Air Force a challenge. Outside of this five-year window we're doing the same. We've got modernization and engineering going on over this five years, but the nation is going to have to make that decision to fund the actual purchase of these –

SEC. SPENCER: Exactly.

SEC. WILSON: – systems within this 10-year window anyway.

SEC. ESPER: I think the –

MS. HICKS: Go ahead, and then we'll –

SEC. ESPER: I'll just add something real quick because many of us grew up with the triad as part of the Cold War, but we have a new capability these days that provides the president more options and creates its own deterrence, and that is missile defenses. And I think that's another factor in the context of strategic assets that one has to consider is the degree to which we continue to invest in missile defenses to ensure we can, you know, deter an enemy launch, and if that happens, God forbid, that we can knock them down.

So that's another factor when you put – that you have to put into, I think, the strategic calculus.

SEC. SPENCER: I would agree.

MS. HICKS: Do you want to address the question on training?

SEC. SPENCER: Yes, let me address the question.

Admiral Swift is a great proponent of training, and I stand beside him on the way that he believes it should be done in true rigor. To say that we are stilted in our training I don't think is correct at all. I think we are developing into a more dynamic scenario training just since I've been on board.

Is there room to improve? There certainly is room to improve. I can think of – not only in our own sandbox, but doing things with both my secretaries on both sides on a coordinated basis in training. I mean, if we're to look at amphibious operations in the Pacific, you're looking at the three people who are going to be involved in it; it's not going to be just one service. We have to train to that level.

MS. HICKS: What an incredible opportunity for the audience here and for me to get to have all three of you together. I hope you would be willing to come back a year from now and repeat your performance. I think it was really helpful to have you together. And with your applause, could you join me in thanking the secretaries? (Applause.)

SEC. SPENCER: Thank you.

(END)