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# REAGAN NATIONAL DEFENSE FORUM

## PEACE THROUGH STRENGTH IN AN ERA OF COMPETITION

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**DECEMBER 1, 2018**  
**3:00 PM – 3:45 PM**

**PANEL 11**  
**REBUILD OR RETURN TO SEQUESTRATION?**  
**ASSESSING WHAT WE CAN EXPECT IN THE DEFENSE BUDGET.**

**Panelists:**

- General Jack Keane (USA, Retired) Former Vice Chief of Staff of the U.S. Army
- Congressman Steve Womack, U.S. House of Representatives, Arkansas
- The Honorable Robert Work, Former Deputy Secretary of Defense

**Moderator:** Mr. Marcus Weisgerber, *Defense One*

**Video:**

[https://www.youtube.com/watch?v=DNM7j\\_9x6j8&list=PLHNOi2zcxo7sBxM7HfhmB\\_tf6QXe\\_qj48K&index=14](https://www.youtube.com/watch?v=DNM7j_9x6j8&list=PLHNOi2zcxo7sBxM7HfhmB_tf6QXe_qj48K&index=14)

Weisgerber: Right now, we have a lot of debate that's about to happen over the defense budget. We're gonna set the table a little bit, before I introduce our panelists. It's not news to this crowd that we're coming off of back to back years of significantly increased defense spending levels. Everyone knows the previous six or so years before that was not exactly an easy time for the defense budget, continuing resolutions, budget caps, sequestration, short term budget deals, and now on top of that, so we have sequestration now threatening to return and the budget caps threatening to return. The president himself has ordered a 5% cut tot defense budget, which amounts to about \$33 billion. Then if the sequestration actually happens, it's more looking like it could be around \$75 billion or so, maybe a little bit more, maybe a little bit less.

Weisgerber: So, here to make sense of it all we have three great panelists with extensive experience in this area of defense spending. Their full bios are in your programs, so I'm not gonna bore you with that, but I'm gonna introduce them and give you some of the really relevant positions they've held that qualify them uniquely to be on this panel. Right to my right is Congressman Steve Womack, Republican representative from Arkansas. He chairs the House Budget Committee. He's an appropriator. He's also a retired Army colonel.

Weisgerber: Next down is former deputy defense secretary, Robert Work, former under secretary of the Navy, the guy who can't seem to shake being on a panel with me, as this now is I believe number five. So, Secretary Work, good to see you. Down at the end, retired Army general, Jack Keane, who oversaw Army budget process as vice chief. He chairs

the Institute for Study of War, lots of other things, extensive experience in advising defense companies, and also later this evening he'll be honored at the Peace Through Strength Awards. Congratulations on the award, and thank you for joining us.

Weisgerber: One more thing before we get started. You may submit questions through the Reagan National Defense Forum app, [www.RNDF2018.org](http://www.RNDF2018.org). Plus, those of you viewing online and across the country may submit questions via Twitter using the hashtag #RNDF. All right. So, here we go. Housekeeping's out of the way. I wanted to start with Secretary Work and General Keane. Talk to us a little bit about as we're going into now this new budget debate that's about to happen, where the Defense Department should be prioritizing.

Work: Well, first of all, I don't think the president has ordered a 5% cut. The FY19 budget level is 716. The department planned for it to be inflated, and so the 733, and the president has said, "I want you to make an alternate budget at 700 billion. So, the 5% is off of a planned number. It's really about half of that when you look at the year to year increase. Now, everyone's getting all excited about this. This is really all about negotiating strategy in my view.

Work: If the budget drop in February is 700 billion, that would seem to indicate that the president's concern about deficits outweighs his concern about taking a defense cut. If the number comes in at 733, it would seem to indicate that the president was convinced by Chairman Thornberry, Chairman Inhofe, excuse me, Chairman Smith, Chairman Inhofe, Secretary Mattis, that deficits need to take a backseat to our defense build up and come in at 733. He could split the difference and come in at 716.

Work: So, it's really just talking about the negotiating strategy now. Between February and October of next year there's going to be a lot of negotiations. I would just say that the conditions of 2012 have been replicated. There's been a change in the House, so you have a divided chamber. Deficit concerns are rising, and everyone says that sequestration will never happen again. Well, I was in the Department of Defense, and for a year and a half I was promised by every single member of Congress that I spoke to that sequestration would never happen, and certainly it did. Right now, I think what we should look for is what is the signaling that's going to come out in February. I think Secretary Mattis is gonna make a very strong push that we should continue the buildup that President Trump started.

Keane: Yeah. Well, I'm not as trustworthy as my friend, Bob, here is, because I think there's a fox in the chicken coop, and that fox is the Director of the OMB. Anybody that knows what I'm talking about here ... All right? This is the guy. He's a deficit hawk. He proposed a much lower budget than what the Congress approved in FY18. He put that number up there, and McCain and Thornberry doubled it. He's circling back around now, after two installments on a defense buildup is only a down payment in terms of where we need to be. We need five steady years of sustained and predictable funding at a minimum. Anything less than that is an unacceptable risk. That's the reality of it.

Keane: Now, will there be some negotiation? To be sure. Secretary Mattis will be able to weigh in here. Certainly the Congress of the United States will have a say, but we also have to be realistic. I think Chairman Smith over on the House on Services Committee is likely gonna have a lower number than what Jim Inhofe wants. Most people agree with that? I suspect so. If you've been following what's going on here, they've already made a statement that the defense budget's gotta come down. We're spending too much money on defense.

Keane: The president himself has a tendency to think because he's made a decision and that decision is being executed, that it's done. If you ever listen to his remarks he makes when he's talking to the troops, "Hey. Look at, I fixed you. You've got new equipment coming. You have this. You have that," because he's made a decision and he's executing it. We all know there's not a single piece of new equipment that's in anybody's hands as a result of the FY18 decisions, the FY19 decision. You own most of those instruments, and you know you haven't put anything new in their hands yet. Has readiness come up? Yes. Are we funding for increased capabilities that will show up at some point? Absolutely yes. All of that has to be done.

Keane: But at some point the leaders are going to have to make the case to the president, because I am concerned that the director of the OMB is blowing in his ear that the deficit is mounting, and defense has got to take its fair share here. That would be a huge mistake, given the depth of a problem, given this deep hole that we are in. You know what happened to us. We were involved in the 9/11 wars. As they started to wind down, what we should have done is refreshed our military capability in terms of our conventional war fighting capability. We've been fighting unconventional wars, and we didn't do that.

Keane: Quite the contrary. We took devastating cuts in the defense budget, using the Budget Control Act or sequestration, which in my mind was a decision that is bounded in profound recklessness. That is what happened. We have not even close to recovering from that. If we come in at the number of \$700 billion, there is no growth in Army force structure and Army brigades. The Air Force goes back to a smaller Air Force than they were in 2016 when the president was elected. That's the seriousness of what we're really talking about. You just don't halt the defense buildup. You're taking a cut at it, and we're starting to go back where we were. We just got to educate people on what is truly happening and how serious the problems are that are facing the Department of Defense.

Weisgerber: We'll get actually to a little bit of that when we talk a little bit later about the survey that the Reagan National Defense Forum did about kind of who supports defense increases and who doesn't. Congressman, I wanted to move over to you for a second. Talk to us a little bit about how you see the next year shaping up in Congress with Democrats about to take over control in the House, and when do you expect the negotiations to kind of start taking place? Are we gonna be waiting right up until the very end, like we became accustomed to in prior years? Kind of what do you think the fights are gonna be over the types of programs? I know we've heard nuclear modernization thrown around a little bit. What's your take on that?

Womack: There are going to be a lot of arguments about numbers, as their traditionally are, but remember. We're coming out of an 18 and 19 cycle where we had a bipartisan budget agreement. We had top line numbers, so appropriators could deal with the spending issues of the country on the discretionary side well in advance. We were able to get a full funding of the national defense apparatus and other programs all the way through the fiscal year, although we still are a little short in some other areas. We've kind of lulled ourselves into believing that we've got this budget and appropriations process fixed now. It is not fixed.

Womack: We have to go back now in divided government, with the House under Democrat leadership, and try to negotiate another caps deal, because the starting point is not going to be \$700 billion. The starting point is the sequester number. Sometimes we forget that. Where will we end up? It's gonna be dependent on just how much the other side demands. In the past it was dollar for dollar. They didn't get dollar for dollar, but on

the non-defense discretionary programs that they love, how much are they going to demand that those be funded? That conversation is probably already underway in a mild sort of way. It will ratchet up early in the new year, and there will be a very robust discussion as to exactly what we're going to do with what we call the 302A numbers. So, the budget resolution, provided we do a budget resolution or they do a budget resolution, is going to have an impact on that.

Womack: But I want to say this, because I may not get another chance to say it. We continue to fight over discretionary dollars. We have some of the most intense fights in the Congress over discretionary spending, the amount the appropriators spend. The real issue facing this country is what's happening on the mandatory side, which is about 70% of the federal budget now. In our 10 year budget window, we did a resolution this year, but in our 10 year budget window mandatory spending unchecked consumes about 80% of the federal budget in the 10 year budget window. Net interest on the debt becomes as much as we are spending in our defense programs. So, we continue to beat ourselves up over all of these discretionary issues, and how to fund national security, how to do bridges and overpasses, how to fund national institutes of health.

Womack: The real challenge for this country is when are you going to acknowledge the problem you have with your fiscal glide path is on the mandatory side of spending. To the general's point, the OMB director has been unsuccessful in convincing the president, though he's tried, to concentrate on those mandatory programs. So, now, the issue is how much are we gonna cut out of discretionary? That's not gonna solve the problem.

Weisgerber: Talk to us a little bit. We were just chatting in back, in the green room, about process reform and kind of looking differently at how we do the defense budget, looking at it maybe in a multi-year cycle. Tell us a little bit about the work you were doing there and kind of where that stands.

Womack: Well, it was kind of a sad moment on Thursday. In the bipartisan budget agreement there was created a joint select committee to study, using the 1974 Budget Act, study the process, and arrange for, report out some changes we could make to the 74 Budget Act that would give Congress the ability to stop this craziness of CRs, and [OMNIs 00:13:42], and government shutdowns, and this sort of thing. Now, understand that in the statute that created the committee the reporting threshold was five and five. There were 16 members, but you have to have five Republicans and five Democrats to either amend or report out the program.

Womack: We were successful in moving the chain, so to speak. We agreed on biennial budgeting, using the 18 19 plan as kind of our blueprint. We agreed on annual appropriations, to give Congress oversight. We agreed on annual reconciliation, so that we could attempt to go after mandatory spending constraint and a few Senate issues. When we got to the finish line Thursday morning at 9:00 when the roll call was taken, even though we had agreed with five and five on all those amendments, I had four Democrats vote present. Present. So, what we began with was a broken and flawed budget and appropriation process, and what we gave to the country was a broken and flawed appropriation process. As I said in our remarks that day, Congress has earned its very low approval rating as a result of that kind of gridlock.

Weisgerber: Again, you think we're gonna be in a forcing function like the end of the fiscal year before we actually get to a point where we actually get a deal, or do you think-

Womack: The varsity sport of the United States Congress is jumping off of cliffs, and we will go right back to cliff jumping, unless the four corners of leadership in the next Congress can

agree to budget caps, a change in those top line numbers, that we can get through both the House and the Senate, signed by the president.

Weisgerber: Secretary Work, I wanted to pivot over to you. When you get guidance ... I know you were just saying earlier about how that 733, 700 doesn't matter, but we've been hearing from panelists here today how the Pentagon has been building its budget towards 733. When you get a bogey like this so late in the game, basically if you're somebody ... I know ...

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Weisgerber: ... it in the game. Basically, if you're somebody ... I know you were there when a lot of this happened in the past, where do you go to get that money? Is it modernization? Is it force structure or somewhere else?

Work: Well, a couple of points. I think you all know defense spending goes through a sinusoidal wave since the end of World War II. There's generally a build up, and you have a peak of wartime spending and then there is a drop in spending, and then it picks up again. The other key thing that has impacted is concerns over the deficit. The 1985 Gramm–Rudman–Hollings Act started the longest sustained defense drawdown since World War II, and it was driven by concerns of the deficits. And this particular drawdown was as a result of the budget control act.

Work: I was talking with someone, I won't name his name, but he said, "Look, if you just take a look at all of the paper that China holds, and you do a straight interest rate analysis paper on our debt and we're servicing and paying them back, we, the United States are paying for the entire Chinese defense budget. We are. Not them. We're paying out of our deficit." Now, I haven't worked the numbers, but I really respect the person who told me this. I am going to check the numbers, but the deficit is important. I think Senator King said that this morning.

Work: The other thing is even if we go to 733, if we go with the rate of inflation, that is a real cut. People don't know or just don't recognize that personnel costs and operations and maintenance costs, readiness, inflate faster than the rate of inflation. Secretary Gates said, "If you don't get 2-3% real growth per year, you cannot hold the force structure that you have." Todd Harrison, by the way, just did a tremendous analysis on this, and he says it's 3-4%. Even if we went to 733, we wouldn't be able to afford a 355 ship navy or a 540,000 active duty army. This requires choices. It requires prioritization.

Work: And when you take these particular cuts, you know, plan for 733, but make an alternate at 700. If it had come early in the process where the Department of Defense would have been able to build from the bottom up, you would have gotten one answer, but because it came so late in the process, all the personnel costs are pretty much cooked. All of the O&M costs, given the priority on readiness, you're not really going to cut. So you inevitably have to go after modernization, and that's the absolute worst thing to go after right now. If there was a bias between capability and capacity right now, there is no doubt in my mind that the department needs to put a bias towards capability because we are not falling behind Russia and China ... We're falling behind Russia and China in numbers in certain areas, but the key thing we're falling behind on is capabilities, is advanced capabilities, and we have to address that.

Work: And so it's very, very concerning that the cuts, that the ... do an alternative budget this late in the process. You're going to have to go after modernization and Secretary

Shanahan, Deputy Secretary Shanahan, essentially said, "Hey, I don't want to do this, but that's where I got to go."

Weisgerber: As a follow up to you, and also down to General Keane, I'll pose the question. Does this stuff like the navy coming up and saying it needs 355 ships, the air force more recently coming out saying it needs 386 squadrons, does that end up potentially hurting them in the end in that they could perhaps have to put too much money toward that and then suffer in other areas?

Keane: First of all, let me comment on something Bob mentioned. Because he put his finger on something. I was on this commission dealing with the National Defense Strategy, and I tell you, we can't discuss in this forum the concerns, the depth of the concerns that we have, and it is alarming. Let me just put it that way and get your head into that thing, and you'll see some of the things that we are saying.

Keane: We are flat out saying that we haven't had a security risk like this in decades. We are saying that we agree with the National Defense Strategy that we cannot fight two wars simultaneously. We used to have two and a half? There was one and a half. We can't do two simultaneously, and we are saying, as members of the National Defense Strategy, that we will struggle to win against Russia or China and we could lose.

Keane: Now, if you think we're the only people saying that, early 2017 in front of the Senate Armed Services Committee, the chief of staff of the army, Mark Milley tells chairman McCain, and the committee that I'm at high risk to win a conventional war against a peer competitor. No service chief has said a statement like that in over 40 years. What does McCain do? He pulls the other ones back. This is a posture statement, army. He pulls them all back, and he asked them the same question, and I answered it in their own words with the same answer. Davidson, he's the Indo-Pacific commander, just took over. He says in a public forum as he took over, there's no guarantee that we can win a war against China today. No.

Keane: There is a body of alarm out there in terms of the danger that is facing this country, and we got to get our head into it. We have got to understand what's happening, and you've got the help as informed and educated people about this, others as well. This is not go along as usual, we are facing a serious threat. If we go to war against Russia and China today, we are going to be challenged to have air superiority. Just think about that. When's the last time we had a problem like that? World War II. Do you know how vulnerable a ground force would be in Europe fighting against the Russians? And we do not have air superiority to protect that for us. The amount of casualties we will take will be on a scale we have not seen since that world war.

Keane: The amount of casualties we take in the air, fighting for air supremacy at times, much less air superiority, are going to be significant. And our ships are going to have to fight their way in so they can deliver those cruise missiles and guess what? The long range missiles that the Russians and Chinese can range those ships before they can launch their airplanes to be effective. These are serious, serious problems we got, and we got to get our head around it. And when you talk about Defense's contribution to the deficit, it is minuscule compared to what the congressman is talking about in terms of mandatory spending. That's where the problem is, and yes, we got to get the president understand that.

Weisgerber: I want to take a moment now that's a good segue into the survey that the Reagan National Defense Forum did in regards to military spending, and see if it works. Nope. I'm trying to get a slide up here for you. There we go. So, as you can see, they found 48%

of Americans strongly favor increased military spending. The rest of the results on the screen as you can see. The demographics vary when it comes to age, education, political party. One of the things that actually surprised me on it was that 52% of active duty households support, strongly favor, increased military spending. I figured it'd be probably higher than that. But nonetheless, like many things in the country right now, Americans seem to be divided in a type of way.

Weisgerber: Congressman, let's move over to you. You all are very passionate about the need for this. General Keane has laid out what his committee, and the threats that are being faced, and their conclusion. How do you communicate that with the American people? And I also want to quickly point out that I believe that this survey, 40% of Americans view China as an ally, which was quite startling. I think it would be quite startling to this audience. How do you communicate with the people?

Womack: Well, part of the challenge is the general public generally do not understand the depth of the problem. They don't understand the difference between what we do with discretionary spending versus what mandatory spending is about, but they do understand this. They understand that \$21 trillion of debt is a lot of zeros, and so any government spending then automatically becomes the root factor in people having some disdain for congressional spending.

Womack: What we have to do a better job of, and in my view, we need to make sure this message is heard loud and clear in the White House, that the real issues facing the country are really less about what we're doing with our constitutionally-mandated programs, read National Security, and a lot more to do with the promises that we have made that we are now becoming to understand are a weight on this country dragging it down. As an example, and it's going to get worse, it's not going to get better. This is going to go out to 2030 as the baby boomers continue to retire into these programs. The Hospital Insurance Trust Fund runs out of money in just a few short years. The 2025 timeframe. Social Security will not have enough money coming in to pay its benefits by 2033/2034. That may even accelerate a little bit more.

Womack: Congress will have to do something about these programs, and the point I'm making is this, that people do not understand that the growth of the mandatory programs is creating intense pressure on the discretionary programs that people most know their government about, National Security and so on. And as I said, in the 10-year budget window that we did, it goes to 80%, and so there's gonna have to be some relief, and that relief can only come if we get serious about reforms to the entitlement programs that are putting this country on a rapid descent into insolvency.

Weisgerber: Secretary Work, is there anything on ... of those numbers that stands out to you? It's striking to you?

Work: I actually hate questions like this because it only matters if you say, "Here are five different things you can choose from infrastructure, healthcare, education, military spending, going to Mars. Rank them in the order of priority you would put in the budget." Then, you find out what the American people really think. If you just go up to someone and say, "Hey, you want to go to Mars? Should the United States go to Mars?" There's a very high percentage of Americans who say, "Yeah, let's go to Mars. Let's do it."

Work: Well, you want to spend ... If you had a choice between going to Mars and having your healthcare funded, what would you choose? And they'll choose healthcare. Look, the secretary said, I mean, he believes what he said today and so does Chairman Dumford.

They have both said in many, many fora that as of today, we could ultimately defeat any aggressor or any enemy in the world, but by 2022, 2023, 2024, if we don't bend the trend lines, then it's not so clear. I agree with Jack in that you got to keep the buildup going. You have to keep stable spending so that you can continue to go after these capabilities. And if you listen to Secretary Shanahan, Deputy Secretary of Defense, he says, "Look, no matter what level the budget is, we're going to protect space. We're going to protect cyber. We're going to protect hypersonics."

Work: Even if we went from 733 to 700 or even lower, I don't know. It's clear that the department have said these are areas we have to compete in to make sure we maintain that. From my perspective, I think we risk over-hyping the threat, what we need to hype is, the questions that we've been talking is, convincing the president, the American people and congress that we need to continue to fund at least at the level we are now, and then we can debate over how much more money you might want to put in. \$700 billion buys you a lot of modernization and buys you a lot of capabilities. But as of today, I think our senior leaders are very confident that if China or Russia decided to take us on, with our allies, we'd be able to prevail. Would we have a lot of casualties? Absolutely. Would we lose a lot of ships? You betcha. Would we lose a lot of airplanes? Unfortunately, yes. But in the end, the expectation is that we would win.

Weisgerber: Does it have to take something like that to act? Would something like that, a catastrophic event like that, does it happen ... What would you think it would take something like that to change public opinion on this subject?

Work: Actually, I actually think the 2020 election could shape up into a guns versus butter debate. The only disagreement I would have with the congressman is I don't believe it's all discretionary spending. It's revenue. We've fought two wars now without any type of tax increased. In my view, that's unconscionable. I consider myself a smaller Eisenhower Republican. I think we've all gone the way of the Gooney birds and a blue dog democrats. But I don't think a president like a Eisenhower would ever say, "Hey, we're just not going to fund war in deficit spending. We're going to make this a requirement for every one of our citizens to pony up." I think revenue is an important part of this, and I'm hoping that secretary Mattis and chairman Smith and chairman Inhofe, will be able to convince the president that we ought to at least stay at the ...

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Work: ... Inhofe will be able to convince the president that we ought to at least stay at the 733 if at all possible, given all of the other priorities that the president's gonna be faced with.

Weisgerber: Reminder that you can submit your questions on the Reagan National Defense Forum app and using the hashtag #RNDF. General Keane, I wanted to talk to about you have extensive experience in the business community. One thing we always talk about, and I want to also get Secretary Work's opinion on this, is budget cuts and whether or not they actually can drive change or efficiency within the department or change in business practice. I see you laughing there. General Keane, talk to us maybe about some business practice changes that the Pentagon might be able to make that could help it, regardless of whether or not the budget goes up or down.

Keane: Well, first of all, I'm not convinced that budget cuts drive any efficiencies in terms of change. We have a tendency to go right to forced structure, cut it near-term gain, and delay modernization programs or cut those programs. That's kind of how we normally behave. Listen. If you talk about defense reform, the truth is all of our eyes are just

gonna roll and say, "Oh. We've heard that before, and it just never happens." Right? But there are some things we could really do. A lot of you out there are business people, and you watch us, and you do something totally different than what we do. We could bring some of those practices into this department.

Keane: I told that to the president when we were having a discussion over a job back in November. I said, "You know, the Department of Defense, the way to look at it, as a business man yourself, is DoD's not a business, but it has business-like functions. You can bring in practices that can absolutely improve those functions." Real estate. We have huge real estate holdings. How much? Three billion square feet, a trillion dollars worth of real estate. One of the largest real estate holders in the world is the Department of Defense, just that function alone. Of course, the president-elect perked up, because we're talking about something he knows something about.

Keane: Also, utilities, logistics, maintenance, what the business community would call new business development. We have this god forsaken word called acquisition, and there's a stigma all associated with that in and of itself. But these are major functions that I think we could really get our hands around and make some change. Let me give you another example. In the United States Army I had a guy who was the assistant secretary, and he was running around the Army championing ... He was a real estate developer championing a concept of what we could do with Army housing. We eventually called it the Residential Community Initiative.

Keane: This guy walked into my office. I was a new guy there. He put it in front of me, and it made so much sense. I had commanded Fort Campbell, Fort Bragg, Fort Chaffee, and I was always after innovation, in terms of trying to save money. I wanted to outsource my utilities, because what am I doing in the water treatment business? Why am I in the power plant business? Come on. I can't run those functions properly. The guys out the gate do that so much better. Why am I in the motel business? The Army was the seventh largest motel owner in the United States. Why are we in that? We run the largest daycare operation in the United States. What are we doing that for? We do it kind of, except for daycare, sort of B minus at best, because we're not Marriot or whatever. Marriot's the wrong word to use today I guess.

Keane: We took 86,000 homes ... and this was his idea, and I became his champion. It made so much sense to me. It was something I was looking for. We had those 86,000 homes. We owned the land, but we leased the property for 50 years with an option for 25 more. As opposed to going into military construction Army, where those homes are, and they pay for them, but they also, out of there comes the maintenance upkeep of it ... In the military installations I was running, as a commander and chief of staff three times, six times I had a bite at this apple in dealing with installation issues. I could not keep up with the maintenance of those homes for those youngsters. I just couldn't keep up with it. So, what did that mean?

Keane: I had quality of life issues. People are afraid. People are ashamed to show their mother-in-law who's coming. All right? The other son-in-law is living a pretty decent life, takes nice vacations in Europe, and they're coming in to see my sergeant or my captain, and they're a little ashamed of the houses that mother-in-law's gonna see, where her daughter is staying. These are real issues. This is quality of life. These are one of the things that keep people glued to the profession. It's the high satisfaction to be sure that you're doing something to contribute to the country, but your lifestyle's gotta be adequate.

Keane: So, we went after this thing. We touched all of the 86,000, listen to me, in seven years. Seven years, we touched every one of those houses. We took the money out of the personnel account, as opposed to military construction, real money on the table, long term investment. Business, very attracted to that. They see 50 years with a 25 renewal. That's a big deal. Now, we're monetizing that function. The quality of life in those homes went up. They took those homes and did things the Corp of Engineers couldn't even conceptualize.

Keane: I lived in Corp or Engineer housing most of my life, before I became a general. Let me tell you something. There is no aesthetic or redeeming value. You don't know where to put your garage cans in the front of the house. There's no identification that would tell you which is the front or the back. When you arrive, there's no sense of arrival. They built homes like they built barracks, so much damn cordwood. All right? That's what they did. They did that all of my life in the military, until they handed me a mansion, because I become a general officer. All right? But that's not the way I lived. I lived just the way they leave, stacked up seven or eight of these things in a row. All of that changed.

Keane: People live in quality housing. We can monetize these functions. We have under utilized administration office space, warehouses, you name the facility. You go across the military, there's hundreds of millions of square feet that are underutilized. Monetize that. Somebody can use that space. Monetize it. Let's start making some money. These are just some of the things you can do. I mean, lord knows. The reason why your eyes roll when you say defense reform, because you know what kills it? What kills it is you've got the good intentions, but you can't change the process. We live in silos. You can't get cross-function. You can't get cross-department.

Keane: Then when you're actually trying to do it, you got so many people involved in the bureaucracy that have got to say yes to it, that that great idea dies of its own damn weight, and it just doesn't happen. But I'm convinced if we go after this thing, yes, I think there's some money there for us, but I'm not saying that's a substitute for a budget that sustains our capability and is predictable. I am not suggesting that at all, but I do think there are ways we can improve how we do business, and there's people out there that can clearly help us. Some of them are sitting right here in the room, to tell you the truth.

Weisgerber: So, we gotta go into the lightening round real quick. We have about three and a half minutes left. Congressman, the question we have from the audience or from the Twittersphere, if you will, "According to an Atlantic article published shortly after the 2018 midterms, there was a 188% surge in young people voting, compared to the 2014 midterms. Given that polls constantly show that young people are less supportive of defense spending, how can we sustain an adequately resourced military over the longterm?"

Womack: Well, you just gotta make the case to the younger generation that national security is a national imperative. The fact is, and we saw the numbers posted up here earlier in a previous hearing forum, that fewer and fewer people have any contact at all with the United States Military. We've got to continue to impress upon them that the ... I think a lot of it's driven by the fact that they know we're \$21 trillion in debt, and they know deficit and debt is a big deal, and it's now impacting a low of programs that they rely on, not the least of which is maybe education, and cancer research, and some of the other things that discretionary dollars go for. We just have to make the case, so I've said, until I'm blue in the face.

- Womack: I'm a budget chair, okay? So, I look at this stuff every day. We have a serious problem going on that the Congress doesn't look at at all on the mandatory side, Social Security, Medicare, Medicaid, net interest on the debt, these programs that just go unchecked year, over year, over year. Until there is a crisis moment in this country where some of those programs begin to shut down, they continue to consume more of the dollars that we should be pumping in to national security through the discretionary program. Again, I think we have to make the case to the American people. As you mentioned a minute ago, Marcus, sometimes it takes a catastrophic event for people to finally get it. The light comes on that, hey, this national security is a pretty big deal.
- Weisgerber: So, really quick, last one. I guess Secretary Work, we'll throw this over to you. Also, thanks to the person who asked the last question. Atlantic Media is the parent company of Defense One, so thank you for citing one of our articles. "What are the implications of the Pentagon audit, and will it result in the Pentagon failing its audit? Will it result in meaningful reductions in wasteful spending?"
- Work: Look. I was actually happy we only had 20 material deficiencies on our first audit. We're talking about a \$2 trillion agency, department, and we aren't a business. I mean, we have business functions, as Jack said, but our mission is the application and management of violence. Guess what? In the application and management of violence effectiveness should trump efficiency. Efficiencies are important, and for the last 17 years, when we really haven't had to deal with large peer competitors, and we've pretty much been able to have enormous strategic freedom of action, focusing on the cross-enterprise business operations, like healthcare, real estate, personnel management, all of those things, there is a lot of money to be saved, not as much money as people think.
- Work: But, look. When you're up against a China ... In the last 17 years, we said, "Hey. Let's make our mobile logistics forces in the Navy efficient." We have two submarine tenders. Two. Well, submarines need to reload their torpedoes in time of war. Right? So, where would they do it? Why don't we have 15 tenders? Well, it was a lot more efficient just to have two, because we would go against two rogue states, and we could have one at each theater. No big deal. But I guarantee you you're gonna need more tenders against a China. You're gonna need more oilers. You're gonna need more logistics ships. We can over-efficiency ourself to a very, very bad place.
- Work: That said, I think the audit is really gonna help. We're gonna learn from it. I have enormous, enormous respect for David Norquist, who's the undersecretary of defense for the comptroller. That guy has his head on straight. The department's going after cost accounting, which is a lot worse off than financial accounting. Because of the Anti-deficiency Act, if the Congress says, "Spend this much money on Navy ship building," we'll spend that much money on Navy ship building. We might screw up the invoice or something like that, but you can tell every American, "Look. There isn't fraud, waste, and abuse going on here. We're gonna spend that money."
- Work: But if somebody came to me and said, "How much does it cost to do real estate management in the department?", the cost accounting aspect of it we just don't know. We don't have the data. So, the department's going after that. I believe that Congress is gonna be very happy ultimately with our ability to tell what the cost of business is, how we will take money out of it, and our auditing will get better, and better, and better, but it's gonna be a slog. This is a tough, tough ... There isn't anything like it in the world.
- Weisgerber: Well, we're out of time. So, please join me in thanking our panelists.
- Work: Thank you.

PART 3 OF 3 ENDS [00:46:24]