

**UNDERSECRETARY OF DEFENSE/CHIEF FINANCIAL OFFICER
MICHAEL J. MCCORD
PREPARED REMARKS BEFORE THE
HOUSE BUDGET COMMITTEE
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Introduction

Chairman Yarmuth, Ranking Member Smith, and Distinguished Members of the Committee, thank you for this opportunity to testify before you on the President's Fiscal Year (FY) 2022 budget request for the Department of Defense.

It is a pleasure to appear before you today along with Vice Admiral Ron Boxall, the Department's Director of Force Structure, Resources, and Assessment on the Joint Staff. Nearly twenty years ago, I served on the staff of this committee, and I appreciate the key role you play in exercising the congressional power of the purse in a way that addresses our nation's priorities

The President's Fiscal Year (FY) 2022 Budget for the Department of Defense (DoD)

Last month, President Biden released his FY 2022 budget request, which includes \$715 billion for the Department of Defense, a 1.6 percent increase over the FY 2021 enacted level. DoD's budget request is focused on meeting the national security challenges of today and tomorrow.

The FY 2022 budget request makes smart and disciplined investments in national defense. It is aligned to the President's *Interim National Security Strategic Guidance*, which places greater emphasis on aligning national security, economic, and domestic policies and moving away from traditional distinctions between foreign and domestic policy. President Biden believes that domestic renewal will be key to bolstering the Department's ability to defend the country and compete on the global stage.

This budget is also guided by Secretary Austin's *Message to the Force*, which lays out three priority areas for the Department, which are to:

- defend the nation,
- take care of our people, and
- succeed through teamwork.

The budget request fulfills Secretary Austin's direction to match resources to strategy, strategy to policy, and policy to the will of the American people.

For example, an immediate challenge to the defense of our nation is COVID-19. This budget provides funding to continue DoD's supporting role to national efforts in countering this pandemic. Defending the nation also means addressing the damaging effects of climate change, which, for DoD, includes investments in energy-saving platforms, resilient installations, and more efficient and diverse power sources.

This request funds the right mix of capabilities that are needed most to defend this nation now and in the future. This budget invests in hypersonic weapons, artificial intelligence, micro-electronics, 5G technology, space-based systems, shipbuilding, and nuclear modernization... to name a few.

This budget reflects our focus on the pacing challenge that the Department clearly sees from the People's Republic of China, to include more than five billion dollars for the Pacific Deterrence Initiative and DoD investments more broadly. These investments bolster deterrence and maintain our competitive advantage in the Indo-Pacific region. The budget also addresses advanced and persistent threats emanating from Russia, Iran, North Korea, and other transnational and non-state actors.

The budget funds troop presence and counter-terrorism capabilities in the Middle East and South Asia to meet threats posed not only by Iran, but also by terrorist networks including ISIS, al Qaeda, and, in Africa, al Shabaab. The budget helps us maintain the integrated deterrent capability and global posture necessary to back up the hard work of our diplomats, allies and partners.

Our drawdown of military forces from Afghanistan remains on pace and the FY 2022 budget reflects that the Department is engaged in a deliberate, safe, and orderly drawdown from Afghanistan. Secretary Austin updated NATO Allies when he was in Brussels earlier this month and was encouraged by their continued support for the new direction being undertaken.

DoD has accomplished the mission for which our troops were sent to Afghanistan 20 years ago. The Department's leadership is profoundly grateful to the nation's uniformed service members and their families, and to the DoD civilian workforce, who have served and sacrificed so much through combat deployments in the defense of our nation since the attacks on the United States on September 11, 2001.

The Department is transitioning to a new bilateral relationship with its Afghan partners that includes plans to continue security assistance to Afghan security forces and will help them meet their responsibilities to their citizens, but will not require a U.S. footprint larger than what is necessary to protect our diplomats. Moving forward, DoD will serve in a supporting role to our government's full range of diplomatic and economic tools.

DoD will also deter aggression. The President's budget request ensures that the Department maintains its credible deterrent by sustaining readiness and protecting investments in critical capabilities.

This year, in conjunction with the President's decision to end the military mission in Afghanistan, the President's budget terminates the Overseas Contingency Operations funding category. All enduring costs of our presence in the Central Command region are now consolidated back into the base budget. This was a major effort by our entire financial management community, and one we are quite proud of.

The FY2022 budget documents tough choices made by the Department by divesting \$2.8 billion of older and less-capable platforms and programs such as the A-10, KC-10, KC-135, and other aircraft, ships and intelligence, surveillance and reconnaissance platforms, to address the dynamic threat landscape. As Secretary Austin has testified, we need to fight and win the next war and not the last one. This allows us to reallocate resources to fund research and development in enabling technologies such as cyber, artificial intelligence, and quantum.

The President's FY 2022 request for Research, Development, Test, and Evaluation funding at DoD is the largest ever, at \$112 billion dollars, which includes \$14.7 billion for science and technology. This includes investments in long-range-fires; advancements in hypersonic systems, including defensive systems, and the domestic design and production of microelectronics, which is part of our focus on key enabling technologies.

Looking to the future, the Secretary has directed a series of strategic reviews in the Department to ensure that DoD's global force posture and its nuclear and missile defense capabilities will match the challenges our Nation faces.

The President's budget also makes investments in our people and their well-being. As Secretary Austin noted in his *Message to the Force*, taking care of our people is one of his top priorities. The Department is committed to providing a competitive compensation package for its personnel, which includes providing a 2.7% pay raise for both military and civilian personnel in the FY 2022 budget

The budget request reaffirms the Department's commitment to ensuring that both privatized and government housing are safe, high-quality, and well-maintained. DoD continues to focus on implementing actions to improve the quality of both privatized and government-owned family housing.

The budget makes investments in the military health system and provides \$8.6 billion for military family support programs. The budget also provides funding to strengthen DoD's ability to identify and address insider threats and extremism in the ranks.

FINANCIAL MANAGEMENT

I want to close with a couple of comments related to the financial management of the Department: The Department's leaders all take very seriously the importance of being good stewards of taxpayer dollars and ensuring transparency for the money provided to us by Congress and the American taxpayer.

While our journey down the path to a clean audit opinion for the entire Department will never be swift enough for us, the Congress, or the American public, the Department is working to address and redress audit findings quickly, effectively, and permanently. I am encouraged by the progress that has been made since I was last part of the Department and want to let you know that this progress continues. Achieving a clean audit is a priority, not only for Secretary Austin and Deputy Secretary Hicks, but also for the entire civilian and military leadership of the Department of Defense.

Not only do audit-driven changes help the Department's financial operations, those changes also contribute to forward momentum in DoD business reform. As the Secretary recently said, business reform is not just about finding and reapplying savings to higher priorities, it is about improving organizational performance and efficiency.

With that, thank you for the opportunity to speak with you today. I look forward to your questions.