**House Armed Services Committee Ranking Member Adam Smith Opening Statement**

**Full Committee Hearing on:**

**Oversight and Reform of the Department of Defense ‘4th Estate’**

**April 18, 2018**

~\*~

Thank you, Mr. Chairman. I wish to welcome our witnesses and to thank them for appearing today. Their expertise will undoubtedly assist us in assessing the status of the disparate collection of offices, organizations, agencies, and field activities that make up the portion of the Department of Defense that is separate from the military services - the so-called Fourth Estate.

We have a duty to manage our country's resources responsibly in fielding an effective military force. I have said many times that we must invest wisely in national security and that we must be realistic in managing limited resources. We will need to find new ways to realize savings within the defense budget, and, in doing so, we will need to scrutinize tradeoffs within the defense enterprise and make tough budgetary choices. To an extent, the new National Defense Strategy recognizes this need, as it identifies “reforming the Department’s business practices for greater performance and affordability” as a primary line of effort.

The idea of searching for savings within the Fourth Estate isn’t new, however. Since 2010, the Department has engaged in numerous organizational, managerial, and business practice reform efforts to establish greater efficiencies and to achieve overhead cost reductions. Although these efforts predicted material savings, it remains unclear how much money was actually recaptured. It is clear that meaningful reform requires long-term commitment.

Yesterday, the Chairman proposed legislation that would cut the Fourth Estate’s funding levels by at least twenty-five percent by the end of fiscal year 2020, while exempting the military services. The Chairman’s proposal would also target seven entities within the Fourth Estate for elimination, including the Defense Technical Information Center, the Office of Economic Adjustment, the Test Resource Management Center, the Washington Headquarters Services, the Defense Information Systems Agency, the Defense Technology Security Administration, and the Defense Human Resources Activity, and it would require plans for combining the functions of the Defense Contract Audit Agency and the Defense Contract Management Agency and for streamlining the Defense Finance and Accounting Services. These would be major changes.

I commend the Chairman’s dedication to departmental reform, and I appreciate that his legislative proposal is intended to spark substantive public discussion. It raises many significant questions. I am concerned that, in its current form, the proposal could deprive several critical defense functions of resources and sufficient institutional capacity. I look forward to evaluating the Chairman’s proposal in further detail, and I will work with him to address concerns and to improve the Department’s mission performance.

Thank you, Mr. Chairman.  I look forward to our witnesses’ testimony.