

Presenters: Acting Under Secretary of Defense (Comptroller) Elaine McCusker; Vice Admiral Ron Boxall, director, Force Structure, Resources and Assessment, Joint Staff; David L. Norquist, Deputy Secretary of Defense

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Acting Under Secretary of Defense (Comptroller) Elaine McCusker and Vice Adm. Ron Boxall, director, Force Structure, Resources and Assessment, Joint Staff, hold a press briefing on the F.Y. 2021 budget request

STAFF: All right, thank you everyone for coming. I appreciate your -- your time today. Good afternoon, I'm Christopher Sherwood, OSD Public Affairs. The president's budget request for fiscal year 2021 was submitted to Congress today. We have a day long schedule of briefers who will provide you information about the Department of Defense's budget request.

First, the Deputy Secretary of Defense David Norquist will offer opening remarks. Mr. Norquist will not take questions. There is time devoted at the end of this briefing for questions. And with that, I would like to introduce Deputy Secretary of Defense David Norquist -- he'll be out just shortly.

(Laughter.)

Q: (Inaudible)?

STAFF: So he'll be followed by Ms. McCusker and the J8, Vice Adm. Boxall.

Q: They'll take questions?

STAFF: Right. And I'll set the ground rules for -- for their discussion then, as far as questions.

Q: Thank you.

STAFF: Yeah.

DEPUTY SECRETARY OF DEFENSE DAVID L. NORQUIST: Good afternoon, and thank you for being here today to discuss the president's fiscal year 2021 defense budget request. We have senior leaders from comptroller and Joint Staff, Acting Under Secretary of Defense Comptroller Elaine McCusker and Vice Adm. Ron Boxall. They are here to brief you on the details and take your questions.

So I just want to open with an overview of where we have come from and where we are going. Consider the state of defense at the beginning of this administration. DOD had been operating for five years under destructive spending caps, which left the

department with a significant funding shortfall and resulted in the smallest military since 1940, key munition shortages, low readiness rates in key combat units, and an urgent need to rebuild our nuclear deterrent.

At the same time, we are grappling with a new war fighting environment, given the re-emergence of great power competition from Russia and China and the changing -- rapidly changing nature of warfare. One thing had become evident -- wars of the future were going to be radically different than the short conventional wars and protracted counterterrorism operations we have fought since the collapse of the Soviet Union.

Future wars we'd wage not just in air, on the land and at sea, but also in space and cyberspace, dramatically increasing the complexity of warfare. To address this, we developed the new National Defense Strategy that shifted the department's focus to the high end fight and reflected the changing nature of warfare. And thanks to President Trump's commitment to rebuilding the military, and a bipartisan effort in Congress, over the past three years the department received the significant funding increases it needed.

Important progress has been made as a result. DOD has increased the number of ready brigade combat teams by 33%, raised readiness of our lead pacing squadrons by 35% and increased the quantity of key munitions and equipment. We also restructured the department around the new nature of warfare: we elevated U.S. Cyber Command, created the Joint Artificial Intelligence Center, and established the Space Force.

The F.Y. 2021 budget request is the next step in implementing the National Defense Strategy and focuses on all domain operations. Now this budget is a little different, because the top line is flat at \$705 billion for defense, no growth for inflation.

That means that we had to make additional tough choices and major cuts in some areas, in order to free up money to continue to invest in preparing for the high end fight. Secretary Esper talked about some of the savings from the Defense-Wide Review last week and you'll see additional changes reflected in the presentations that follow me.

But as a result, we have built an F.Y. 2021 budget that addresses the challenges of today by first sustaining readiness and keeping faith with our 2.1 million military members and their families, and second, preparing for the challenges of tomorrow -- recapitalizing our nuclear deterrence, strengthening homeland missile defense and expanding our investments in critical emerging technologies, such as hypersonic weapons, artificial intelligence, and autonomous platforms.

To put this in perspective, last year's budget was the largest RDT&E [research, development, test & evaluation] request in 70 years. And this year's research request is even larger. We have been investing in these emerging technologies and many are now being proto-typed and tested. And as they're ready, we are poised to move them into production.

In short, this budget invests in bringing the capabilities of tomorrow to life. The result is a budget that puts us on the path to develop a future force that will prevail in each and every domain – air, land and sea, space and cyber – leveraging the capabilities of each in a synchronized fashion while fighting seamlessly across them all.

This is the force we need for the new era of great power competition, one capable of all domain operations that will deter our adversaries by being prepared to fight and win today and in the future.

With that overview, I'll turn it over to my colleagues who will get you into details. And, again, thank you for coming today. We appreciate it.

STAFF: So I'd like to remind everybody that today's briefing is on the Department of Defense's fiscal year 2021 budget request. Speaking with you today are Acting Under Secretary of Defense Comptroller Ms. Elaine McCusker, and Director for Force Structure, Resources and Assessment with Joint Staff, Vice Adm. Ron Boxall.

We have 20 minutes scheduled for the budget overview presentation, followed by 15 minutes for questions. Attribution is on the record. Prior to asking your questions, please state your name and your affiliation. I ask that you limit your questions to one with one follow-up, so that everyone has an opportunity.

I will let you know when we are nearing the end of the briefing so there is time for one last question. And with that, it is my pleasure to introduce Ms. Elaine McCusker and Vice Adm. Ron Boxall.

ACTING UNDER SECRETARY OF DEFENSE ELAINE MCCUSKER: Good afternoon.

We are here today to give you an overview of the fiscal year '21 budget request. The F.Y. '21 defense budget supports the irreversible implementation of the National Defense Strategy. The NDS drives our decision-making. It shapes our priorities and guides our resourcing decisions as we prepare for the potential future high-end fight.

This budget provides resources for the three lines of effort: build a more lethal, resilient, agile and ready joint force; strengthen alliances and attract new partners; and reform for greater performance and affordability. It also supports our service members and their families.

To put the budget in context, I would like to look back briefly at the last four years. F.Y. '17 and '18, our focus was on readiness in recovery as we work to fill holes in service readiness and gaps in our force structure. In F.Y. '19 we began making down payments on lethality and recognition of the need to have full spectrum readiness in order to be able to respond to great power competition.

Last year in this room we released our 2020 budget, which we are now executing. As the deputy just mentioned, this budget had the largest RDT&E any request in over 70 years, and the largest ship-building request in 20 years. We made large increases in both space and cyber activities, all of which is advancing our progress in great power competition while supporting our continued operations against those who would attempt to bring harm to the American people and American vital interests.

The budget we are submitting today builds on the last four years by continuing our focus on the NDS priorities of nuclear modernization and homeland defense, and while refining our focus on the cyber and space warfighting domains and joint enablers for all domain operations.

We will keep our attention on long-term sustainable readiness while we shed non-core functions and better align resources to save money, manpower and time for lethality.

Here is our first number slide. Based on the spending limits established by the Bipartisan Budget Act of 2019, the president's '21 budget request for DOD is \$705.4 billion. Compared to F.Y. '20, this amount flattens funding levels once we take out emergency funding for disasters.

To live within the budget agreement levels and still advance recent gains in readiness and lethality, we've had to make some tough choices and realign some of our resources, which you will see reflected as we go through the rest of the overview.

And I'd also like to highlight that, especially since we have a flat budget, on-time appropriation and authorization bills is what we need from our partners in Congress to make the best use of every taxpayer dollar.

The F.Y. '21 budget supports the creation of a ready, agile, all-domain joint force with fully networked command, control and communications. Our budget realigns funding harvested through reform efforts to our highest priorities and proposes legislation to better harness our buying power.

We invest in nuclear modernization and homeland defense, space, cyber, and advanced enabling technologies, while balancing with our priorities to sustain readiness, offer competitive compensation and divest legacy in favor of future capabilities.

I will now turn to Adm. Boxall to go over our NDS priorities and our warfighting domains.

VICE ADMIRAL RON BOXALL: Good afternoon. Defending the homeland is the number-one priority in the National Defense Strategy. Our nuclear deterrent underwrites every U.S. military operation and is the foundation of the nation's defense and defense of our allies.

2021 budget fully funds and modernizes all three legs of the triad with key investments in ground-based strategic deterrent B-21 bomber, the Columbia-class submarine, and nuclear command, control and communications systems.

Our missile defeat and defense investment promotes an expanded layered defense architecture that is flexible and adaptable and leverages space technology. The \$20.3 billion missile defense budget includes \$9.2 billion for the Missile Defense Agency, \$7.9 billion in regional and strategic missile defense capabilities outside of MDA, and \$3.2 billion in missile defeat or left-of-launch activities.

Notable investments include development of the next-generation interceptor to replace the aging ground-based interceptor; doubling hypersonic defense investment, which includes hypersonic and ballistic tracking space sensor; the prototype development and increasing capability and capacity of existing interceptors in a layered approach.

The budget continues our strategic imperative to strongly promote organization and investment in space as evidenced by a 28% increase over last year's request.

Our \$18 billion investments will allow the U.S. Space Force to develop space professionals, space systems and doctrine while, at the same time, the newest combatant command, United States Space Command, will wake up every day focused on maintaining our warfighting advantage in space. And it also provides a threefold increase in the Space Development Agency to field game-changing space technologies.

The department prioritized the following critical investment areas in space: space control, to field a mix of offensive, defensive, situational awareness systems; missile warning capabilities in traditional and low-earth orbit to improve resiliency; National Security Space Launch, provides capacity to assure access to space; and GPS improvements to increase capacity and ensure connectivity in contested areas.

Cyber attacks represent an unacceptable long-term threat to our national strength and military advantage. The DOD's digital modernization efforts, such as artificial intelligence to mature man-machine teaming, cloud and big data applications to improve information integrity and increased network resiliency, will work hand-in-glove with joint cyberspace operations.

A proactive DOD cyber approach is necessary to protect the network by defending forward to disrupt and halt threats before they reach our networks. This request improves network encryption, among other cyber protection efforts, to counter daily adversary efforts to exploit U.S. technology.

And while robust defensive cyber capabilities are our priority, the joint force is also improving offensive capabilities to engage threats at a time and place of our choosing.

Cyberspace domain investments, underpinned by digital modernization efforts, provide our cyber mission force the teams and tools necessary to execute offensive and defensive cyberspace operations.

This budget also continues to modernize capabilities in the traditional maritime, air and land domains. In the maritime domain, the budget delivers a balanced force focus on long-term competition through increased investments in lethality and modernization.

The request procures eight surface and subsurface battle-force ships. We also increased joint force maritime lethality by investing in unmanned vessels, aircraft and long-range maritime strike weapons to increase future capacity and to advance distributed operations.

In the air domain, we procure fifth-generation F-35s, while also fielding a cost-effective mix of fourth-generation fighters, as well as K-46 tankers who will fuel the fight. The services are also developing technologies for a next-generation air dominance platform to extend our air domain advantage well into the future.

We increased land domain lethality by equipping the joint force with modernized vehicles, such as Joint Light Tactical Vehicles and Amphibious Combat Vehicles. We also increased individual soldier lethality by fielding next-generation squad weapons and soldier-integrated visual augmentation systems to provide combat overmatch in the last 200 meters of contact.

Future operations in contested environments will be enabled by the networked Joint All-Domain Command and Control systems, or JADC2, capable of connecting any sensor to any shooter in any domain at any time.

Investment in JADC2, when coupled with the increased capacity provided by a distributed, manned, unmanned and optionally manned platforms, will deliver lethality improvements that overmatch adversaries in an all-domain fight.

Targeted investments in asymmetric capabilities will transition our current special operations forces to one -- to forces that remain dominant against VEO [violent extremist organization] threats, as well as in contested environments against peer competitors.

MS. MCCUSKER: This budget is focused on the high-end fight. As we mentioned, we are building on last year's budget by submitting the department's largest RDT&E request ever. We have increased our investment in hypersonics by over 23% to \$3.2 billion to support promising long-range conventional and advanced rapid-response strike in each military department.

We have updated our microelectronics strategy, as trusted and assured access that is orders of magnitude faster and more powerful than what we have today is vital to increasing our capabilities and pacing development for artificial intelligence.

Our A.I. focus continues with nearly 8% increase for DARPA [Defense Advanced Research Projects Agency] efforts and continues our A.I. pathfinders of the Joint Artificial Intelligence Center and Project Maven.

While any investment and innovation runs risk of an uncertain outcome, these select efforts are necessary to increase our competitive advantage against near-peer adversaries.

ADM. BOXALL: Readiness remains a department priority. We continue to sustain and build readiness to ensure our forces are ready when we need them, \$125 billion extends F.Y. '18 to '20 joint force readiness gains. We are committed to delivering ready forces by improving traditional readiness, modernizing service platforms and implementing operational reforms to more prudently employ the joint force. Traditional readiness investment increased by \$9 billion over F.Y. '20, providing more funding for exercises, improved depot maintenance throughput, better logistics support and realistic training environments to maximize force availability.

The services also accelerate retirement of some aircraft, ships and vehicles that overburden the readiness accounts, freeing up investment for modern forces that will spend more time in the air, sea and field rather than the hangar, dry dock or depot.

Critical to optimizing readiness is the implementation of innovative operational concepts that shift from a presence-based model to directed and dynamic force employment. The dynamic force employment concept aims to employ the joint force in a way that is strategically predictable, but operationally unpredictable.

MS. MCCUSKER: DOD devotes over 24% of the budget to support our people. This is an increase of over \$8 billion from the 2020 enacted position. The growth is driven by a planned January '21 military pay raise of 3%, increase in military end strength, increases in statutory military allowances, and growth in accrual costs for retiree pay and retiree healthcare.

For facilities, the budget invests over \$21 billion for military construction and facility sustainment, restoration and modernization. We fund 83% of DOD facility sustainment requirements, over 80% for each military department and over 90% of requirements across the defense health enterprise.

The budget increases funding for military housing oversight by 82% over the 2020 budget request, which builds on the \$141 million investment by Congress also in 2020.

The budget also requests \$446 million in F.Y. '21 for MILCON [military construction] and O&M [operations & maintenance] disaster recovery efforts. In conjunction with prior reprogrammings, the supplemental funding and emergency fund -- funds, this fully funds all known disaster recovery.

ADM. BOXALL: This slide shows our military end strength request. You'll notice modest end strength growth in F.Y. '21 and across the FYDP [Future Years Defense Program]. This increase responsibly grows the force to improve readiness, modernization and lethality.

The F.Y. '21 end strength growth of roughly 5,600 personnel is driven by the transfer of 6,400 personnel from Air Force to Space Force. This transition will occur in expedition -- expeditious conditioned phases to best take care of our service members and avoid risk to current missions.

Navy end strength growth of approximately 5,300 personnel reflects the force structure increase. Marine Corps end strength reduction aligns with our 'Divest to Invest' strategy aimed at building a more lethal Corps.

Growth over the FYDP of approximately 19,000 service members reflects an increase in the reserve component end strength, driven by military technicians moving from full time active, Guard and Reserve; Army total force growth to improve readiness and implement cyber and multi-domain operations; and Air Force growth to asymmetric advantage areas such as cyber and Joint All-Domain C2.

MS. MCCUSKER: The next three slides list some of our major investments in nuclear deterrence, missile defeat and defense, aircraft, ship building, space, ground and munitions. I'll highlight just a few. The department remains committed to fully funding nuclear enterprise recapitalization and sustainment efforts and has made additional investments in the F.Y. '21 budget request.

This includes an additional \$2 billion for the Columbia-class ballistic submarine, \$2.8 billion for the B-21 bomber and \$1.5 billion for the ground-based strategic deterrent. For missile defeat and defense programs, the department plans to procure 40 sea-based interceptors, 168 advanced Patriots and 41 interceptors for the terminal high-altitude area defense program.

For aircraft, we have \$11.4 billion for F-35 to continue engineering development and operational testing and for the Block 4 continuous capability, development and delivery effort. The program continues to accelerate an organic depot repair capability to decrease depot repair times while increasing aircraft availability rates.

For ship building, this budget requests eight battle force ships, including two DDGs [Destroyer Designated Guided, or Guided Missile Destroyer] and one frigate, plus two large unmanned surface vessels.

For space, the department is on track to procure three launch services under the National Security Space Launch program, the next generation overhead persistent infrared system funds integration and launch costs for geostationary satellites 5 and 6, which are scheduled to launch in '21 and '22.

For ground systems, we have budgeted for more than 5,000 vehicles in '21, while continuing to efficiently fund ground vehicle modernization programs such as the Abrams tank and the Amphibious Combat Vehicle.

For munitions, we continue to carefully manage production and stockpiles. The JDAM [Joint Direct Attack Munition] stockpile is healthier due to our last four years of increased procurements. The SM-6 is being procured at the maximum rate of production, continuing a five year, multi-year procurement contract.

So consistent with the 2019 budget deal, we are requesting \$69 billion for OCO [overseas contingency operations] in three distinct categories -- direct war, OCO for enduring requirements and OCO for base.

Direct war consists of combat support costs that we do not expect to continue once operations end. OCO for enduring requirements includes enduring in theater and OCONUS costs that are expected to continue after combat operations end. And OCO for base requirements fund activities to ensure defense readiness.

Before we conclude, I would like to talk briefly about performance and stewardship. As we implement the National Defense Strategy and prepare for great power competition inside a flat budget, we need to make the most of every dollar.

This is why Secretary Esper personally led the Defense-Wide Review, to begin reforming the fourth estate, which is composed of all parts of DOD outside the military departments. The goal of this aggressive review was to free up time, money and manpower that could be moved to our highest priorities.

The DWR generated savings for reinvestment in lethality and readiness and identified activities and functions to transfer to the military departments. Also helping in our third line of effort, we recently completed our second department-wide financial statement audit, which covered assets of more than \$2.9 trillion. It is doing exactly what we need it to do. It is finding problems that we are fixing.

The data we are using from our annual audit improves readiness in cybersecurity, it helps us with -- with data analytics that supports our decision making.

And finally, this is a look at our '21 budget request as compared to the '20 enacted budget by appropriation type and title. The budget request supports the implementation of the NDS and promotes security for the nation while meeting the needs of our most important resource, our people.

And that's our briefer -- our overview brief and we're happy to take your questions.

STAFF: All right, we'll start with -- let's see, let's start over here with Paul.

Q: I just wanted to ask about the Ukraine security assistance initiative. Is the -- amount requested for that this year, how much is requested and is it the same or more or less from last year?

MS. MCCUSKER: Yeah, we have \$250 million for Ukraine security initiative in the budget request, which is actually the same as what we had last year.

STAFF: OK, we're going to go with Aaron.

Q: Thanks. Aaron Mehta with Defense News. A clarification on the nuclear stuff, you say \$28.9 billion for nuclear modernization. In the briefing books that were given, it didn't quite add up to that from some of the examples that were there.

I just want to make sure there wasn't DOE [Department of Energy] money in this total ...

MS. MCCUSKER: No, this -- this is DOD's money only. DOE's would've been separate on that slide I showed that had the total budget. There was \$35.1, DOE's money is in there.

And just two points, I guess, on the nuclear enterprise. 28.9 is kind of all appropriations for what we're doing in nuclear enterprise. You may also see a \$17.7 billion number, which is just RDT&E and procurements for the nuclear enterprise.

Q: And then specific to NC3 [nuclear command, control and communications], because just again, it's seven billion here. In the briefing book it said more like 4.2 billion was the number listed there.

MS. MCCUSKER: Same kind of difference there, the 4.2 would have been procurement and RDT&E, and the seven is everything that goes into that effort.*

Q: OK.

STAFF: And Tom?

Q: Tom Squitieri, Talk Media News. Thanks for doing this.

Admiral, you mentioned the money for more air tankers, fueling tankers. How does that match the need for those tankers? And is there a relative figures for any type of maritime cargo vessel within DOD?

ADM. BOXALL: I'll have to -- this budget right now talks to the tanker piece, as we look at the KC-46s, as they -- we took some out of the KC-10s and 135s. We've accelerated some of that and got rid of those ones that really take a lot of readiness. Having said that, we do have a requirement out there to keep 479 tankers. And we will continue to do that. This budget funds that.

Q: Where will we be on that, then?

ADM. BOXALL: Well, we meet this 479 requirement, and that is kind of the steady -- you know, we're not going to go less than that. We're going to maintain the requirement. So the obvious follow-on question, I'll beat you to it, is that, you know, as we discussed, there has been a lot of discussion about the KC-46, will it make it?

And the answer is, you know, we continue to -- you know, we'll always look at those programs which what we plan for versus how they carry out on the acquisition side. Most of them do well. Some don't. We will adjust as necessary. But we will maintain that tanker requirement.

STAFF: Phil?

Q: Question on the Syrian Democratic Forces, I mean, how much is being allocated to fund arms for them, support for them? And how does that compare to previous years?

MS. MCCUSKER: So in this year's budget we have \$200 million for Syria, which is the same as what we had last year.

Q: Is that for U.S. forces?

MS. MCCUSKER: No, that's just for the Syrian Democratic Forces.

Q: So it has stayed at about the same level?

MS. MCCUSKER: It has.

(CROSSTALK)

Q: Sorry, just a quick follow-up. One of my colleagues was wondering about Stars & Stripes. There has been some reporting that funding for them is going to be cut as well?

MS. MCCUSKER: That's correct. That was part of the Defense-Wide Review.

Q: Can you give me the data or numbers on that?

MS. MCCUSKER: Let me look and see if I've got the number specifically for that, but we have essentially decided that, you know, kind of coming into the modern age that newspaper is probably not the best way that we communicate any longer.

STAFF: I'm going to go to the front row right here, on the right?

Q: Meghann Myers, Military Times.

So the Defense-Wide Review found about a billion dollars in personnel savings and a few more -- a few billion more in warfighting and support. Where did that money come from? And where has it gone vis-a-vis this new budget?

MS. MCCUSKER: So if you look at a flat budget, any place where we have increases, so for hypersonics or AI for cyber, for nuclear, that's where the money went. And so we also have done some increases for our missile defeat and defense. So within MDA we took some savings from the Defense-Wide Review. And we applied those savings back into that same type of activity.

And so we can go through a couple of examples on, you know, sort of where the savings came from, to maybe just give you a little bit of a better idea on the types of things that we did. There is kind of a couple of categories. We've done some transfers, so there were some areas where we realigned money that was in an OSD organization, but that OSD organization was essentially passing that money through to a service say, for example, so child care fees, or for the acquisition workforce. So the money was just kind of going back to the service.

And so we've realigned that money into the services. We also have transfers from DSCA [Defense Security Cooperation Agency]. They were kind of holding all of money for COCOM security cooperation, so we kind of pushed that money back out to the services' support agents for those COCOMs.

We've got some reductions in our chem bio defense and in our cooperative threat reduction, where we've taken lower-priority activities and either transitioned those to a partner nation, or transitioned them into sort of higher-priority areas. In our counter-drug, we've ratcheted down our international support effort a little bit, based on, sort of return on investment.

And so those are some of the lenses that we looked at when we went through the Defense-Wide Review, was really, you know, sort of core functions, and, you know, return on investment. I mean, all of the things that we were doing were important, but we had to make some priority choices.

STAFF: All right. Tony?

Q: A couple questions. The size and scope of the defense budget compared to the mandatory and discretionary overall, for those who don't follow defense spending?

And then, the elephant in the room is this ship-building account. You're going to get skewered on the Hill, you're already getting it. What was the rationale from going to eight from the planned 10 last year, and the FYDP from 55 to 44? Is this an example of those tough choices you're making to align with the NDS?

MS. MCCUSKER: So I'll start with that one first, and then let you comment a little bit.

I think a couple things it's important to know about the ship-building. First of all, the department remains committed to the 355-ship Navy. When you're looking at the specific account that you're referring to, so the SCN [shipbuilding and conversion, Navy] account, I think it's also important to note that the Navy's O&M account goes up by \$3.4 billion compared to last year.

So we're very focused on getting our current fleet to sea. And so there's a huge readiness focus on -- on getting those ships out. We don't want to have a hollow force, and so we're -- you know, that's actually part of that increase in O&M as well.

I don't know, do you want to talk a little bit more about the fleet?

ADM. BOXALL: Yeah. I mean, Tony, it's a fair question. But, you know, you have to look at -- if you look at the budget, you look at where we could take money from, you look -- the people programs, we've just talked about how we have, you know, pay raise, we want to keep our people competitive, we want -- readiness, we want ships and aircraft and everything we have out there working today to be operating.

And then you look towards modernization. We -- that is one of the guiding principles of both the NDS and this budget, is to get after capability we need that we maybe don't have enough of or whatever.

So -- so you balance all that, you look at a couple places. You divest in those readiness things that I discussed, to kind of operate your force better, and then you have to kind of slow down your rate of acquisition programs to balance the budget.

So it is a tough choice. You'll see the high priorities are funded. I mean, Columbia, Virginia are in there, we do have them. But, again, this is -- these are part of the choices we have to make.

Q: I've got to ask you, the 355 goal, as much of a unicorn as it is, is that still -- is that in danger now, with this request? It was supposed to be hit by 2034, in the current Navy plan.

ADM. BOXALL: So as you know, 355 is the law, right? So we have a -- we have a desire to get there. The reality is, is that if you look at the money we have to get there now and the flat budgets that we have, we have to continue there. So the other part of this is not to just to say, we're going to keep buying the same ships, aircraft, vehicles that we've done in the past. We have to look towards a new warfighting strategy a -- not a strategy, a concept of how we will fight.

So as you see in this budget, there are also unmanned -- there's a large unmanned surface vessel, optionally manned, as you may see it. And then you also have XLUUVs

[Extra Large Unmanned Undersea Vehicle]. There's other pieces of this that could provide not just better value, but better concept value when you look across the balance of manned, unmanned, wider platforms in a distributed networked environment that's facilitated through the Joint All-Domain Command and Control.

So we have -- this is work that will continue, this is the first step. But, again, I think this is -- these are where we made the choices this year. I think it makes good sense, and I think we will need to continue to -- to explain where exactly we're going through additional wargaming and work that will give us the data to support the thesis that we think we can fight in a better way.

STAFF: Jeff Schogol?

(CROSSTALK)

STAFF: Jeff Schogol, please.

Q: Thank you. I'll ask my question and follow-up at the same time. Can you say how this budget funds border wall construction? And has DOD decided how much money it is going to use on border wall construction?

MS. MCCUSKER: So we have no request in the '21 budget for border wall construction. And we do have a request for assistance from the Department of Homeland Security that we're doing our due diligence on now. As soon as we have that complete and the secretary makes a decision, we'll inform Congress and then we'll make sure that we let you know.

STAFF: And Tony Bertuca?

Q: Tony Bertuca of Inside Defense. Two large cuts I was hoping you could explain. One, it looks like there's \$2 billion cut from autonomous systems from last year's request. What programs did you do away with, given the large amount of money that's cut from it?

And it also looks like the MILCON budget is going down about \$9 billion. Given, you know, what we know about the wall reprogramming, you're not asking for backfill, you're not asking for new money. It seems like that account is going to be stressed when you bring it to Capitol Hill. So why cut MILCON by -- by \$9 billion?

MS. MCCUSKER: So on the MILCON, you -- once you take out the disaster MILCON that we got in '20, the cut is not as extreme as you mentioned. But it is still a reduction from what we had in our '20 budget.

But if you look at '20 and '21 together, we have about \$23.6 billion in MILCON, in combined, both of those years and all of our disaster construction. And so we're going

to focus on the best, you know, sort of execution of those dollars based on our capacity of our defense contractors.

And the other thing we really looked at was, you know, the maturity of the projects that we're requesting in the budget. And we've had a rule of, you know, a certain amount of planning and design has to be complete before we request it.

And what we've seen is that these projects aren't always ready to go. And then they end up potentially costing us more money if they get delayed. So we kind of got a little bit more strict about that maturity. And so those two things together result in a lower actual MILCON request this year.

ADM. BOXALL: I was going to follow on real quick. The autonomous piece, the -- you know, I don't know the numbers exactly, I'll go look at it. But, you know, clearly, we are still in a move where we think that autonomous systems, remotely piloted systems, optionally manned, remotely piloted, the spectrum of manned to unmanned is going to be -- continue to be a developmental space.

Some of the things you talk about, I'm sure, are the prototyping, perhaps you're referring to the -- the optionally manned fighting vehicle, where the prototype is not funded, that perhaps is one of them.

But if you look at the concepts wider, Loyal Wingman, you look at the Navy MUSB, Medium Unmanned Surface Vessel, large unmanned surface, there's a lot of work going on into the R&D. So you're going to see some of that in the R&D lines that are spreading out that may not be as easily noticeable. Thank you.

STAFF: All right, Paul?

Q: Yeah. The 2018 National Defense Strategy prioritized a shift to the Pacific. What can you point to in this budget that kind of gets after implementing that strategy this year?

MS. MCCUSKER: I mean, I think there's, you know, a number of things that you can look at. We've got our, you know, sort of all-domain operations. When you look at the Pacific domain, you know, you may naturally think maritime.

But this is about space and cyber as well. And it's about, you know, NC3. I mean, it's about a lot of the things that we've really emphasized in this budget that go to that high-end fight in the Pacific.

ADM. BOXALL: Yeah, I'll just add on. I mean, yes, it is the Pacific, but it's about adversaries' worldwide capability. So it's not just what we're doing today here. I would argue space is probably the most noticeable.

Certainly where you are -- if you look at A2/AD environments -- Anti-Access/Area Denial -- or denied and contested environments, certainly, space is becoming more and more critical warfighting domain; so the investment in space, cyber, artificial intelligence, network operations, cyber offense - defense, while those aren't explicitly stated to be Pacific, it -- make no mistake, those are high end capabilities that will be most needed in the Pacific.

STAFF: We have time for just a couple more questions.

Q: (Inaudible) funds shifted from the Pacific to the Middle East or other areas?

MS. MCCUSKER: No, our OCO funds are still mostly in the Middle East and, you know, SOCOM, AFRICOM [U.S. Special Operations Command, U.S. Africa Command], although again, we do have an OCO for base category this year that has readiness lines associated with it.

STAFF: All right, we're going to go to Marcus.

Q: Hi. You mentioned several times at the beginning that the budget funds irreversible implementation of the NDS. What specifically makes it irreversible, particularly if a Democrat wins the 2020 election?

MS. MCCUSKER: So I think you heard the deputy talk a little bit about this when he did his introductory comments on some things that we've done structurally and organizationally, which of course, you know, over time could be reversed but we've stood up CYBERCOM, we've stood up Space Force, we've stood up SPACECOM, we've put a lot of investment into our enabling capabilities, like hypersonics, like cyber and artificial intelligence, and those are the types of things that, regardless of who is, I think, in charge, you would want to have U.S. competitiveness in those areas to -- to face a high end fight.

And so I think those are some of the elements that I would say come behind irreversibility of that implementation.

ADM. BOXALL: Yeah, I think we're just going in one direction with, you know, the -- to go after the NDS. It doesn't necessarily mean obviously, you know, any budget you have anywhere is always, you know, subject to, you know, the congressional appropriation, but it -- at the end of the day, as Ms. McCusker alluded, we are moving in the direction that we need to go after, you know, kind of looking at our last few years of doing land wars and now looking forward to a -- a higher end fight against an adversary that will have higher capabilities.

STAFF: We're going to move on to Richard in the back, please?

Q: Yeah, Ms. McCusker, you talk about shutting non-core functions. Can you be a little bit specific about where they might be in what the secretary calls the fourth estate, and is there any move to cut military housing in any way?

MS. MCCUSKER: The department is fully committed to military housing. I think you heard me mention that we've got an 82% increase in our '21 budget for our oversight of military privatized housing and so we're very committed to -- to that.

And you've also probably heard Secretary Esper talk about, you know, kind of his fourth line of effort, which is people and families. And so we're not doing anything in our budget to take our eyes away from the important resource that our -- you know, our people are for us and our support for them and -- and their families.

Q: What -- can you talk about shedding core functions within the four -- the fourth estate? Which -- which ones get cut?

MS. MCCUSKER: So I think we've got a couple of things going on. I mentioned a few of them earlier. We've also got the right sizing of our medical treatment facilities and the implementation of that. We've looked at our boards and commissions, we have a number of boards and commissions that are not statutory.

And so we've examined maybe getting rid of some of those that, you know, are of a little bit of a lower value for -- for what we're focused on now. And then we've also looked at things that have changed over time. For instance, our support for foreign military sales is not really fully burdened any longer.

And so we're looking at going back and making sure that as we have reduced the -- the rates on foreign military sales that we're recouping all of our costs associated with that. All of the people that work on those programs should be part of that FMS cost.

So those are a couple of examples of things that we're doing.

STAFF: OK, that's all of the time we have for questions now. So I appreciate you -- if you have any questions or any follow ups, please get with me, I'll -- I'll try to answer them for you. Thank you.

MS. MCCUSKER: Thank you.

**[Eds. note: To clarify, the NC3 FY21 request for \$4.2 billion is for procurement and RDT&E appropriation only. \$7 billion is the FY21 NC3 request for all appropriations (not just procurement and RDTE).]*

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