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HEARING

ON

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2012

AND

OVERSIGHT OF PREVIOUSLY AUTHORIZED PROGRAMS

BEFORE THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

FULL COMMITTEE HEARING

ON

BUDGET REQUEST FROM THE DEPARTMENT OF DEFENSE

HEARING HELD
FEBRUARY 16, 2011

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FISCAL YEAR 2012 NATIONAL DEFENSE AUTHORIZATION BUDGET REQUEST FROM THE DEPARTMENT OF DEFENSE

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, DC, Wednesday, February 16, 2011.

The committee met, pursuant to call, at 10 a.m., in room 2118, Rayburn House Office Building, Hon. Howard P. "Buck" McKeon (chairman of the committee) presiding.

OPENING STATEMENT OF HON. HOWARD P. "BUCK" MCKEON, A REPRESENTATIVE FROM CALIFORNIA, CHAIRMAN, COMMITTEE ON ARMED SERVICES

The CHAIRMAN. Good morning, ladies and gentlemen. Thank you for joining us today as we consider the President's fiscal year 2012 budget request for the Department of Defense.

On Monday I had the opportunity to sit down with Secretary Gates to discuss this request. Based on the information I received, I am pleased to see that the budget continues to support our military men and women fighting in Iraq, Afghanistan and elsewhere. The budget provides much needed increases in several key areas such as military personnel and missile defense.

I am also pleased that the Department is taking our Nation's financial position into account and has identified savings from lower priority programs and efficiencies that can be reinvested into force structure and modernization. As chairman, I, too, am concerned that every dollar be invested in core missions of the Department. Now it will be up to us, the members of the Armed Services Committee, to take up this proposal and scrutinize it with a fine-tooth comb.

We must ensure that every dollar is spent on the right equipment, training and support needed by our troops, their families and the Nation's defense. Understandably, there will be winners and losers in this process. Tough choices must be made, but I will not support initiatives that will leave our military less capable and less ready to fight.

In the request before us, most concerning is the reduction of an additional $78 billion from the Department's funding top line, including a $13 billion cut in 2012, ultimately leading to zero percent real growth in the outyears. Much of this savings appears to be generated with the reductions to Army and Marine Corps end strength in the 2015 to 2016 timeframe. The decision to reduce end strength seems premature given the uncertainty in predicting the full range of force and manpower requirements in Afghanistan after 2014.

Furthermore, while some claim the reductions are not budget-driven, I note that the savings from these reductions were included in the Future Years Defense Plan even before the Marine Corps completed its force structure review and before the Army had even begun one. Both services have borne the brunt of two wars for the past decade, and neither has reached its objectives for Active Component dwell time of 1 to 3. I cannot in good conscience ask them to do more with less.

There are additional proposals that immediately warrant special scrutiny, like the Expeditionary Fighting Vehicle, for which an unfulfilled requirement remains. We must understand in greater detail how the Department proposes to address this capability gap before we can support abandoning a $4 billion investment we have already made.

On a slightly different note, I would be remiss if I did not acknowledge that the new Congress must finish work on defense appropriations legislation that was left unfinished in the 111th Congress. I have concerns about the implications to our troops of funding the Department of Defense at fiscal year 2010 funding levels in a yearlong continuing resolution [CR]. Therefore, I am pleased that the House has taken up a defense appropriation for fiscal year 2011 this week. While I am disappointed there were not higher funding levels for defense in this legislation, I support all efforts by this Congress to avoid crippling the Department with a continuing resolution.

I would like to conclude by welcoming our witnesses, the Honorable Robert M. Gates, Secretary of Defense; and Admiral Michael G. Mullen, Chairman of the Joint Chiefs of Staff.

I look forward to continuing an open dialogue with you on these issues.

[The prepared statement of Mr. McKeon can be found in the Appendix on page 61.]

The CHAIRMAN. Now I will turn to my colleague and good friend Ranking Member Smith for his opening statement.

STATEMENT OF HON. ADAM SMITH, A REPRESENTATIVE FROM WASHINGTON, RANKING MEMBER, COMMITTEE ON ARMED SERVICES

Mr. SMITH. Thank you, Mr. Chairman.

Welcome Admiral Mullen, Secretary Gates, Secretary Hale. I appreciate you being here.

And I want to begin by echoing the chairman's last comment there about the need to pass a 2011 defense appropriations bill. You all have done an excellent job of explaining to us just how hamstrung you are by having to live with the CR for the last, I guess it has been, almost 5 months now, the impact that has. And I would urge all Members here to talk with folks at the Department of Defense to get a full understanding of just how that undermines our ability to carry out our national security requirements, and how it even reaches over and potentially impacts what our troops are doing in Afghanistan and Iraq. A critical issue to get an appropriations bill done so we are not operating with the CR.

And on this budget I want to congratulate the Secretary and the Department of Defense for again, you know, making sure that they

provide our troops with the equipment and the support they need to do the missions that we all have asked them to do. And compliments to this committee as well. Through the years they have also stepped up to that task, particularly as the wars in Iraq and Afghanistan required much greater speed in meeting those needs. This budget, I think, again reflects that top priority: Make sure our troops get the equipment and support that they need.

I also feel that this budget does a good job of trying to confront the budget realities that we are all aware of. I took a very hard and close look at the Department of Defense across the board to try to find savings and efficiencies, places where we can do better with less money. We absolutely can do that.

And I think that is the most critical point that I want to make. Simply spending money doesn't make us safer. We have to make sure that that money is spent well and efficiently, and I don't think there is anyone who would disagree, looking back at the last 15 years and some of the decisions that have been made, with the notion that we can do better, that we can get more for the money that we are spending, particularly when you look at the acquisition and the procurement process.

Again, I want to compliment this Secretary of Defense and his team for really taking a hard look at some of the lessons that we have learned through systems like Future Combat Systems, the F–35, other programs that have been more expensive than we would have liked. I think we have learned a lot, and I think we are moving forward in a very positive direction.

And we also have to remember, as we look at this budget, two other important factors. The defense budget has grown enormously: 2001, in current dollars, it was $316 billion; it went all the way up to 708-. So we have had enormous growth, and we now need to figure out how to manage that.

And we also need to be mindful of the fact that a strong national economy is critical also to our national security. An out-of-control deficit jeopardizes that economy. So we have to try to make sure that we can live within our means and do the job that we all have been asked to do. And I appreciate the hard work that has been done on that.

I want to just add one specific comment before I close. That is the importance going forward of stability operations and understanding sort of our broad national security interests. I think we have learned in Iraq and Afghanistan that development programs can be every little bit as important as military programs in creating a stable and secure environment that protects our interests. And I know the Secretary has spoken out strongly about the need not just to have a strong military, but also to have a strong State Department and a strong whole-of-government approach as we go forward and try to figure out some of these stability operations. So I appreciate your leadership on that and believe that those two will be important issues.

With that, I look forward to your testimony.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

[The prepared statement of Mr. Smith can be found in the Appendix on page 63.]

The CHAIRMAN. Before we begin, let me comment that we do have a full crowd here today, and I notice there are people out in the hallway that would like to be in here, so I would request that anyone who disrupts this hearing be removed by the Capitol Police. This includes outbursts and holding signs.

This is a very important hearing and the decorum should be maintained, and I would appreciate that that be held that way. We will have no—I have a very low tolerance level.

Let me, Mr. Secretary and Admiral, Chairman, let me thank you, to begin with, for your many years of service, both of you, to the country, and we all appreciate greatly the efforts and the things that you are doing. I know that you are in a very, very tough job, and I just want to, at the outset, let you know how much every member of this committee appreciates your service to the Nation.

Mr. Secretary.

STATEMENT OF HON. ROBERT M. GATES, SECRETARY OF DEFENSE, U.S. DEPARTMENT OF DEFENSE; ACCOMPANIED BY ROBERT F. HALE, UNDER SECRETARY OF DEFENSE (COMPTROLLER) AND CHIEF FINANCIAL OFFICER, U.S. DEPARTMENT OF DEFENSE

Secretary GATES. Mr. Chairman, Mr. Smith, members of the committee—he doesn't get to talk very much anyway.

Mr. Chairman, Mr. Smith, members of the committee, I would like to start with a few words about Congresswoman Giffords, who, of course, should be with us today were it not for the tragic and senseless attack in Tucson last month.

I have enjoyed working with Congresswoman Giffords in her capacity as a member this committee. She is a strong supporter of the national defense and cares deeply about our troops and their families, and she has pursued her oversight responsibilities with dedication.

Our thoughts and condolences continue to be with the families and victims of that attack. We send our best to the Congresswoman's husband, Navy Captain Mark Kelly, for his upcoming space shuttle mission and as he helps Mrs. Giffords through her recovery. We will miss Representative Giffords' contributions today and in the weeks and months ahead, and we, in the Department of Defense, wish her a speedy and full rehabilitation.

I appreciate the opportunity to appear before you to discuss the President's budget request for the Department of Defense for fiscal year 2012, my fifth and final budget testimony for the Department of Defense before this committee.

I want to thank the members of this committee for your support of men and women in uniform serving in a time of war. I know you join me in doing everything to ensure that they have all they need to accomplish their mission and come home safely.

The budget request for the Department of Defense today includes a base budget request of $553 billion and an Overseas Contingency Operations request of $117.8 billion. These budget decisions took place in the context of a nearly 2-year effort by this Department to reduce overhead, cull troubled and excess programs, and rein in personnel and contractor costs, all for the purpose of preserving the

global reach and fighting strength of America's military in a time of fiscal stress for our country.

In all, these budget requests, if enacted by Congress, will continue our efforts to reform the way the Department does business, fund modernization programs needed to prepare for future conflicts, reaffirm and strengthen the Nation's commitment to care for the All-Volunteer Force, and ensure that are our troops and commanders on the front lines have the resources and support they need to accomplish their mission.

My submitted statement includes more details of this request, but I want to take this opportunity to address several issues that I know have been a subject of debate and concern since I announced the outlines of our budget proposal last month: First, the serious damage our military will suffer by operating under a continuing resolution or receiving a significant funding cut during fiscal year 2011; second, the recommended termination of the extra engine for the Joint Strike Fighter; third, the projected slowing and eventual flattening of the growth of the defense budget over the next 5 years; fourth, the planned future reductions in the size of the ground forces; and, fifth, the proposed reform and savings to the TRICARE program for working-age retirees.

I want to start by making it quite clear that the Department of Defense will face a crisis if we end up with a yearlong continuing resolution or a significant funding cut for 2011. The President's defense budget request for 2011 was $549 billion. A full-year continuing resolution would fund the Department at about $526 billion, a cut of $23 billion. The damage done across the force from such reductions would be further magnified as they would come halfway through the fiscal year.

Let me be clear, operating under a yearlong continuing resolution or significantly reduced funding, with severe shortfalls that entails, would damage procurement and research programs, causing delays, rising costs, no new program starts, and serious disruptions in the production of some of our most high-demand assets, including UAVs [unmanned aerial vehicles]. Cuts in maintenance could force parts of our aircraft fleet to be grounded and delay needed facilities improvements. Cuts in operations would mean fewer flying hours, fewer steaming days, and cutbacks in training for home-stationed forces, all of which directly impacts readiness.

Similarly, some of the appropriations proposals under debate in Congress contemplate reductions of up to $15 billion from the President's original fiscal year 2011 request. I recognize that given the current political and fiscal environment, it is unlikely that the Defense Department will receive the full fiscal year 2011 request.

Based on a number of factors, including policy changes that led to lower personnel costs and reduced activity forced by the continuing resolution, I believe the Department can get by with a lower number. However, it is my judgment that the Department of Defense needs an appropriation of at least $540 billion for fiscal year 2011 for the U.S. military to properly carry out its mission, maintain readiness and prepare for the future.

At this point I would like to address the ongoing debate over the JSF [Joint Strike Fighter] extra engine. As most of you know, the President and I, and the previous President and his Secretary of

Defense, as well as the Department's senior military leadership have consistently and firmly expressed our opposition to continuing this costly program. We consider it an unnecessary and extravagant expense, particularly during a period of fiscal contraction. Congress has not spoken with one voice on this matter, and the Department has been operating this fiscal year under ambiguous guidance at best.

Under those circumstances, I decided to continue funding the JSF extra engine effort on a month-to-month basis. I did this not because we had to, but because we chose to give Congress the opportunity to resolve this matter as a part of its ongoing debate on the budget. However, this also means the American taxpayers are spending $28 million a month for an excess and unjustified program that is slated for termination.

The President, the military services and I continue to oppose this extra engine, and when the current CR expires, I will look at all available legal options to close down this program. It would be a waste of nearly $3 billion in a time of economic distress, and the money is needed for higher-priority defense efforts.

Which brings me to this proposed $78 billion reduction in the defense budget top line over the next 5 years. To begin with, this so-called cut is, in fact, to the rate of predicted growth. The size of the base defense budget is still projected to increase in real inflation-adjusted dollars before eventually flattening out over the next 5 years.

More significantly, as a result of the efficiencies and reforms undertaken over the past year, we have protected programs that support military people, readiness and modernization. These efforts have made it possible for the Department to absorb lower projected growth in the defense budget without, as Chairman McKeon warned last month, leaving our military less capable and less able to fight. In fact, the savings identified by the services have allowed our military to add some $70 billion toward priority needs and new capabilities.

And of the $78 billion in proposed reductions to the 5-year defense budget plan, about $68 billion comes from a combination of shedding excess overhead, improving business practices, reducing personnel costs, and from changes to economic assumptions. So in reality only $10 billion of that 5-year total is directly related to military combat capability. Four billion of that 10- comes from restructuring the Joint Strike Fighter program, a step driven by this program's development and testing schedule that would have taken place irrespective of the budget top line. And so the rest, about $6 billion out of 78-, results from the proposed decrease in the end strength of the Army and the Marine Corps starting in fiscal year 2015.

Just over 4 years ago, one of my first acts as Defense Secretary was to increase the permanent end strength of our ground forces, the Army by 65,000 for a total of 547,000 and the Marine Corps by 27,000 to 202,000. At the time the increase was needed to relieve the severe stress on the force from the Iraq war as the surge was getting under way. To support the later plus-up of troops in Afghanistan, I subsequently authorized a temporary further increase in the Army of some 22,000, an increase always planned to

end in fiscal year 2013. The objective was to reduce stress on the force, limit and eventually end the practice of stop-loss, and to increase troop home dwell time.

As we end the U.S. presence in Iraq this year, according to our agreement with the Iraqi Government, the overall deployment demands on our force are decreasing significantly. Just 3 years ago we had 190,000 troops combined in Iraq and Afghanistan. By the end of this calendar year, we expect there to be less than 100,000 troops deployed in both of the major post-9/11 combat theaters, virtually all of those forces in Afghanistan. That is why we believe that beginning in fiscal year 2015 the U.S. can, with minimal risk, begin reducing Army Active Duty end strength by 27,000, and the Marine Corps by somewhere between 15- and 20,000. These projections assume that the number of troops in Afghanistan will be significantly reduced by the end of 2014 in accordance with the President's and NATO's [North Atlantic Treaty Organization] strategy. If our assumptions prove incorrect, or world conditions change for the worse, there is plenty of time to adjust the size and schedule of this change.

It is important to remember that even after the planned reductions, the Active Army end strength would continue to be larger by nearly 40,000 soldiers than it was when I became Defense Secretary 4 years ago. I should also note that these reductions are also supported by both the Army and Marine Corps leadership.

Finally, as you know, sharply rising health care costs are consuming an ever larger share of this Department's budget, growing from $19 billion in 2001 to $52.5 billion in this request. Among other reforms, this fiscal year 2012 budget includes modest increases to TRICARE enrollment fees, later indexed to Medicare premium increases for working-age retirees, most of whom are employed while receiving full pensions. All six members of the Joint Chiefs of Staff have strongly endorsed these and other cost-saving TRICARE reforms in a letter to Congress.

I understand that any change to these kinds of benefits prompts vigorous political opposition. But let us be clear, the current TRICARE arrangement, one in which fees have not increased for 15 years, is simply unsustainable, and, if allowed to continue, the Defense Department risks the fate of other corporate and government bureaucracies that were ultimately crippled by personnel costs, in particular their retiree benefit packages.

All told, the cumulative effect of the Department's savings and reforms, combined with a host of new investments, will make it possible to protect the military's combat power despite the declining rate of growth and eventual flattening of the defense budget over the next 5 years.

As a result of the savings identified and reinvested by the services, our military will be able to meet unforeseen expenses, refurbish war-worn equipment, buy new ships and fighters, begin development of a new long-range bomber, boost our cyberwarfare capability, strengthen missile defense, and buy more of the most advanced UAVs. But I should note this will only be possible if the efficiencies, reforms and savings are followed through to completion.

In closing, I want to address the calls from some quarters for deeper cuts in defense spending to address this country's fiscal

challenges. I would remind them that over the last two defense budgets submitted by President Obama, we have curtailed or canceled troubled or excess programs that would have cost more than $330 billion if seen through to completion. Additionally, total defense spending, including war costs, will decline further as the U.S. military withdraws from Iraq.

We still live in a very dangerous and very unstable world. Our military must remain strong and agile enough to face a diverse range of threats from nonstate actors attempting to acquire and use weapons of mass destruction and sophisticated missiles to the more traditional threats of other states both building up their conventional forces and developing new capabilities that target our traditional strengths.

We shrink from our global security responsibilities at our peril. Retrenchment brought about by shortsighted cuts could well lead to costlier and more tragic consequences later, indeed as they always have in the past. Surely we should learn from our national experience since World War I that drastic reductions in the size and strength of the U.S. military make armed conflict all the more likely, with an unacceptably high cost in American blood and treasure.

Mr. Chairman, I look forward to working through this next phase of the President's defense reform effort with you in the weeks and months ahead to do what is right for our Armed Forces and to do what is right for our country. Thank you.

The CHAIRMAN. Thank you.

[The prepared statement of Secretary Gates can be found in the Appendix on page 65.]

The CHAIRMAN. Mr. Chairman.

STATEMENT OF ADM MICHAEL G. MULLEN, USN, CHAIRMAN, JOINT CHIEFS OF STAFF

Admiral MULLEN. Thank you, Mr. Chairman, Mr. Smith, and distinguished members of this committee. I am honored to appear before you today to discuss the President's fiscal year 2012 defense budget. Before I do, however, let me echo Secretary Gates' comments about the very real dangers inherent in failing to pass this year's budget.

The fiscal year 2011 continuing resolution, if carried forward, would not only reduce our account by $23 billion, it would deprive us of the flexibility we need to support our troops and their families. The services have already taken disruptive and in some cases irreversible steps to live within the confines of the CR, steps that ultimately make us less effective at what we are supposed to do for the Nation.

The Navy did not procure, as planned, a second *Virginia* class submarine by the end of last month, nor was it able to buy government-furnished equipment for another *Arleigh Burke* class destroyer. The Army and the Marine Corps have curtailed or altogether frozen civilian hiring, and all the services are now prevented from issuing contracts for new major military construction projects.

Some programs may take years to recover if the CR is extended through the end of September. So I urge you to pass the fiscal year 2011 defense bill immediately. Even at a reduced top line, it will

provide us the tools we need to accomplish the bulk of the missions we have been assigned.

Accomplishing those missions into the future demands as well support of the President's fiscal year 2012 proposal. As the Secretary laid out, this budget, combined with the efficiencies effort he led, provides for the well-being of our troops and families, fully funds current operations in Afghanistan and Iraq, and helps balance global risk through streamlined organization, smarter acquisition and prudent modernization.

The Army, for instance, will cancel procurement of a surface-to-air missile in the non-line-of-sight launch system, but it will continue production of the Joint Light Tactical Vehicle and spearhead the development of a whole new family of armored vehicles.

The Navy will give up its Second Fleet headquarters, reduce its manpower ashore, and increase its use of multiyear procurement for ships and aircraft, allowing it to continue development of the next-generation ballistic missile submarine, purchase 40 new F–18s, 4 littoral combat ships and another LPD–17.

The Marines will cancel the Expeditionary Fighting Vehicle [EFV] and, like the Army, reduce their end strength starting in 2015, but they will reinvest the EFV savings to sustain and modernize the Amphibious Assault Vehicle and the Light-Armored Vehicle, even as they advance a new concept of operations and restore much of their naval expeditionary skills.

And the Air Force will be able to continue development of the next tanker, a new bomber, and modernize its aging fleet of F–15 fighters, all the while finding savings of more than $33 billion through reorganization, consolidation and reduced facilities requirements.

None of this balancing will come on the backs of our deployed troops. We are asking for more than $84 billion for readiness and training, nearly $5 billion for increased ISR [intelligence, surveillance, and reconnaissance] capabilities, and more than $10 billion to recapitalize our rotary aircraft fleet.

These funds, plus those we are requesting to help build partner capacity in places like Afghanistan, Pakistan, Iraq and Yemen, all speak to the emphasis we are placing on giving our troops and their partners in the field everything they need to do the difficult jobs we have asked of them.

We must also give them and their families everything they need to cope with the stress and strain of 10 years at war. That is why I am so pleased with the funds devoted in this proposal, almost three-quarters as much as the $200 billion budgeted for operations and maintenance, to personnel, housing and health care issues.

As you may know, the Chiefs and I penned a rare 24-star letter to the Senate Armed Services Committee this week expressing our unqualified support for the military health care program changes included in this budget. We have sought equity across all health care programs, with beneficiaries and health care delivery providers having the same benefits as equivalent payment systems regardless of where they live or work. That, in turn, led us to propose increases in TRICARE enrollment fees for working-age retirees. These increases are modest and manageable and leave fees well below inflation-adjusted out-of-pocket costs set in 1995 when the

current fees were established. We sincerely hope you will see fit to pass them.

Please know that we will continue to invest wisely in critical care areas to include research; diagnosis and treatment of mental health issues and traumatic brain injury; enhanced access to health services and new battlefield technologies. We understand that changes to health care benefits cause concern among the people we serve and the communities from which we receive care, but we also understand and hold sacred our obligation to care completely for those who have borne the brunt of these wars, as well as those for whom the war never ends.

I am convinced that we haven't even begun to understand the toll in dollars and in dreams that war extracts from people. As the grandsons and granddaughters of the World War II vets still struggle to comprehend the full scope of the horror those men yet conceal, so, too, will our grandchildren have to come to grips with the wounds unseen and the grief unspoken unless, of course, we get it right.

And I believe the investments we are making in wounded care and family readiness will pay off in that regard, but it will take time and patience and money, three things we seem so rarely to possess in this town.

That brings me back to this particular budget request. With limited resources and two wars in progress, we should be prudent in defining our priorities, in slaking our thirst for more and better systems, and in controlling costs.

We should also be clear about what the joint force can and cannot do, just as we should be clear about what we expect from our interagency and our international partners. Our global commitments have not shrunk. If anything, they have grown, and the world is a lot less predictable now than we could have ever imagined. You need look no further than Tahrir Square to see the truth in that.

Foolhardy would it be for us to make hasty judgments about the benefits, tangible and intangible, that are about to be derived from forging strong military relationships overseas, such as the one we enjoy with Egypt. Changes to those relationships in either aid or assistance ought to be considered only with an abundance of caution and a thorough appreciation for the long view, rather than in the flush of public passion and the urgency to save a buck. The $1.3 billion we provide the Egyptian military each year has helped them become the capable, professional force they are, and, in that regard, has been of incalculable value.

Of equal or greater value is increased appropriations for the State Department and our request in this budget for something called the Global Security Contingency Fund, a 3-year pooled fund between the Pentagon and State that will be used to build partner capacity, prevent conflicts and prepare for emerging threats. The request is modest, an initial $50 million appropriation, along with a request for authority to reprogram an additional $450 million if needed. But what it will buy us is an agile and cost-effective way to better respond to unforeseen needs and take advantage of emerging opportunities for partners to secure their own territories and regions.

We must get more efficient, yes, but we also must get more pragmatic about the world we live in. We can no longer afford bloated programs or unnecessary organizations without sacrificing fighting power. And we can no longer afford to put off investments in future capabilities or relationships that preserve that power across the spectrum of conflicts.

I have long said we must not be exempt in the Defense Department from belt tightening, but in truth there is little discretionary about the security we provide our fellow citizens. Cuts can reasonably only go so far without hollowing the force. In my view, then, this proposed budget builds on the balance we started to achieve last year and represents the best of both fiscal responsibility and sound national security.

Now, I don't know what sorts of questions Representative Giffords would ask me if she were sitting here today, but I do know she wouldn't let me leave until I lauded the incredible effort of our troops overseas as they finish one war in Iraq and begin to turn corners in Afghanistan. I know you share my pride in them and their families, and I know you will keep them foremost in mind as you consider the elements of this proposal.

I thank you for your continued support of our men and women in uniform and their families, and I look forward to your questions.

The CHAIRMAN. Thank you very much.

[The prepared statement of Admiral Mullen can be found in the Appendix on page 75.]

The CHAIRMAN. Mr. Secretary, Mr. Chairman, as I stated earlier, I think everyone on this committee strongly supports your request for an appropriation bill that will take care of the work that should have been done last year, but if it had been done last year by Congress and the administration, we wouldn't even be having this argument, this fight, the thing that we are trying to resolve right now on the floor.

So I am hopeful that we can wrap this up just as quickly as possible, and I know that all of the defense industry, all of the men and women who wear the uniform, and all of your colleagues in the Department are strongly behind that, as are all of the members on the committee. So I hope we can get that done quickly.

The $78 billion that—you know, that we are talking about as a cut, I understand that it is not a cut as we would propose something being cut this year from last year's budget. But last year, when we were holding these hearings, and you projected out the budget for the 5 years, the $78 billion was included in it.

Now, I commend you for what you have asked the services to do to find efficiencies and save that $100 billion that they will be able to mostly reinvest into more important items going forward. And I guess we will continue to talk about the outgoing years in outgoing years, but we all understand we are in a tough financial situation in the country, and I think we all need to work together to make sure that whatever reductions in future spending, we all work together to make sure that it doesn't cut into our men and women serving in harm's way and their families.

One of the concerns I have had, as we have gone through the QDR [Quadrennial Defense Review] and hearings last year and this year, it seems to me that the budgets are not driven by so

much defense needs—or procurement and the things that we are talking about spending aren't driven by threat needs, they are driven more by budgetary concerns. And as I indicated in my opening statement, reductions to the Army and the Marine Corps end strength, I can remember when you came, Mr. Secretary, and how hard it was to increase the size of the force. And I understand that even with these reductions, there still will be a larger force than when you became Secretary 4 years ago. But as I look around the world and see what is happening, the recent events in Egypt, Yemen, Asia and other threats around the world, I have great concern about cutting the end strength.

And so my question is revolving around that. Is a reduction in end strength conditions-based? If so, what metrics will the Department use to reevaluate this decision going forward? At what point will we decide and what measurement will we use to decide if this is the correct number to decrease our strength, and when will that decision be made?

What was the 2016 end strength presumed by the QDR and during development of the National Military Strategy? And, finally, how will this reduction in end strength affect the objective of 1-to-3 dwell time for the Active Force?

Secretary GATES. Let me start and then ask the chairman to add in.

First of all, I would say that it is conditions-based. And as I said in my opening statement, if our assumptions about, for example, the drawdown in Iraq prove incorrect, then I think we will be in a position to change this decision and add to end strength further, well before 2015, or at least find other ways to deal with the dollar so that there isn't a reduction in end strength.

I would say the key metric is, and the most predictable variable is, in fact, the drawdown in Afghanistan. A big assumption in this is that we have a very much smaller presence in Afghanistan at the end of 2014 than we do now, and I think you will know as early as the end of 2012, beginning of 2013 whether that is going to happen, which allows plenty of time to alter these decisions.

The good thing about this approach is that because you don't start to cut anything until 2015, you don't have to go out and recruit anybody; all you have to do is find other sources of the money. And, you know, what was described to me a long time ago about the outyears, the outyears are where everybody's dreams come true.

And so just as an example, when I took this job, the forecast, the projected budget for fiscal year 2012 in the 2007 Bush budget was $519 billion. Our submission is for 553-. So these things do change over time, and there is a lot of flexibility.

But I will say this about the Marine Corps. The Marine Corps actually came forward with their proposal, and it was really unrelated to the budget. Both the previous Commandant and the current Commandant believe that when the Marines are out of Afghanistan, that the Marine Corps is both too large and too heavy to fulfill its traditional missions going forward. And so they were talking about reductions in Marine Corps end strength a year or two ago, and so that—they tie that very much to their mission.

And, as I say, we can revisit the Army's—you can revisit the Army's end strength depending on the conditions in 2013 or 2014.

Admiral MULLEN. Mr. Chairman, all of us in the leadership, in leadership positions in the military believe that we live in a time of what we call persistent conflicts. It is very difficult to know, obviously, what is going to happen in 2015, 2016 timeframe. But to your point and to the Secretary's answer, I think this really is conditions-based per se.

And in addition to the metric of certainly Afghanistan and Iraq, and, you know, we will be in a position there in 2015, 2016, where our force is substantially reduced, and to include in that the 25,000 marines or so who are there now. I would just echo what the Secretary said with Jim Conway, who was the previous Commandant; Jim Amos, the current Commandant. They had been planning to get smaller and lighter. They are too heavy. They are the Nation's second land force, which is not what they want to be, and they have got to get back to some degree as we move ahead to their roots, which is lighter and smaller.

With respect to the Army in particular, we have looked out through the QDR at how many brigades would we have out there. And the answer is, we are not sure. We planned around 6 to 10 or some number like that. We don't know where to look prudently at the future as actually the Army has become much more expeditionary. And that is where we are headed, and I am very comfortable with that.

Each of the service chiefs—all of us, but each of the service chiefs, depending on which service you are talking about, some 60 to 70 percent—when you add civilians, direct support contractors, 60 to 70 percent of our budget goes to people.

And so and as the Secretary said in his statement, you know, we are on a way, on our way of becoming almost immobilized by just what it costs in terms of our people. The health care piece is just—it is not an insignificant part of it, but it is an example. So we have tried to achieve balance.

Probably the metric I would use is the one you suggested, which is dwell time. We are now in this budget, as we look out a few years, we will get to about in the 2015 timeframe where we are, 1 and 2. I think the Commandant would sit here and say that is probably about where he wants to be in terms of rotating his force. I think the Chief of the Army would say 1 and 3. And obviously that will then depend on what the obligations will be.

But you can see now, in various examples, where we have our troops home a lot longer than we used to, starting to be significantly longer than they were deployed. We are just in the beginning of that. We have got to get out to 1 to 2 and then in the case look at really decisions around getting to 1 to 3 with respect to the Army.

So I am comfortable that we have time, we can look at it. And certainly the service chiefs would come in and change their recommendation, if you will, based on what I know about them, if the conditions warranted it.

The CHAIRMAN. Thank you very much.

Ranking Member Smith.

Mr. SMITH. Thank you, Mr. Chairman. Actually, I have two sets of questions.

Congresswoman Giffords' staff has submitted to me some questions that she has, and I thank both of you for your kind words on her behalf. And they focus on Department of Defense energy issues, something that Congresswoman Giffords has worked a great deal on, and basically using efficiencies and alternative to deal with our energy needs and reduce our energy consumption.

She had introduced a bill, the Department of Defense Energy Security Act, in 2010. Many of those provisions were contained in our fiscal year 2011 NDAA [National Defense Authorization Act], and I wanted to follow up on that. And then specifically there is a program that the Marine Corps is using at a forward-operating base in Afghanistan to use solar as a way to reduce their fuel consumption.

And I think the biggest point here to make is this isn't just about saving money or dealing with the energy challenges, this also does save lives. And the specific example there is that because they used solar, they were able to significantly reduce their fuel consumption, as I understand it, from like 20 gallons a day down to 2.5. And that reduction means that fewer convoys have to come and go and bring fuel in, which means that fewer people are exposed to the IED [improvised explosive device] threat. So there are very specific implications of this policy.

And going forward, I want to know, first of all, how the Department of Defense is doing implementing these programs, finding efficiencies, reducing our energy consumption through the use of efficiencies and alternatives; and then, second of all, what more we in Congress legislatively need to do or can do to help you.

And if you could on those two questions, I would like to hear some brief comments from you, but submit the answers for the record to both Congresswoman Giffords' office and to mine. But if you could take a stab at that now, that would be great.

Admiral MULLEN. I think that the example that you actually give of the Marines in Afghanistan is a terrific example, and it does exactly what you just described. And, actually, Marines in Anbar Province several years ago started that, looking at the length of their convoys, the number of people that were actually put in harm's way because of the logistics and transportation requirements. That has kicked in over to the Army and actually across all the services.

So I think the efforts with respect to improving and reducing energy dependency are significant. The Secretary stood up a very, very strong office to oversee this to both integrate the efforts, the investments are there. The Air Force has, from my perspective, led the way with respect to synthetic fuel, use of synthetic fuels in aircraft. The Navy has picked up on that. So there is a significant effort across the board.

There are green investments taking place in the Marine Corps out in Twentynine Palms, for instance, just straight, solar energy. The reductions that that base commander is seeing are significant as well. That is also starting to be put in place in other bases around the country.

So we are sharing the ideas. We know that we have got to reduce our dependence significantly, and the leaders are focused on that. We have seen some of the results, but we have expectations they will be significantly greater in the future.

Mr. SMITH. I think—Mr. Secretary, go ahead.

Secretary GATES. I was just going to make two quick comments. First I think credit needs to be given particularly to the Secretary of the Navy, Ray Mabus, because I think the Navy has a really aggressive program in terms of reducing energy use.

Second, I would just note that I read just a few days ago that the C–17 was just certified for use of synthetic fuels.

Mr. SMITH. And that is why—just two points in closing on this issue before asking another question—is, number one, how much difference this can make. I think there is generally in the energy field I feel like, well, yes, they are talking about this and that and the other thing, but when is it ever going to happen? It is happening. And I think the military is out front. Every base that I visit, and there are many, they always talk about how they are doing this, that, or the other thing on energy, and how much they have reduced their energy consumption, and how much more efficient it is.

And then I think the challenge really is to get it to scale. As all these experiments are happening, sort of quickly find out, okay, here are the three things that just work the best. Let us get them servicewide and get them implemented. So I think you are making enormous progress then.

And we thank you, and like I said, if you could submit a more detailed answer to Congresswoman Giffords' office and mine, that would be great. I would appreciate it.

Just two quick areas I want to ask about. One, as I mentioned in my opening remarks, you know, development assistance is becoming a greater part of our national security. Stability is the goal here. You know, our enemies now prey on ungoverned or ungovernable spaces. They find openings, places. It has certainly happened in Afghanistan. It is happening in Pakistan, Somalia and Yemen to some extent.

So figuring out how to do stability is going to be critical. And I know of necessity the Department of Defense has taken on a lot of responsibility in this area through CERP [Commander's Emergency Response Program] funds, through 1206, 1208. And part of the problem there is these are responsibilities better done by, in some cases, the State Department or Department of Agriculture or other areas that know more about those.

But you guys have the money, and you have got—you know, you were the forward-leading folks. You are out there in the field having to figure this out. And, you know, frankly, there was not sufficient support elsewhere, so you had to do it.

The question is how do we begin to transition that responsibility, because it is not a core responsibility of the military in many instances. It is a core responsibility of folks in other agencies. But how do you make that work? How do we make sure those other agencies have the support they need? How do we transfer the funds? How do you envision that playing out?

Secretary GATES. Well, we have been advocating for much greater civilian involvement in these kinds of activities, not only in Iraq and Afghanistan, but in global stability operations, at least since I gave the Landon Lecture at Kansas State in 2007.

The biggest part of the problem, quite frankly, is jurisdictions here on the Hill, and it is the difficulty the State Department has in getting their appropriations and getting the money they need to do their job.

If you took every Foreign Service officer in the State Department, you would not have a large enough number to crew a single aircraft carrier. So finding the resources for the State Department—because many of these areas, what we have done is worked with you, and you have been very helpful to us in developing some workarounds.

So on 1206, for example, we have dual-key arrangements. We basically leave the initiative up to the State Department in terms of what we should do on some of those, and then we fund it, and we partner with them. By rights that money should probably be in the State Department to start with.

And so, I think this is an area where legislation, but especially appropriations, are really important, because these stability operations—and there is a military component to it because it is developing partner security capability so that they can take care of the security in their own countries so we don't have to send American troops to do it.

And you can just tell from the costs in Iraq and Afghanistan the differential in cost between our training somebody else to do it and the State Department then providing the civilian support in terms of governance and various other kinds of assistance compared with having to use U.S. troops. So it is a challenge.

I think we have developed, over the last several years, very close working relationships between State and Defense in these workarounds and in these jerry-rigged operations. But a long-term solution is the kind of global fund that Admiral Mullen was talking about and so on.

Mr. SMITH. Thank you, and you are absolutely right. I mean, security has to be a key component of any sort of development going forward. You don't have security, you can't do that. And I think, you know, the Philippines is an excellent example of where a very small number of our forces trained the local security forces. And, you know, you don't hear much about what is going on in the Philippines, and that is a good thing, and then you look at Iraq and Afghanistan, and you can see the alternative is just so much more costly, it is beyond imagination.

Just one final comment. When we are trying to figure out going forward dealing with the difficult budget environment that we have and trying to anticipate threats, you know, trying to make sure that we are ready for whatever comes next, I just want to make sure that people are aware of the fact that you cannot be ready for everything. You know, from my earliest days on this committee, one of the things that struck me was every day we would come and talk about some threat, and then we would talk about how we are not doing enough to be ready for it, and I get that.

But if you were to look out at the world and imagine every possible threat and say the job of this committee, or your job, is to make sure that we spend enough money to be ready for any and all contingencies, the defense budget—well, it might not be infinite, but it would be darn close. So we have to prioritize those threats going forward with the budget, and we can't walk too far down the road that if we can imagine a threat, we have to spend whatever we possibly can to make sure that we are protected against it, because that sinks us in a different way.

We really have to prioritize. And towards that end I think that the key going forward to get the right budget is to really look at the requirements. I mean, it starts with the QDR. Once we decide that there is a requirement, we then have to fund it. If we don't fund it, we are not giving our troops the support that they need to do the job that we, by definition, have asked them to do.

But I would like to think that we can also go back to the start of that process, not just the end, not just the end, and say, gosh, we have to fund this; but go back to the start and say, well, is that really a requirement, or is that something we developed 10 or 15 years ago that is no longer appropriate? So getting there I think we need to move in that direction.

Secretary GATES. Let me make just two quick comments about that. First of all, if you look back to every time we have engaged in a military operation since the Vietnam war, we have a perfect record. Six months to a year before we engaged in that operation, nobody had any idea we were going to do it.

And so the mantra for the Department that I have tried to inculcate is in the current budget environment, we have to be exceptionally careful about buying niche capabilities, very expensive weapons systems that have application in only one scenario. There may be some of those that we need, but we need to be extremely judicious about those investments.

But our overall approach ought to be the broadest—the most flexible range of capabilities to cover the broadest range of conflict so that, you know, a C–17 is going to be applicable whether we are dealing with a near peer or whether we are taking aid into Pakistan. So, having capabilities that can form many missions is where we need to focus most of our procurement dollars for the very reason you cited.

Admiral MULLEN. Sir, can I just make one comment? I think one of the ways you do protect against the unknowns is to make sure that your S&T [science and technology] and what I would call pure R&D [research and development] budgets are both comprehensive and broad and not—and sometimes those become very easy targets. You need the innovation, you need the kind of investment for the capabilities of the future that really starts there, and the Secretary has led this.

There has been a, you know, very focused effort to make sure that is sustained. And in the totality of the budget, it is not a huge amount of money, but its long-term leverage is just, you know, almost off the charts.

Mr. SMITH. Thank you, Mr. Chairman. Thanks to both witnesses. You are doing an outstanding job for our country. We appreciate it.

The CHAIRMAN. Thank you.

Mr. Bartlett.

Mr. BARTLETT. Thank you.

Mr. Secretary, I want to put my comments in context. To the best of my knowledge, the only interest in the engine for the F–35 in the district I have the honor to represent is an interest in the 135. As far as I know there is no interest in the 136.

The Weapon Systems Acquisition Reform Act of 2009 requires that you ensure that the acquisition strategy for each major defense acquisition program includes measures to ensure competition or the option of competition at both the prime contract level and the subcontract level of such program throughout the life cycle of such program as a means to improve contractor performance.

The current F–35 acquisition strategy states, and I quote, "To preclude excessive reliance on a single engine supplier, an alternative engine program was established," unquote. The F–35 could represent up to 95 percent of the entire U.S. fighter fleet in the future. Use of a single engine could result in grounding of essentially all of the fighters in all of the services.

The 2010 Hadley-Perry Quadrennial Defense Review Panel endorsed dual-procurement competition, and I quote, "as the only way to control program costs."

The senior Pentagon procurement official cited competition as the cornerstone of defense acquisition. The Pentagon's last update of the F–35 alternative engine business case indicated the competitive engine is at the break-even point in net present value. After having opposed dual-source procurement for the littoral combat ship [LCS] as not being, quote, "real competition," unquote, the Pentagon signed a dual-source procurement contract at the end of last year with the two bidders for the LCS.

Sir, for the past 2 days, two papers have been circulated to Congress here, one of them on Monday, one of them on Tuesday. They are unsigned and undated. It simply says, "Prepared by the Department of Defense." The Office of the Secretary of Defense for Legislative Affairs has refused to respond over the past 3 days to why these papers are not dated or why they were not provided to the Armed Services Committee.

Sir, when I was a little boy, my mother impressed on me that an intent to deceive was the same thing as a lie. In each of these papers, there is a statement, the F–136 alternate engine is currently 3 to 4 years behind in development compared to the current engine program, and yesterday's paper said, and the F–136 engine is already 3 to 4 years behind in its development phase.

Sir, the second engine, as you know, was started 4 years after the first engine. As you know, the first engine is now about 24 months behind in its development. I understand that the second engine is just 2 to 3 months behind in its development cycle. So in reality, had they both been started at the same time, the second engine would now be well ahead of the first engine.

Sir, are you comfortable that these two missiles that have gone through Congress for the last couple of days do not constitute a violation of the statute that prohibits the Pentagon from lobbying Congress?

Secretary GATES. I am not in the slightest aware of either one of those documents. The only document that I am aware of is a letter that I sent to Representative Rooney, I think, yesterday or the day before, and I can assure you it was both signed and dated.

I will just tell you—well, that was your question.

Mr. BARTLETT. Sir, these two papers are circulated. I will have them bring copies down to you. They are unsigned and undated, and the Office of the Secretary of Defense for Legislative Affairs refused to respond over the last 3 days as to why these papers are not signed or why they were not provided. They were provided to everybody else in the Congress except the Armed Services Committee is my understanding.

Are you comfortable, sir, that this does not constitute a violation of the statute that says that the Pentagon cannot lobby Congress?

Secretary GATES. Let me see the papers and find out the background before I make a judgment on them.

The CHAIRMAN. Thank you. After you have a chance to peruse those, if you would please respond to the gentleman in writing, we would appreciate that.

[The information referred to was not available at the time of printing.]

The CHAIRMAN. Mr. Reyes.

Mr. REYES. Thank you, Mr. Chairman.

Gentlemen, welcome, and thank you for your service.

Let me add my concern to the issue of the reductions in end strength for both the Army and the Marines, given some of the challenges that we know we are going to have in the next few years in the Horn of Africa and other areas. So I do hope we are careful with those reductions, because in the final analysis, the ones that pay the price are the service men and women and their families. And most recently we have learned over the last 8 years in activating and using the Reserve forces, a lot of unintended negative consequences impacted those families. So I also want to urge caution there.

The other concern that I have is yesterday it became a national story about a lawsuit filed by former veteran women that are alleging what I think is a hostile work environment, and sexual harassment and other things. I know you are probably not in a position to comment on that, Mr. Secretary, but I would like to work with your office to better understand exactly the circumstances that led to this lawsuit.

Secretary GATES. If I may, let me just say—and obviously what I can say is limited by the fact of the lawsuit, but let me just say a couple of things, because this is a matter of grave concern, I suspect, to everybody in the room.

First of all, I have zero tolerance for sexual assault. And I worked with Chairman Mullen and the Joint Chiefs and the service secretaries to see if we are doing all we can to prevent and respond to sexual assaults. I have had multiple meetings with the senior leadership of the Department on this issue over the past 4 years.

I have established four critical areas of departmental focus: reducing stigma associated with reporting, ensuring sufficient commander training, ensuring investigator training and resources, and ensuring trial counsel training and resourcing.

We have hired dozen more investigators, field instructors, prosecutors and lab examiners. We have spent close to $2 million over the last 2 years to train our prosecutors so that they are better able to be successful. We have expanded the Sexual Assault Response Coordinator and Victim Advocates tenfold from 300 to 3,000, and we now have those advocates at every base and installation in the world, including in Iraq and Afghanistan. The court martial percentages have increased from 30 percent to 52 percent.

So we are making headway. The fact is we aren't where we should be. It is a matter of grave concern, and we will keep working at it.

Mr. REYES. Yes.

Admiral MULLEN. Sir, I would certainly more than just echo what the Secretary said in terms of zero tolerance. This has been an issue actually over the course of the last 6 or 7 years. It has been an issue of great focus. And it is unacceptable that we haven't gotten where we need to be on this.

We know this is an extraordinarily difficult issue, and I know, both as a former service chief as well as knowing the current service chief, it is an area of focus. It wasn't that long ago it was a significant area both in the combat zone in Iraq. There still is enough anecdotal information coming out of both Iraq and particularly in Afghanistan to certainly be of concern.

What the Secretary said in terms of the investments in terms of improvements in education, focus on leadership is exactly right, but we also have, I think—we still have significant work to do, and the leadership is focused on that.

Mr. REYES. Thank you.

Let me just mention quickly two other things. First of all, I represent Fort Bliss, who in the area of green energy is hoping to be off the grid by the 2015–2016 timeframe. That is a huge compliment to the work that you are both supporting in terms of alternative energy.

And then the last thing is I would urge you, Mr. Secretary, to work closely with the Secretary of Veterans Affairs to find a way to computerize as service men and women come out of Active Duty into the Veterans Administration jurisdiction, that there be a way of doing a better job through automation.

Thank you very much. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. Thornberry.

Mr. THORNBERRY. Thank you, Mr. Chairman.

Mr. Secretary, I thought that the sentence you added towards the close of your statement, that retrenchment brought about by short-sighted cuts could well lead to costlier, more tragic consequences later, indeed as they always have in the past, is a very powerful statement to me. I think it is a warning to all of us somewhat related to the conversation you were having with Mr. Smith about 6 months out, we never know what we are about to get into. And I guess it is that feeling that really you express better than I could that leads me to be concerned about not just end strength, but force structure in the future.

I notice that the independent panel of the QDR, chaired by Steve Hadley and former Secretary Perry, with all these people you know

well on it, expressed their concern about a growing gap between our interests and our military capability to protect those interests in a complex, challenging security environment. That is along the very same lines you were talking about with our diverse, complicated, difficult threats. And their conclusion was that they believe the current size and current end strengths of the Army and Marine Corps should be retained.

And I heard what both of you said, that this is conditions-based, and we will see how it goes, and we can change our mind, but I am under the impression that the end strength and force structure is not something that you can just flip a switch and say on/off, that it is the kind of thing that you have got to plan ahead for, both in budgets and equipment, in the personnel pipeline for training. It is something that has to be planned for.

And so I guess I would appreciate a little more—especially since this is, as you say, your last appearance before us—a little more of your thoughts about not just end strength, but the force structure moving ahead with the kinds of threats that at least we understand are on the horizon, failed states, trouble in the Middle East, the kinds of stability operations that you all were talking about from a financial standpoint. But all of that is very manpower-intensive. And so I would appreciate your thoughts about how we on this committee can best prepare us to deal with those kinds of challenges ahead, even if we don't know exactly what they are.

Secretary GATES. Well, first of all, as I look ahead, I think, as I say, and as both the chairman and I have said, the end strength that I approved in 2007 for both services will remain in place at least until 2015, and those plans could be altered depending on circumstances.

As I look around the world—and we were talking about stability operations—one of the areas where we have had a significant expansion of capabilities over the last few years has been in our Special Operations Forces. And they often play the training role that Mr. Smith was talking about in these stability operations. And one of the big moves we have made that has not been noticed very much is that this increase in soft capabilities over the last 2 or 3 years has been moved out of the supplementals and into the base budget so that those soft capabilities that we will use in a lot of these unstable conditions that we look around the world and see will be sustained even once we stop getting overseas contingency appropriations and so on.

I will tell you the areas of force structure that worry me a lot, and they are areas that this committee in the years to come is going to have to address. For example, the number of our surface ships, the number—a number of the Navy ships that were built during the Reagan years will basically reach the end of their planned life in the 2020s. And where the money comes from to replace those surface ships or to get to 313, which is the Navy's goal from the 287 we have now, I think is going to be a challenge. And especially if you put it alongside for the Navy acquiring a new ballistic missile submarine for the Air Force, is the Air Force, in fact, in 2020 or 2025 going to be able to afford a new tanker, an F–35, and a new penetrating bomber?

So there are some tough choices in terms of big capabilities that are coming down the road. They are not facing us right now, and what we have been able to do is to give future Congresses and future Presidents choices because we are making investments in things like the SSBN–X [next-generation ballistic missile submarine], like the new bomber and so on. But down the road when procurement starts, there are going to be some very tough decisions that are going to have to be made.

The CHAIRMAN. Thank you.

Ms. Sanchez.

Ms. SANCHEZ. Thank you, Mr. Chairman.

And thank you, Admiral and Secretary, for being before us again today.

And, Secretary Gates, I just would like to thank you for your service because you, obviously serving under two Presidents just have been really wonderful to work with. And I think so many of us here who have been on this committee for a long time really appreciate your candor and your desire to work with us to make things better at the Pentagon. So thank you for that.

You know, we find ourselves in two wars, and it has been, I don't know—I am losing track—maybe about 8 years. And when you are in a time of war, there is always the, you know, fog of war, and you want to fund, you want to make sure you win, you want to make sure your soldiers and airmen and seamen and marines and Coast Guard and all are taken care of and have what they need when they are on the front lines. So I think what we have seen is really an increase in monies, at least over the 14 years, now 15 years, that I have been on this committee.

But, you know, just in January, the Department of Defense came out with the report stating that in the past 3 years, the Pentagon had awarded $285 billion to companies that were defrauding the Pentagon; $285 billion in 3 years. And I know when I looked through your budgets, and I have talked to you, and we have worked through that you are taking extensive initiatives to bring efficiency and savings to the Department. And I know we set up the task force with Mr. Andrews on this committee to do acquisition in a different manner, and we believe that we will find some of this fraud, and we will contract in a different way, and we will begin to see some savings from that.

But when something like $285 billion over 3 years occurs, it really is working against all the hard work that you and others and some in this Congress have done in terms of getting rid of the waste in the Department. And what really concerns me is that Senator Sanders requested that investigation. If he had not, we would have never seen that $285 billion report.

So my question is, what is in place for the Department of Defense to catch those types of things? Were they not in place? Do we have new guidelines now that we have seen that that came forward? And what can you do, and what can we do together, to ensure that these types of companies never get a contract again from the Federal Government?

Secretary GATES. Well, I am not familiar with the study that you cite, but I will tell you that there have been a number of changes made over the last year or so in terms of our approach to acquisi-

tion, beginning with the legislation that the Congress passed on acquisition reform. The one exception that I have made to the freeze on civilian hiring for the next 5 years in the Department is, in fact, in the acquisition area and in hiring professional—building up our own professional cadre of acquisition experts. Part of the reason for that is we have had too many instances where we have contractors letting contracts to contractors instead of people who have the interests of the Department of Defense and the U.S. taxpayer at heart. So professionalizing our acquisition workforce is a very high priority.

We have really changed a lot in the last year or so in terms of our procedures and our processes, first of all, just in negotiating smarter contracts, and we have seen some real benefits from that. And the example was used in another context of the littoral combat ship. Being able to get these two into a real competition got the price down far enough that we were actually able to buy more ships because of that.

So I think we have a lot of efforts underway. We have thousands of auditors. We have about 10,000 lawyers. And so the key is, I think, having the acquisition professionals who can discern these bad behaviors and, first of all, prevent them from happening in the first place, but then be quicker and more effective in catching them.

Ms. SANCHEZ. Thank you. My time is over. We will make sure we get that Department of Defense report to you so you can take a look at that. And I have some other questions, but I will submit them for the record because of the time. Thank you, Mr. Secretary.

The CHAIRMAN. Thank you.

Mr. Akin.

Mr. AKIN. Thank you.

Mr. Secretary, I want to start by saying I really respect your decisiveness. Nobody could say that you are afraid to wade in and make the tough decisions, and certainly we need that kind of leadership.

I don't always appreciate the communication strategy of letting us know. You say that sometimes you don't know for 6 months before whether you are going to be into a conflict. Sometimes we don't know whether a program is going or not, and it is a matter of about a day or so that we find out. So sometimes on this committee, it would be helpful if you worked on the communications and give some of us a heads-up as to what you are thinking and where we are going because we are trying to play as a team with you.

Particularly in that regard, I have shifted over, I am now on the Budget Committee and trying to help people to understand the difference in growth of entitlements and what has happened to the defense budget as a percent of GDP [gross domestic product]. As you know, the defense budget has gone very much down since 1965, and the entitlements are, whatever it is, 6- or 700 percent increase. But we need to make the case to make sure that you are not so pinched on money that you can't get the job done.

So I hope that you look at us as partners and helpers. If you are going to all of a sudden, for instance, going to whack the Expeditionary Fighting Vehicle [EFV], which happens to be in our com-

mittee, it would be helpful to have some idea that you are thinking about that as we move from full speed ahead to all stop. You know, it is a little helpful to have a heads-up on it.

I was interested to hear you reflect on where you were concerned about where we are overall. I also am concerned about the number of ships. I had a chance to spend 3 hours in one of those situation rooms that was designed to give us a picture from "Hail Britannia, Ruler of the Seas," and all through our history. And one of the big lessons from that was you fight the war with the ships that you have, or at least the ones you have on the waves. You can't design a new ship and build it because the war will be over by the time you get there.

My concern was we were talking about a 313-ship Navy. We are down to 287, and as you pointed out, when you put the ballistic missile submarine or something in there, boy, that budget just blows up. So I certainly hope we can work on whatever we can do to try to continue on the building.

The other thing, the Expeditionary Fighting Vehicle, I don't really give a rip what particular platforms we have, but it seems to be nonnegotiable that marines have to get from the ocean to the land, and they have to get there quick enough, and not seasick enough, and not full of diesel fumes enough that they can actually fight when they get to shore. And I am not convinced that we have an adequate strategy without having that vehicle or something to fill that gap. So it is something we are going to take a look at, but I would hope that you would at least allow us to go through that and be flexible with us in saying if we don't have a good strategy, let us make sure we have a good one, because I think the Brits decided they weren't going to do that capability, and then they got in the Falkland Island war and just about lost it because they hadn't planned to be able to get their marines on the shore.

So I just wanted to allow you to respond to my rambling here a little bit. But we want to work with a team. That is my main point with you. But we need a little bit of a heads-up before you make your decisive moves. Thank you, sir.

Secretary GATES. First of all, on the EFV, let me just say publicly and for the record, the Department of Defense totally supports the Marine Corps in a firm requirement for an amphibious assault capability for the Marines. We just don't want to spend $15 billion, which is virtually all of the Marine Corps' ground vehicle procurement budget, for enough vehicles to take 4,000 out of 202,000 Marines from ship to shore.

Now, I think the Commandant—and it should be clear, this was a recommendation from the Commandant to the Secretary of the Navy, and from them to me. And I think we should also understand the Commandant does have an alternative plan in terms of first accelerating the Marine personnel carrier; second, upgrading part of the existing amphibious assault vehicle fleet; and then third, designing a new assault—amphibious assault vehicle, but one without the expensive exquisite capabilities of the EFV. So there is a commitment to this, and there is money in the fiscal year 2012 budget to begin pursuing this.

And with respect to your first observation, I would just say that, first of all, I think that most of the members of this committee be-

lieve that I have been pretty honest, pretty forthcoming, and candid and transparent ever since taking this job, and I fully recognize the constitutional role of Congress with respect to our military forces. And, in fact, in my first commencement address at the Naval Academy, I spoke to the midshipmen about that very fact and the importance of Congress and for them to stay apolitical, among other things.

But at the same time, I have to have a disciplined decision process inside the Department of Defense. And to tell you the truth, until a few years ago, the place leaked like a sieve, and I couldn't make an internal decision without it being in the newspapers or that process being in the newspapers. And so I have tried to instill some discipline in the Department, and the truth is that by going out on January 6th with what we have in mind for the fiscal year 2012 budget, this committee and its counterpart in the Senate got a 6-week head start in evaluating the fiscal year 2012 budget over every other committee in Congress and every other part of the President's budget. And I got the President's approval to go ahead and do that.

The same thing happened in the spring of 2009 when I came up. I made a lot of decisions in the spring of 2009 on programs. Thirty-three of them came up here, all of the major ones, And in every single one of those, Congress had an opportunity to evaluate it and decide whether to go forward or not. Right now, 32 of the 33 are in law.

So I think that I absolutely agree with you, we need to do this as a team. But I also have to have a disciplined decision process inside the Department of Defense so that I can get everybody's point of view, people can speak up in meetings, can disagree, and we can work things out before making a decision.

Mr. AKIN. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Andrews.

Mr. ANDREWS. Thank you, Mr. Chairman.

Thank you, gentlemen, for your service. The highest compliment I can pay you is that you reflect the same level of excellence of the men and women that you lead, and we appreciate all three of your service to our country.

I apologize for not being personally present for your testimony, but I have read it. And, Mr. Secretary, I wanted to direct your attention to page 4 of your written testimony, which goes into a list of the savings that you are proposing.

First let me thank you for proposing them. I think too often the debate here has been trivialized by people who, I think incorrectly, say our military budget is just too large because it looks too large without being able to talk about the needs the country has, and then others who would look at any reduction as somehow a threat to national security without real and fair analysis. I cannot think of a person better suited to lead us to a mature discussion of this than you, and I thank you for taking that leadership role.

I want to ask you a couple of questions. You talk about $11 billion over the, I guess, the 5-year window from resetting missions, priorities, functions for defense agencies and OSD [Office of the Secretary of Defense]. What does that mean more specifically?

Secretary GATES. Let me answer quickly and then ask Mr. Hale to elaborate.

What we have asked every defense agency and every part of the Office of the Secretary of Defense to do is to what we call rebaseline their activities; just start with a clean sheet of paper, what are you doing, what should you be doing, and how many people does it take to do that. And so this is one of the areas in which we are able to shed staff contractors, in which we are able to reduce the number of people that are working in these areas. We are consolidating some activities. We are eliminating other activities. And so it really has to do on the civilian side of the Department how do we make the defense agencies and OSD itself more efficient and find savings. So that is the basic umbrella.

Mr. ANDREWS. If I may, this goes to your premise of your earlier arguments, which I understand as being finding ways to make more efficient what we do in our logistical operations so that we can become more effective in our actual defense activities. Is that a fair summary of what you are trying to do?

Secretary GATES. Yes, sir. And the defense agencies have a lot of people and a lot of money, and they have grown a lot over the last decade. And frankly, we thought that it was time to take a fresh look at all of this, and I think it has been a long time since anybody has really gone into this in the way we have.

Mr. ANDREWS. Because I am one who would be eager to try to work with you to find more savings in these and other areas. And, in fact, I think you will find that there are members of both parties willing to do that.

Secretary GATES. I think there are two areas where we have not realized the opportunities that we have. After all, we came up with $178 billion worth of structural changes, overhead changes, economic changes in the space of about 6 or 8 months. There are two areas, for example, where I think we have the opportunity to save a great deal more money. One is in acquisitions, which we have just been talking about, but in negotiating smarter, better contracts. And we have seen this already on the SSBN–X, on the LCS, on several different programs, on space satellites.

The other, though, is in information technology. And we have got to start on that in this effort, but it is just complex enough that we haven't gotten as far as we would like.

But I think those are just two areas where we could do a lot more.

Mr. ANDREWS. Many of us, Mr. Secretary, are eager to be your partner in that effort.

I want to thank Secretary Hale in particular for being very accessible and very precise whenever we need to speak to him.

Let me say one thing that I would leave you with that I would take some personal responsibility for and hope that some of our colleagues would. You have a billion dollars for eliminating unnecessary studies and internal reports. A lot of them emanate from us. And there is a tendency when we want to try to change the law to settle for, well, we will just put a provision in and ask the Pentagon to do a report. As someone who has violated that rule myself, I would be willing to try to not do that in the future and try to urge our colleagues to do the same thing.

Secretary GATES. We will give you some ammunition. From now on all reports, whether they are internally commissioned or externally commissioned, will on the front page have what it costs to prepare the report.

Mr. ANDREWS. You should also put the name of the person who asked for it.

Thank you, Mr. Secretary.

The CHAIRMAN. Thank you.

Mr. Forbes.

Mr. FORBES. Thank you, Mr. Chairman.

And, Mr. Secretary, thank you for being here today. And I want to just say how much we respect your office. And I hope that you won't conclude that it is disrespectful if we try to get your answers concise enough to fit into the 5 minutes we have, but it is just oftentimes so difficult for many of us, at least on this side, to get information from the Department of Defense.

One of the things that we saw on January the 26th when your Deputy Secretary Mr. Lynn was here, he testified that the Department had failed to comply with the law requiring audited financial statements be filed annually in the years 2007, 2008, 2009, 2010, all years, of course, that you were Secretary of Defense. And my first question is, for any of those years, 2007, 2008, 2009 or 2010, were you unaware that the law required that DOD [Department of Defense] file audited financial statements?

Secretary GATES. I certainly did not—was not aware that we were in violation of the law.

Mr. FORBES. So you did not know that you were in violation of the law.

The second question. Mr. Lynn further testified that no such statements would be filed this year, but he said that it was a priority of the Department of Defense that you get in compliance, and that you had a plan to do it. Has that always been a priority of yours since you have been Secretary of Defense?

Secretary GATES. Yes, it has. And, in fact, I think if you go back to testimony 4 years ago, the person who had the job before Mr. Hale had begun the planning and execution of getting us to a position where we could comply with the CFO [Chief Financial Officer] law——

Mr. FORBES. Mr. Secretary, if I could—I don't know if we have the opportunity to put it up on the screen, but hopefully we will, and on the monitors; but if not, there is a chart right over here—and there it is. It might be hard to see, but you can see this screen over here, and I am wondering if you recognize that Web site at all. And the reason I say—just to refresh your memory, there is a copy of it here. I know it is hard to see. But this is your Web site, and this is live. This is not something on the screen that we made a copy of. This is what you would have seen at that testimony you are talking about in 2007, or if we had done it in 2008, 2009, 2010, or if anybody were to go to it today. And it says, this Web site is designed to provide all the information you need to understand the budget and financial management policy of the Department of Defense.

Mr. Secretary, what it clearly states on there, if we had had that testimony then, is that the Department of Defense would have been

in 100 percent compliance and given 100 percent audited financial statements by the year 2010. But in point of fact, according to what Mr. Lynn testified, the Department was off 100 percent. Is that not accurate in that we have filed no audited financial statements?

Secretary GATES. We certainly have not filed clean audits. That is for sure.

Mr. FORBES. And, Mr. Secretary, the question I would have for you is would you authorize—you have been given by the taxpayers of this country $2.5 trillion essentially since you have been Secretary of Defense. Would you authorize the expenditures of these sums if you were not convinced there were adequate accounting systems in place to note where they were being spent?

Secretary GATES. Mr. Forbes, I am confident that we have the financial processes, all of which were, by the way, designed for budgetary planning and which the Congress has relied on for a long time, that give me confidence that we know where the money is going. Can we do the kind of audits that are required by the CFO? No. But we are spending between 200- and $300 million a year to get in compliance. We have a short-term and a long-term plan to get there, which I would be happy to share with the committee.

So we understand our obligation to get to this, but the reality is we do have systems in place to deal with fraud, to deal with other issues, and that provide us with the tools to do financial management.

Mr. FORBES. Mr. Secretary, I don't want to cut you off, but I only have about 40 seconds left. And the reality is this: You were 100 percent off. And I want to be kind, and I want to be respectful, but the reality is that taxpayers have entrusted your Department with $2.5 trillion. And here is the way we basically repay them with the accounting. You call it disciplined decisionmaking, but we have issued gag orders to stop people from the Pentagon in talking to Members of Congress about where those dollars are; didn't get a shipbuilding plan in the year it was required by law; didn't get the aviation plan in the year it was required by law; haven't had the audited financial statements required by law; and the cuts that you give us, Mr. Secretary, we only get backfilled information.

And, Mr. Chairman, I know my time is up, so I will yield back.

The CHAIRMAN. Thank you very much.

Mrs. Davis.

Mrs. DAVIS. Thank you, Mr. Chairman.

And, Secretary Gates and Chairman Mullen, I think we all applaud you for your extraordinary service, and I certainly want to add my voice as well.

Since you said, Secretary Gates, that this is your last budget, I believe also, Chairman Mullen, is this your last budget as well?

Admiral MULLEN. As far as I know.

Mrs. DAVIS. Given that, several of my colleagues have asked some questions, I think, that have asked you to kind of take out of your notes and what is it that concerns you the most, whether it is in the budget or outside the budget? And I wonder if you could speak just a bit to any disconnect that you see between what the needs are and what the budget actually reflects? It is a little bit of the "what keeps you up at night" question, but I would hope that

as this is your final, if there is anything in particular that you would like to focus our attention on that may not have been stated.

Admiral MULLEN. I will take a crack at it. As I look at the future, there has been a discussion today about force structure, and I worry in the longer run. I think we are okay right now, but I worry in the longer run that we align our force structure with the national security requirements we have as a country. And at some point in time, with the force structure we have, we are going to have to start saying there is going to be some stuff we are going to need to stop doing.

I worry about resetting from these wars. And it is going to take us—we will get 2 years of dwell time here in the next few years, but we are not really reset for 2 years as opposed to instantaneously when that starts. And so I worry about properly resetting during a time where the challenges in the world continue to grow. There is no better example than just the last couple of weeks, and I think that will continue. You track crises back over the course of the time the Secretary has been here and I have been in this job, they continue to grow.

I am comfortable that we have the best military we have ever had, our young men and women, and we just need to make sure that we sustain that over the long term.

We will talk a lot about equipment in these hearings. If we get it right for our people and our families, we will be fine; and if we don't, it will be a real struggle.

And then in two specific areas, not that we don't have challenges, as have been mentioned, but two specific areas that are of great concern to me. One is space, and the other is cyber. And those are areas that are what I would call too often niche areas. They are not anymore. They are domains without boundaries, without rules. We have international players as well as individuals, particularly on the cyber side; extremely dangerous in both realms, particularly in cyber. We have invested in that heavily. We have stood up a command. Those are initial steps. We have got a long way to go.

Mrs. DAVIS. Mr. Secretary, did you want to respond to that?

Secretary GATES. Since this is my last hearing, I will be bold and tell you two things that worry me, and they both have to do with Congress. One is the disconnect between the roles and missions that have been given to the military by Congress and the President, and the discussion of the defense budget now and in the future here on the Hill, where it is treated more often than not as a math problem.

You have 18.9 percent of Federal outlays, which, I might add, is the lowest percentage of Federal outlays for defense other than the late 1990s, early 2000s, since before World War II, and yet because we have a half a trillion dollars, then we must be part of the problem in terms of the Nation's debt and the deficit. I would tell you that on a $1.6 trillion deficit, if you cut the Defense Department by 10 percent, which operationally would be catastrophic, that is $50 billion. You haven't gotten very far toward dealing with the deficit.

The second thing that I worry about is that what we have found in the executive branch is that the elements of the different parts of the executive branch are increasingly integrated in the way they

deal with problems, the State Department and the Defense Department and AID [Agency for International Development], and yet the jurisdictional lines here on the Hill are such that you don't get to see the overall national security picture that we see in the situation room or that the President sees that brings intelligence, and the State Department, and Defense and these different elements together and integrate those. And I think it is a challenge because this is becoming more and more the case in the problems that the Nation is dealing with in national security, and yet Congress continues to have essentially a stovepipe approach to dealing with these issues. And this is one of the reasons the State Department doesn't get enough money.

So as you all think about the future, those are two things that concern me.

Mrs. DAVIS. Thank you.

Thank you, Mr. Chairman. I will submit other questions for the record. Thank you.

The CHAIRMAN. Thank you.

We are going to turn to Mr. Wilson, and then we are going to take a 5-minute short break.

Mr. Wilson.

Mr. WILSON. Thank you, Mr. Chairman.

And, Admiral, Mr. Secretary, Mr. Secretary, thank you for being here today. In particular, Admiral and Secretary Gates, I want to thank you for your service as you highlight the conclusion of your careers in the military, serving our service members.

I do have the same concern of our chairman. It is a bipartisan concern, I was listening to Congressman Reyes, and that is with the drawdown, with the force reduction in the Army and Marine Corps, I am very concerned on the effect on dwell time. I am very concerned about the effect on morale, morale of the service members, on their families, the consequence of them not feeling secure as to their military futures, of people who have been so dedicated to our country.

With that in mind—and it has been stated that it is going to be conditions-based—Mr. Secretary, what flexibility will there be for the service chiefs in terms of the conditions? And it is my view that the conditions have even changed in the last month with the instability in the Middle East, the potential facing an asymmetric enemy on a broader scale that would require more boots on the ground.

Secretary GATES. Well, I think that your concern about an asymmetric threat is correct, and I would tell you that I think that those who will face this asymmetric threat to the greatest extent are, in fact, the Air Force and the Navy, particularly as we look at capabilities that China and others are developing, the kinds of activities that the Iranians are engaged in, and the North Koreans and so on. That is why we put a freeze on—both the Air Force and the Navy in 2007 were drawing down their personnel, and we stopped that. So there are no drawdowns planned for the Air Force and the Navy.

As I have said earlier, the Marine Corps, this is their idea, and I think you need to talk to General Amos and get his thinking and

his logic in terms of why the Marine Corps ought to be smaller and lighter, assuming we come out of Afghanistan.

And I would tell you the kinds of instability that we are seeing in the Middle East now, it is difficult for me to imagine circumstances in which we would send U.S. ground forces in any of those situations. Those are problems that are emanating from within those countries, and it is primarily a diplomatic challenge for us, although I would say if you ever wanted proof of the value—as the chairman said in his opening statement, of the value of our military assistance to Egypt over the past 30 years, it has been in the behavior of the Egyptian Army over the past 3 weeks and their professionalism in dealing with the kinds of situations they have.

But, look, 2015 is a long way away, and I think that the Department—and we are talking about $6 billion. So I think that the service chiefs have a lot of flexibility in terms of—if they determine in 2013, 2014, thereabouts that drawing down from 547,000 or from 187,000 in the case of the Marine Corps is—or 202,000, rather, then they can obviously make that pitch.

I would tell you, though, a lot is going to depend on who is the Secretary of Defense and who is the President, because there had been opposition within the Department of Defense to increasing end strength when I arrived, and that is why it hasn't happened. The previous chairman of this committee had been a strong advocate of increasing end strength, and many of you had been as well, but it didn't happen until you had a different Secretary of Defense. So that will matter, too, as well as the service chiefs.

Mr. WILSON. And I do want to commend the surge, I think successful, in Afghanistan. I am very grateful that so many of the Army personnel were trained at Fort Jackson, and I represent Parris Island Marines, making such a difference.

Also in regard, Secretary, to the National Guard, what is the status of our equipping of the National Guard for their domestic and foreign capabilities?

Secretary GATES. This is a real success story. This is something that I am pretty proud of. When I came to this job, the equipment on hand across the Nation on average for the National Guard was about 40 percent. It is now in the mid-70s. The historical equipment on hand for the Guard is about 70 percent. So we are well above that. But more importantly than that is that they are getting first-line equipment. They are not getting hand-me-downs from the Active Force. They are getting the same high-quality, high-tech equipment that the Active Force is.

Mr. WILSON. Thank you very much.

The CHAIRMAN. The committee will take a 5-minute recess and reconvene at 10 minutes to 12:00.

[Recess.]

The CHAIRMAN. The committee will come to order. Mr. Larsen.

Mr. LARSEN. Thank you, Mr. Chairman.

Mr. Gates, the first question is for you. Do you have a date for the tanker decision? Sorry. Secretary Gates. Do you have a date for the tanker decision?

Secretary GATES. Sorry?

Mr. LARSEN. Do you have a date for the tanker decision?

Secretary GATES. No. But I would say within the next 2 to 3 weeks, something like that.

Mr. LARSEN. Okay. Thanks.

Admiral Mullen, your written testimony discussed the pooled resources idea. Your oral testimony actually gave a title, and that is about as much right now as we have. You both have testified even today about the need to combine State and Defense activities. Can you talk a little bit more about how you envision this collaborative full resource idea and when we can expect to see actual language?

Admiral MULLEN. From my perspective, I think what has worked with State—between State and DOD is what I would call this dual-key capability that assigns responsibilities to the Secretary of Defense, Secretary of State to both agree that we are going to spend the money a certain way. And I think that is reflective of the requirements which continue to emerge. I mean, it gets focused on Iraq and, to some degree, in Afghanistan, but it is really the preventive aspect of this, the investment ahead of time so we are not in conflict. In great part, to the Special Forces, for us, for example, is one area. But we can't do it all, and that is really what this speaks to.

I think in terms of the, you know, level of detail and proposal, I mean, I think we can get that to you, you know, relatively quickly. The language is there right now, as I said. It is $50 million initially with the language we would like, language which would allow us to reprogram an additional 450-, you know, out of our money as needs emerge. Often times this is a speed issue, I mean, as opposed to we need to do it now as these emerge, as opposed to take months or maybe even a year.

Mr. LARSEN. Do you envision that you need additional authorities, or do you just need reprogramming authority?

Admiral MULLEN. I think we need both. We will need authorities for the $50 million and then reprogramming money on top of that. Authorities. Sorry.

Mr. LARSEN. And then authorities for a decision structure as well?

Admiral MULLEN. Right. Yeah. And support for a decision structure.

Secretary GATES. So you can influence your colleagues and the other committee, the $50 million is the State Department contribution. The larger number is ours.

Mr. LARSEN. That was the next question. I think it is important that both agencies have skin in the game, if you will, to make this work, and I think probably for it to work around here, it is going to have to look that way as well.

So I will look forward to some actual language and help from you all on that.

The continuing resolution on the floor today and the next day includes a hit to the Department of Energy's [DOE] budget on nonproliferation of about $600 million, if I am not mistaken, below the 2011 request. This is for nuclear nonproliferation. And this is the loose nuclear materials piece, in addition to some other things, which is something that is in our jurisdiction as well.

Can you talk about or have you looked at what the impact of that hit will be on our ability?

Admiral MULLEN. No, I have not.

Mr. LARSEN. Okay. Can you—well, we only have a couple of days. I won't ask you to get back to me in the next 2 days on that one because we are voting, presumably tomorrow, on that one. Yeah.

Can you speak, though, to the 2012 request for the Department of Energy's nuclear non—the nonproliferation budget request as it applies to our jurisdiction?

Secretary GATES. To be honest, Mr. Larsen, the only part of the energy budget that I have any familiarity with is for the NNSA [National Nuclear Security Administration] stuff on the nuclear weapons. I am just not familiar.

Mr. LARSEN. Well, pieces of that is in NNSA. Okay. That is fine.

Can you then finally discuss the budget request perhaps, Secretary Gates, here in the last couple of seconds, about the budget request for the phased adaptive approach [PAA] for missile defense, supporting not only phase 1, which started implementation this year, but what the budget request looks like for PAA on phases 2 through 4, what kind of dollars are in there to continue moving this along?

Secretary GATES. I can't parse the specific elements of it. I do know that the overall budget for missile defense is going from $10.2- to $10.7 billion. So we are putting another half a billion dollars into it. And there is money for more Aegis ships, more of the transportable radars like we have in Egypt, like we have in Israel and Japan right now. And then there are also continuing investments in the Ground-Based Interceptor [GBI] system. So there is money—as well as some of the high-level technologies like high-energy lasers and precision tracking from space. So there is a significant increase in missile defense, including being able to go forward with the phased adaptive array defense in Europe.

The CHAIRMAN. Mr. Turner.

Mr. TURNER. Thank you, Mr. Chairman.

Mr. Secretary, thank you. Thank you for your letter yesterday in which you announced your support for a Federal uniform standard of custody protection for our men and women in uniform. I get to thank you on behalf of myself; this committee; the staff of this committee; and Eva Slusher from Kentucky, who had lost her daughter in a custody battle as a result of a family law court judge using her time of service against her in a custody battle that she ultimately won and got her daughter back.

I know that you know that unfortunately throughout our country, there are family law courts where the judge will use the time away that someone has been deployed, or even the threat of deployment, as a sole factor for determining custody, resulting in our men and women who should be being honored for their service actually being disadvantaged for their service.

I know that you know that this House has passed this in legislation form five times, four as part of the National Defense Authorization Act and once as part of a stand-alone bill. Your letter indicates that you will be assigning your staff with the responsibility to negotiate language that can ultimately be enacted in legislation to provide that protection.

This is a battle that has been going on for 5 years now in legislation, and I know that you know this doesn't just affect our service

members who are currently in custody battles—and we are not asking for them to be advantaged; we just don't want them to be disadvantaged—but it also affects our service members who have the stress of the concern that they may be subject to a custody battle and don't have a national standard of which they can have confidence.

Many of these custody battles involve three States; the State in which the original custody order was issued, the State where the service member is currently assigned, and the State in which the child currently lives. So the national standard is going to be so important to provide them that confidence.

So my first question to you—and I have two other topics I want to get to—is I believe that this should not wait for the National Defense Authorization Act this year. This House has passed it as a stand-alone bill. It has passed it on suspension on the House floor. We passed it four other times as part of the National Defense Authorization Act. If we roll up our sleeves, we can get this done and pass this very quickly through the House. I would like to have your support for us to get to work on this right away.

Secretary GATES. We certainly will do that. Whether you can get it through the House or not in a hurry, I guess, is up to you all.

Mr. TURNER. That would be excellent.

The second thing I want to talk to you about is the issue of sexual assault. In my district we had a woman, Maria Lauterbach, who was tragically murdered after making allegations of sexual assault. I have worked with Jane Harman and Representative Tsongas on provisions that we have gotten enacted over the past several years that addressed the issue of sexual assault.

A New York Times article, in reporting the lawsuit that has been filed, identifies that the legislative accomplishments so far are modest. We actually had in this last National Defense Authorization Act provisions that went to the issue of sexual assault, one of which would have provided a mechanism for expedited consideration and priority for base transfers for those who have been subject to sexual assault, another providing privileged communication between a victim and an assigned victim advocate.

All of those did not make it into the final bill. I just want to bring them to your attention and hope that we would have DOD's support as we move to try to place those provisions in the National Defense Authorization Act this year.

And then my third topic is NNSA. I am chairman of the Strategic Forces Subcommittee. One of the things that I have been concerned about with this continuing resolution process and then the upcoming fiscal year 2012 budget is that NNSA, being part of DOE, has not been recognized as really being part of the defense infrastructure. So when people talk about cutting everything that is non-security-related, so many times they are missed and actually subject to a cut.

As we look to the importance of NNSA and the additional funding that they need to respond to supporting our nuclear infrastructure, I would appreciate your comments on certainly both their importance, the importance of this funding, and also the characterization that should be made that NNSA is certainly part of our na-

tional security infrastructure and certainly does very important defense work.

Secretary GATES. Well, I simply can endorse the last two statements. I mean, it is incredibly important, and it clearly is intimately tied to our national security and should be regarded as part of the security component.

Secretary HALE. I would just add one point from a budgetary standpoint. From 2013 to 2016, we actually have some money in the defense budget, which on an annual basis will be transferred. And in NNSA the desire was to emphasize the partnership between our two organizations. As the Secretary said, they are very important to meeting our nuclear needs.

Mr. TURNER. Excellent. Thank you both.

Mr. Chairman.

The CHAIRMAN. Thank you.

Ms. Bordallo.

Ms. BORDALLO. Thank you very much, Mr. Chairman, Mr. Secretary and Admiral Mullen. Thank you for appearing today and providing us with your testimony as well as your service.

First, I just have one simple question. I guess it would be an up-and-down answer. I want to thank you for your support of H.R. 44, the Guam war claims bill that was introduced last Congress. This proposed legislation is very important to the Chamorros on Guam, who survived the brutal enemy occupation during World War II. Although we were unsuccessful last Congress in the Senate, I have reintroduced the compromise version of H.R. 44, which eliminates the payment of claims to descendants of those that suffered personal injury during the occupation.

Now, can we expect the same level of support from the Department of Defense as we did in the 111th Congress? The people of Guam, Mr. Secretary, are being asked to provide additional land for firing ranges and the main base area for the current buildup. And resolution of Guam war claims is going to be critical to overcoming historical injustices.

Secretary GATES. Well, as Deputy Secretary Lynn testified, we continue to support the Department of Justice position on this.

Ms. BORDALLO. So I guess the answer would be yes.

Secretary GATES. Yes.

Ms. BORDALLO. My second question. I am encouraged to see the administration continuing to support the so-called Guam International Agreement with military construction funding for the realignment of the Marines from Okinawa to Guam. I am also encouraged by the funding of civilian infrastructure needs in Guam.

My question is for Secretary Gates. Given the strategic importance of Guam and our Nation's ongoing efforts to reshape our military presence in the Pacific theater, can you tell me what the status is of the Department of Defense's roadmap for realigning U.S. forces in Japan? Specifically, how is the reconfiguration of Camp Schwab facilities and the adjacent water surface areas to accommodate the Futenma replacement facility project proceeding? And when can we expect to see tangible progress on Okinawa for a Futenma replacement facility?

Secretary GATES. My hope is—well, I discussed this when I was in Japan just a few weeks ago. I feel like the Japanese Government

is making a serious effort to resolve the Futenma issue. My hope is that we will get resolution, particularly on the configuration of the airfield or the runways, perhaps later this spring, and that would then allow us to go forward with our planning.

Until we get the Futenma replacement facility issue settled, we really are not in a position to go forward. Without resolution of that issue, troops don't leave Okinawa; lands don't get returned to the Japanese, to the Okinawans. So these are points that I made both publicly and privately when I was in Tokyo.

And so my hope is that we will get resolution of this to a sufficient point by sometime later this spring, and we then can go forward and work with this committee in terms of that planning. And just to clarify a statement that I made to Mr. Thornberry, I expect to be around for some months to be able to work with you on that.

Ms. BORDALLO. Well, good. That is good. All right.

My third question is for either Secretary Gates or Chairman Mullen. I was pleased to see about $200 million in research and development for a next-generation bomber, and I think this is a key platform in maintaining a robust long-range strike capability.

Can you explain the rationale behind your decision to build a long-range manned bomber with the ability to penetrate defended air space? And why is stand-off insufficient to meet future combatant command requirements? What are the inherent limitations within our existing legacy bomber fleet?

Admiral MULLEN. Actually you almost, ma'am, said it in your question. We actually went through a very, very vigorous debate, review and analysis to get to the conclusion that this should be—that we should invest in a new penetrating stealth bomber, and we think that capability is vital for the future. We certainly—there is great focus, obviously, on this with respect to the Pacific.

But in a lot of these capabilities that we have developed over the years, oftentimes even the area of focus that we might use it in changes. So we think it is actually broader than that.

And it was reviewed for both its ability to be developed from evolving technology, so it goes to—I think there is a very smart acquisition strategy associated with this. This isn't going to be exquisite in every way. It is bounded in cost and, we think, terrific capabilities that, when combined in the platform, will actually result in a revolutionary capability, not just overall in terms of our requirements.

Ms. BORDALLO. Thank you very much, Mr. Chairman. I have a couple of other questions, but I will enter them into the record.

The CHAIRMAN. Thank you very much.

The CHAIRMAN. Mr. Conaway.

Mr. CONAWAY. Thank you, Mr. Chairman. Thank you gentlemen for your service, for being here, et cetera, et cetera, adding on.

At the risk of a 15-yard penalty for piling on, I am going to go back to the audit issue that Mr. Forbes brought up. It is not going to happen. I mean, neither one of you gentlemen—well, actually none of the three of you will be in place when this gets done. That is inherent with the system that we have in place where no one is there, and that helps explain somewhat why we are not there is because unless it is a key component of what you want to get done, it is not going to get done.

I wish we had the same kind of commitment to auditing this Department of Defense's financial statements and/or—or just the statement of receipts and disbursements that we have to greening the military. I don't think greening the military is a core competency of the fight. But yet we all heard testimony this morning about all the wonderful things that were done with respect to that, and you can't tell us what the differential in cost is between doing it that way versus what the standard way of doing it, what did it cost us? Do we get a cost benefit for, as Mr. Reyes said, taking Fort Bliss off the grid? We don't know what that costs and those differentials.

The story in the Washington Post that Ms. Sanchez mentioned where folks who have defrauded the government have been awarded additional contracts for some $285 billion, that is an internal control issue. Internal controls are an integral part of a good financial system that allows you to know where your money is going and know where your money is not going. So every time we have these kinds of stories, it adds to the confusion in the area.

I go home to folks in west Texas, and when they find out the Department of Defense can't be audited, they are stunned. It has been on the books a long, long time. And, you know, Mr. Gates, your revelation that you've got thousands of auditors and 10,000 lawyers was kind of eye-opening for those of us on this side of the deal.

I want to brag on the Marine Corps. They got very close this year—let me step back. Secretary Hale and I and his team and others, I have had extensive conversations with them, briefings. I have been over to the Pentagon and talked to them. They get it. They are working really hard, but as Petraeus said last year, hard is not impossible. And as Keith Alexander says, nothing is impossible for those who don't have to do it, and I am one of those who don't have to do it, but you do. So I want to brag on the guys that are working. The Marine Corps is getting close.

But the question is, how do you leave a legacy—which everybody wants to leave good legacies—how do you leave a legacy in place that keeps this process moving, that you hand off, you get it so systemically ingrained into the team that this is important? We need to know where the money is going. We need to be able to have the, quote/unquote, "Good Housekeeping Seal of Approval" so that the general public gains additional confidence in the one entity of government that the general public generally has great confidence in, and that is in the Department of Defense. So how do you leave that legacy in place to make sure of this, we don't lose ground because you are not going to be responsible when 2017 rolls around and it is not done?

Secretary GATES. Well, first of all, I think that Mr. Hale and I have talked about this. He has asked for my support in terms of communicating to the rest of the Department that this is a high priority, and I have provided that support.

But to answer your question of how I know that this will continue after I am gone, that is because Mr. Hale will not be gone, and he will continue in this, and he is committed to this, and I think he has the plan in place, as I have mentioned earlier, both short term and longer term, in terms of getting us to a point where we are in compliance by 2017.

Mr. CONAWAY. Well, we are going to keep tracking it. I hope to be able to get the matrix in place so that you can measure progress against that timeline, and we can see it as well. But it also begs the question you have got $100 billion of reprogramming money; in effect, dollars you say your team has come together and said we don't need to do $100 billion worth of this, we would rather do $100 billion worth of that over that timeframe. How are you going to track that? How are you going to make sure that that $100 billion of reprogramming doesn't morph into the $78 billion—the commitment to save the $78 billion over these next timeframes? Because I can see very easily where you would wind up with—you fulfill the 78- number by siphoning off numbers, monies that would have otherwise been reprogrammed within the Department of Defense.

Secretary HALE. Mr. Conaway, I would like to offer a defense of the defense financial management system that may be unpopular. First, I am fully committed to audits. I understand we need them for public confidence. But the fact that we can't pass commercial audit standards does not mean we have no idea where we are spending the money that you send us.

We have got 55,000 people in the defense community, the financial community. They are well trained, and that is one of their prime jobs, as is the job of many others. We have several thousand auditors watching us. And I note if we had no idea what we were doing with the money, we would have rampant Antideficiency Act [ADA] violations.

Over the last 5 years, about two-tenths of our budget has been associated with ADAs. That is more than I would like, but it is pretty small, and it is smaller, I might add, than the percentages of the nondefense agencies, all of whom have clean audit opinions.

So I think we do know what we are doing with the money you give us, and we can account for it. We can't pass commercial audit standards, and we need to do that to reassure the public we are good stewards of their money, and I am committed to doing it, and I am working hard.

Mr. CONAWAY. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Courtney.

Mr. COURTNEY. Thank you, Mr. Chairman. And I want to thank the witnesses for their testimony today.

I was at the first hearing after you were appointed Secretary. I was a brand-new Member of Congress, remember well the fact you walked in and announced we were going to increase end strength, which has been referred to here this morning.

I also just would note that that was also the hearing where you announced that we were going to make a commitment to MRAP [Mine Resistant Ambush Protected vehicle] deployment in Iraq and Afghanistan, which only a handful, relatively speaking, were in theater.

I just want to share with you that last Easter there was a Connecticut National Guard unit that was riding in an MRAP in Laghman Province, that unfortunately a 200-pound IED was detonated. It lifted the MRAP many feet in the air, came crashing down. Everyone survived. There were some pretty bad injuries, but everyone is alive. There was no question that if a flat-bottom

Humvee had been part of that type of event, it wouldn't have been the case.

I am friends with one of the mothers of one of those soldiers who, you know, is a lawyer in practice in the New Haven area, and, you know, she said to me she didn't know what an MRAP was to M&M. But she said whoever was responsible for making sure that those types of units were in the theater, just thank them for her. And I am doing that publicly, and to you, too, Admiral Mullen, because you were a part of that extraordinary effort to finally get those things over there to protect our troops. So thank you.

I want to just touch on two quick things that people talk a little bit about in Connecticut. The alternate engine, that was part of the debate last night. And one of the comments that was made by Admiral Roughead last year when this issue came up was that aside from, you know, the claims that the up-front production costs of a second engine would pay off over time, I mean, he pointed out the fact that on aircraft carriers, there is just no space capacity to deal with repairing and maintaining two separate engine systems.

Obviously we have an admiral here who knows these ships quite well. And I just wonder if you could sort of comment on the, I think, overstated claims of savings when you think about the operational headaches that a second engine would create.

Admiral MULLEN. One of the things we do in this town is we focus on getting stuff out the door, as opposed to what it costs for a life cycle. And it certainly applies on aircraft carriers, but it applies actually in all three services. This is two separate lines, two separate training, two separate maintenance manuals, two separate supply sources, all those kinds of things, and they lag each other significantly.

I mean, I have been doing money a long time. I cannot make sense out of this second engine. It is 2 to 3 years behind. It is not going to compete, quite frankly.

We cannot afford to buy the second engine, I mean, from my perspective, and there have been multiple airplanes that are single-engine airplanes that are single-sourced. So I don't accept that 95 percent of the fleet is going to go down at once. It just doesn't happen. We are better than that.

You know, the first engine will be, I think, more than adequate to meet the needs that we have for that airplane. And if I thought any different, I would, you know, be encouraging this engine, the second engine.

I just categorically can't see that it is going to make any difference. It is going to cost us a lot of money not just to get it out of the door, but over the life of its—over the life cycle.

Mr. COURTNEY. And for the proponents who keep bringing up the F–16, I mean, the fact is we are in a different world than 25 years ago as far as testing these engines, right? I mean, the risk level is just not what it was.

Admiral MULLEN. Absolutely.

Mr. COURTNEY. I just wanted to at least get your statement on the record on that.

Secretary GATES. It is worth noting that not only the F–16 have a single source, but also the F–22—or the F–18, rather, have a single source, but also the F–22. And the F–135 engine is a derivative

of the F–22 engine. So the likelihood of any kind of a serious design failure is very small.

Mr. COURTNEY. Thank you.

Real quick. I have only got a minute left, but I just want to at least note for the record again, a year ago we were talking about a $7 billion SSBN submarine. Obviously, we were at milestone A. We have now brought that figure down to $4.9 billion. Congratulations.

It is still, as you point out, going to be a long-term challenge for the shipbuilding budget. Admiral Roughead makes the argument that it should be treated as a national strategic asset, which—I see you smiling because I think you smiled last time I asked you about this.

But the fact is, you know, there is precedent with missile defense for treating it outside of a normal defense budget. And I just—that is a solution, isn't it, if we could figure out a way to make it happen?

Admiral MULLEN. It is a third of the shipbuilding budget. I mean, if the shipbuilding budget has to absorb that, that is this year, it would break the shipbuilding budget.

And to the Secretary's point earlier about building other capabilities, that solution that you describe has been talked about for years. But what it boils down to is obviously resourcing this, resourcing a shipbuilding plan which is going to get us to 313 and beyond, and with the SSBN arrival, that is not going to happen.

So how you resource it is the question. One way to do it is literally at the national level as opposed to inside the service budget, but it is a huge challenge just because of the money that we are going to have to devote to it.

The CHAIRMAN. Mr. Wittman.

Mr. WITTMAN. Thank you, Mr. Chairman.

Secretary Gates, Chairman Mullen, thank you so much for joining us. Thank you for your service.

I want to begin with Chairman Mullen and follow up on my colleague's question concerning shipbuilding. As you know, if you go back to 2006, the shipbuilding plan there said 313 ships, and we have heard that number year after year after year. We find ourselves today with 286 ships. We find ourselves with an aging class of *Perry* frigates that are going to be phasing out. We find ourselves with six *Los Angeles* class submarines that are 30 years or older. We find ourselves in an environment with a very, very high ops tempo putting ships to sea, pushing maintenance schedules, pushing life cycle capability management elements.

My question is this: Is it anywhere in the spectrum of reality that we will have a 313-ship Navy, and, if so, how are we going to integrate these older ships that are coming to the end of their service lives and making sure that we are building at a pace where we are building more ships than what we are retiring? And as you know now, we are at a pace where we are retiring more ships than what we are bringing into the fleet. And I just wanted to get your perspective on that.

Admiral MULLEN. Well, actually this budget, which is, I think, 10 ships and $15 billion is not insignificant compared to where we were a few years ago.

Secondly, I have been someone that I believe we have to get ships to their service life. That is an easy thing to say. It is hard to do, because you have to make that investment over the course of a ship's service life, and oftentimes the Navy hasn't done that specifically.

What gets lost in this discussion about the number of ships that we have, and I actually, as a CNO [Chief of Naval Operations], did the analysis that created the minimum level for the Navy of 313 ships, but it was my belief back then we were on a glide slope to get to 220 or 230 or 240 because it was just out of control going down because of the cost and lots of other things, the number of ships that we were going to have to decommission. So it is not at 313, but it actually has grown, and I think we have to just keep heading in that direction. That is key; a number of ways to do that.

So, and as the Secretary has spoken—and he and I have talked about this many times—you know, as these wars wind down, we are going to, I think, have to depend more and more on our Air Force and our Navy in the world that we are living in. And so how do we make those investments? Because what gets lost in the discussion here is their op tempo has been pretty high. And we talk about the op tempo for the Army and the Marine Corps and the Special Forces. That is at the top, I understand that. That is the toughest op tempo. But if you look at the op tempo of the Air Force and the Navy since 9/11, it is up as well. They weren't sitting back at that point in time. So we are wearing them out, and we have to focus on those modernization programs. They provide an enormous strategic capability for us, given the world that we are living in, and we have to invest in it as well.

Mr. WITTMAN. Are you in the position to make the commitment to make sure that on life cycle management that you are doing everything, including the inspection programs to make sure they are robust and the financial commitment to make sure these ships get to the yard on time? Because as you know, any little glitch in the schedule there really affects a sub-zero.

Is the commitment there to make sure that we are going to get to the end of the service life of these ships to make sure that we are getting that, or have some chance of getting to the 313?

Secretary GATES. Before the chairman answers that question, may I say that if we end up with a yearlong continuing resolution, those ships are not going to make it into maintenance.

Mr. WITTMAN. Okay.

Admiral MULLEN. I also, actually, just to the CR, I was struck that you lost a DDG [guided missile destroyer] and a submarine. We worked for years to get to two submarines a year, and literally within a few months it falls out. You are not going to get that back certainly in this budget. This is a really a discussion better had by Admiral Roughead specifically.

I know the Navy has invested more in terms of its maintenance in order to sustain or get to extended life. That said, he has also made a decision to decommission some ships before that so that he can invest in some of the ships that he thinks he needs for the future.

Mr. WITTMAN. Secretary, I want to follow up quickly with you. We talk about the QDR being the issue in the National Military

Strategy. In their current projections, do they keep in mind where end strength may be with your projections about reducing end strength for both the Marine Corps and the Army in how the QDR estimates that in National Military Strategy?

Admiral MULLEN. Yes, they do.

Mr. WITTMAN. They do.

Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Thank you.

Gentlemen, we have a very strong agreement on the CR. We have a very strong disagreement on the second engine. In my district, it doesn't matter, so I don't have a parochial interest in this, but I do have a strong opinion.

But I would like to ask you, you both said this is your last hearing. I could probably say with great certainty that none of us, none of the three of us, will be here in 10 years. How long are we going to be buying the engine for the F–35?

Admiral MULLEN. Oh, I would say over the course of 2 to 3 decades.

The CHAIRMAN. Okay. So 20, 30 years.

Admiral MULLEN. Right.

The CHAIRMAN. Ten years from now if we have decided on the one engine, if, for whatever reason, the company comes to us and says, I have to raise my costs substantially, what do you do?

Admiral MULLEN. Actually I look at it—I mean, you are getting at the competition piece, and I understand.

The CHAIRMAN. I am.

Admiral MULLEN. But as I look—and let me shift quickly—F–18Es, you get rate and you get savings by production levels. That is how you create it.

The CHAIRMAN. Do we have a fixed cost on this, or will they, being a sole-source engine, be able to raise their prices 10 years out?

Admiral MULLEN. I actually think that with the kind of production line we are talking about, they will come down.

The CHAIRMAN. We hope.

Admiral MULLEN. Sir.

The CHAIRMAN. Ms. Tsongas.

Ms. TSONGAS. Thank you, Mr. Chairman. And thank you both for your testimony and your very thorough responses to our many diverse questions.

I would like to come back again to the issue of sexual assault in the military. It is obviously one that is much in the news today, but really has been a long-standing issue, and I think, as Representative Turner mentioned, something that this committee has worked hard to deal with and find a way forward. But despite that, despite—and we have heard testimony from the various services as to all their efforts, but despite that, in 2010, there were 3,230 reported sexual assaults in the military. But by the Pentagon's own estimate, as few as 10 percent of sexual assaults were reported. And the VA [Department of Veterans Affairs] estimates that one in three women veterans report experiencing some form of military sexual trauma.

I can remember several years ago meeting with some people active in the VA in the State of Massachusetts and having a gen-

tleman comment and say that that was one of their dominant issues that they had to deal with.

The fiscal year 2011 Defense Authorization Act required that the Department look into the feasibility of providing a military lawyer to all victims of sexual assault. While this is a good first step, I was disappointed that provisions which guarantee all victims the right to legal counsel and protect the confidentiality of conversations between victims and victim advocates were not included in the final version of the 2011 NDAA, though they were in the House version.

We would be shocked if conversations between their client or advocate were not privileged in the civilian world, and similar rights must be afforded to service members who may be the victim of a crime. Why would the Department resist such a commonsense measure? And I ask this of Secretary Gates.

Secretary GATES. I hadn't realized the Department had resisted it, and I must say, along with Mr. Turner's comments, these things sound to me like reasonable actions. And so I will take out of this hearing the charge to look into whether—why—if we opposed it, why we opposed it, and why we should not go forward on our own, even without legislation.

Ms. TSONGAS. And I would appreciate, once you do that, of getting back to me in some form so that I and others who felt this was very important.

I mean, one of the things we have found is that despite all the good efforts on the part of the services, that the follow-up procedures, legally, do not support—undermine all of the efforts you have made around sort of preventing this in the first place, providing access to medical care. But if the follow-up legal processes do not sufficiently protect a victim, make them feel comfortable in coming forward, that it undermines all the good work you have done. They become suspect of the entire process, feel very much at risk. And this was one very commonsense way, going forward in a legal process alone, that we felt we could better protect victims as they try to assert their rights.

Secretary GATES. This is one of the reasons why we have invested, as I mentioned earlier, over the last couple of years almost $2 million in training our prosecutors. We found, when I started looking into this several years ago, that the defendants hire lawyers who are specialized in this area, and our prosecutors tended to be—not have that specialty. And it is complex law, and it is difficult to prosecute successfully, particularly if you don't have the right training.

And so that is one of the reasons we have undertaken that. And, as I say, we have expanded the Victim Advocate Program dramatically from about 300 to 3,000 around the world over the last few years in every base and installation. And I will press on the question of why we cannot assure confidentiality.

Ms. TSONGAS. And the other issue we have learned, too, is as all the services have dealt with this, each has done it in its own way reflective of its culture and different processes. That becomes very difficult to oversee as a Member of Congress. So in the defense authorization bill we ask for a comprehensive approach across all of the services, and I know that the Defense Department is working on that, and we look forward to what you come up with.

So thank you both.

The CHAIRMAN. Thank you.

Mr. Coffman.

Mr. COFFMAN. Thank you, Mr. Chairman.

First of all, thank you so much for the great job that both of you have done on behalf of our country.

Let me first thank you for standing firm on the issue about the second engine for the F–35. I just think that we have got to make some tough decisions with limited resources, and that is certainly one of them that I think is wasteful that I certainly support you on.

Also, in your position on the Combined Forces Command, Joint Forces Command, I think that its time has gone, and I certainly support you in that effort.

But in terms of looking at the—I am concerned about still the top-heavy nature of the Department of Defense. And I noted that right now I think we have 268 ships, if that is the proper number. I believe it is. We have 253 admirals right now. That is almost one admiral per ship, and I think that the Navy is authorized to go to 283 admirals.

And so can you tell me, give me some more visibility as to what could be done to try and streamline the military?

Secretary GATES. One of the things that we have done as part of the efficiencies efforts is we have eliminated—out of 900 flag-rank officers in the military, we will eliminate 100 general officer positions over the next couple of years, and that includes admirals. And we also will be eliminating somewhere over 200 senior civilian executive positions. So I was asked earlier about the $11 billion for rebaselining OSD and the defense agencies and so on. That is where a lot of those positions are coming from.

But we are also downgrading positions. We are not only eliminating positions, we are downgrading a number. For example, the component commanders in Europe will be downgraded from four stars to three stars, except for the Navy because there is a NATO connection on that side, so that will take longer.

But we are trying to come at it both from the standpoint of is the level of flag-rank officer for the job right, given passage of history, and can we get rid of these positions? And we have done so on both civilian and the uniform side.

Mr. COFFMAN. Thank you.

Admiral MULLEN. Well, thank you.

If I could just briefly, and this is inside baseball, but I think it is one of the things I told the Secretary when we started to review this. You know, when budgets get tight, people start taking shots at how many admirals and generals there are. That is historic.

What the Secretary led was a very thorough review—and actually the services did this—a very thorough review of need, what level for what job. And that will continue to go on.

There is also, at least over the course of the last 15 years for me, all of which I have been an admiral—far beyond anything I ever expected, believe me—there is also just a growing complexity that requires some level of senior civilian and uniformed leadership in the world that we are living in.

So I am all for the reductions that make sense, but too often it is also a very easy target. And I just would like—as we have tried to be careful about it.

Mr. COFFMAN. Well, thank you. It is an easy target, and I certainly think it is one we are willing to take.

Let me talk about what is the Department of Defense doing in terms of reexamining our foreign basing commitments or our forward presence in terms of whether or not it is necessary?

And let me refer, right now we have 28,500 U.S. personnel, I believe, on the Korean Peninsula in South Korea. It seems that when the North Koreans get upset, it is when we do the major joint military exercises. And when we look at our allies across the globe, can't we better demonstrate our support for our commitments with them by doing periodic joint military exercises? For instance, four brigade combat teams in Europe at this point in time, is that really necessary?

So I am wondering if there has been an ongoing analysis to determine the cost-effectiveness of redeploying those forces back to the United States.

Secretary GATES. We have spent a lot of time on this. We have just completed a global posture review examining our positioning in Europe, our position in the Pacific and also in the Middle East. It is now being discussed in the interagency because obviously there are political implications for any changes.

But I would tell you that we have examined this very closely, and we will probably make some adjustments. I think I mentioned in a speech that our force structure, as well as our rank structure in Europe, is still a legacy from the Cold War.

But that said, I am a firm believer that our forward posture in Europe, in Asia, is fundamental to our alliance relationships. It provides them with the assurance that, in fact, we will be there, and we will support them, and I think dramatic changes in our overseas posture would be very destabilizing to a lot of these relationships.

And I think that one of the reasons that, for example, South Korea and Japan have not tried to develop nuclear weapons of their own is because of their confidence that our presence in their country provides a trip wire and a guarantee that if they are attacked, the United States will support them.

The CHAIRMAN. Thank you.

Ms. Pingree.

Ms. PINGREE. Thank you, Mr. Chairman.

Thank you for your testimony today and for your service. I appreciate it. And a couple of things, I also want to tell you I appreciate your stand on the second engine, and also was glad to hear your explanation and your thoughtful remarks about the continuing resolution. Coming from the State of Maine where people pay a lot of attention to the construction of DDGs, we are very interested in what is going to happen there, so I appreciate your bringing all of our attention to the importance of the challenges of a continuing resolution.

And I also want to thank you for your remarks to Representative Tsongas. I, too, am very concerned about some of the issues around sexual harassment and am concerned that we haven't moved far

enough. So I am glad you have taken her charge and think particularly, now that we have increased dependence on women in the military, we have to be very respectful of the issues that they are raising and the fact that it hasn't changed sufficiently to make women comfortable at serving their country.

But my question is somewhat different. You brought this up earlier, and I want to talk about TRICARE. As you know and you stated, the U.S. Family Health Care Plan designed by Congress in 1996 provides the full TRICARE Prime benefit for military beneficiaries in 16 States and D.C. for over 115,000 beneficiaries. Beneficiaries are highly satisfied with this option.

I come from Maine, as I said. In Maine it is administered by Martin's Point Health Care, and they have a customer satisfaction rating of 93 percent. I have visited their facility. They stress preventive care. It is exactly the model that we want for health care in this country.

As you have already mentioned, the President's budget request has a huge proposed change that would preclude enrollment in U.S. Family Health Plan for beneficiaries who reach 65 years of age, and if we enact that, it would immediately force over 3,000 military beneficiaries to disenroll from the plan they have chosen.

First, I think this recommendation contradicts President Obama's position regarding health care reform, that you should be able to keep the plan you have if you are happy with it. But perhaps a greater concern, you mentioned a cost savings. This proposal would have a cost saving for DOD, but it really just shifts the costs to the Department of Health and Human Services. So I don't see how overall we are anticipating a cost savings as a whole, and I think it is going to be very detrimental to the beneficiaries.

So can you address my concerns on this?

Secretary HALE. Let me respond. First, there would be some net savings of government because we are paying these hospitals at significantly higher than Medicare rates. And part of the goal of this overall effort is that we treat all the hospitals similarly in terms of the rate paying.

I also want to clarify, yes, we would—as people reached age 65, they would need to join TRICARE For Life. They could stay at the hospital where they were being treated. They wouldn't be required to leave that; they could use that as their primary provider. But they would need to do what every other retiree does in the Department of Defense when they reach age 65, and that is join the TRICARE For Life program.

So we are trying to treat everybody the same. Yes, there would be savings, modest, to the government. And you are right, there are some costs shifted to Medicare. But there is a net savings because we would now be paying Medicare rates, and we are paying much higher.

I also want to work with the hospitals involved. We are not looking to reduce the quality of care. We are phasing this in very slowly. It would be everybody in the program now is grandfathered, grandmothered. It is only as you come into the programs, so there would be very gradual change, and our goal is to be sure these hospitals, that their care is not harmed.

Ms. PINGREE. So just to follow up, it is my understanding that Public Law 104–201, section 726(b), which I am sure you are well aware of, mandates that government cannot pay more for the care of U.S. Family Health Care Plan enrollees than it would if a beneficiary were receiving care from other government programs.

So it seems to me that we should already be paying equivalent of what Medicare costs are. And, again, I would just stress, based on observing my own TRICARE program—and I don't have any particular stake in it—but having been very involved in the health care debate, knowing how important preventative care is, knowing that there is very high customer satisfaction with that, but also it is a different model of care, I am just greatly concerned with shifting people out of that model if it doesn't really result in cost savings and if it is only a cost shift.

I mean, for us, I know you have to look at your budget, but we have to look at the overall costs here. And if it is just going over to Medicare, and it is not a significant savings, and it goes back to an old model of care, not a new preventative model of care, I don't think we have improved care for these families.

Secretary HALE. Well, we need to get with you. I am not familiar with the details of the provisions. I do know that there are some requirements we are not meeting in the sole community hospitals with regard to Medicare rates. And that may be that we are also proposing to move toward that, toward Medicare rates. So we need to get back to you on the details.

[The information referred to was not available at the time of printing.]

Secretary HALE. There would be some modest net savings to the government. We work carefully with OMB [Office of Management and Budget], and they fully support this proposal in terms of shifting the funds.

Ms. PINGREE. Thank you. I would be happy to follow up with you on that, so thanks.

The CHAIRMAN. Thank you.

Mr. Hunter.

Mr. HUNTER. Thank you, Mr. Chairman.

Admiral, Mr. Secretary, sorry that I missed the last hour of testimony. I had to vote in markup.

First question is this. Mr. Secretary, Mrs. Davis, my colleague from San Diego, when you were answering her questions, you talked about the defense budget. You talked about the total layouts and how this is the lowest point since the 1990s, since before World War II, where we are at the low part where we are at now, where there is so little being spent on defense.

And I would argue and ask your opinion of this: If you don't give us a top line, if you don't ask for what it would cost to erase all risk, literally, or as much risk as possible, then we have no baseline to cut defense from or to add to really, because the numbers that we are using are limbo numbers really. Because if you were to fully fund defense—this is my question. If you were to fully fund defense and take away 100 percent as best as you could, 100 percent of risk, using your own threat assessment tools and analysis, what would that funding be? What would you ask for?

Secretary GATES. I have only half jokingly said in meetings in the Department that if we had a trillion dollar budget, I would still have unfunded requirements.

Mr. HUNTER. Yes, that is right.

Secretary GATES. The services would still be able to come up with a list of things that they really need.

I think that the budget that we have provided at $553 billion for fiscal year 2012 mitigates risk to the extent that I think is reasonably possible, and I think that we have—we are investing in new capabilities. The $70 billion that the services are going to be able to invest from their savings in new capabilities or in added numbers, I think, help mitigate that risk.

You can never reach a point—just as there is no such thing as perfect security, there is no such thing as eliminating risk.

Mr. HUNTER. Mr. Secretary, if I may, I am going to run out of time, and I have one more totally separate question. If you got to that highest point that you could where you start getting diminished rate of return, what would that number be, roughly?

Secretary GATES. I think that we are at a point with the 553- where we can do that.

Mr. HUNTER. Okay. So fully funding defense in every requirement is at 553-?

Secretary GATES. We will never fund every request——

Mr. HUNTER. But if you did, sir, what I am asking is what that number might be.

Secretary GATES. I have no idea how much it would be.

Mr. HUNTER. You haven't thought about what it would cost to really satisfy the requirements of all the different services?

Secretary GATES. Nobody lives in that world.

Mr. HUNTER. No. But what you are supposed to do is tell us how we get to zero threat, and Congress then decides what to fund.

Secretary GATES. And I am telling you, you are never going to get to zero threat.

Mr. HUNTER. Well, we could try.

Secretary GATES. You could spend $2 trillion, and you will never get to zero threat.

Mr. HUNTER. But that is what we would like to hear from you, Mr. Secretary, is that if it cost $2 trillion, and we could cut that by 75 percent, and here we are at the 550-.

All right. On a totally separate note, let us talk about Iraq for a minute. If the status of forces agreement is not changed, and/or the Iraqis don't ask for our help and ask us to stay, what is our plan for 2012? At the end of this year, what is going to happen?

Secretary GATES. We will have all of our forces out of Iraq. We will have an Office of Security Cooperation for Iraq that will have probably on the order of 150 to 160 Department of Defense employees and several hundred contractors who are working FMS [Foreign Military Sales] cases.

Mr. HUNTER. Do you think that that represents the correct approach for this country after the blood and treasure that we have spent in Iraq, my own personal time of two tours in Iraq? There is going to be fewer people there than, that 150, than there are in Egypt right now, somewhere around 6-, 700 of those same types of folks in Egypt.

How can we maintain all of these gains that we have made through so much effort if we only have 150 people, and we don't have any military there whatsoever? We would have more military in Western European countries at that point than we have in Iraq, one of the most central states, as everybody knows, in the Middle East.

Secretary GATES. Well, I think that there is certainly, on our part, an interest in having an additional presence, and the truth of the matter is the Iraqis are going to have some problems that they are going to have to deal with if we are not there in some numbers. They will not be able to do the kind of job in intelligence fusion, they won't be able to protect their own airspace, they will not—they will have problems with logistics and maintenance.

But it is their country, it is a sovereign country. This is the agreement that was signed by President Bush and the Iraqi Government, and we will abide by the agreement unless the Iraqis ask us to have additional people there.

The CHAIRMAN. Thank you.

Mr. Garamendi.

Mr. GARAMENDI. Thank you, Mr. Chairman, Mr. Secretary and Admiral Mullen. Thank you so very much for your forthright and very compelling arguments.

First I want to compliment you on going green. The Navy is doing extraordinary things, as are the other forces, and it is very, very important for your energy programs. I hope you continue that. I encourage you to do so, and many of us around here will do everything we can around here to support that effort.

My question, though, goes to the Afghanistan war and Pakistan, and the question is this: Does our war in Afghanistan destabilize Pakistan; and, if so, what should we be doing about that problem in Pakistan?

Secretary GATES. I don't believe that the war in Afghanistan is destabilizing to Pakistan. I think that what is destabilizing to Pakistan, among other things, is a group of terrorist—several terrorist organizations in the western part, northwestern part of Pakistan that are intent on destabilizing Pakistan and overthrowing its government. And I think our efforts, combined with the Pakistani efforts on both sides of the border, in fact, help reduce that terrorist risk to the Pakistanis.

I think that extreme economic problems are a huge factor in Pakistan. So I don't think our presence in Afghanistan is destabilizing. In fact, I think it helps the Pakistanis long term.

Mr. GARAMENDI. I will let it go at that. I am certainly not going to place my knowledge in intelligence ahead of yours, but there seems to be considerable others who would question that conclusion.

Admiral.

Admiral MULLEN. Sir, I would say this is not a very stable region. I mean, that is part of the problem we have. Al Qaeda lives there, leadership lives there. They are still trying to kill as many Americans and Western citizens as they can.

There are multiple terrorist organizations—I call it the epicenter of terrorism in the world—that are now working much more closely together than they have historically.

So from my perspective, I try to talk about this as a region as opposed to one country or another. They are very much integrated in ways that sometimes they don't even like, but clearly they are.

And so I think we have to have, and we seek, you know, a strategic partnership with both these countries, really the region, to look at long-term stability there. That is, from my perspective, whether we are at war at the level we are at right now or in the future when we have far fewer troops in the area, can we support stability in a way that doesn't endanger us in the long run, in addition to the citizens of those two countries?

Mr. GARAMENDI. I thank you. I don't want to engage in a debate with you, so I will let it go at that and thank you for that information.

My final question has to do with missile defense, which is significantly augmented in the budget. Why?

Secretary GATES. Part of the half-billion dollar increase is to implement the phased adaptive array missile defense that we have agreed to in Europe; but also, frankly, to increase our ability to defend our ships and our troops against theater-level threats, missile threats.

Hezbollah alone has 40,000 rockets and missiles at this point, including anti-ship cruise missiles that have a range of 65 miles. So we are putting more money into Aegis-capable ships. We will have 41 of these by the end of 2016, 28 by the end of 2012. They defend our ships. They defend, have the potential to defend, our ground troops. We are developing additional generations of the Standard Missile-3 that have enhanced capabilities to deal with Iranian, North Korean and other kinds of missiles. And we are making baseline—continuing to make baseline investments in the Ground-Based Interceptor program, which protects the continental United States.

So I think all of these are contributing to our own security, but also help protect our allies as well.

Mr. GARAMENDI. Thank you.

The CHAIRMAN. Thank you.

Mr. Rigell.

Mr. RIGELL. Thank you, Mr. Chairman.

Good afternoon, Secretary Gates, Secretary Hale and Admiral Mullen. In your chain of command, many, many levels down is my son. And I just want you to know on behalf of the Second District of Virginia, if it is, in fact, your last testimony before the House Armed Services Committee, that we are just really deeply, deeply grateful for your service. I know you have sacrificed a lot, and your families have, to allow you to serve in the way you have. I know that you are doing everything you can to accomplish the mission and to protect our young people. I thank you for that.

I come from a private-sector background, and I have learned in life that communication is extraordinarily difficult and it is absolutely essential for an organization to succeed. And I don't speak for the committee, but just for myself. It sure seems to me that communication between the DOD and HASC is lacking, it is poor. I regret that I have to rate it that way.

It is acute in our own district, in the Second District of Virginia, with respect to the disestablishment of JFCOM [Joint Forces Com-

mand]. Even today I have yet to receive the detailed analysis, the supporting documents, that would help me, representing the Second District, to properly understand and respond to the disestablishment of JFCOM, and that is disappointing to me. And I trust that we will move forward both on the House side and on the Pentagon side to improve, sharply, communication.

One area that I would like to shift to here is TRICARE, and it is widely understood when someone enlists in the military that health care is for life, it is free. I have asked many people, I served in the Marine Corps Reserve myself, and just it is widely understood.

And so as tempting as it is to look at that area as an area for cost savings, I truly believe, and I don't use these words lightly, that it is a breach of trust to change the deal because maybe we don't like the deal, or the government doesn't like the deal.

Mr. Chairman, Admiral Mullen, what initiative, if any, is being undertaken to ensure or make a more full disclosure to those who are considering a military career with respect to benefits that may be offered at their retirement?

Admiral MULLEN. Honestly, when young people come in the military, they are 20-something, 17, 18, 19 years old. And certainly while the material is available, and recruiters may use this as something in terms of, you know, a health care plan, and I have talked about it to our young people forever, I think that the military health care plan is the gold standard in the country, quite frankly.

But it is not something, at least I have found in those on Active Duty, they have focused heavily on, more so recently than in the past. But it is not something they focus on when they are that young. I didn't, and many others haven't.

Mr. RIGELL. Admiral, with all due respect, my time is so short.

Secretary GATES. There is a larger point, so let me respond to this. Congress actually settled this issue in 1995, that it wasn't free for life. They imposed fees, and they imposed a fee of $460 a year. So the issue of whether it was free or not was settled by Congress in 1995.

Once you have acknowledged that there is going to be a fee, the notion that the fee would never change is certainly nowhere in the legislation.

Mr. RIGELL. Well, Mr. Secretary, my question was what initiative, if any, was undertaken to ensure a full disclosure of those who are entering the service? I believe in full disclosure; I know we all do. And I am submitting to you today that, in countless conversations with our veterans, that there is a disconnect between what is being told by the recruiter and what reality is. And I just respectfully, as one American to another, am asking that that be addressed within the commands. It is not an expensive initiative. It would just be to ensure better disclosure.

You know, as we look—and I will close with this. As we look at the profound challenges that are facing our military that you have discussed today and the shortage of funds for ship repair, for shipbuilding, the reduction in end strength, troop levels, it is just stunning to me—and, I think, a misplaced priority—that we are still talking about sending a carrier to Mayport, which is a risk that is

minimal and could be mitigated with far less funds than it takes to move that carrier to Mayport. And I would ask you to reconsider that, respectfully.

Thank you.

The CHAIRMAN. Mrs. Hanabusa.

Mrs. HANABUSA. Thank you, Mr. Chairman.

Thank you, Mr. Secretary, and thank you, Admiral, for being here.

I have a basic question regarding the budget. I read, I thought I read it correctly in the budget documents from the President, that the total amount of outlay was about $700 billion. And I do know that 553- is the base budget, and Mr. Secretary has said that. And the Overseas Contingency Operation budget of about 117-, plus or minus, I think, is not included in the base, if I am reading that correctly. But I am still short about $30 billion. So do you know where that $30 billion is?

Secretary HALE. I need to get with you and see where the numbers are. There are various ways of adding up the budgets. The figures we are discussing here are 051. You could be including the National Nuclear Security Administration figures in there, which is something called function 050.

I don't know if we want to take a lot of time here, but I would be glad to get with you, and we will sort out the numbers for you.

Mrs. HANABUSA. Please do. But the 553- and the 117- is correct, though. We are not just really talking about 553——

Secretary HALE. Yes. That is the DOD portion of the budget. But as I say, there are various ways of adding this up.

Mrs. HANABUSA. Thank you very much.

Mr. Secretary, Congresswoman Bordallo has left, but I am also very curious about the position with Okinawa. And I have read what was given to us beginning on page 15 and continuing on to page 16.

There seems to not be a firm statement about what Japan's position is, and I think one of the things that is pointed out is that the $472 million for Guam was not included in, I guess, the Japanese budget.

So how critical is their contribution to what happens? And I kind of would like to know, as best as I can, what is the bottom line? Are they going to move from Okinawa? Are they not going to move? It looks like a reduction of about 10,000 troops from Okinawa. So what do we plan to do?

Secretary GATES. First of all, the Japanese actually have fulfilled all their commitments to date. They have given us, I think, a little over $700 million for infrastructure. When I was there, they told me they were putting together a program that will include something on the same order of further infrastructure investments.

And as I mentioned earlier, we really can't go forward on Guam. In fact, the Congress has withheld money for going forward on Guam until we have greater clarity on what happens on Okinawa.

My hope is, based on my conversations in Japan, that we will have some resolution of this by later this spring or early this summer, and then we will be able to come to you with our plans. But absent—absent resolution of the Futenma replacement facility issue, our troops aren't coming out of Okinawa, land is not being

returned to the Okinawans, and we have to sort of start all over again.

But I do believe we will find some positive resolution to the Futenma issue.

Mrs. HANABUSA. So when you say the Futenma issue and the resolution of where the troops are going to go, are you talking about within Okinawa itself or some variation of Okinawa and Guam?

Secretary GATES. On Okinawa itself.

Mrs. HANABUSA. On Okinawa itself?

And finally, this whole concept of end strength, I want to know whether that is some kind of a magical number into the future, to a time specific, or is that something that we are looking at given the information that we have today?

Secretary GATES. It is basically looking at the information that we have today.

And, as I have said, the end strength in 2015 and 2016 will, at the end of the day, be determined by the conditions in the world and, above all, have we come out of Afghanistan, by and large, by the end of 2014. That would enable us to have a lower end strength.

Now, as we have talked about in this hearing, the Marine Corps believes that it needs to come down about 15,000 because they think they have gotten too big and too heavy in terms of their equipment. So this is a proposal that actually is divorced from the budget and is more based on the Marine Corps' own view of their force structure and what they need to complete their mission going forward.

Mrs. HANABUSA. And how about the other services? Do they share——

Secretary GATES. The only other service affected at this point is the Army. And, again, depending on the circumstances, the Army leadership supports this proposal, but the Army leadership is also fully aware that they will have the opportunity to revisit this decision if conditions in the world change.

Mrs. HANABUSA. Thank you.

The CHAIRMAN. We have one, two, three, four, five Members that have been waiting patiently now for 3 hours, and we just got the first series of votes called, and I am concerned that they will go for 45 minutes or an hour. And I know, Mr. Secretary, you said that you had until 1:30. I appreciate that you have given us that time, but I think we only have time probably for one more.

Mr. Gibson.

Mr. GIBSON. Thank you, Chairman, and I thank the distinguished panelists for their leadership and for being here today. And I also want to express my admiration for all the men and women that you lead and for their families on what they do on behalf of our freedom.

I also would like to express my appreciation for the budget submission, not easy work, and I have some experience in it, and I know it has been challenging for the team, especially in relation to the last decade with regard to prioritization. I look forward to being supportive going forward.

My concern has been touched on here today, but I would like to address it more directly, and it has to do with, generally, requirements and resources, but, more broadly, with the prefacing discussion of what kind of country we are, what interests we have, or what commitments we think are appropriate for a republic.

You know, I think on this committee there would be wide agreement and beyond that we need to protect our cherished way of life, and that we need the world's best military to do that, but I think there is a wide variety of views and opinions as to precisely what that means. Some believe that we should embrace some kind of isolationism; others, perhaps, a near endless global commitment strategy.

I reject the extremes of both sides. I personally think that we are overcommitted and that we ask too much of our military, but it is a debatable point. Which gets to my point. We have processes, NDP, the QDR, primarily for internal or D.C. consumption, when I think it really needs to be more of a national conversation.

I know you both travel widely and you speak. I am curious to know, does this topic come up when you are with the American people, and what ideas that you have, if you agree, that this should be more of a national discussion going forward?

Admiral MULLEN. Well, I have traveled fairly extensively over the course of the last year, and I have found, and I worry about, the sort of growing disconnect between the American people and the military. And I don't mean that—I mean, they are enormously supportive of our men and women and their families. They know we are in two wars. They know we are sacrificing enormously as well.

More and more, we come from 40 percent fewer places. I mean, we are 40 percent smaller than we were in 1989. We have BRACed [Base Realignment and Closure] out of many parts of the country. And so our day-to-day connections are significantly reduced from what they used to be. And it is the breadth and the depth of understanding of who we are and what we are doing, the number of deployments, sacrifices of the family, the changes that have occurred over the course of the last decade.

So it is not going to happen overnight, but it is a long-term concern that I have. And particularly when you overlay that with the enormous fiscal challenges that the country has right now, it is one of the reasons I have talked about—I actually do think the debt is a huge issue for national security, because we are going to be affected by that. You can see it in this budget. It is going to continue to happen.

So that is probably the worry, and having a conversation with America about those challenges, and particularly individuals who serve, then go on to return to communities throughout the country, the veterans issues. I mean, we see an increasing homeless population in our veterans, increasing number of female homeless veterans, for example. How do they return to—you pick the area. They are enormously capable people. They are wired to serve in the future. They will make a big difference. They are 20-something. But how do we invest just a little bit in them so that, taking advantage of the GI bill, they will then take off and make a huge difference

in the future? And I think they will. That connection is something that I think is really important.

Secretary GATES. But at the end of the day, Mr. Gibson, from our perspective, the dialogue, the conversation that you are describing is a dialogue that needs to take place between the executive branch and the legislative branch. You represent the American people. You have your finger on the pulse of the people in your district better than any of us ever could. And so, as was intended by the Founders, we basically rely on you as the surrogates for the American people in terms of that dialogue.

Mr. GIBSON. I appreciate the comments, and I do believe that it is an area that we are going to need to address. And I look forward to working with the DOD and also the chairman and the committee moving forward.

And I yield back.

The CHAIRMAN. Thank you very much.

Mr. Secretary, Admiral, thank you again for being here, for your service. And this committee stands adjourned.

[Whereupon, at 1:12 p.m., the committee was adjourned.]

A P P E N D I X

February 16, 2011

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

FEBRUARY 16, 2011

Statement of Chairman Howard P. "Buck" McKeon (R–California)

House Committee on Armed Services

Hearing on

Fiscal Year 2012 Budget Request from the Department of Defense

February 16, 2011

Good morning. Thank you for joining us as we consider the Fiscal Year 2012 budget request for the Department of Defense. On Monday, I had the opportunity to sit down with Secretary Gates to discuss this request. Based on the information I received, it is my sense that there will be more common ground in this budget than there will difference of opinion.

I have said before that I support Secretary Gates' initiative to find savings in lower priorities to reinvest in the core missions of the Department. There may be a few particulars that we disagree on, but other agencies should follow his example. Now it is up to us, the Members of the Armed Services Committee, to take up the Fiscal Year 2012 proposal and scrutinize it with a fine tooth comb.

Understandably, there will be winners and losers in this process. Tough choices must be made. But I will not support initiatives that will leave our military less capable and less ready to fight.

In the request before us, most concerning is the reduction of an additional $78 billion from the Department's funding topline, including a $13 billion cut in 2012—ultimately leading to zero percent real growth within three years. In his written testimony, Secretary Gates implies that we should not be concerned with this reduction from last year's plan because the "so-called cut is to the rate of projected growth." In fact, in real terms, the 2012 budget request is a decrease compared to the 2011 request. When you request less than what you planned and your request is less, in real terms, than the year before, Mr. Secretary, that's a cut to your budget.

Further, the fact that much of the $78 billion comes from eliminating overhead and improving business practices is laudable, but is irrelevant to the debate about the level of investment necessary to protect our national security. Everyone agrees that we should shed such waste. But I have argued that we should reinvest these savings in defense. You have argued in the past that force structure and

modernization accounts must see at least 2 to 3 percent real growth, or risk cuts to force structure. That is why these dollars should stay in defense.

Only a portion of this cut is from shedding waste and redundancy. In your written testimony, you indicate that $4 billion comes from restructuring of the Joint Strike Fighter program. While I don't quibble with the restructuring, the truth is that you have actually added to the cost of the program by moving aircraft out of the next five years and into the tail end of the program. Let's not call this "savings." The remainder, $6 billion, is generated with reductions to Army and Marine Corps's end strength in the 2015 to 2016. While some will claim the reductions in end strength are not budget driven, I note that the savings from those reductions were included in the future years defense plan, even before the Marine Corps completed its force structure review and before the Army had even begun one. Both services have borne the brunt of two wars for the past decade and neither has reached its objectives for active component dwell time of 1:3. I cannot in good conscience ask them to "do more with less."

I will conclude by acknowledging that the new Congress must finish work on defense appropriations legislation that was left unfinished in the 111th Congress. I share the witnesses' concerns about the implications to our troops of funding the Department of Defense at Fiscal Year 2010 funding levels in a year-long continuing resolution. This is why, although I am disappointed there were not higher funding levels for defense in this legislation, I am pleased that the House has taken up a defense appropriation for Fiscal Year 2011. I support all efforts by this Congress to responsibly clean up last year's unfinished business and to avoid crippling the Department with a continuing resolution.

As I stated previously, these are difficult choices. I take great comfort in knowing DOD has leaders like you for these challenging times. Welcome and thank you to both our witnesses: The Honorable Robert M. Gates, Secretary of Defense; Admiral Michael G. Mullen, Chairman of the Joint Chiefs of Staff.

I look forward to continuing an open dialogue with you on these issues.

Statement of Ranking Member Adam Smith (D–Washington)

House Committee on Armed Services

Hearing on

Fiscal Year 2012 Budget Request from the Department of Defense

February 16, 2011

Today is the first of a long series of hearings to examine, in considerable detail, our nation's defense budget. In this process, our number one goal is to support those in uniform and their families while being mindful of the economic challenges and the enormous budget pressures our Country faces.

The American people deserve our best efforts to ensure that the necessary amount of funding and resources are dedicated to their protection. Over the past ten years, as we have faced the ongoing threat from Al Qaeda and fought two wars in Iraq and Afghanistan, Congress has provided those resources—in 2001, our total defense budget in current dollars was $316 Billion, including war costs and supplemental needs. The FY12 base budget and Overseas Contingency Operations requests amount to $671 Billion, or more than twice as much. Given the challenges we faced, I think this was the right thing to do.

Today, the American people face an additional and new threat—a challenging economic environment and record deficits. This year, FY 2011, we are projected to run a deficit of over one and a half trillion dollars. Clearly, we must continue to provide the resources our men and women in uniform need to carry out the difficult jobs we have asked them to do, especially with nearly 150,000 servicemembers deployed to Afghanistan and Iraq. We also owe the American people our best efforts to find savings and efficiencies in the defense budget. In this time of economic hardship and huge deficits, when we ask the American people for their hard-earned tax dollars, we must be absolutely sure it is needed and spent effectively. Simply spending more, even in the defense budget, is not the answer—we need to be spending wisely.

We owe the same obligation to those who serve in uniform. In the past, we have funded programs that had little chance of success and which cost us billions before they were terminated—the Future Combat System, the Comanche helicopter, the VH-71. These were all examples of unneeded, unaffordable programs that we

could not make work, and which ultimately siphoned off funds that could have been better used elsewhere. We have to do better than this for our service men and women as well as the taxpayer.

Part of spending wisely though, is thinking seriously and realistically about our defense needs and our strategy. We cannot claim to be serious about defense if proposed cuts are divorced from hard, realistic discussions of needed capabilities and risks and the tradeoffs that are forced by reductions in resources. Frankly, I am afraid that some of the amendments offered on the floor yesterday and today come close to being completely unconnected to such discussions. I am confident that this committee will not make the same mistake as we go forward.

The President's budget proposal is a serious one, and deserves serious consideration. Across the Future Years Defense Plan, the President's request provides the needed level of resources to support our national security and our men and women in harm's way, without simply throwing money at problems. At the risk of quoting a witness before he's spoken, I would like to echo something Secretary Gates has said in the past—that "not every defense dollar is sacred and well spent, and that more of nearly everything is simply not sustainable."

As we move further into these budget discussions, I do not expect to agree with all of the proposals put before us. But I do respect and appreciate the hard work and serious effort the Secretary, Admiral Mullen, and those who work for them have put into this budget, and their constant efforts to support those in uniform and their families, without bankrupting our Country.

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STATEMENT OF SECRETARY OF DEFENSE ROBERT M. GATES
HOUSE ARMED SERVICES COMMITTEE
FEBRUARY 16, 2011

Mr. Chairman, Mr. Smith, members of the committee.

I would like to start with a few words about Congresswoman Giffords who, of course, should be with us today were it not for the tragic and senseless attack in Tucson last month. I have had an opportunity to interact with Congresswoman Giffords in her capacity as a member of this committee. She is a strong supporter of America's national defense, cares deeply about our troops and their families, and has pursued her oversight responsibilities with dedication. Our thoughts and condolences continue to be with the families of the victims of that attack. We send our best to the Congresswoman's husband, Navy Captain Mark Kelly, for his upcoming Space shuttle mission and as he helps Ms. Giffords through her recovery. We will miss Representative Gifford's contributions today and in the weeks and months ahead, and we in the Department of Defense wish her a speedy and full rehabilitation.

I appreciate the opportunity to appear before you to discuss the President's budget request for Fiscal Year 2012. I first want to thank the members of this committee for your support of the men and women in uniform who have answered the call in a time of war. I know you will join me in doing everything to ensure they have all they need to accomplish their mission and come home safely.

The budget request for the Department of Defense being presented today includes a base budget request of $553 billion and an Overseas Contingency Operations request for $117.8 billion. These budget decisions took place in the context of a nearly two year effort by this Department to reduce overhead, cull troubled and excess programs, and rein in personnel and contractor costs – all for the purpose of preserving the fighting strength of America's military at a time of fiscal stress for our country. The goal was not only to generate savings that could be applied to new capabilities and programs, but for our defense institutions to become more agile and effective organizations as a result.

In all, these budget requests, if enacted by the Congress, will:

- Continue our efforts to reform the way the department does business;
- Fund modernization programs needed to prepare for future conflicts;
- Reaffirm and strengthen the nation's commitment to care for the all-volunteer force; and
- Ensure that our troops and commanders on the front lines have the resources and support they need to accomplish their mission.

Before I further summarize the elements of the President's budget request, I want to address three issues that I know have been a subject of debate and concern since I announced the outlines of our budget proposal on January 6:

- First, the serious damage caused to our military by operating under a continuing resolution or receiving a significant funding cut during fiscal year 2011;
- Second, the projected slowing and eventual flattening of growth of the defense budget over the next five years; and
- Third, the planned future reductions in the size of the ground forces.

I want to make clear that we face a crisis on our doorstep if the Department of Defense ends up with a year-long continuing resolution or a significant funding cut for FY 2011. The President's defense budget request for FY 2011 was $549 billion. A full-year continuing resolution would fund the department at about $526 billion. That's a cut of $23 billion. Similarly, some of the appropriations proposals under debate in Congress contemplate reductions of $15 billion and more from what the President requested for defense in fiscal year 2011. The damage done across the force from such reductions would be magnified as they would come halfway through the fiscal year.

Let me be clear: Operating under a year-long continuing resolution or substantially reduced funding – with the severe shortfalls that entails – would damage procurement and research programs causing delays, rising costs, no new program starts and serious disruptions in the production of some our most high demand assets, such as Unmanned Aerial Vehicles. The reductions would likely fall most heavily on our operations and maintenance accounts. Cuts in maintenance could force parts of our aircraft fleet to be grounded and delay needed facilities improvements. Cuts in operations would mean fewer flying hours, fewer steaming days, and cutbacks in training for home-stationed forces – all of which directly impacts readiness. That is how you hollow out a military – when your best people, your veterans of multiple combat deployments, become frustrated and demoralized and, as a result, begin leaving military service.

Consider also that throughout this past decade of conflict, the service chiefs and Members of Congress have repeatedly voiced concerns about the lack of training opportunities for conventional high-end combat resulting from the operational demands of Iraq and Afghanistan. We are just now beginning to get the kind of dwell time for our home stationed forces to allow that kind of training. If forced to operate under a continuing resolution or reduced funding, some of that full-spectrum training will not happen in Fiscal Year 2011.

Mister Chairman, I recognize that given the current fiscal and political environment, it is unlikely that the Defense Department will receive the full amount originally requested for FY 11. Based on a number of factors – including policy changes that led to lower personnel costs and reduced activity forced by the continuing resolution – I believe the department can get by with a lower number. However, it is my judgment that the Department of Defense needs an appropriation of at least $540 billion for Fiscal Year 2011 for the U.S. military to properly carry out its mission, maintain readiness, and prepare for the future.

Which brings me to the second issue – the proposed $78 billion reduction in the defense budget topline over the next five years. To begin with, this so-called "cut" is to the rate of predicted growth. The size of the base defense budget is still projected to increase in real, inflation-adjusted dollars, before eventually flattening out over this time period.

More significantly, as a result of the efficiencies and reforms undertaken over the past year, we have protected programs that support military people, readiness, and modernization. These efforts have made it possible for the department to absorb lower projected growth in the defense budget without, as Chairman McKeon warned last month, "leav[ing] our military less capable and less able to fight." In fact, the savings identified by the services have allowed our military to add some $70 billion towards priority needs and new capabilities.

And, of the $78 billion in proposed reductions to the five year defense budget plan, about $68 billion comes from a combination of shedding excess overhead, improving business practices, reducing personnel costs, and from changes to economic assumptions. Only $10 billion of that five-year total is related directly to military combat capability. $4 billion comes

from restructuring the Joint Strike Fighter program, a step driven by the program's development and testing schedule that would have taken place irrespective of the budget top-line.

The rest, about $6 billion, results from the proposed decrease in end strength of the Army and Marine Corps starting in FY 2015, a decision that I will address now. Just over four years ago, one of my first acts as defense secretary was to increase the permanent end strength of our ground forces – the Army by 65,000 to a total of 547,000 and the Marine Corps by 27,000 to 202,000. At the time, the increase was needed to relieve the severe stress on the force from the Iraq war as the surge was getting underway. To support the later plus up of troops in Afghanistan, I subsequently authorized a temporary further increase in the Army of some 22,000. The objective was to reduce stress on the force, limit and eventually end the practice of stop-loss, and to increase troops' home station dwell time.

As we end the U.S. troop presence in Iraq this year, according to the agreement with the Iraqi government, the overall deployment demands on our force are decreasing significantly. Just three years ago, we had some 190,000 troops combined in Iraq and Afghanistan. By the end of this calendar year we expect less than 100,000 troops to be deployed in both of the major post-9/11 combat theaters, virtually all of those forces being in Afghanistan.

That is why we believe that, beginning in FY 2015, the U.S. can, with minimal risk, begin reducing Army active duty end strength by 27,000 and the Marine Corps by somewhere between 15,000 and 20,000. These projections assume that the number of troops in Afghanistan would be significantly reduced by the end of 2014, in accordance with the President's strategy. If our assumptions prove incorrect, there's plenty of time to adjust the size and schedule of this change.

It is important to remember that even after the planned reductions, the active Army end strength would continue to be larger, by nearly 40,000 soldiers, than it was when I became defense secretary four years ago. I should also note that these reductions are supported by both the Army and Marine Corps leadership.

I would note that prior to these budget decisions, the last Marine Commandant stated that he believed the Marine Corps was larger than it should be for the long term. The current Commandant, General Amos, has just completed a comprehensive force structure review for the post-Afghanistan security environment that is consistent with the out-year reductions projected in the President's budget plan.

Reform – Efficiencies

These budget decisions took place in the context of a nearly two year effort by the Department of Defense to reform the way the Pentagon does business – to change how and what we buy, to replace a culture of endless money with one of savings and restraint. To not only make every defense dollar count, but also become a more agile and effective organization in the process.

Last spring, we launched a comprehensive effort to reduce the department's overhead expenditures. The goal was – and is – to sustain the U.S. military's size and strength over the long term by reinvesting those efficiency savings in force structure and other key combat capabilities. This process culminated in my announcement last month that summarized the impact of these reforms on the FY 12 budget.

The military services conducted a thorough scrub of their bureaucratic structures, business practices, modernization programs, civilian and military personnel levels, and associated overhead costs. They identified potential savings that totaled approximately $100

billion over five years. More than $70 billion is being reinvested in high priority needs and capabilities, while about $28 billion is going to higher than expected operating costs – "must pay" bills that would otherwise be paid from investment accounts.

We then looked at reducing costs and deriving savings across the department as a whole – with special attention to the substantial headquarters and support bureaucracies outside the four military services – savings that added up to $78 billion over five years.

As I mentioned earlier, $10 billion of that total came from restructuring the Joint Strike Fighter program and reducing Army and Marine Corps end strength starting in FY 2015.

The rest of the DoD-wide savings came primarily from shedding excess overhead, improving business practices, and reducing personnel costs. Key examples include:

- $13 billion from holding the civilian workforce at FY 10 levels for three years, with limited exceptions such as growth in the acquisition workforce;
- $12 billion through the government-wide freeze on civilian salaries;
- $8 billion by reforming military health programs to maintain high quality care while slowing cost growth;
- $11 billion from re-setting missions, priorities, functions for the defense agencies and the Office of the Secretary of Defense.
- $6 billion by reducing staff augmentation and service support contracts by 10 percent annually for three years;
- $2.3 billion by disestablishing Joint Forces Command and the Business Transformation Agency;
- $1 billion by eliminating unnecessary studies and internal reports;
- $4 billion in changed economic assumptions, such as a lower than expected inflation rate;
- $100 million by reducing more than 100 flag officer and about 200 civilian senior executive positions; and
- $11 billion in a variety of smaller initiatives across the department.

To better track how and where taxpayer dollars are spent, the department is also reforming its financial management systems and practices – with the goal of having auditable financial statements by the congressionally mandated date of 2017. We are pursuing a streamlined approach that focuses first on the information we most use to manage the department.

FY 2012 Base Budget Request

The President's request for the base defense budget is for $553 billion, which represents a 3.6 percent real increase over continuing resolution levels – and about 1.5 percent real growth over the omnibus defense bill marked up by Congress last year. The four major components are:

- $207.1 billion for operations, maintenance, logistics and training;
- $142.8 billion for military pay and benefits;
- $188.3 billion for modernization; and
- $14.8 billion for military construction and family housing.

Modernization

In all, the FY 12 budget request includes $188.3 billion for modernization in the form of Procurement, Research, Development, Testing and Evaluation. Key modernization initiatives include:

- $4.8 billion to enhance ISR capabilities and buy more high demand assets, including the MC-12 surveillance aircraft, Predator, Reaper and Global Hawk UAVs – with the aim of achieving 65 Predator-class Combat Air Patrols by the end of FY 2013;
- More than $10 billion to modernize our heavily used rotary wing fleet;
- $3.9 billion to upgrade the Army's combat vehicles and communications systems;
- $4.8 billion to buy new equipment for the reserves;
- $14.9 billion to buy new fighters and ground attack aircraft;
- $24.6 billion to support a realistic, executable shipbuilding and investment portfolio that buys 11 ships in FY 12 and modernizes existing fleet assets;
- $10.5 billion to advance the modernization portion of the Administration's approach to ballistic missile defense – including $8.4 billion for the Missile Defense Agency; and
- $2.3 billion to improve the military's cyber capabilities.

Questions have been raised about whether we are too focused on current conflicts and are devoting too few resources to future possible high-end conflicts. This budget should put those questions to rest. The FY 2012 base request provides for significant investments at the high end of the conflict spectrum, including:

- $1 billion ($4.5 billion over the Future Years Defense Program) for a tactical air modernization program that would ensure that the F-22 will continue to be the world's preeminent air-to-air fighter. This effort will leverage radar and electronic protection technologies from the JSF program;
- $204 million ($1.6 billion over the FYDP) to modernize the radars of F-15s to keep this key fighter viable well into the future;
- $30 million ($491 million over the FYDP) for a follow-on to the AMRAAM, the medium range air-to-air weapon, that would provide greater range, lethality and protection against electronic jamming;
- $200 million ($800 million over the FYDP) to invest in technologies to disrupt an opponent's ability to attack our surface ships;
- $1.1 billion ($2.2 billion over the FYDP) to buy more EA-18 Growlers than originally planned, plus $1.6 billion over the FYDP to develop a new jamming system, expanding our electronic warfare capabilities;
- $2.1 billion ($14 billion over the FYDP) to fund Aegis-equipped ships to further defend the fleet from aircraft and missile attack and provide theater-wide tactical ballistic missile defense; and
- To improve anti-submarine capabilities, $2.4 billion for P-8 Poseidon aircraft ($19.6 billion over the FYDP) and $4.8 billion for procurement of Virginia-class attack submarines ($27.6 billion over the FYDP).

The FY 2012 budget also supports a long-range strike family of systems, which must be a high priority for future defense investment given the anti-access challenges our military faces.

A key component of this joint portfolio will be a new long-range, nuclear-capable, penetrating Air Force bomber, designed and developed using proven technologies and with an option for remote piloting. It is important that we begin this project now to ensure that a new bomber can be ready before the current aging fleet goes out of service.

The budget request includes $10.6 billion to maintain U.S. supremacy in space, in keeping with the recently released National Security Space Strategy. This new strategy will help bring order to the congested space domain, strengthen international partnerships, increase resiliency so our troops can fight in a degraded space environment, and improve our acquisition processes and reform export controls to energize the space industrial base.

As the military services were digging deep for excess overhead, they were also taking a hard look at their modernization portfolio for weapons that were having major development problems, unsustainable cost growth, or had grown less relevant to real world needs.

The Joint Strike Fighter program received special scrutiny given its substantial cost and its central place in ensuring that we have a large inventory of the most advanced fifth generation stealth fighters to sustain U.S. air superiority well into the future. The FY 12 budget reflects the proposed restructuring of the F-35 Joint Strike Fighter program to stabilize its schedule and cost. The department has adjusted F-35 procurement quantities based on new data on costs, on likely orders from our foreign nation partners, and on realigned development and test schedules.

The proposed restructuring adds over $4 billion for additional testing through 2016. It holds F-35 procurement in FY 12 at 32 aircraft and reduces buys by 124 aircraft compared with last year's plans. Even after these changes, procurement ramps up sharply to 108 aircraft by FY 2016. This is the fastest that future procurement can prudently be increased.

The F-35 restructuring places the Marine's STOVL variant on the equivalent of a two year probation. If we cannot fix this variant during this time frame and get it back on track in terms of performance, cost and schedule, then I believe it should be canceled. To compensate for any delays in F-35 deliveries, we propose buying 41 more F/A-18s between FY 2012 to 2014.

I also want to reiterate the President's and my firm opposition to buying an extra engine for the F-35 – a position echoed by the Air Force, Navy and Marine Corps leadership. We consider it an unnecessary and extravagant expense, particularly during this period of fiscal contraction. The Congress has not spoken with one voice on this matter and the Department has been operating this fiscal year under ambiguous guidance at best. Given the situation, I decided to continue to fund the JSF extra engine effort during this interim period to give Congress the opportunity to resolve this matter as part of its ongoing debate on the budget.

However, this also means that the American taxpayers are spending $28 million a month for an excess and unjustified program that is slated for termination. The President, the military services and I continue to oppose this extra engine and, when the current CR expires, I will look at all available legal options to close down this program. It would be a waste of nearly $3 billion in a time of economic distress and the money is needed for higher priority defense efforts.

This budget proposes cancelling the Expeditionary Fighting Vehicle and reallocating funds to existing Marine ground combat requirements, a decision based on the recommendation of the Secretary of the Navy and the Commandant of the Marine Corps.

Ultimately, the Navy and Marine Corps leadership based their recommendations on two main principles: affordability and balance. The EFV, a program originally conceived in the 1980s, has already consumed more than $3 billion to develop and will cost another $12 billion to build. The EFV as designed would have cost many times more than the system it would replace,

with much higher maintenance and service costs. If continued over the next two decades, the EFV program would consume fully half of all Marine Corps procurement dollars while swallowing virtually the Corps' entire ground vehicle budget – procurement, operations, and maintenance – with all the risk to readiness that entails.

To be sure, the EFV would, if pursued to completion without regard to time or cost, be an enormously capable vehicle. But as with several other high end programs completed or cancelled in recent years – the F-22, the Army Future Combat Systems, or the Navy's DDG-1000 destroyer – the mounting cost of acquiring this specialized capability must be judged against other priorities and needs.

Let there be no doubt – we are committed to sustaining the Marine Corps amphibious mission. This FY 2012 request proposes that the $2.8 billion previously budgeted to the EFV for the next five years instead be re-invested towards an integrated new vehicle program for the Marine Corps, including:

- New armor, weaponry and engines, plus a life-extension program for the existing amphibious assault vehicles:
- The development of a new, more affordable, sustainable and survivable amphibious vehicle;
- Accelerated procurement of new personnel carriers; and
- Enhancement of existing Marine vehicles such as the Abrams tank and Light Armored Vehicle.

Throughout this process, we will harness the lessons learned – in terms of engineering, design, and testing – from the development of the EFV.

Personnel

The FY 12 budget request includes $142.8 billion for military pay and benefits and continues our strong support for troops and their families. This includes funding for wounded, ill and injured care, enhancing the military health care system and supporting military families under stress. Examples in this request include:

- $2.3 billion to provide care for our Wounded Warriors and their families; and
- $8.3 billion for supporting families, including child care and school programs; and

While the department continues to insist on and pay for the highest quality health care, we are also mindful of sharply rising health costs – which have risen over the last decade from $19 billion in 2001 to $52.5 billion in this budget request. The department has taken a comprehensive look at all facets of the military health care model – emphasizing the need to balance the number one priority of continuing to provide the highest care and service, while ensuring fiscally responsible management.

One area we have identified are benefits provided to working-age retirees under the TRICARE program. Many of these beneficiaries are employed full time while receiving full pensions, often forgoing their employer's health plan to remain with TRICARE. This should come as no surprise, given that the current TRICARE enrollment fee was set in 1995 at $460 a year for the basic family plan and has not been raised since. By comparison, the fees for a comparable health insurance program for federal workers total roughly $5,000 per year.

Accordingly, we propose a modest increase to TRICARE Prime enrollment fees for working age retirees: $2.50 per month for individuals and $5.00 per month for families in FY 2012, and then indexed to Medicare premium increases in future years.

We are proposing other health care initiatives such as efficiencies in pharmacy co-pays designed to provide incentives to make greater use of generic prescriptions and those ordered by mail. We also seek to phase out, over several years, special subsidies offered to a small group of hospitals that treat military families and retirees. Additionally, we are proposing providing TRICARE-for-Life to all Medicare-eligible retirees aged 65 and over, including future enrollees in the Uniformed Services Family Health Plan. It is important to note that none of these changes would affect health care benefits for active-duty personnel.

Overseas Contingency Operations

Finally, this budget request includes $117.8 billion in FY 2012 to support Overseas Contingency Operations, primarily in Afghanistan, and to wind down our operations in Iraq – this is a significant reduction from the $159 billion request for OCO in FY 2011. The request, which fully funds our wartime requirements, includes:

- $86.4 billion for wartime operations and related costs;
- $425 million for the Commander's Emergency Response Fund;
- $475 million for the Afghan Infrastructure Fund;
- $2.6 billion to support counter-IED efforts;
- $3.2 billion for MRAP vehicles, including the MRAP All Terrain Vehicles developed for Afghanistan; and
- $11.9 billion to replace and restore worn, damaged or destroyed equipment.
- $12.8 billion for training and equipping of the Afghan security forces.

Conclusion

All told, the cumulative effect of the department's savings and reforms, combined with a host of new investments, will make it possible to protect the U.S. military's global reach and fighting strength despite the declining rate of growth, and eventual flattening, of the defense budget over the next five years. As a result of the savings identified by the services and reinvested, our military will be able to meet unforeseen expenses, refurbish war worn equipment, buy new ships and fighters, begin development of a new long-range bomber, boost our cyber-warfare capability, missile defense, and buy more of the most advanced UAVs. But, I should note, this will only be possible if the efficiencies reforms and savings are followed through to completion.

Before closing, I want to address the calls from some quarters for deeper cuts in defense spending to address this country's fiscal challenges. I would remind them that over the last two defense budgets submitted by President Obama, we have reformed and rebalanced the department's spending habits and priorities, curtailing or canceling troubled or excess programs that would have cost more than $300 billion if seen through to completion. Additionally, total defense spending – including war costs – will decline further as the U.S. military withdraws from Iraq.

We still live in a very dangerous and often unstable world. Our military must remain strong and agile enough to face a diverse range of threats – from non-state actors attempting to acquire and use weapons of mass destruction and sophisticated missiles, to the more traditional

threats of other states both building up their conventional forces and developing new capabilities that target our traditional strengths.

We shrink from our global security responsibilities at our peril. Retrenchment brought about by short-sighted cuts could well lead to costlier and more tragic consequences later – indeed as they always have in the past. Surely we should learn from our national experience, since World War I, that drastic reductions in the size and strength of the U.S. military make armed conflict all the more likely – with an unacceptably high cost in American blood and treasure.

Today, I ask your support for a leaner, more efficient Pentagon and continued sustainable, robust investments in our troops and future capabilities. Our troops have done more than their part, now it is time for us in Washington to do ours.

Mr. Chairman, I look forward to working through this next phase of the President's defense reform effort with you in the weeks and months ahead – to do what's right for our Armed Forces and what's right for our country.

# # #

Dr. Robert M. Gates

Secretary of Defense

Dr. Robert M. Gates was sworn in on December 18, 2006, as the 22nd Secretary of Defense. Dr. Gates is the only Secretary of Defense in U.S. history to be asked to remain in that office by a newly elected President. President Barack Obama is the eighth president Dr. Gates has served.

Before entering his present post, Dr. Gates was the President of Texas A&M University, the nation's seventh largest university. Prior to assuming the Texas A&M presidency, on August 1, 2002, he served as Interim Dean of the George Bush School of Government and Public Service at Texas A&M from 1999 to 2001.

Secretary Gates joined the Central Intelligence Agency in 1966 and spent nearly 27 years as an intelligence professional. During that period, he spent nearly nine years at the National Security Council, The White House, serving four presidents of both political parties.

Dr. Gates served as Director of Central Intelligence from 1991 until 1993. He is the only career officer in CIA's history to rise from entry-level employee to Director. He served as Deputy Director of Central Intelligence from 1986 until 1989 and as Assistant to the President and Deputy National Security Adviser at the White House from January 20, 1989, until November 6, 1991, for President George H.W. Bush.

Secretary Gates has been awarded the National Security Medal, the Presidential Citizens Medal, has twice received the National Intelligence Distinguished Service Medal, and has three times received CIA's highest award, the Distinguished Intelligence Medal.

He is the author of the memoir, From the Shadows: The Ultimate Insiders Story of Five Presidents and How They Won the Cold War, published in 1996.

Until becoming Secretary of Defense, Dr. Gates served as Chairman of the Independent Trustees of The Fidelity Funds, the nation's largest mutual fund company, and on the board of directors of NACCO Industries, Inc., Brinker International, Inc. and Parker Drilling Company, Inc.

Dr. Gates has also served on the Board of Directors and Executive Committee of the American Council on Education, the Board of Directors of the National Association of State Universities and Land-Grant Colleges, and the National Executive Board of the Boy Scouts of America. He has also been President of the National Eagle Scout Association.

A native of Kansas, Secretary Gates received his bachelor's degree from the College of William and Mary, his master's degree in history from Indiana University, and his doctorate in Russian and Soviet history from Georgetown University.

In 1967 he was commissioned a second lieutenant in the U.S. Air Force and served as an intelligence officer at Whiteman Air Force Base in Missouri.

Posture Statement of
Admiral Michael G. Mullen, USN
Chairman of the Joint Chiefs of Staff
Before the 112th Congress
House Armed Services Committee

Chairman McKeon, Representative Smith, and distinguished members of the Committee, it is my privilege to report on the posture of the United States Armed Forces.

We remain a military at war. Yet, in the face of daunting challenges, our Armed Forces have successfully carried out their far-ranging missions over the past year. They have disrupted al-Qaeda, improved security in Afghanistan, continued on a path to soon end the war in Iraq, promoted stability in the Pacific Rim, and provided humanitarian assistance when disasters struck. However, the cumulative stress of nine years of war is growing and substantial. We will need your sustained support, even in the midst of fiscal difficulties, to reset the Joint Force needed to protect the American people.

Our country is fortunate to be served by the best Armed Forces I have seen in over forty-two years of wearing the uniform. Despite continuous deployments and combat operations, our men and women in uniform and their families have been resilient beyond all expectations. They are patriots who care deeply for this country and serve under very trying conditions. They are the most combat experienced and capable force we have ever had, and they continue to learn and adapt in ways that are truly remarkable. I am continuously humbled as I visit them around the country and the world. Time and again, these men and women and their families have proven that our All Volunteer Force is the Nation's greatest strategic asset.

This Force cannot thrive without the support of the American people. Everything we are and everything we do comes from them. I am grateful for the Congress's and the American people's constant reminders that the service,

heroism, and sacrifices of our service members and their families are valued. However, I am concerned that because our military hails from a shrinking percentage of the population, some day the American people may no longer know us. We cannot allow this to happen. We will endeavor to stay connected and to maintain a strong and open relationship.

As we look to our military's posture and budget, we recognize that our country is still reeling from a grave and global economic downturn and is maintaining nearly historic fiscal deficits and national debt. Indeed, I believe that our debt is the greatest threat to our national security. If we as a country do not address our fiscal imbalances in the near-term, our national power will erode, and the costs to our ability to maintain and sustain influence could be great. To do its part, the Defense Department must and will become more efficient and disciplined, while improving our effectiveness. We must carefully and deliberately balance the imperatives of a constrained budget environment with the requirements we place on our military in sustaining and enhancing our security.

Going forward our fundamental resourcing problem will be identifying where we can reduce spending while minimizing the additional risk we will have to take on. For too much of the past decade we have not been forced to be disciplined with our choices. This must change, and it already has. We have identified a number of efficiencies in our budget and have reduced spending, while also retaining the combat readiness, force structure, essential modernization, and personnel programs we need. We are proud of what we have done so far, identifying $100 billion in efficiency savings over the next five years. But we need to do more.

Under the Secretary's leadership, the Department has conducted two comprehensive reviews of our requirements. First, the Quadrennial Defense Review surveyed the strategic environment, identified the strategy for the Joint Force, and determined what we need to execute that strategy. Second, we

reviewed our spending to ensure we can achieve the maximum security benefit for every defense dollar. We must be careful to not cut defense beyond prudent levels, below which U.S. Armed Forces would be unable to execute our defense strategy at acceptable risk. Given the challenges and complexity of the security environment and the breadth of our national security interest, the defense strategy is necessarily global, wide-ranging, and highly responsive. This is why it is expensive.

At about 4.5% of GDP, the return on U.S. defense spending has been immense and historic: preventing world war between great powers, securing the global commons and the free flow of international trade and natural resources, combating terrorism across the globe, and protecting the American people and our allies. However, our operations have come with stresses and strains as well as costs to our readiness. For this reason, if we are to continue to execute the missions set out by our strategy, we must recognize that returning from war and resetting the force is costly and will require several years of continued investment. Congressional support is required for our forces, their families, their equipment and training, and our military infrastructure to ensure the success of our ongoing efforts and for us to be ready to respond to new and emerging security challenges.

The President's National Security Strategy, the recently released National Military Strategy, and the President's Strategy for Afghanistan and Pakistan describe our military approaches and ongoing operations in great detail. This posture statement will focus on the strategic priorities for the military and the Congressional support we need. My priorities remain defending our vital interests in the broader Middle East and South Central Asia, improving the Health-of-the-Force, and balancing global strategic risk.

Defending our Vital National Interests in the Broader Middle East and South Central Asia

Over the past year, our Armed Forces have continued to shoulder a heavy burden, particularly in the Middle East and South Central Asia. The balance of this burden and our wartime focus has shifted, however, from Iraq to Afghanistan. This was made possible by drawing down military forces in Iraq and transitioning security responsibilities to the Iraqis. Meanwhile, we committed additional forces and resources to Afghanistan and Pakistan. We have made steady, albeit uneven, progress toward disrupting, dismantling, and ultimately defeating al-Qaeda in the region, while remaining ready to address other challenges around the world.

As a result of our operations with our Coalition, Afghan, and Pakistani partners, and extensive cooperation with other partners, al-Qaeda's senior leadership in Pakistan is weaker and under greater pressure than at any other time since being forced out of Afghanistan in late 2001. They have suffered the losses of numerous senior leaders and face significant challenges to coordinating operations, maintaining safe havens, and acquiring funding. Despite this operational progress, al-Qaeda retains the intent and capability to attack the United States and other Western countries. The movement's leaders continue to operate in the Afghanistan-Pakistan border region, planning operations and guiding the efforts of al-Qaeda networks operating out of the Arabian Peninsula, Africa, and even Europe. We, in turn, remain committed to our deepening and broadening partnerships in the region and to our goal of ultimately defeating al-Qaeda and creating the conditions to prevent their return to Afghanistan and Pakistan.

We continue to implement our national strategy for Afghanistan and Pakistan with great urgency. This past November, we completed the deployment of the 30,000 additional U.S. forces, and we are beginning to see signs of improvements on the ground. These forces have allowed us to go on the offensive with our Afghan partners, force the Taliban out of safe havens in its heartland of Kandahar and Helmand, protect the Afghan population, and

reduce civilian casualties. Our counterinsurgency operations, conducted in close partnership with Afghan forces, have reduced the Taliban's influence, reversed the insurgency's momentum in key areas of the country, and forced many Taliban leaders to flee across the border. Our forces will consolidate recent gains in Helmand and Kandahar Provinces and further expand security in other critical parts of the country.

This success against the Taliban and other insurgent groups is essential to prevent the return of al-Qaeda, gain time to build the Afghan National Security Forces (ANSF), and force insurgents to reconcile with the Afghan government on acceptable terms. We expect the violence coming in 2011 to be greater than last year. The fighting will be tough and often costly, but it is necessary to sustain and even increase the pressure we have been placing on the insurgent groups. We cannot allow the Taliban to reorganize and reconstitute as they did in 2004 and 2005, regain their oppressive influence over the Afghan people, and once again provide safe haven to al-Qaeda.

For the success of our military operations to be enduring, it is critical that the ANSF be able to provide security for the Afghan people. Our greatest success story this past year has been the growth and development of the ANSF. With the help of additional NATO trainers, the ANSF added 49,000 soldiers and 21,000 policemen to their ranks—an astonishing growth of 36 percent. The ANSF also continue to improve on the battlefield and increasingly contribute to the war effort. They are fighting beside us and have grown in their ability to plan and conduct complex operations. In fact, their expanding capabilities and presence have already allowed ISAF forces to "thin out" in some parts of central Helmand and Kabul Province. We are on track to begin the transition of security responsibilities and drawdown of our forces in July 2011. In the coming year, while continuing to grow the ANSF in size, we will place greater emphasis on improving its quality, professionalism, and self-sufficiency, to ensure that they remain on track to assume the overall lead for security in

2014. To this end, the Afghan Security Forces Fund remains critical to the building of the ANSF's capabilities and to the ANSF's eventual assumption of security responsibilities.

Despite our successes, numerous other challenges remain. Achieving sustainable security requires developing Afghan governing capacity, cultivating the conditions needed for conflict resolution, neutralizing insurgent sanctuaries in Pakistan, and countering corruption. Absent these conditions, we will not succeed. Despite a dramatic increase in our civilian presence in Afghanistan this past year, improvements in sub-national governance and reconstruction have not kept pace with progress in improving security. This has impeded our ability to "hold," "build," and "transfer." For this reason, the Commander's Emergency Response Program remains the most responsive means for addressing a local community's needs and is often the only tool our commanders have to address pressing requirements in areas where security is challenged. Along with development projects, we believe that new transparency and anti-corruption efforts may counter the deleterious effects of Afghanistan's criminal patronage networks, mitigate the distortive effects of international aid and development programs, and ultimately improve the confidence the Afghan people have in their government and their governing officials. To complement this "bottom-up" development, we will support the Afghan government's reconciliation and reintegration efforts in order to achieve the political solution that is an imperative to sustainable peace. Successful military and security gains cannot be sustained unless we meet this challenge.

Though our operational efforts are focused on Afghanistan, our diplomatic efforts have increasingly focused on Pakistan, a country critical to our strategy in the region. We must overcome years of mistrust and continue to lay the foundation for a true partnership with Pakistan. We made progress this past year by holding a third, productive round of Strategic Dialogues in October and by improving high- and mid-level coordination on security

operations in the vicinity of the Afghanistan-Pakistan border. Equally important, we responded to last summer's devastating floods with timely aid and humanitarian relief. Our assistance eased some of the burden of the Pakistani military and demonstrated our enduring commitment to the Pakistani people.

A key component of our partnership is to help enable the Pakistani Military's counter-terror and counter-insurgency operations. The series of offensive operations undertaken by the Pakistani Military in the tribal areas expanded dramatically in 2009. Since then, the Pakistanis have fought bravely and sacrificed much—losing thousands of soldiers in the process. We have faithfully supported them in a variety of ways, primarily in the development of the counter-insurgency capabilities of Pakistan's security forces. This development and the military's operations have kept pressure on al-Qaeda's senior leadership and the militant groups threatening Pakistan and Afghanistan. However, insurgent groups such as the Quetta Shura and the Haqqani network operate unhindered from sanctuaries in Pakistan, posing a significant threat to NATO and Afghan forces. The aftermath of devastating flooding continues to place a high demand on the military. Our efforts to enable the Pakistani Military depend on several critical programs, such as the Pakistan Counterinsurgency Fund and Pakistan Counterinsurgency Capability Fund and the Multi-Year Security Assistance Commitment announced by Secretary Clinton last fall. It is also important that through exchange programs, such as the International Military Education and Training (IMET) program, we establish relationships with the generation of Pakistani officers with whom we had cut ties. In addition, because we so heavily depend on Pakistan as a supply route supporting our efforts in Afghanistan, Coalition Support Funds remain critical to reimbursing the Pakistanis for their assistance.

In terms of our broader engagement with Pakistan and the region, reducing some of the long-standing enmity and mistrust between India and Pakistan would greatly contribute to our efforts. As neighbors, it is in both India and Pakistan's interests to reduce the tension between them and strengthen their political, security, and economic ties. While we acknowledge the sovereign right of India and Pakistan to pursue their own foreign policies, we must demonstrate our desire for continued and long-term partnership with each, and offer our help to improve confidence and understanding between them in a manner that builds long-term stability across the wider region of South Asia.

Another increasingly important aspect of our engagement in South Central Asia is the development of the Northern Distribution Network. This line of communication has proven critical to maintaining flexibility in our logistical support to our efforts in Afghanistan. We will continue to work with our partners to ensure access and sustain the viability of redundant supply routes for our forces.

We have ended our combat mission in Iraq, Operation Iraqi Freedom, and started a new chapter in our partnership, Operation New Dawn. We successfully transferred lead for security responsibilities to the Iraqi Security Forces on August 31, 2010. Iraq's military and political leaders are responding vigorously and professionally to the residual, but still lethal, threat from al-Qaeda. As a result, and despite a drawn-out government formation process, the security situation there continues to improve, and the Iraqi people are increasingly able to focus on jobs and development. Beyond this security transition, the State Department has taken the lead for U.S. efforts in Iraq, and our diplomats and other civilians are increasingly the face of our partnership with the Iraqi people and their government. Sustained funding for our civilian efforts, commensurate with the State Department's growing responsibilities—particularly our development assistance and police training programs—is

needed to ensure we are able to successfully turn our military accomplishments into political ones.

However, the end of the war in Iraq will not mean the end of our commitment to the Iraqi people or to our strategic partnership. We must focus on the future to help Iraq defend itself against external threats and consolidate a successful, inclusive democracy in the heart of the Middle East. As we continue to draw down forces through December 31, 2011, in accordance with the U.S.-Iraqi Security Agreement, we will transition to a more typical military-to-military relationship. We will shift the focus of our assistance from Iraq's internal domestic security to its external national defense, keeping in consideration the interests and sensitivities of all Iraqis as well as Iraq's neighbors. While Iraqi security forces have made great improvements, they will require external assistance for years to come. The cornerstone of our future security partnership with the Iraqis will be a robust Office of Security Cooperation as part of the U.S. Embassy in Iraq. Key to our assistance and not squandering our hard won gains will be continued support to the Iraqi Security Forces fund through fiscal year 2011, equipment transfer provisions, IMET and other traditional security assistance programs, as well as Section 1234 authority to transfer equipment from Department of Defense stocks.

Despite the energy we commit to defeating al-Qaeda and to stabilizing the situations in Afghanistan, Pakistan, and Iraq, we remain vigilant against other security challenges and sources of aggression and proliferation throughout this critical region. The Iranian regime continues to be the region's greatest state-level threat to stability. Despite growing isolation from the international community and a fourth round of increasingly costly UN sanctions, the regime has neither ceased providing arms and other support to Hezbollah, Hamas, and other terrorist groups nor accepted a verifiable end to its pursuit of nuclear weapons. Many of the potential flashpoints in the Levant and the Gulf region bear Iran's signature, commanding the region's and the world's attention. That

said, strong social, economic, and political tensions pull on the region and its people—as evidenced by the turmoil we have recently witnessed in Egypt, Tunisia, and elsewhere. Volatility in regional affairs can often follow volatility in domestic affairs. However, strong military-to-military relationships can help reduce and mitigate the risks of instability.

We will continue to help counter terrorist threats, deter Iranian aggression, and protect our partners from coercive influence. To do this we will continue to build the capabilities of our partners. More important, we will nurture the development of a regional security architecture based on multi-lateral partnerships that address a wide range of security issues including counter-proliferation, maritime security, counter-terrorism, air and missile defense, and emergency response. As with our other partnerships across the globe, our security assistance programs form the keystone of our relationships. In particular, our Section 1206 and 1208 programs provide a unique and necessary flexibility and responsiveness to Combatant Commander requirements that we cannot currently get with our Foreign Military Funding (FMF) programs.

Improving the Health-of-the-Force

The "back end" of war—the continued care of our veterans and their families and the resetting of our force—cannot be an afterthought, and getting it right will be expensive. Moreover, because of the duration of these conflicts, we have begun to reset our units even in the midst of conflict. The stress of nine years of constant warfare has come at a great cost to the Force and its ability to continue to conduct operations and respond to other emergent crises. We must care for our people and their families and reset and reconstitute our weapon systems to restore our readiness, capabilities, and wartime effectiveness. This will require a sustained commitment of at least three to five years, and could continue well beyond the end of our involvement in Iraq and Afghanistan.

Care for our People

Our foremost focus is on our servicemen and women, their families, and their supporting communities—the bedrock of our Armed Forces. They each play unique and growing roles in our national security fabric, but they have been under great, often unrecognized, stress for the past nine years. Hundreds of thousands of our service members have deployed to fight overseas. Some have served multiple grueling tours, a great number have suffered significant injuries, and thousands have sacrificed their lives. Even those serving stateside enjoy only short respites between deployments. We have asked a great deal from our people, and we must invest in them and their families—through appropriate pay, health care, family care, education, and employment opportunities—as they are the single greatest guarantee of a strong military. And they become our best recruiters.

The many accomplishments of our All Volunteer Force over the past nine years of continuous combat operations have been unprecedented. That we remain competitive in attracting the country's best talent during this period is simply extraordinary. All of our Services in the Active Duty, Reserve, and National Guard components continue to have exceptional recruiting and retention rates. Ninety-six percent of our accessions have earned at least a high school diploma, which helps explain why this is one of the finest forces we have ever fielded. Competitive compensation and selective bonuses are critical to our ability to recruit and retain talent, as are other "people programs," such as the new GI Bill, improvements in housing, access to quality schooling for military children, mental health counseling, adequate child care, and attractive family support centers. All of these programs make the harsh burdens of military life easier to bear. I ask for Congress' continued support for them in order to sustain the Force while our overseas operations continue.

I also urge Congress to continue funding the programs that will create a continuum of health care for our veterans and their families that seamlessly

spans active duty and veteran status. With a focus on our enduring commitment, we must continue to improve our active and veteran care services, with special emphasis on Wounded Warrior Support. We will expand our public and private partnerships and tap into the "sea of goodwill" towards our veterans found in our Nation's communities and civic organizations. That will be important, but it is not sufficient. Long term fiscal support for the Department of Veterans Affairs will serve the growing number of veterans requiring care.

One issue that demands acute national attention is the challenge of Traumatic Brain Injury (TBI). The Improvised Explosive Device (IED) is the signature weapon of the conflicts in Iraq and Afghanistan and is directly responsible for many of these injuries. Many of our heroes suffer from severe TBI and have had their lives dramatically changed in ways we do not yet fully understand, and over 150,000 others have been exposed to events that may have caused moderate TBI. As such, we need to aggressively identify the victims of TBI, both within the serving force and among our veterans, and the treatment and rehabilitation they need and deserve. The effects of these efforts will pay dividends for some time, because we can expect to face IEDs in future conflicts as well.

In addition, suicides and the many other stresses and social health costs that lag behind war—divorce, domestic violence, post-traumatic stress, depression, and even homelessness—are becoming alarmingly evident. Suicide rates remain unacceptably high, although programs such as the Department's Suicide Prevention Task Force and our improved leadership efforts have helped to lower the rates this past year in three of our four Services. Leaders must remain focused on this issue, as we work to improve our systematic understanding of the problem's scope, warning signs, and at-risk populations. As a society we must work to end the stigma that prevents our service members, veterans, and families from seeking early help.

By more effectively leveraging public-private partnerships, we can pursue solutions and treatment for all of these health issues afflicting the Force with great urgency and compassion and honor the sacred trust our Nation has with all of our combat veterans.

Reset and Reconstitute

The grueling pace of deployments has not allowed for the training needed to keep our forces ready along the entire spectrum of military operations and, as a result, our readiness in some mission areas has atrophied over the past decade. There are some modest reasons for hope, though. The Army now has fewer soldiers deployed than it has had at any time since the invasion of Iraq. In addition, this past year we completed the increases in the Army and Marine Corps end strengths authorized in 2007. As a result, we are beginning to see some stabilizing deployment rates and modestly improving dwell times. We appreciate the Congressional support to our wartime manning needs that has enabled this. However, our overseas contingency operations do continue to demand significant numbers of ground and special operations forces and low-density, high-demand specialties. For our Army combat units, we do not expect to begin to reach our interim goal of 1:2 deploy-to-dwell ratios until 2012. After reset and reconstitution activities and as demand decreases, we expect to begin off-ramping some of our recent force level increases.

However, my concerns about the health of our force go beyond our people and training—we must also restore the readiness of our combat systems and capabilities, which have similarly been under extraordinary stress. In the "back end" of previous conflicts, we were able to contract our equipment inventory by shedding our oldest capital assets, thereby reducing the average age of our systems. We cannot do this today, because the high pace and durations of combat operations have consumed the equipment of all our Services much faster than our peacetime programs can recapitalize them. We must actually recapitalize our systems to restore our readiness and avoid

becoming a hollow force. All of this will force us to be more efficient and disciplined in our choices.

We must focus resources where they matter most, and we will reset and reconstitute by prioritizing people, readiness, capabilities, and essential modernization to maintain a technological edge. In the short-term, we will continue previous efforts to reconstitute and expand our rotary wing and tilt-rotor capacity in our Combat Aviation units and to convert one heavy Brigade Combat Team to a Stryker Brigade. However, over a period of years, we will modernize our battle fleet of ground combat vehicles, including replacing the Bradley Fighting Vehicle. We require enhancements to our manned and unmanned Intelligence, Surveillance, and Reconnaissance (ISR) assets, a new bomber program, extending the service life of a portion of our F-16 fleet, and continuing improvements in our missile defense and electronic warfare systems. We hope to modernize and extend the service life of our F/A-18 fleet and invest in additional P-8A aircraft and tankers. Lastly, we ask for full resourcing of the Air and Missile Defense Radar, the Next-Generation Jammer, and communications and integrated fire control systems designed for operating in contested environments. These investments are, without question, costly, but they are critically demanded by our current and likely future challenges. Your support is particularly important this year as we adjust to the impact of recent Continuing Resolutions on program starts and growth rates and to the $17.9 billion difference between the amount authorized by the resolutions and our Fiscal Year 2011 budget request—$23 billion if this becomes a year-long resolution.

Just as important as the reconstitution of these combat systems are the acquisition processes and production capacities underlying them. Our procurement systems remain complex and in need of streamlining to help us acquire needed capabilities faster and more affordably. Last year we committed to adding 20,000 experts to our acquisition corps by 2015. In doing

so we seek to improve stability in our programs, conduct more comprehensive design reviews, improve cost estimates, utilize more mature technology, and increase competition in order to make the entire process more responsive.

In addition, as I stated last year, I am concerned about the capabilities of our defense industrial base, particularly in ship building and space. Our ability to produce and support advanced technology systems for future weapon systems may be degraded by decreasing modernization budgets as well as mergers and acquisitions. Left unchecked, this trend will impact our future war-fighting readiness. Although we are properly focusing on near-term reset requirements, the Department, our industry leaders, and the Congress need to begin considering how to equip and sustain the military we require after our contemporary wars come to an end.

Balancing Global Strategic Risk

Balancing global risk requires maintaining a ready, forward presence with available forces that, overall, can meet the full scope of our security commitments. To meet these requirements, we must reset, sustain, and properly posture a force that includes both our active force and our National Guard and Reserve Components. But we must also make prudent investments and continuously evolve the force so as a whole it can meet the challenges of an increasingly complex global security environment.

For many decades, our overmatch in our general purpose forces has underwritten our national security and our prosperity, as well as that of our many allies and partners. This credible strength has deterred aggression and reduced the likelihood of inter-state conflict like those of the 19th and early 20th centuries. With these capabilities, we have stood side by side with our allies in the face of belligerent aggression, helped secure access and responsible use of increasingly contested domains, and provided timely humanitarian assistance in response to natural disasters across the globe. However, our recent

experience reminds us that we must continue to adapt some of our systems and tactics to counter anti-access and area-denial strategies, which may involve both the most advanced and simplest technologies.

This year I will publish my "Joint Force 2030," which will lay out the operating concepts and capabilities of our future force. But we already know some of the contours of what that force will need to do. We know that, in addition to the current array of aggressive states and transnational terrorists we face, we must adjust to a changing global environment impacted by the rise of China and other emerging powers as well as the growing worldwide use and capabilities of cyber space. Such a world requires an agile, adaptive, and expeditionary force. It must ensure access, protect freedom of maneuver, and project power globally. It should retain decisive overmatch with air, land, sea, and special operations forces and be able to operate in degraded space and cyber environments. As such, transitioning to this future force will likely involve a greater emphasis on ISR, command and control, long range strike, area denial, undersea warfare, missile defense, and cyber capabilities. This transition will also involve further developing flexible leaders, operators, and technicians who are highly proficient and able to fully integrate our efforts with our partners from other agencies and other countries.

Beyond maintaining our regular and irregular warfare capabilities, we will also continue to rely on secure and stable nuclear deterrence. It is also important that we maintain the safety and surety of our nuclear forces, even as we seek to reduce them in accordance with the Nuclear Posture Review and implement the recently ratified New Strategic Arms Reduction Treaty. We need to modernize our nuclear force and its supporting infrastructure to ensure that a smaller force is nonetheless safe, secure, and effective. Lastly, our missile defense systems should support the stability of our deterrence architectures.

And while we work to reduce, safeguard, and provide confidence in our nuclear force and those of treaty signatories, we acknowledge that the

proliferation of nuclear technology and other weapons of mass destruction by state and non-state actors remains one of the most significant and urgent worldwide threats. Effectively countering proliferation requires strong international partnerships, new surveillance technologies, and layered defenses. These are supported by ongoing expansion of the Cooperative Threat Reduction Program, establishment of a standing joint headquarters for weapons of mass destruction elimination, and investments in nuclear forensics technology and programs. These relatively small programs can have a disproportionately large positive impact on our security.

Balancing global strategic risk also requires improving our capabilities in cyberspace. Today we face a range of threats to our computer systems from other states, mercenaries, and even civilian hackers, and their ability to wreak havoc cannot be understated. Lower grade cyber threats conducted by organized criminals and talented individuals do not necessarily put the nation at serious risk. But the effects of a well coordinated, state-sponsored cyber attack against our financial, transportation, communications, and energy systems would be catastrophic. We have made headway by standing up U.S. Cyber Command and by developing constructs for cyberspace operations, but more work is needed. Critical to Cyber Command's future success will be our ability to recruit, train, and most importantly, retain the right people. We must devote the same time and attention to cultivating this nation's cadre of future cyber warriors as we do to our combat specialists. We must also empower Cyber Command and the combatant commands by working with the Executive Office of the President and other agencies to develop appropriate cyber authorities and by refining our cyber doctrine, tactics, and procedures. Lastly, we need to actively foster public discussion about international observance of cyber space norms.

Balancing global strategic risk requires strong military-to-military engagement programs. These collaborative efforts engender mutual

responsibility and include ongoing combined operations, multi-lateral training exercises, individual exchanges, and security assistance. They help demonstrate the United States' responsible military leadership in critical regions, reassure our allies, and strengthen the international norms that serve the interests of all nations. They also foster connections with other governments that reinforce our diplomatic channels and have proven critical during times of crisis.

We currently benefit from numerous strong and well appreciated military partnerships. For example, at the November NATO Summit in Lisbon, we and our allies recommitted to our alliance, ongoing operations, and a new Strategic Concept for the next decade. NATO is also poised to release its Alliance Maritime Strategy. In Asia, though still underpinned by U.S. bilateral alliances, the region's security architecture is becoming a more complex mixture of multi-level multilateralism and expanded bilateral security ties among states. As the region's military capability and capacity increases, we seek new ways to catalyze greater regional security cooperation.

Unfortunately, the global economic downturn is placing pressure on the resources of partner nations' security forces. We foresee no decrease in the commitment of our partners to us or to any of our mutual security efforts, but we must face the reality of less spending by our partners on our combined security and stability efforts. Any measures we take to strengthen our partnerships, such as the Administration's Export Control Reform effort, can only improve our collective security.

We should not engage only with like-minded allies. Military-to-military engagement, in coordination with other diplomatic efforts, can help foster cooperation in areas of mutual interest between nations with varying levels of amity. We have seen the fruits of our engagement programs in strengthening cooperation in the Middle East, countering piracy in the Red Sea and the Straits of Malacca, and countering proliferation across the globe. We will seek

out military-to-military relations even where they have not existed before because sound relations can prevent miscommunication and miscalculation that could lead to crisis or conflict. In particular, increased engagement with China could increase understanding and cooperation on a multitude of issues, including encouraging North Korea to refrain from further provocation and ensuring access to and equitable use of the global commons.

A significant component of our engagement program is the security sector assistance we provide to build the capabilities of our partner nations' security forces. These cost-effective programs properly place security responsibilities in the hands of other sovereign governments and reduce the tactical strain on our own forces by helping to prevent conflicts and instability. In many places, across the range of U.S. interests, investments in capacity building result in strong foundations for the future. These investments are often small but, if persistent, can yield a high return. I urge your continued support for Theater Security Cooperation programs, Global Train and Equip initiatives (under 1206 authorities), funding for special operations to combat terrorism (under 1208 authorities), as well as the many security assistance programs managed by the Department of State, including FMF and IMET programs.

However, just as these programs require full funding, they also need wholesale reform. Our security assistance structures are designed for another era—our authorities are inflexible, and our processes are too cumbersome to effectively address today's security challenges in a timely manner. I urge your assistance in modifying the laws and regulations surrounding security cooperation and assistance to create a better coordinated, pooled-resource approach that make resources more fungible across departments and programs and better integrates our defense, diplomacy, development, and intelligence efforts. We should not allow bureaucratic resistance to trump

operational effectiveness when security sector assistance is essential to our national strategy of helping others secure and defend themselves.

On this last point of interagency cooperation, I want to reiterate our commitment to comprehensive approaches to our security challenges that employ all elements of national, and international, power in coordination. Our future security concerns require a whole of government effort, not just a military one, and we serve best when we serve hand-in-hand with all of our partners and support, rather than lead, foreign policy. As such, we will work closely with the State Department and the U.S. Agency for International Development (USAID) to support their implementation of the Quadrennial Diplomacy and Development Review, particularly in the areas of conflict prevention and response. To this end, I reiterate my unequivocal support to Secretary Clinton and her efforts to fully resource the State Department's and USAID's activities and an expansion of its diplomacy and development capabilities, particularly in Iraq to support the transition from a military to a civilian-led mission. In addition, I support interagency cooperation programs and work to expand the number of exchanges between the Department of Defense and other Executive Agencies.

Conclusion

In the upcoming year, our Armed Forces will build on the past year's achievements and continue to provide the common defense our Constitution directs with distinct honor and effectiveness. We will advance our ongoing efforts and maintain the credibility of our forces while learning, adapting, and preparing for new security challenges. We know that the military's role in national security will remain substantial, and the demands on our servicemen and women will be high. However, we also know that we can never let our actions move us away from the American people, and that the quality of our work and our personal conduct will say far more about who we are and what we stand for than anything else we do. In all of our efforts, we will maintain a

strength of character and professionalism, at the individual and institutional levels, that is beyond reproach and continues to be a source of pride for our Nation.

As we move forward, I remain thankful to the Congress for doing its part this year to better guarantee our nations' security. You have reminded us of your important role as a steward of our Armed Forces and of our mutual respect for our nation's security, values, and service members by approving the Strategic Arms Reduction Treaty and repealing the "Don't Ask, Don't Tell" policy. I am encouraged that the repeal of "Don't Ask, Don't Tell" will enhance the connection between the military and the American public, particularly in our relationships with some of America's premier universities. We look forward to working with you as we implement these initiatives and as you consider other pending security agreements, such as the Comprehensive Test Ban Treaty and the United Nations Convention on the Law of the Sea. Ratification of these two agreements would greatly benefit our national security.

Again, on behalf of all our men and women under arms, I thank this Committee, and the entire Congress, for your unwavering support for our troops in the field and their families at home during this time of war and for our efforts to maintain a strong, agile, well-trained, and well-equipped military that can prevail in our current conflicts and remain poised to deter or respond to new challenges.

United States Navy
Biography

Admiral Mike Mullen
Chairman of Joint Chiefs of Staff

Admiral Mullen was sworn in as the 17th Chairman of the Joint Chiefs of Staff on October 1, 2007. He serves as the principal military advisor to the president, the Secretary of Defense, the National Security Council and the Homeland Security Council.

A native of Los Angeles, he graduated from the U.S. Naval Academy in 1968.

He commanded three ships: the gasoline tanker USS Noxubee (AOG 56), the guided missile destroyer USS Goldsborough (DDG 20) and the guided missile cruiser USS Yorktown (CG 48).

As a flag officer, Mullen commanded Cruiser-Destroyer Group 2, the George Washington Battle Group and the U.S. 2nd Fleet/NATO Striking Fleet Atlantic.

Ashore he has served in leadership positions at the Naval Academy, in the Navy's Bureau of Personnel, in the Office of the Secretary of Defense and on the Navy Staff. He was the 32nd Vice Chief of Naval Operations from August 2003 to October 2004.

His last operational assignment was as commander, NATO Joint Force Command Naples/Commander, U.S. Naval Forces Europe. Mullen is a graduate of the Advanced Management Program at the Harvard Business School and earned a Master of Science degree in Operations Research from the Naval Postgraduate School.

Prior to becoming chairman, Mullen served as the 28th Chief of Naval Operations.

Updated: 24 July 2009

QUESTIONS SUBMITTED BY MEMBERS POST HEARING

FEBRUARY 16, 2011

QUESTIONS SUBMITTED BY MR. MCKEON

The CHAIRMAN. On January 6th you stated that this budget request, "Represents, in my view, the minimum level of defense spending that is necessary given the complex and unpredictable array of security challenges the United States faces around the globe." You went on to explain why further cuts to force structure would be calamitous.

However, last year you indicated that given topline real growth of approximately 1%, force structure and modernization accounts need to grow by 2–3% beyond 2015 to prevent cuts to force structure. The budget request before us does not achieve that level of topline growth.

- How will you maintain the level of modernization you believe is necessary to protect our national security?
- Does this budget request guarantee cuts to force structure beyond 2015, as you predicted might happen?

Secretary GATES. [The information was not available at the time of printing.]

The CHAIRMAN. What was the 2016 end strength for the Army and the Marine Corps presumed by the QDR and during development of the national military strategy?

- Going forward, what specific metrics will the Department use to evaluate the decision to reduce Army and Marine Corps end strength?
- How will this reduction in end strength affect the objective of 1:3 dwell time for the active force?

Secretary GATES. [The information was not available at the time of printing.]

QUESTIONS SUBMITTED BY MR. SMITH

Mr. SMITH. The US Family Health Plan designed by Congress in 1996 provides the full TRICARE Prime benefit for military beneficiaries in 16 states and the District of Columbia for over 115 thousand beneficiaries. Beneficiaries are highly satisfied with this health care option. In fact, the Committee understands that in 2010 over 91% of US Family Health Plan beneficiaries were highly satisfied with the care they received, making it the highest rated health care plan in the military health system.

- The FY 12 President's Budget Request includes a proposed legislative provision that future enrollees in US Family Health Plan would not remain in the plan upon reaching age 65. Do you realize that this proposal would eliminate access for our beneficiaries who are elderly and in the most need of health care from the highest rated health care plan in the military?

Secretary GATES. [The information was not available at the time of printing.]

Mr. SMITH. Public Law 104–201 Sec 726(b)) mandates the Government cannot pay more for the care of a US Family Health Plan enrollee than it would if that beneficiary were receiving care from other government programs. Is DOD in compliance with that provision? If you are not in compliance with the law or disagree with the above, please explain. Is the proposal simply to shift cost to Medicare?

Secretary GATES. [The information was not available at the time of printing.]

Mr. SMITH. The US Family Health Plan provides prevention and wellness programs as well as effective disease and care management programs designed to care for beneficiaries' health care needs over their lifespan. Given the longitudinal approach of the program in managing the health care needs of the US Family Health Plan beneficiaries, and the Department's interest in the medical home model, why would you not consider expanding such innovative techniques in health care delivery?

Secretary GATES. [The information was not available at the time of printing.]

Mr. SMITH. The proposed legislation, if enacted, would force future enrollees to disenroll from this effective and well managed program upon reaching age 65. The remaining beneficiaries would be at risk because the ability to sustain disease management and prevention programs would be compromised, effectively removing the option of continued participation in this plan. Is this consistent with the DOD's stat-

ed priorities of population health, improved health management and continuity of care?

Secretary GATES. [The information was not available at the time of printing.]

QUESTIONS SUBMITTED BY MR. SMITH ON BEHALF OF MS. GIFFORDS

Mr. SMITH. *DOD Operational Energy Strategy*

- As a follow-up to the 29 Sept 2010 letter (attached) issued by the Committee (to Sec Gates) last year, how is the Department achieving efficiencies in Operational Energy, saving lives and taxpayer dollars by saving fuel?
- In his 1 Nov 2010 response (attached) Secretary Gates stated he would be releasing the Department of Defense's Operational Energy Strategy. What is the status of this report and anticipated date of release?

Secretary GATES and Admiral MULLEN. [The information was not available at the time of printing.]

Mr. SMITH. *Operational Renewable Electricity*

- Following the impressive success of the USMC's Afghanistan Experimental Forward Operating Base (ExFOB), what steps is the Department taking to increase the use of renewable energy sources in the battlefield?
- How much does the ExFOB cost?
- What advantage do portable renewable energy sources add to mission effectiveness?
- Is the rest of the expeditionary force doing something similar?
- What are the barriers to successful wide-spread deployment of ExFOB-like technologies?
- What is the strategy, cost, and timeline of such a deployment?

Secretary GATES and Admiral MULLEN. [The information was not available at the time of printing.]

Mr. SMITH. *Renewable Electricity Goals*

- The National Defense Authorization Act (NDAA) of 2007 directed DOD to produce or procure 25% of all electricity consumed by the Department from renewable energy sources by 2025. What is the Department's strategy for achieving this goal? What impediments does the Department foresee to achieving this goal?

Secretary GATES and Admiral MULLEN. [The information was not available at the time of printing.]

Mr. SMITH. *Energy Research and Development*

- What is the Department of Defense's energy investment strategy for R&D? Specifically:
  - o implementing high efficiency drive technologies, such as hybrid drive, into tactical vehicles;
  - o increasing the energy efficiency of facilities in garrison and in theater; and
  - o developing alternative fuels.
- How does the Department coordinate R&D efforts between each of the Services, DOD agencies such as DARPA, and independent Service research labs such as the Office of Naval Research and the Air Force Research Lab? And, how do they coordinate investments with DOE to avoid duplication—particularly under the auspices of the DOD/DOE MOU?

Secretary GATES and Admiral MULLEN. [The information was not available at the time of printing.]

QUESTIONS SUBMITTED BY MR. BARTLETT

Mr. BARTLETT. After your appearance before the committee, your public affairs office sent the following email on February 16, regarding the subject of the undated, unsigned, and unsolicited documents on the subject of the JSF alternate engine sent by your legislative affairs office to select Members of Congress on February 14 and 15: "The Department, through its office of Legislative Affairs, routinely provides papers to members of Congress and their staffs, to inform them of the Department's position on important issues. Because of the nature of those documents (fact sheets and information papers), they are not normally signed or dated. While the Secretary may not be aware of these routine communications, the documents themselves represent the Secretary's and Department's position. His, and our, opposition to the F–35 extra engine is well-known and a matter of record. These documents are not inconsistent with our previous public statements."

- Please provide the committee a list of all unsolicited, undated and unsigned background or information papers provided by your Department to select mem-

bers of Congress during 2010 and 2011. Please provide the subject matter, the approximate date, and the members' names, and to whom the information papers were sent.

Secretary GATES. [The information was not available at the time of printing.]

Mr. BARTLETT. In your testimony, in responding to a question regarding the F–35 alternate engine, you made a statement that the F–18 and F–22 engines come from a single source. Also, a Department of Defense (DoD) information paper provided to select members of Congress the day before the House of Representatives voted on an amendment to strike funding for the F–35 competitive engine stated: "A single engine is not a new approach and does not create unacceptable levels of risk. The Department maintains two current tactical aircraft programs, the F–22 and the F/A–18/F, which both utilize a single engine provider."

The F–22 and F/A–18 are twin engine aircraft. The F–35 is a single engine aircraft. As you are aware, there are significant differences in design and operational requirements for engines intended to power single engine aircraft from those that are designed to power multi-engine aircraft. We understand that engines designed to power single engine aircraft require component and software redundancies; increased component reliability; higher production quality standards; and larger air start envelope requirements.

Also, as we understand it, only two U.S. military operational aircraft are single engine aircraft: the Air Force F–16 and the Marine Corps AV–8B. The F–16 was the first aircraft to use an alternate engine, beginning in the mid-80s and still does so today. According to DOD information, accident rates for the F–16 have trended from 14 mishaps/100,000 flight hours in 1980 with the Pratt & Whitney engine, when the alternate engine program was first funded, to less than 2 mishaps/100,000 flight hours in 2009 for both the Pratt & Whitney and GE engines. A review of DOD AV–8B accident data last year by the committee indicated an accident rate (FY 05–09) six times that of the other Navy fighter aircraft (F–18) and over 3 and ½ times the rate of the F–16 (FY 04–08). The AV–8B will be replaced by the F–35B. It will not be operational until at least 2016. The Institutes for Defense Analysis estimated in 2007 that up to 95 percent of the U.S. fighter fleet could be composed of F–35 aircraft by 2035.

No fighter aircraft engine has ever been required to do what the F–35 engine is required to do—provide powered flight and also power a lift fan for the short takeoff and vertical landing F–35B. You have indicated that you have placed the F–35B on "probation," requiring redesign of the F–35B unique engine components. The current estimate to complete development of the F135 primary engine has been extended several years and the estimated cost to complete the development program is 450 percent above the February 2008 estimated completion cost. Five months into fiscal year 2011, the fiscal year 2010 engine contract has yet to be signed. The F–35 primary engine has, as of the end of 2010, 680 total flight test hours and has 90 percent of its flight testing to go.

- What were the planned initial operational capability dates for the F–35A, B, and C when you testified before our committee last year? What were the planned initial operational capability dates for the F–35A, B, and C as of July 2010? What are the current planned initial operational capability dates for the F–35A, B, and C?
- Do you believe your testimony and the DOD information paper provide a balanced representation of the risks in programs costs as well as operational risks to DOD of dependence on a single engine source for the F–35 aircraft for up to 95 percent of the future U.S. fighter fleet?

Secretary GATES. [The information was not available at the time of printing.]

Mr. BARTLETT. In your testimony, in responding to a question regarding the F–35 F135 alternate engine, you made a point that the F–35 primary engine is a derivative of the F–22 F119 engine.

We understand the Systems Development and Demonstration (SDD) for the F–35 F135 engine was to have been completed in FY 08 and still has several years to go to complete development. We also understand SDD for the F135 primary engine is now 70 percent over the original 2001 estimated cost, been slipped several years, and is 450 percent over the estimated cost to complete since the FY10-to complete estimate of February of 2008.

- When the F119/F135 engine entered Systems Development and Demonstration (SDD) were any of the ground or flight test requirements waived because the F135 "is a derivative of the F–22 engine?"
- Dr. Carter directed an Integrated Manufacturing Readiness Review of the F135 contractor in 2009 because of concerns over escalating costs and parts production productivity. If the F135 is a derivative of the F119 why do you believe the review team discovered several of the major components for the F135 with

manufacturing readiness levels of 3 and 4, when low rate initial production of the engine had begun in fiscal year 2007?

- If the F135 is a derivative of the F–22 engine, why do you believe the completion of testing has been delayed and costs have continued to increase for development?
- What was the planned development time period for the F135? How long has the F135 been in development and how many more years of development are required?
- What was the original estimate for the cost of F135 development and what is the current FY12 –to-complete, development?
- Is the Department able to segment planned and actual development costs for the F135 and those solely associated with the lift fan and associated components? If so, please provide that information to the committee.

Secretary GATES. [The information was not available at the time of printing.]

Mr. BARTLETT. In testimony before the Senate Armed Services Committee on February 17, 2011, you were quoted as stating: "The Air Force version flew twice as many flight tests as had been originally planned."

My understanding from DOD sources is that the F–35A flew 171 flights in 2010 versus a planned 112 flights, 53 percent more than planned, not 100 percent more than planned, as you are quoted as saying.

- Could you provide the committee the correct information on the issue of planned versus actual flight tests sorties flown by the F–35A test aircraft in 2010?
- Under the FY 2007 F–35 flight test schedule, when DOD requested funds to initiate F–35 production, how many flights should have been flown from the beginning of the F–35 test program through December 2010 and what were the actual number of flight tests flown (please show AA–1 separately)?

Secretary GATES. [The information was not available at the time of printing.]

Mr. BARTLETT. A Department of Defense (DoD) information paper provided to select members of Congress the day before the House of Representatives voted on an amendment to strike funding for the F–35 competitive engine stated: ". . . the F136 engine is already three to four behind in its development phase."

The last information provided to the committee, in April 2010, indicated the F136 engine was two to three months behind its originally planned development schedule, not three to four years.

We understand the original acquisition strategy for the F–35 engine was to award two separate sole source engine contracts, four years apart, using a leader-follower acquisition strategy, the first contract being awarded to P&W for the F135 in 2001; the second contract being awarded to GE for the F136 in 2005, 46 months apart.

The November 8, 2000 DOD F–35 acquisition strategy stated: "The contract strategy for the JSF119 [now F135] propulsion system entails a single, sole source contract to P&W. P&W will complete propulsion system development in FY08." JSF Acquisition Strategy, 8 November 2000. The acquisition strategy document also stated: "The contract strategy for the alternate JSF F120 [now F136] propulsion system entails awarding a single, sole source contract . . . in FY 05 . . . " JSF Acquisition Strategy, 8 November 2000. Finally the acquisition strategy stated: "This competitive engine environment will ensure long-term industrial base support with two production lines and will keep JSF engine costs down and reliability up."

An April 12, 2010, response to question for the record, March 24, 2010, Hearing before the Air and Land Forces and Seapower subcommittees of the House Committee on Armed Services stated: "The original F135 contract signed 26 October 2001 had an initial service release set for November 2007." That objective was met 24 months late: "The current F135 program has achieved conventional takeoff and landing ISR the 1st quarter FY2010 [October–December 2009] and short takeoff and vertical landing ISR is planned for 4th quarter FY2010 . . . The F136 is 2–3 months behind schedule to the original plan."

The current estimate to complete development of the F135 primary engine has been extended several years and the estimated cost to complete the development program is 450 percent above the February 2008 estimated completion cost.

Five months into fiscal year 2011, the fiscal year 2010 engine contract has yet to be signed.

The F–35 primary engine has, as of the end of 2010, 680 total flight test hours and has 90 percent of its flight testing to go.

What has been the level of funding obligated, including other government costs, for the F136 development from FY 07 to date, by fiscal year, and what was the level of funding determined by the F–35 Joint Program Office as being required, including other government costs, by fiscal year, to maintain the F136 development schedule.

- Do you believe the DOD information paper provides a balanced representation of the F–35 acquisition strategy and F136 and F135 development schedules?

Secretary GATES. [The information was not available at the time of printing.]

Mr. BARTLETT. A Department of Defense (DoD) information paper provided to select members of Congress two days before the House of Representatives voted on an amendment to strike funding for the F–35 competitive engine stated: "A 2010 update of the 2007 cost benefit analysis concluded, through very optimistic assumptions, that the second engine is currently at the breakeven point in net present value."

In testimony before the Air and Land Forces and Seapower Subcommittees of the House Committee on Armed Services on March 24, 2010, the Honorable Christine Fox, Director of the Cost Assessment and Program Evaluation Office [CAPE], Office of the Secretary of Defense, was asked by Representative Jim Marshall regarding her testimony that the DOD 2007 cost benefit analysis on the F–35 engine program used "optimistic assumptions": "So back in 2007, were you trying to prove a case or were you just trying to do a study?" Ms. Fox responded: "We were trying to do a study, sir." In addition, the 2007 DOD engine cost benefit analysis cites six sources that it indicates were methodologically consistent with the 2007 DOD study, including RAND, the Institute for Defense Analysis, The Analytical Services Corporation, and the Defense Systems Management College.

The GAO has noted that key assumptions in the Pentagon's estimate of the $2.9 billion six year cost to complete the F136 competitive engine and prepare for competition were unnecessarily pessimistic based on historic experience with the original alternate engine program. "Those assumptions were (1) 4 years of noncompetitive procurements of both engines would be needed to allow the alternate engine contractor sufficient time to gain production experience and complete developmental qualification of the engine, and (2) the government would need to fund quality and reliability improvements for engine components. Past studies and historical data we examined indicate that it may take less than 4 years of noncompetitive procurements and that competition may obviate the need for the government to fund component improvement programs. If these conditions hold true for the alternate engine, the funding projection for the alternate engine could be lower than DOD's projection."

- Do you believe the DOD information paper provides a balanced representation of the F–35 engine acquisition strategy and F136 and F135 development schedules?

Secretary GATES. [The information was not available at the time of printing.]

Mr. BARTLETT. In your testimony, in responding to a question regarding the F–35 alternate engine, you stated the F–35 alternate engine is "two to three years behind [the primary engine]."

The last information provided to the committee by DOD, in April 2010, indicated the F136 engine was two-to-three months behind its originally planned development schedule, not "two to three years behind."

We understand that the original acquisition strategy for the F–35 engine was to award two separate sole source engine contracts, four years apart, using a leader-follower acquisition strategy, the first contract being awarded to P&W for the F135 in 2001; the second contract being awarded to GE for the F136 in 2005, 46 months apart.

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- Do you believe your testimony before the committee provided a balanced representation of the F–35 engine acquisition strategy and F136 and F135 development schedules?

Admiral MULLEN. [The information was not available at the time of printing.]

Mr. BARTLETT. In responding to the question on the F–35 alternate engine, you said "there have been multiple airplanes that are single-engine airplanes that are single source."

The F–22 and F/A–18 are twin engine aircraft. The F–35 is a single engine aircraft. We understand that only two U.S. military operational aircraft are single engine aircraft: the Air Force F–16 and the Marine Corps AV–8B. The F–16 was the first aircraft to use an alternate engine, beginning in the mid-80s and still does so today. DOD information indicates accident rates have trended from 14 mishaps/100,000 flight hours in 1980 with the Pratt & Whitney engine, when the alternate engine program was first funded, to less than 2 mishaps/100,000 flight hours in 2009 for both the Pratt & Whitney and GE engines. A review of the AV–8B DOD accident data last year indicated an accident rate (FY 05–09) six times that of the other Navy fighter aircraft (F–18) and over 3 and ½ times the rate of the F–16 (FY 04–08). The AV–8B will be replaced by the F–35B. The F–35 is a single engine aircraft. It will not be operational until at least 2016. The Institutes for Defense Analysis estimated in 2007 that up to 95 percent of the U.S. fighter fleet could be composed of F–35 aircraft by 2035.

No fighter aircraft engine has ever been required to do what the F–35 engine is required to do—provide powered flight and also power a lift fan for the short takeoff and vertical landing F–35B. Secretary Gates placed the F–35B on "probation," requiring redesign of the F–35B unique engine components. The current estimate to complete development of the F135 primary engine has been extended several years and the estimated cost to complete the development program is 450 percent above the February 2008 estimated completion cost. Five months into fiscal year 2011, the fiscal year 2010 engine contract has yet to be signed. The F–35 primary engine has, as of the end of 2010, 680 total flight test hours and has 90 percent of its flight testing to go.

- Do you believe your testimony provides a balanced representation of the risks in programs costs as well as operational risks to DOD of dependence on a single engine source for the F–35 for up to 95 percent of the future U.S. fighter fleet?
- How many single engine fighter aircraft, by type and quantity, are there in the U.S. inventory at present and what percent of the primary active and total active inventory do they represent of the total fighter force?
- Please provide the major/Class A accident rates for these aircraft for the past five and ten years through FY 10 or CY2010. Also, please provide the major/Class A accident rates for these aircraft for the past five and ten years, with the primary cause being the engine, through FY/CY 10. Finally, please provide what the experience has been with the DOD single engine aircraft with regard to groundings related to the engine of more than one aircraft at a time?

Admiral MULLEN. [The information was not available at the time of printing.]

QUESTIONS SUBMITTED BY MS. BORDALLO

Ms. BORDALLO. I have re-introduced the compromise version of H.R. 44 which eliminates the payment of claims to descendants of those that suffered personal injury during the occupation. Can we expect the same level of support from the Department of Defense as we did in the 111th Congress? The people of Guam are being asked to provide additional land for a firing range and the main base area and resolution of Guam war claims is going to be critical to overcoming historical injustices.

Secretary GATES. [The information was not available at the time of printing.]

Ms. BORDALLO. *U.S. Force Realignment in Japan*

- Given the strategic importance of Guam and our nation's on-going efforts to reshape our military presence in the Pacific theater, can you tell me what the sta-

tus is of the Department of Defense's roadmap for realigning U.S. forces in Japan?

- Specifically, how is the reconfiguration of the Camp Schwab facilities and the adjacent water surface areas to accommodate the Futenma Replacement Facility project proceeding?
- When can we expect to see tangible progress on Okinawa for a Futenma Replacement Facility?

Secretary GATES. [The information was not available at the time of printing.]

Ms. BORDALLO. I was pleased to see about $200 million in research and development for a next generation bomber. I think this is a key platform to maintaining a robust long range strike capability.

- Can you explain the rationale behind your decision to build a long range manned bomber with the ability to penetrate defended air space?
- Why is standoff insufficient to meet future Combatant Command requirements?
- What are the inherent limitations within our existing legacy bomber fleet?

Secretary GATES. [The information was not available at the time of printing.]

Ms. BORDALLO. *Army & Marine Corps Equipment Reset*

- Please put the Fiscal Year 2012 budget request for equipment reset for the Army and Marine Corps in context with the Fiscal Year 2011 President's budget request and the continuing resolution being discussed today, or if the Department were forced to continue with a year-long Continuing Resolution at Fiscal Year 2010 funding levels.
- Please discuss the movement of depot maintenance funding from Overseas Contingency Operations to the base budget.

Secretary GATES. [The information was not available at the time of printing.]

Ms. BORDALLO. What guidance were the services given to distinguish between base and O–C–O budget reset?

Secretary GATES. [The information was not available at the time of printing.]

Ms. BORDALLO. Given the high level of attention the CENTCOM theater continues to receive due to on-going combat operations, I am concerned that we may have inadvertently created unnecessary risk in our Pacific Theater readiness, capabilities, and particularly in our I–S–R capacity because of a CENTCOM focus.

- Given the number of threats in the Pacific area of operations what are we doing to address these risks?

Admiral MULLEN. [The information was not available at the time of printing.]

QUESTIONS SUBMITTED BY MR. MILLER

Mr. MILLER. Affordable F–35 recapitalization is dependent on capturing economies of commonality and scale as quickly as possible. Yet, basic economics tells us that if you continue to reduce the number of aircraft, unit costs will grow. This does concern me.

- What actions will the Department take to help ensure that this critical 5th generation aircraft does not quickly become another B–2 or F–22?

Secretary GATES. [The information was not available at the time of printing.]

Mr. MILLER. You expressed the Department's support for an amphibious assault capability for the Marine Corps, and suggested that a plan exists to fill that capability gap; however, we have been asked to cancel the EFV without seeing a detailed plan for replacing the 40+ year old AAV. The Marine Personnel Carrier does not offer a ship-to-shore capability, and the obsolete AAV is incapable of providing the swift, over the horizon delivery needed to conduct amphibious operations in the face of modern threats.

- When will we see a detailed plan for an AAV replacement?

Secretary GATES. [The information was not available at the time of printing.]

QUESTIONS SUBMITTED BY MR. HEINRICH

Mr. HEINRICH. I was pleased to see the FY12 budget reflect the Administration's commitment to modernizing the nuclear weapon infrastructure.

The $1.2 billion increase over FY10 will make the necessary investments to ensure our laboratories have the resources they need to maintain our nuclear deterrent while helping secure loose nuclear material around the world.

This is in stark contrast to the Continuing Resolution which includes a $325M cut to weapons activities and a $647M cut to nuclear nonproliferation.

- How would the funding levels included in the CR impact NNSA's modernization plans and our ability to meet our obligations under the New START Treaty?

Secretary GATES. [The information was not available at the time of printing.]

Mr. HEINRICH. I also have serious concerns about how the CR will impact civilian assistance on the ground in Afghanistan.

The State Department and the U.S. Agency for International Development would face over a 20 percent reduction when compared to the President's FY11 request.

- How would the funding levels in the CR impact the front lines in Iraq, Afghanistan and Pakistan where our civilians are working side by side with our military?

Admiral MULLEN. [The information was not available at the time of printing.]

QUESTIONS SUBMITTED BY MR. WILSON

Mr. WILSON. Your proposal includes several measures aimed at reducing the cost of providing health care to our service members and their families and military retirees. While I appreciate that your plan is a more comprehensive approach than previous cost cutting efforts, the challenge here is finding the balance between fiscal responsibility while maintaining a viable and robust military health system. We must be sure to remember these proposals have complex implications and go 'beyond beneficiaries.' They also will affect the people such as pharmacists, hospital employees and vendors who support the defense health system. The military health system has a robust acquisition workforce within the TRICARE Management Activity that appears to replicate the acquisition expertise in other Defense agencies such as the Defense Acquisition, Technology and Logistics and Defense Logistic Agencies.

- Why does the military health system need its own acquisition workforce?
- How much money would you save by embedding medical expertise in existing Defense acquisition agencies?

Secretary GATES. [The information was not available at the time of printing.]

QUESTIONS SUBMITTED BY MR. RUPPERSBERGER

Mr. RUPPERSBERGER. Regarding the cancellation of the F–22, given the recent Chinese developments, please discuss the recent developments in 5th generation technologies and the need to invest in 5th gen aircraft.

Secretary GATES. [The information was not available at the time of printing.]

Mr. RUPPERSBERGER. F–35 is slated to ramp up production to over 20 aircraft a month. Given that the Independent Manufacturing Review Team you chartered came to the conclusions that the industry team is currently capable of producing between 48 and 60 aircraft per year and that a production ramp up of 1.5X per year is optimum, please discuss the decision to produce only approximately 32 aircraft for three straight years?

- Does this achieve production efficiency?

Secretary GATES. [The information was not available at the time of printing.]

QUESTIONS SUBMITTED BY MR. TURNER

Mr. TURNER. Though the National Nuclear Security Administration (NNSA) falls under the Department of Energy and it's largely non-security budget, can you please discuss NNSA's role in meeting our nation's national security needs?

Secretary GATES. [The information was not available at the time of printing.]

Mr. TURNER. In your preface to the April 2010 Nuclear Posture Review, you "asked for nearly $5 billion to be transferred from the Department of Defense to the Department of Energy over the next several years." Can you discuss why this was necessary and how you prioritize this investment?

Secretary GATES. [The information was not available at the time of printing.]

Mr. TURNER. As stated in the April 2010 Nuclear Posture Review, President Obama "has directed a review of potential future reductions in U.S. nuclear weapons below New START levels."

- Have you received such direction?
- What conditions would the Department of Defense need to see met in order to consider further reductions beyond New START levels?

Secretary GATES. [The information was not available at the time of printing.]

Mr. TURNER. When the White House announced the Phased Adaptive Approach (PAA) to missile defense in Europe last September, it said the new approach was based upon an assumption that the long-range missile threat was "slower to develop." However, in comments last month, you both expressed concern about the pace of North Korea's ICBM and nuclear developments.

- Do you have a similar assessment of Iran's missile and nuclear programs?

- Also, as discussed in the Ballistic Missile Defense Review, what hedging strategy will you pursue to defend the U.S. homeland in case the threat comes earlier or the new Next Generation Aegis Missile has technical problems?
- At what point would the Department make a decision to employ the hedge?

Secretary GATES. [The information was not available at the time of printing.]

Mr. TURNER. In 2006, the Director of National Intelligence issued a five-year strategic human capital plan that pointed to a number of gaps in mission-critical areas of analysis and human intelligence. Among the recommendations, the report called on looking at the needs of the "total force"—including civilians, military members, contractors, and international and academic partners.

- What is the Defense Department doing to meet the growing demands for trained military, civilian, and contractor workers who perform intelligence analysis?

Secretary GATES. [The information was not available at the time of printing.]

Mr. TURNER. Research and development, testing, and training for Unmanned Aerial Systems to meet national defense needs have been hampered for many years by lack of special use airspace. Of course, the safety of our airspace is paramount. But there is a growing feeling that national defense needs are being compromised by this impasse.

- What is the Department of Defense doing to expedite the integration of UAS into the National Airspace?
- Do you recommend any changes in regulation, statute, or agreements between the Defense Department and the FAA in order to expedite the process—to meet both safety and national defense needs?

Secretary GATES. [The information was not available at the time of printing.]

Mr. TURNER. The National Defense Authorization Act of 2008 required that a flexible personnel practice available to one defense laboratory under the Laboratory Personnel Demonstration Project should be available for use at any other laboratory.

- Can you tell us how many defense laboratories have taken advantage of this provision?
- How can the Department better implement this authority to improve the flexibility of personnel practices in Defense laboratories?

Secretary GATES. [The information was not available at the time of printing.]

Mr. TURNER. Recent Department of Defense reports indicate an increase in sexual assaults in the Armed Services and Military Academies. This increase highlights an urgent need for improvements to the way Defense Department officials respond to sexual assault cases. Below is a list of improvements that I feel are necessary to safeguard against military sexual assault and protect its victims.

- What is the Department's position on providing the following rights to victims of sexual assault (please explain):
  - o Victim Access to Judge Advocate General (JAG) and privileged communication with a Victim Advocate.
  - o Professionalize and standardize sexual assault programs based on what we have already learned from the success of Equal Employment Opportunity program at the DOD.
  - o Require a Sexual Assault training module at each level of Professional Military Education (PME).
  - o Provide a mechanism for expedited consideration and priority for base transfers.
  - o Provide a system of data collection on sexual assaults, reported assaults, and for the ongoing quality of performance of victims after the assault.
  - o Giving a victim advocate more independence from the victim's chain of command.
  - o Adopt measures that truly create separation between the victim and the alleged perpetrator at the base level, and not merely accept separation "on paper."

Secretary GATES. [The information was not available at the time of printing.]

Mr. TURNER. As stated in the April 2010 Nuclear Posture Review, President Obama "has directed a review of potential future reductions in U.S. nuclear weapons below New START levels."

- Have you received such direction?
- What conditions would the Department of Defense need to see met in order to consider further reductions beyond New START levels?

Admiral MULLEN. [The information was not available at the time of printing.]

Mr. TURNER. When the White House announced the Phased Adaptive Approach (PAA) to missile defense in Europe last September, it said the new approach was based upon an assumption that the long-range missile threat was "slower to de-

velop." However, in comments last month, you both expressed concern about the pace of North Korea's ICBM and nuclear developments.

- Do you have a similar assessment of Iran's missile and nuclear programs?
- Also, as discussed in the Ballistic Missile Defense Review, what hedging strategy will you pursue to defend the U.S. homeland in case the threat comes earlier or the new Next Generation Aegis Missile has technical problems?
- At what point would the Department make a decision to employ the hedge?

Admiral MULLEN. [The information was not available at the time of printing.]

QUESTIONS SUBMITTED BY MR. JOHNSON

Mr. JOHNSON. Do you believe your successor should commit to following the recent efficiency initiative with further efficiency drives to maintain momentum in cost-cutting and reform of the Department of Defense?

Secretary GATES. [The information was not available at the time of printing.]

Mr. JOHNSON. Do you anticipate that any U.S. forces will remain in Afghanistan in 2017? If you do not explicitly answer in the affirmative, I will presume that the Department of Defense plans and anticipates to remove all U.S. forces from Afghanistan by 2017.

Secretary GATES. [The information was not available at the time of printing.]

Mr. JOHNSON. I am aware you have outlined several criteria for reconciliation of Taliban and anti-government forces in Afghanistan, including renunciation of al Qaeda, acceptance of the Afghan national constitution, and renunciation of violence.

- Can you provide detailed information regarding specific reconciliation outreach efforts to Taliban fighters for each ISAF Regional Command?

Secretary GATES. [The information was not available at the time of printing.]

Mr. JOHNSON. Can your end force strength goals for the middle of the next decade be reconciled with your commitment to fairer dwell times for our men and women in uniform?

Secretary GATES. [The information was not available at the time of printing.]

Mr. JOHNSON. Do you assess that cancelling the F–35 second engine program would pose any operational risk in the event the primary engine were stricken by unforeseen, widespread failures?

Secretary GATES. [The information was not available at the time of printing.]

Mr. JOHNSON. When will DDG–1000 hulls #2 and #3 be put under contract?

Secretary GATES. [The information was not available at the time of printing.]

Mr. JOHNSON. Why will full ship shock trials of the Littoral Combat Ship not be conducted on hulls #1 or #2, in light of persistent questions raised by the Department of Operational Testing & Evaluation regarding whether LCS meets its Level 1 Survivability requirements?

Secretary GATES. [The information was not available at the time of printing.]

Mr. JOHNSON. General Spencer on January 14, 2011, stated the importance of securing the "global commons" as a defense priority of the U.S., signaling our continued commitment as the world's primary defender of key trade routes.

- How can we share this burden among our allies and emerging powers to spare the U.S. taxpayer from footing the full bill for global security?

Admiral MULLEN. [The information was not available at the time of printing.]

Mr. JOHNSON. Is less than 200 F–22s adequate to ensure U.S. air superiority for the next three decades?

Admiral MULLEN. [The information was not available at the time of printing.]

QUESTIONS SUBMITTED BY MR. KLINE

Mr. KLINE. The United States Government has been operating from the same NRO Charter for 46 years. I understand the Department intends to produce a Directive rather than a Charter as required. We began this process over 2 years ago. The Charter was not delivered by the February 1, 2010 deadline. In last year's Armed Services Committee defense posture hearing (February 3, 2010), I asked you when the Department intended to complete the Charter. I am concerned that it has been more than a year, and a Charter has still not been delivered in accordance with legislative requirements. Our committee has received conflicting information from the Department as to whether we will receive the Charter, a DOD Directive in place of the Charter, or no additional product whatsoever because the MOA essentially serves as the Charter. The law requires a Charter, not an MOA or Directive.

- The FY10 NDAA required the Department of Defense and the DNI to submit a revised NRO charter by Feb 1, 2010 to the Committee on Armed Services. It is now 2011, where is the Charter?

- If the Department intends to comply with the law, when will the actual Charter be delivered to the Committee?
- If the Department will issue a product other than the Charter, please provide that intent in writing as well as details on when the Committee should expect to receive such a product.

Secretary GATES. [The information was not available at the time of printing.]

QUESTIONS SUBMITTED BY MS. SUTTON

Ms. SUTTON. I'd like to hear from you about funding levels for the DOD Office of Corrosion Policy and Oversight and how the budget reflects the importance of this issue. A key component of modernizing our infrastructure, preserving our military assets, and saving money in the process is adopting a robust corrosion prevention and mitigation strategy. It is not a glamorous topic, but it's one that is worth our time and attention, especially given the potential savings if we address it in a smart and appropriate way.

- Given the demonstrated successes of this corrosion office, how do you foresee the proposed funding level supporting the future role of this office, and what are the intentions for the evolution of this work within DOD in the future?

Secretary GATES. [The information was not available at the time of printing.]

Ms. SUTTON. The Navy estimates that executing the 30-year shipbuilding plan would require an average of $15.9 billion per year, however a May 2010 Congressional Budget Office (CBO) report estimates that figure to be an average of $19 billion per year—or about 18% more than the Navy estimates. The CBO report states that if the Navy receives an average of about $15 billion a year in 2010 dollars in the next 30 years—it will not be able to afford all the purchases in the 2011 shipbuilding plan.

- Given the proposals for minimal to no real budget growth in the upcoming years, are you concerned with the Navy's ability to reach its required force structure? How will this affect the Navy's shipbuilding plan?

Secretary GATES. [The information was not available at the time of printing.]

Ms. SUTTON. I believe that one of our priorities should be to consider how our decisions and policies impact the welfare of service members and their families. Reduced dwell time and stop loss are two situations that have caused much strain for our military. One of the proposals is the reduction of the permanent end strength of the Active Army and Marine Corps.

- Do you anticipate that these cuts will reduce the amount of dwell time for our soldiers or risk a return to the utilization of the stop-loss for our soldiers?

Secretary GATES. [The information was not available at the time of printing.]

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- Do you anticipate that these cuts will reduce the amount of dwell time for our soldiers or risk a return to the utilization of the stop-loss for our soldiers?

Admiral MULLEN. [The information was not available at the time of printing.]

QUESTIONS SUBMITTED BY MR. FRANKS

Mr. FRANKS. When the Phased Adaptive Approach was first introduced, deadlines for each phase were set under the impression that long-range missile threats were "slow to develop." Recently you made remarks that suggest North Korea's ICBM and nuclear developments are proceeding faster than expected. This raises concerns that the PAA will not be available to defend against long-range ICBMs before North Korea develops this capability.

- In the interim, there must be a hedging strategy. Please identify the hedging strategy you will pursue to defend our Nation's Homeland in the event that North Korea or another rogue nation acquires ICBM capability earlier than expected or if the new Next Generation Aegis Missile has technical problems.
  - o Particularly, does the GMD two stage interceptor remain a realistic and flexible hedge against these advancing threats?
  - o Also, what is the timeline for a decision on this strategy?
- Furthermore, do you have an assessment of other nations' timeline of achieving ICBM and nuclear capabilities able to threaten our homeland, particularly Iran's program.

- o If not, what is being done to make an accurate assessment of their developments?

Secretary GATES. [The information was not available at the time of printing.]

Mr. FRANKS. Concerns about whether the New START Treaty limited missile defense figured prominently in the Senate's debate on the Treaty. You both continue to engage in missile defense discussions with your Russian counterparts.

- Please describe the nature of those discussions and what you see as areas of concern.
  - o Particularly, do you find the lack of agreement in the interpretation of the preamble as having unforeseen consequences for a Missile Defense Capabilities?

Secretary GATES. [The information was not available at the time of printing.]

Mr. FRANKS. The Ground-based Midcourse Defense (GMD) system in Alaska and California is currently the only missile defense system that protects the United States homeland from long-range ballistic missile attacks. However, the last two flight intercept tests of the GMD system failed to achieve intercept.

- What actions and/or investments do you believe are necessary to ensure GMD is a reliable and operationally effective system to protect the U.S. homeland against evolving threats?

Secretary GATES. [The information was not available at the time of printing.]

Mr. FRANKS. Have you seen any changes among our allies in Europe or elsewhere on their view of U.S. extended deterrence and the role the U.S. nuclear weapons in providing that extended deterrence guarantee? If so, please discuss these changes.

Secretary GATES. [The information was not available at the time of printing.]

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Admiral MULLEN. [The information was not available at the time of printing.]

QUESTIONS SUBMITTED BY MR. SHUSTER

Mr. SHUSTER. I applaud you for your decision not to proceed to procurement of the MEADS missile defense system. As noted in the DOD memo, the program is substantially over budget and behind schedule. It would take an additional $974M just to complete the Design and Development of the program. It does not make sense to continue to waste $800 hundred million on a system we are *not going to procure.*

- Will DOD go back to the drawing board and try to find a way to ring out some additional savings out of this $800M for MEADS? Will you ask your team to brief me on what this $800M is for, and if we can least find some more substantial savings?
- The DOD memo indicates that it will be necessary to allocate funds for Patriot upgrades. At a minimum, will DOD work to reallocate funds for Design and Development for upgrades to the Patriot system?

Secretary GATES. [The information was not available at the time of printing.]

Mr. SHUSTER. In the Memo accompanying your recent decision not to proceed to procurement of MEADS, you specifically highlighted the Army's inability to afford to procure MEADS and make required Patriot upgrades as rationale for the deci-

sion. I agree wholeheartedly with that assessment and commend you on your decision. It is vital that we continue to upgrade the Patriot system, which can provide added capability much sooner and at a fraction of the cost.

- In light of your decision and the vital importance of air and missile defense; can you please provide any insight on accelerating Patriot modernization?

Secretary GATES. [The information was not available at the time of printing.]

Mr. SHUSTER. Azerbaijan is an important partner of the United States and Israel in the region. It has contributed troops and resources to our missions in Afghanistan, Iraq and Kosovo; and the country is a key component of the Northern Distribution Network. Azerbaijan was first to open Caspian energy resources to U.S. companies and has emerged as a key partner for diversifying European energy markets. Azerbaijan also cooperates closely with the United States in the areas of intelligence sharing, counterterrorism, non-proliferation of weapons of mass destruction, and counternarcotics trafficking. The importance of Azerbaijan will only continue to grow, particularly given rising tensions with Iran.

- How would you describe the current level of military cooperation between the United States and Azerbaijan, as well as your future expectations for that cooperation? What steps must the United States and Azerbaijan take to further strengthen this relationship?
- Section 907 of Freedom Support Act of 1992 limits the U.S. Government's ability to provide direct assistance to the Government of Azerbaijan. In what ways does this interfere with the Department of Defense's long-term planning regarding Azerbaijan and its efforts to deepen bilateral relations with respect to security and defense matters?

Secretary GATES. [The information was not available at the time of printing.]

QUESTIONS SUBMITTED BY MR. CONAWAY

Mr. CONAWAY. Regarding the F–35 alternate engine, both the Pentagon's F–35 acquisition strategy documents, one completed 10 years ago and an update completed 2 years ago noted:

> "*to preclude excessive reliance on a single engine supplier, an alternate engine program was established.*"

The F–35 acquisition strategy document published in December 2008, nearly three years after the Pentagon quit requesting funding for the F136 stated that:

> "*dependent on F136 propulsion system maturity and funding availability . . . the goal is to reach full competition between Pratt & Whitney and GE in FY12 or 13*"

In addition, the most recent business case analysis completed by the Department of Defense indicated the competitive engine is at the breakeven point in net present value.

- Given the Department's acquisition strategy documents' concerns on excessive reliance on a single contractor to provide the F–35 engine, the stated goal of reaching full competition between the two manufacturers, and the business case analysis stating it was no more expensive to have a competitive engine, why are you so opposed to the alternate engine?

Secretary GATES. [The information was not available at the time of printing.]

Mr. CONAWAY. In January, you announced a significant reduction in the original order for F–35s for the FYDP. According to your statement, a reduction of 124 F–35s, bringing the total to 325, will pay for the $4.6 billion needed to extend the development period and adding additional flight tests. You further stated that an additional $4 billion from this reduction will be used for other purposes, such as acquiring more F/A–18s, one of the planes the F–35 is supposed to replace. Furthermore, you have stated the impact of removing 124 F–35 A & C variants from the FYDP will have little impact to unit cost over the life of the program. I am concerned about the impact to unit cost this reduction will have to the remaining A and C variants throughout the FYDP.

- Given the information about the progress of the Chinese stealth fighter aircraft technology, what is the justification for cutting 124 fifth generation F–35s and buying 41 additional obsolete fourth generation aircraft?
- Please comment on the immediate or near term cost impacts of the reduction?

Secretary GATES. [The information was not available at the time of printing.]

Mr. CONAWAY. In the recent restructuring of the F–35 program, the F–35B, was put on a two year probation. It is my understanding that the technical issues on this variant appear to be typical at this stage in a development program.

- Would you remove the F–35B variant from probation before the FY13 budget submission if the aircraft's performance improves?

Secretary GATES. [The information was not available at the time of printing.]

Mr. CONAWAY. The requirement for the ship to shore distance for the Expeditionary Fighting Vehicle was 25 miles. Now, the Marine Corps and the Navy have stated the requirement now is more like 12 to 25 miles.

- Can you please elaborate for the committee what the new ship to shore requirement will be for a potential New Amphibious Vehicle?

Secretary GATES. [The information was not available at the time of printing.]

QUESTIONS SUBMITTED BY MR. COFFMAN

Mr. COFFMAN. What steps is the Department of Defense taking to eliminate our military's dependence on China for critical rare earth elements? How is the Department of Defense helping to reestablish a viable domestic supply chain?

Secretary GATES. [The information was not available at the time of printing.]

Mr. COFFMAN. The FY2011 National Defense Authorization Act required a report that evaluates supply options, determines aggregate defense demand, and establishes a plan to address vulnerabilities in the area of rare earth elements. The Defense Logistics Agency (DLA) Strategic Materials Stockpile—formerly the national stockpile center—has a successful program that can easily include stockpiling critical rare earth metals and alloys.

- What thought have you given to this?
- Do you agree that the DLA office has a key role to play in the required report and plan?

Secretary GATES. [The information was not available at the time of printing.]

Mr. COFFMAN. In November 2010, I was informed by senior Department of Defense officials that our reliance on China for rare earth oxides, metals, alloys, and magnets did not constitute a national security threat. Officials from the Office of Industrial Policy noted that the Department of Defense was a small user and that they could not aggregate the Department's demand and usage of these materials.

- If the Department of Defense uses 7% of total rare earth demand, as noted by senior officials, aren't you still concerned if you cannot access that 7%?
- DoD representatives noted that new sources of supply for rare earth elements will be coming online in late 2011 and 2012. Has the Office of Industrial Policy taken note that the majority of this new supply is committed to non-U.S. sources such as Japan, who may not provide this material to the U.S. defense supply-chain, instead opting to supply the larger commercial market?
- If so, how can you conclude there is no national security risk if you cannot guarantee access to the rare earth oxides, metals, alloys, and magnets needed by the Department of Defense?

Secretary GATES. [The information was not available at the time of printing.]

Mr. COFFMAN. Given that we are engaged in two protracted wars, how would you characterize the performance and practicality of the all-volunteer force?

- Do you have any concerns regarding the future of the all-volunteer force?

Secretary GATES. [The information was not available at the time of printing.]

QUESTIONS SUBMITTED BY MR. GRIFFIN

Mr. GRIFFIN. Section 1243 of the Ike Skelton National Defense Authorization Act for FY11 states: "The Secretary of Defense shall develop a strategy to be known as the 'National Military Strategy to Counter Iran.'" Among other requirements, the NDAA mandates that this strategy "undertake a review of the ability of the Department of Defense to counter threats to the United States, its forces, allies, and interests from Iran," and specifically requires the Secretary to brief Congress within 180 days of the NDAA's enactment "regarding any resources, capabilities, or changes to current law" he believes are necessary to address any gave identified in the strategy.

- Is the Joint Staff currently preparing this strategy, which will be a high priority for this committee and receive as much or greater attention as any military report we receive?
- Will we receive this report within the mandated 180 day?

Admiral MULLEN. [The information was not available at the time of printing.]

QUESTIONS SUBMITTED BY MR. PALAZZO

Mr. PALAZZO. The Navy estimates that its average annual shipbuilding requirement is $15 billion per year to attain its minimum floor of 313 battle-force ships.

However the Congressional Budget Office (CBO) estimates that the Navy will require, on average, $19 billion per year to attain its minimum floor of 313 ships.

- Given that there will be minimal to no real budget growth in the upcoming years, are you concerned with the Navy's ability to reach its required force structure?

Secretary GATES. [The information was not available at the time of printing.]

Mr. PALAZZO. As you know, the Chief Financial Officers Act of 1990 requires that all Federal Agencies perform a financial audit each year. The DOD has not complied and even the Government Accountability Office (GAO) has labeled the DOD's books as "unauditable" because of the complexity of this problem. Many people view this as a complete lack of accountability and transparency in one of our Government's largest agencies. Now colleagues of mine have even introduced legislation to cut portions of the DOD budget until the audits are complete.

- Has there been any recent attempt to correct this problem, change the accounting systems or develop a course of action to get this problem fixed? Is it reasonable to expect a full audit in the foreseeable future?

Secretary GATES. [The information was not available at the time of printing.]

Mr. PALAZZO. The role of the US military in recent years has had an increased focus on humanitarian response missions such as earthquake response in Haiti and response to the Indonesian tsunami. These contingency efforts, particularly by the Navy and Marine Corps due to their specific strengths and mobility, are changing the role of the force.

- Given these new requirements, what do you see as the future of the Navy and Marine Corps?
- Does this new focus on humanitarian missions weaken the force and our capability to respond to emerging threats such as China?

Secretary GATES. [The information was not available at the time of printing.]

Mr. PALAZZO. It is no secret that our National Guard has played an extremely important role in our military operations over the last decade, and as a national guardsman, I believe in the importance of thanking my fellow citizen soldiers and the families that make sacrifices every day to protect our great nation. In the past, proposals have been introduced to add a representative of the National Guard to the Joint Chiefs.

- Do you believe that this is a feasible and logical addition?
- How do you believe that adding a representative to the Joint Chiefs will affect the service chiefs and the role of the National Guard?
- Do you foresee any additional costs associated with this change?

Admiral MULLEN. [The information was not available at the time of printing.]

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Admiral MULLEN. [The information was not available at the time of printing.]

QUESTIONS SUBMITTED BY MR. YOUNG

Mr. YOUNG. Our budget constraints are significant. ADM Mullen has described our debt as our nation's "greatest national security challenge."

Within this environment, President Obama has proposed an increase in our defense budget—albeit a slight increase—over FY10 enacted levels. This comes on top of a doubling of defense expenditures over the last 12 years, in real inflation-adjusted dollars.

Meanwhile, ADM Mullen's comments indicated that we "must face the reality of less spending by our partners." Essentially, our allies are cutting spending and, one might say, free-riding off of our military investments.

We, understandably, don't want to use our military to do more without more, or even ask it to do more with less.

- In light of our growing fiscal challenges and steady investments in defense, and steady disinvestment in defense by our allies, how do you respond to those who argue that our ambitions now outstrip our capacities to fund them at home and abroad?

- Aside from creating conditions for more robust economic growth, including reforming our nation's entitlement programs, might we also address the gap between our ambitions and capacities by scaling back our global commitments—i.e., by setting priorities among missions rather than by layering additional missions on top of existing missions (as we have done in recent history)?

Secretary GATES. [The information was not available at the time of printing.]

Mr. YOUNG. Regarding the alternate engine of the F–35, the Joint Strike Fighter (JSF), how do you refute the findings of the GAO study (GAO–09–711T, May 20, 2009) that savings generated from having a competitive engine would recoup or exceed investment costs across the life cycle of the engine, and that its non-financial benefits were enough to continue the program, even if considering only marginal financial benefits?

Secretary GATES. [The information was not available at the time of printing.]

Mr. YOUNG. Considering that 95 percent of our fighter force is projected to be comprised of F–35s within the next 25 years, how do you answer to concerns that our operational capabilities could be drastically compromised, as we would have very little redundancy in our fighter force, as we would be dependent upon one engine and vulnerable to a fleet-wide grounding?

Secretary GATES. [The information was not available at the time of printing.]

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