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REMARKS BY SASC CHAIRMAN JOHN McCAIN OPENING DEBATE ON THE
NATIONAL DEFENSE AUTHORIZATION ACT FOR FY17

Washington, D.C. -- U.S. Senator John McCain (R-AZ), Chairman of the Senate Armed Services Committee, delivered the following remarks today on the Senate Floor opening debate on the National Defense Authorization Act for Fiscal Year 2017:

“It is my pleasure to rise with my friend and colleague from Rhode Island to speak about the National Defense Authorization Act for Fiscal Year 2017. For 54 consecutive years, Congress has passed this vital piece of legislation, which provides our military service members with the resources, equipment, and training they need to defend the nation. The NDAA is one of few bills in Congress that continues to enjoy bipartisan support year after year. That’s a testament to this legislation’s critical importance to our national security, and the high regard with which it is held by the Congress.

“Last month, the Senate Armed Services Committee voted 23-3 to approve the NDAA, an overwhelming vote that reflects the Committee’s proud tradition of bipartisan support for the brave men and women of our Armed Forces.

“I want to thank the Committee’s Ranking Member, the Senator from Rhode Island, for his months of hard work on the NDAA. It has been a pleasure to work with him on this legislation. And I remain appreciative of the thoughtfulness and bipartisan spirit with which he approaches our national security. He is a great partner.

“I also want to thank the Majority Leader, the Senator from Kentucky, for his commitment to bringing the NDAA to the Senate floor on time and without delay. It is a testimony to his leadership that the Senate will once again consider this bill in regular order with an open amendment process.

“I am tremendously proud of the Armed Services Committee’s work on this legislation. This year’s NDAA is the most significant piece of defense reform legislation in 30 years. It includes major reforms to the Department of Defense that can help our military to rise to the challenge of a more dangerous world.

“The NDAA contains major updates to the Pentagon’s organization to prioritize innovation and improve the development and execution of defense strategy.

“The legislation contains sweeping reforms of the defense acquisition system to harness American innovation and preserve our military’s technological edge.

“The NDAA modernizes the military health system to provide military service members, retirees, and their families with higher quality care, better access to care, and a better experience of care.

“The NDAA authorizes a pay raise for our troops. It invests in the modern equipment and advanced training they need to meet current and future threats. It helps to restore military readiness with \$2 billion for additional training, depot maintenance, and weapons sustainment. And it gives our allies and partners the support they need to deter aggression and fight terrorism.

“This is a far-reaching piece of legislation. But there is one challenge it could not address: the dangerous mismatch between growing worldwide threats and arbitrary limits on defense spending in current law. And this mismatch has very real consequences for the thousands of Americans who serve in uniform and sacrifice on our behalf all around the nation and the world. Our troops are doing everything we ask of them. But we must ask ourselves: Are we doing everything we can for them? The answer, I say with profound sadness, is: We are not. We are not.

“Since 2011, the Budget Control Act has imposed arbitrary caps on defense spending. And over the last five years as our military has struggled under the threat of sequestration, the world has only grown more complex and dangerous.

“Since 2011, we have seen Russian forces invade Ukraine, the emergence of the so-called Islamic State and its global campaign of terrorism, increased attempts by Iran to destabilize U.S. allies and partners in the Middle East, growing assertive behavior by China and the militarization of the South China Sea, numerous cyber-attacks on U.S. industry and government agencies, and further testing by North Korea of nuclear technology and other advanced military capabilities. Indeed, the Director of National Intelligence, James Clapper, testified in February that, over the course of his distinguished five-decade career, he could not recall “a more diverse array of challenges and crises” than our nation confronts today.

“Our military is being forced to confront these growing threats with shrinking resources. This year’s defense budget is more than \$150 billion less than fiscal year 2011. And despite periodic relief from the budget caps that imposed these cuts, including the Bipartisan Budget Act of last year, each of our military services remains underfunded, undersized, and unready to meet current and future threats.

“In short, as threats grow, and the operational demands on our military increase, defense spending in constant dollars is decreasing. How does this make any sense?

“The President’s defense budget request strictly adheres to the Bipartisan Budget Agreement, which is \$17 billion less than what the Department of Defense planned for last year. As a result, the military services’ unfunded requirements total nearly \$23 billion for the coming fiscal year alone. Meanwhile, sequestration threatens to return in 2018, taking away another \$100 billion from our military through 2021.

“This is unacceptable. And while the NDAA conforms to last year’s budget agreement at present, I have filed an amendment to increase defense spending above the current spending caps. This amendment will reverse short-sighted cuts to modernization, restore military readiness, and give our service members the support they need and deserve. I do not know

whether or not this amendment will succeed. But the Senate must have this debate. And senators must choose a side.

“At the same time, as I have long believed, providing for the common defense is not just about a bigger defense budget – as necessary as that is. We must also reform our nation’s defense enterprise to meet new threats, both today and tomorrow, and to give Americans greater confidence that the Department of Defense is spending their tax dollars efficiently and effectively. That is exactly what the NDAA does.

“The last major reorganization of the Department of Defense was the Goldwater-Nichols Act, which marks its thirtieth anniversary this year. Last fall, the Senate Armed Services Committee held a series of 13 hearings on defense reform. We heard from 52 of our nation’s foremost defense experts and leaders.

“Goldwater-Nichols responded to the challenges of its time. Our goal was to determine what changes need to be made to prepare the Department of Defense to meet a new set of strategic challenges. As Jim Locher, the lead staffer on Goldwater-Nichols, testified last year: ‘No organizational blueprint lasts forever.... [T]he world in which DOD must operate has changed dramatically over the last thirty years.’

“Instead of one great power rival, the United States now faces a series of trans-regional, cross-functional, multi-domain, and long-term strategic competitions that pose a significant challenge to the organization of the Pentagon and the military, which is often rigidly aligned around functional issues and regional geography.

“Put simply, Goldwater-Nichols was about operational effectiveness – improving the ability of the military services to plan and operate together as one joint force. The problem today is strategic integration – how the Department of Defense integrates its activities and resources across different regions, functions, and domains, while balancing and sustaining those efforts over time.

“The NDAA would require the next Secretary of Defense to create a series of ‘cross-functional mission teams’ to better integrate the Department’s efforts and achieve discrete objectives. For example, one could imagine a Russia mission team with representatives from policy, intelligence, acquisition, budget, the services, and more. There is no mechanism to perform this kind of integration at present. The Secretary and the Deputy have to do it ad hoc, which is an unrealistic burden. The idea of cross-functional teams has been shown to be tremendously effective in the private sector and by innovative military leaders such as General Stan McChrystal. If applied effectively in the Office of the Secretary of Defense, I believe this concept could be every bit as impactful as the Goldwater-Nichols reforms.

“The NDAA would also require the next Secretary to reorganize one combatant command around joint task forces focused on discrete operational missions, rather than military services. Here, too, the goal is to improve integration across different military functions, and do so with far fewer staff than these commands now have. Similarly, the NDAA seeks to clarify the role of the Chairman of the Joint Chiefs, focusing this leader on more strategic issues while providing

the Chairman greater authority to assist the Secretary with the global integration of military operations.

“The NDAA also seeks to curb the growth in civilian staff and military officers that has occurred in recent years. Over the past 30 years, the end-strength of the joint force has decreased 38 percent, but the ratio of four-star officers to the overall force has increased by 65 percent. We have seen similar increases among civilians at the senior executive service level. The NDAA, therefore, requires a carefully-tailored 25 percent reduction in the number of general and flag officers, a corresponding 25 percent decrease to the ranks of senior civilians, and a 25 percent cut to the amount of money that can be spent on contractors doing staff work.

“The NDAA also caps the size of the National Security Council policy staff at 150. The NSC staff has steadily grown over administrations of both parties in recent decades – from 40 during the George H.W. Bush administration, to more than 100 in the Clinton administration, to more than 200 during the George W. Bush administration, to reports of nearly 400 under the current administration.

“This tremendous growth has enabled a troubling expansion of the NSC staff’s activities from its original strategic focus to micromanagement of operational issues in ways that are inconsistent with the intent of Congress when it created the NSC in 1947. It has gotten so bad that all three leaders who served as Secretary of Defense under the current administration recently blasted the NSC’s micromanagement of operational issues during their tenures. Former Secretary of Defense Leon Panetta has come out publicly in favor of shrinking the NSC staff, saying ‘think we can do the job better with fewer people.’

“In short, the NSC staff is becoming increasingly involved in operational issues that should be the purview of Senate-confirmed individuals in the chain of command, and doing so beyond the reach of congressional oversight. If this organization were to return to the intent of the legislation that established it, it could reasonably claim that its strategic functions on behalf of the President are protected by executive privilege. If, on the other hand, the NSC staff is to play the kind of operational role that it has in recent years, then such a body cannot escape congressional oversight. The purpose of the provision in the NDAA to cap the size of the NSC staff is to state a preference for the Congress’s original intent in creating the NSC.

“Integration, as I have said, is a major theme in the NDAA. Another is innovation.

“For years after the Cold War, the United States enjoyed a near monopoly on advanced military technologies. That is changing rapidly. Our adversaries are catching up, and the United States is at real and increasing risk of losing the military technological dominance that we have taken for granted for thirty years.

“At the same time, our leaders are struggling to innovate against an acquisition system that too often impedes their efforts. I have applauded Secretary Carter’s attempts to innovate and reach out to non-traditional high-tech firms. But it is telling that this has required the Secretary’s personal intervention to create new offices, organizations, outposts, and initiatives – all to move faster and get around the current acquisition system.

“Innovation cannot be an auxiliary office at the Department of Defense. It must be the central mission of its acquisition system. Unfortunately, that is not the case with the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, or AT&L. It has grown too big, tries to do too much, and is too focused on compliance at the expense of innovation. That is why the NDAA seeks to divide AT&L’s duties between two offices: a new Under Secretary of Defense for Research and Engineering and an empowered and renamed Under Secretary of Management and Support, which was congressionally mandated two years ago.

“The job of Research and Engineering would be developing defense technologies that can ensure a new era of U.S. qualitative military dominance. This office would set defense-wide acquisition and industrial base policy. It would pull together the centers of innovation in the defense acquisition system. And it would oversee the development and manufacturing of weapons by the services. In short, Research and Engineering would be a staff job focused on innovation, policy, and oversight of the military services and certain defense agencies, such as DARPA.

“By contrast, Management and Support would be a line management position. It would manage the multi-billion dollar businesses, such as the Defense Logistics Agency and the Defense Commissary Agency, that buy goods and services for the Department of Defense. It would also manage other defense agencies that perform other critical business functions for the Department, such as performing audits, paying our troops, and managing contracts. This would not only enable Research and Engineering to focus on technology development; it would also provide for a better management of billions of dollars of spending on mission support activities.

“These organizational changes complement the additional acquisition reforms in the NDAA that build on our efforts last year. This legislation creates new pathways for the Department of Defense to do business with non-traditional defense firms. It streamlines regulations to procure commercial goods and services. It provides new authorities for the rapid prototyping, acquisition, and fielding of new capabilities. And it imposes new limits on the use of so-called “cost-plus” contracts. The overuse of these kinds of contracts, and the complicated and expensive government bureaucracy that goes with them, serves as a barrier to entry for commercial, non-traditional, and small businesses that are driving the innovation our military needs.

“Another major reform in this year’s NDAA is the most sweeping overhaul of the military health system in a generation. This strong bipartisan effort is the result of several years of careful study. The NDAA creates greater health value for military families and retirees and their families by improving the quality of healthcare they receive, providing timely access to care, and enhancing patient satisfaction – all done at lower cost to the patients by encouraging them to seek high-value health services from high-value health care providers.

“The NDAA incorporates many of the best practices and recent innovations of high-performing private sector healthcare providers. For example, the NDAA creates specialized care centers of excellence at major military medical centers based on the specialized care delivery model in high-performing health systems like the Cleveland Clinic. The legislation also expands the use of telehealth services and incentivizes participation in disease management programs. Finally, the NDAA expands and improves access to care by requiring a standardized appointment system in

military treatment facilities and creating more options for patients to get healthcare in the private sector.

“Taken together, these reforms, along with many others in the bill, will improve access to, and quality of, care for service members and their families and retirees and their families; improve the military and combat medical readiness of our force; and reduce rising healthcare costs for the Department of Defense.

“This entails some difficult decisions. The NDAA makes significant changes to the services’ medical command structures and right-sizes the costly military health system infrastructure. And yes, the NDAA asks some beneficiaries to pay a little more for a better health system. But let me make three brief points.

“First, Active-Duty service members will not pay for any healthcare services or prescription drugs they receive. And the NDAA does not increase the cost of healthcare a single cent for families of Active-Duty service members enrolled in TRICARE Prime. There will continue to be no enrollment fees for their healthcare coverage. And all beneficiaries, including retirees and their families, will continue to receive healthcare services and prescription drugs free of charge in military hospitals and clinics.

“Second, the NDAA does ask working-age retirees, many of whom are pursuing a second career, to pay a little more. Increases in annual enrollment fees for TRICARE Choice are phased in over time. And there are modest increases in pharmacy co-pays at retail pharmacies and for brand-name drugs through the mail order pharmacy. But it is important to remember that 68 percent of military retirees live within the service area of a military hospital or clinic, where they will continue to enjoy no co-pays for prescription drugs. And all military retirees have access to the mail-order pharmacy, where they can access a 90-day supply of generic prescriptions free of charge through fiscal year 2019.

“And third, while some military retirees will pay a little more, the guiding principle of this reform effort was that we would not ask beneficiaries to pay more unless they received greater value in return – better access, better care, and better health outcomes. The NDAA delivers on that promise.

“Modernizing the military health system is part of the NDAA’s focus on sustaining the quality of life of our military service members, retirees, and their families. The NDAA authorizes a 1.6 percent pay raise for our troops and reauthorizes over 30 types of bonuses and special pays. The legislation restructures and enhances leave for military parents to care for a new child. And it provides stability for families of our fallen by permanently extending the Special Survivor Indemnity Allowance. No widow should have to worry year-to-year that she might not receive her offset to the so-called ‘Widows’ Tax.’ If this NDAA becomes law, she’ll never have to.

“The NDAA also implements the recommendations of the Department of Defense Military Justice Review group by incorporating the Military Justice Act of 2016. The legislation modernizes the military court-martial trial and appellate practice, incorporates best practices from federal criminal practice and procedures, and increases transparency and independent

review in the military justice system. Taken together, the provisions contained in the NDAA constitute the most significant reforms to the Uniform Code of Military Justice in a generation.

“Among the many military personnel policy provisions in the NDAA, there is one that has already attracted some controversy. That, of course, is the provision in the NDAA that requires women to register for selective service to the same extent as men beginning in 2018. Earlier this year, the Department of Defense lifted the ban on women serving in ground combat units. And after months of rigorous oversight, a large bipartisan majority on the Armed Services Committee agreed that there is simply no further justification to limit selective service registration to men. That is not just my view, but the view of every single one of our military service chiefs, including the Army Chief of Staff and the Commandant of the Marine Corps.

“There will likely be further debate on this issue. And as it unfolds, we must never forget that women have served honorably in our military for years. They’ve filled critical roles in every branch of our military. Some have served as pilots, like Martha McSally who flew combat missions in Afghanistan. Some served as logisticians, like Senator Joni Ernst, who ran convoys into Iraq. Others have served as medics, intelligence officers, nuclear engineers, boot camp instructors, and more. Many of these women have served in harms’ way. And many women have made the ultimate sacrifice, including 160 killed in Afghanistan and Iraq.

“As we uphold our commitment to the wellbeing of our service members and their families, we must also uphold our commitment to American taxpayers. As part of the committee’s comprehensive effort to root out and eliminate wasteful spending and improve the Department of Defense acquisition system, the NDAA imposes strict oversight measures on programs such as the F-35 Joint Strike Fighter, B-21 Long Range Strike Bomber, the Ford-class aircraft carrier, and the Littoral Combat Ship. These provisions will ensure accountability for results; promote transparency; protect taxpayers; and drive the Department to deliver our warfighters the capabilities they need on time, as promised, and at reasonable cost.

“The NDAA also upholds America’s commitments to its allies and partners. It authorizes \$3.4 billion to support our Afghan partners as they fight to preserve the gains of the last 15 years and defeat the terrorists who seek to destabilize the region and attack American interests. The legislation provides \$1.3 billion for counter-ISIL operations. The NDAA fully supports the European Reassurance Initiative to increase the capability and readiness of U.S. and NATO forces to deter and, if necessary, respond to Russian aggression. It also authorizes up to \$500 million in security assistance to Ukraine, including lethal assistance. Finally, the legislation includes \$239 million for U.S.-Israeli cooperative missile defense programs.

“As we continue to support allies and partners against common threats, the NDAA makes major reforms to the Pentagon’s complex and unwieldy security cooperation enterprise, which has complicated the Department of Defense’s ability to effectively prioritize, plan, execute, and oversee these activities.

“This legislation also makes sure we’re not providing support to adversaries like Russia. U.S. assured access to space continues to rely on Russian rocket engines. Purchasing these engines provides financial benefit to Vladimir Putin’s cronies – including individuals sanctioned by the

United States – and subsidizes the Russian military-industrial base. This is unacceptable at a time when Russia continues to occupy Crimea, destabilize Ukraine, menace our NATO allies, violate the 1987 Intermediate Range Nuclear Forces Treaty, and bomb moderate rebels in Syria.

“That is why the NDAA repeals a provision from last year’s omnibus appropriations bill that furthered dependence on Russia. Once the nine Russian rocket engines allowed by the past two NDAs are expended, the Defense Department would be required to achieve assured access to space without the use of rocket engines designed or manufactured in Russia. In testimony before the committee, the Secretary of Defense, the Director of National Intelligence, and the Secretary of the Air Force each confirmed that the United States can meet its assured access to space requirements without the use of Russian rocket engines.

“We do not have to rely on Russia for access to space. Given the urgency of eliminating reliance on Russian engines, the NDAA would allow for up to half of the funds for the development of a replacement launch vehicle or propulsion system to be made available for offsetting any potential increase in launch costs as a result of prohibitions on Russian rocket engines. With \$1.2 billion budgeted over the next five years, we can cover the costs of ending our reliance on Russia while developing the next generation of American space launch capabilities.

“Finally, the legislation takes several steps to bolster border security and homeland defense. It authorizes \$688 million for Department of Defense counterdrug programs. It enhances information sharing and operational coordination between the Department of Defense and the Department of Homeland Security. It provides additional support for U.S. Southern Command. And it continues support for the U.S.-Israel anti-tunneling cooperation program, which helps to improve our efforts to restrict the flow of drugs across the U.S. Southern Border.

“Mr. President: This is an ambitious piece of legislation. And it is one that reflects the growing threats to our nation. Everything about the NDAA is threat-driven – everything, that is, but its topline of \$602 billion. That is an arbitrary figure set by last year’s budget agreement, which itself was the product of five years of letting politics, not strategy, determine the level funding for our national defense.

“Former Chairman of the Joint Chiefs General Martin Dempsey described last year’s defense budget as ‘the lower ragged edge of manageable risk.’ And yet, here we are, one year later, with defense spending arbitrarily capped at \$17 billion below what our military needed and planned for last year.

“I do not know what lies beneath ‘the lower ragged edge of manageable risk,’ but this is what I fear it means – that our military is becoming less and less able to deter conflict, and that if, God forbid, deterrence does fail somewhere and we end up in conflict, our nation will deploy young Americans into battle without sufficient training or equipment to fight a war that will take longer, be larger, cost more, and ultimately claim more American lives than it otherwise would have.

“That is the growing risk we face, and for the sake of the men and women serving in our military, we cannot change course soon enough. The Senate will have the opportunity to do just that when we consider my amendment to reverse the budget-driven cuts to the capabilities our

Armed Forces need to defend the nation. I hope we will seize this opportunity. We ask a lot of our men and women in uniform, and they never let us down. We must not let them down. As we move forward with consideration of the NDAA, I stand ready to work with my colleagues on both sides of the aisle to pass this important legislation and give our military the resources they need and deserve.”