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HEARING

ON

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2009

AND

OVERSIGHT OF PREVIOUSLY AUTHORIZED PROGRAMS

BEFORE THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

FULL COMMITTEE HEARING

ON

BUDGET REQUEST FROM THE DEPARTMENT OF DEFENSE

HEARING HELD
FEBRUARY 6, 2008

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FISCAL YEAR 2009 NATIONAL DEFENSE AUTHORIZATION ACT—BUDGET REQUEST FROM THE DEPARTMENT OF DEFENSE

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, DC, Wednesday, February 6, 2008.

The committee met, pursuant to call, at 1:10 p.m., in room 2118, Rayburn House Office Building, Hon. Ike Skelton (chairman of the committee) presiding.

OPENING STATEMENT OF HON. IKE SKELTON, A REPRESENTATIVE FROM MISSOURI, CHAIRMAN, COMMITTEE ON ARMED SERVICES

The CHAIRMAN. Ladies and gentlemen, we welcome you to today's hearing to review our budget from the Department of Defense (DOD) for fiscal year 2009.

We have with us today the Secretary of Defense, the Honorable Robert Gates, the Chairman of the Joint Chiefs of Staff, Admiral Michael Mullen.

And, gentlemen, we welcome you and we thank you both for your lifetime of service, service that you have dedicated to our country, and the tremendous jobs you are now doing for the Department of Defense and for our country.

Whatever else we discuss today, I want to start by expressing the deep respect and admiration and appreciation that this committee has for each one of you.

And this sentiment extends equally to the millions of men and women serving in uniform, as well as to our defense civilians, who of course you lead.

On Monday the President submitted his budget request, which includes $515.4 billion for the Department of Defense, an increase of 7.5 percent from last year; the 11th consecutive year that defense spending has increased and the 10th consecutive year it has increased faster than the rate of inflation.

Congress and the Department will not agree on every detail in that budget. I do, however, strongly support the decision to have a real increase in defense spending. Even with this extra funding, the Department of Defense will have serious and compelling unmet needs, as I will discuss later at greater length.

Last year, the risk assessment given to Congress by General Peter Pace indicated an increased strategic risk to the country. I do not see that risk has in any way reduced, so a real increase in our defense spending I think is necessary and appropriate.

I am pleased to see that you have provided funding for the Grow the Force initiative for the Army and the Marine Corps in the base budget; a measure, gentlemen, that I have advocated since 1995.

I am also pleased to see a 3.4 percent pay raise, although I am concerned that this increase only matches the rising cost of living and does not close the pay gap with the private sector.

I am disappointed that the Department actually proposes to widen the pay gap for its civilian employees by reducing their pay raise to 2.9 percent.

I was also very disappointed that the budget again proposes increasing health care fees on military servicemembers, as well as their families, that we have not been able to maintain funding for the shipbuilding plan that Admiral Mullen wrote when he was Chief of Naval Operations.

I am concerned that this budget deters hard choices on several large budget issues—like procurements of the F–22s and the C–17s—to Congress, as well as to the next Administration.

On your request for war funding, I am must give you a grade of incomplete. That is not a passing grade.

This committee must understand the full magnitude of the Department's needs, both so that we can provide the oversight required under the Constitution and so we can communicate them to the American people.

We feel so strongly that we required this in law. This budget request does not allow us to perform that duty.

I asked that you give us a full year's funding estimate for war costs, with as much detail and fidelity as possible.

Neither the President nor Congress should pass the buck on this decision to General Petraeus. Providing adequate funding for our troops is our responsibility.

But if there is only one message that, I hope, you, Mr. Secretary, and you, Mr. Chairman, take away from our hearing today, is this. There is a deep, deep concern, among many of us on this committee, about the risk facing the Nation in two key areas of our responsibility.

I liken it to the sword of Damocles, which hung suspended by a single thread over the head of Damocles, a citizen of the ancient Greek city of Syracuse, reminding him that catastrophe was just a hair's breadth away.

Just so, we must act now to avoid failures with grave consequences. First, I am deeply concerned about our current readiness posture, and in particular about the readiness of our ground forces.

As a matter of fact, I recently sent a letter to Mr. Secretary and received an answer thereto today regarding this issue.

The readiness shortfalls, which were alarming last year, have continued to expand, and will now require a significant investment of time and money to restore full capability.

This is a special concern because in my 31 years in Congress we have been involved in 12 significant military conflicts, not one of which was predicted beforehand.

We are simply not prepared for the emergence of such a conflict today. I know that both of you are also concerned and are deeply committed to addressing readiness shortfalls, both today's problems

with personnel, training and equipment, and those that relate to modernization, which produces our readiness for tomorrow.

We must focus on our strategic priorities to find the right balance between near-term needs on the one hand, and the long-term health of our military, and straighten out the roles and missions of the forces.

You will note there was a provision in the bill that we just passed and signed by the President regarding your duties for a roles and missions determination.

So, help us in our job so we can help you. You start by moving quickly to appoint a Defense Material Readiness Board by—that was established in the last Defense Authorization Act.

Second, gentlemen, I am concerned about the possibility of a rapid deterioration of security and stability in Afghanistan. History will judge very harshly if our focus and effort in Afghanistan is insufficient to the task. A failure of the mission there would not only damage our security; it would do serious damage to the North Atlantic Treaty Organization (NATO).

We should remember that Afghanistan was the genesis of the terrorism that struck New York and our Pentagon. We should do first things first, just as in World War II where we focused more of our resources on Germany in the beginning in the war in Europe until that war was won.

Again, I know that both of you are mindful of Afghanistan, as well. I know that the situation there shows some signs of progress, as well as signs for concern.

We look forward to continuing to work with you on this difficult challenge.

On the issue of Iraq, we want to work with you to ensure the safest possible redeployment of our troops from that country, to return control to the people of Iraq as soon as reasonable.

Two issues stand out. One is the plan to negotiate agreements with Iraq beyond the traditional status of forces agreement. We understand that the Administration's plan is to bind the United States to the defense of Iraq.

Such defense agreements that commit us to fight on behalf of an ally have historically always—and I will repeat "always"—been sent to Congress for approval, as with our agreement with South Korea and Japan. It is my view that any such agreement with the government of Iraq must be brought before Congress.

Similarly, the fiscal year 2008 National Defense Authorization Act (NDAA) prohibits the use of any funding to permanently station U.S. forces in Iraq or to obtain economic control of Iraq's oil resources. The committee intends to provide oversight to ensure that this law is followed.

And last, I would be remiss if I didn't say a word about signing statements. After a false start with our bill in December, the President did sign our authorization act on January the 29th of 2008. And when he did so he included a signing statement that identified four provisions of the law which the President said he would interpret consistent with his authority as Commander in Chief.

One of them is the law I mentioned prohibiting the permanent stationing of U.S. forces in Iraq.

Gentlemen, these provisions do nothing to undermine the authority of the President or the executive branch under the Constitution. We fully expect the Department to implement the law, all of the law, and we will be, of course, watching the issue very closely.

Now I turn to my friend, my colleague, Duncan Hunter from California, the ranking member of this committee, for his opening remarks. Mr. Hunter.

STATEMENT OF HON. DUNCAN HUNTER, A REPRESENTATIVE FROM CALIFORNIA, RANKING MEMBER, COMMITTEE ON ARMED SERVICES

Mr. HUNTER. Thank you, Mr. Chairman. And thank you for holding this very important threshold hearing for this committee and for the country.

And I want to join you in welcoming Secretary Gates and Admiral Mullen and the very able Ms. Jonas, who has served in her Department very capably.

Thanks a lot for your contribution, gentlemen, to national security, and to the work that you have done.

Before I lay out my own concerns about fiscal year 2009 budget requests, I just want to express my gratitude to our American men and women who are presently serving on a variety of battlefronts, most notably in Iraq and Afghanistan, and of course elsewhere around the globe, and their families back home.

And I am sure that my colleagues share my deep appreciation for their commitment, sacrifice and patriotism.

And it is to their service that we dedicate this defense bill, to make sure that they are equipped adequately, that the challenges that meet them are mitigated, to the greatest degree possible, and that we take care of those people with respect to the personnel issues that are so critical to keeping folks in the force and bringing new people in.

So let me first note that I am somewhat disappointed that the Administration didn't request funding to cover the full costs of the war in fiscal year 2009. And I am confident you are going to rectify this situation so that we can provide the needed funding to support our troops. But you didn't include that in fiscal year 2009. And I think that disappointed a great many of us.

Also, the President's request for the fiscal year 2009 Department base budget amounts to $515.4 billion, which is $36 billion more than last year's enacted base appropriation.

However, I am still disappointed that, while seemingly robust, this figure does not provide a minimum threshold of four percent of Gross Domestic Product (GDP), a threshold that several defense and military experts insist is required to meet the current and future needs of our military.

In fact, Admiral Mullen, I understand from your recent statements that you are generally supportive of this approach. So, I would like to ask both our witnesses to address why the President's budget request does not reflect a truly robust level of defense spending.

And I would like you also to explain at a—in a general way what types of national security risks the Administration is implicitly accepting as a result of that.

For example, my own experience tells me that the budget request is insufficient to counter the emerging challenges in China's increased space, undersea and deep-strike military capabilities.

And as we have classified briefings on China's emergence as a military superpower, and especially their activities lately in space and with respect to production of overseas capabilities and assets, we don't see a corresponding change in American policies that you have manifested in programs or operations to offset or to meet those challenges. And I would like you to address that today, if you could.

Also, in my estimation, the Navy and the Air Force investment accounts are somewhat underfunded, it appears to me about to the tune of about $20 billion each, impacting both their readiness and modernization programs.

And I think we can't afford to separate investments in the Air Force and Navy from the current conversation about the state of the military's readiness.

Last, I know, Mr. Secretary and Admiral Mullen, you have a balancing act that you have to undertake right now. You need to concentrate on the warfighting theaters in Afghanistan and Iraq, and on the other hand, and at the same time, you have to address those problems which are emerging on the horizon.

And I understand that that is going to be—that that is never an easy thing to do when you have limited dollars.

My recommendation would be that you lay out what we need to address both of those challenges, both the present challenge and the war against the terrorists, and the emerging challenges of this new world, and let us make decisions as to what we cut and what we don't cut.

But let us know what we need to have a robust capability against these new challenges, both in this near-term and present-term operation, but also in what we are going to see in the next 5 to 10 years, especially emerging from China's military buildup.

Let me give you just a couple of other things that I think are important for our country.

You know, as we send more and more of our industrial base offshore, and we fracture this industrial base and a great deal of our capabilities in making components and critical materials goes to other countries, I think it becomes important for us to take an inventory and understand whether or not we have what it is going to take to build the systems of the future, or whether we are losing critical capabilities.

I think that is something that this Administration and this Department should concentrate on.

Another challenge that you are going to have over the next couple of years—and you have got it right now—is technology transfer. And as we see foreign countries coming in with massive amounts of money to acquire American companies, some of those companies are defense companies with critical capabilities that you utilize to give us an advantage over potential adversaries.

And, you know, I know the attitude of the Administration is always to keep you out of what they consider to be their lane, and allow their Commerce Department and the Treasury and others to control the apparatus that oversees the acquisition of American de-

fense contractors by foreign agencies, with some slight intervention, at some pressure points by DOD.

I think you need to pay a lot of attention to those transactions. Because those transactions and the acquisition of high-technology companies in the United States that have militarily critical technology could at some point bear on our ability to keep an edge over a potential adversary.

So I think that is going to be a problem in the future, for this country, if you don't undertake some very strong scrutiny right now.

Last, of course, all of our focus is still on the warfighting theaters. And if you have some time today to address it, this stand-up of the Iraqi army is obviously the lynchpin and the crucial point of making a satisfactory handoff of the security burden in Iraq.

And I would like to have some comment, if you would, to your—in your estimation, whether or not you are satisfied with the stand-up as it is proceeding, and the rotation of Iraqi battalions into the battlefield and their displacement of American heavy combat forces.

So, thanks for being with us today. Mr. Chairman, thank you for the hearing. I look forward to the testimony.

The CHAIRMAN. Thank you very much.

At the counsel table is also the Under Secretary of Defense, the Comptroller, Tina Jonas. We appreciate your being with us.

With us also in the audience is the wife of our chairman, Deborah Mullen. We appreciate your being with us today and witnessing this historic event.

And I will remind our members we are operating under the five-minute rule. We will do our very, very best to make sure that as many have the opportunity to ask questions.

Secretary Gates.

STATEMENT OF HON. ROBERT M. GATES, SECRETARY OF DEFENSE, DEPARTMENT OF DEFENSE

Secretary GATES. It is a pleasure to be here for my second and last posture statement.

Let me thank you, first of all, for your continued support of our military for these many years. And I appreciate the opportunity to discuss the President's fiscal year 2009 defense budget.

Before getting into the components of the request, I thought it might be useful to consider, in light of the current strategic landscape, a landscape still being shaped by forces unleashed by the end of the Cold War nearly two decades ago.

In recent years, old hatreds and conflicts have combined with new threats and forces of instability, challenges made more dangerous and prolific by modern technology: among them terrorism; extremism and violent jihadism; ethnic, tribal and sectarian conflict; proliferation of dangerous weapons and materials; failed and failing states; nations discontented with their role in the international order; and rising and resurgent powers whose future paths are uncertain.

In light of this strategic environment, a complex strategic environment, we must make the choices and investments necessary to

protect the security, prosperity and freedom of Americans for the next generation.

The investment in defense spending being presented today is $515.4 billion, or about 4 percent of our gross domestic product when combined with war costs. It compares to spending levels of 14 percent of gross domestic product during the Korean War and 9 percent during Vietnam.

Our fiscal year 2009 request is a 7.5 percent increase, or $35.9 billion, over last year's enacted level. When accounting for inflation, this translates into a real increase of about 5.5 percent.

The difference consists of four main categories which are outlined in more detail in my submitted statement.

Overall, the budget includes $183.8 billion for overall strategic modernization, to include $104 billion for procurement to sustain our Nation's technological advantage over current and future adversaries; $158.3 billion for operations, readiness and support to maintain a skilled and agile fighting force; $149.4 billion to enhance the quality of life by providing the pay, benefits, health care and other services earned by our all-volunteer force; and $20.5 billion to increase ground capabilities by growing the Army and Marine Corps.

This budget includes new funding for critical ongoing initiatives such as Global Train and Equip to build the security capacity of partner nations, security and stabilization assistance, foreign language capabilities, a real increase in science and technology basic research, and the new Africa Command (AFRICOM).

In summary, this request provides the resources needed to respond to current threats while preparing for a range of conventional and irregular challenges that our Nation may face in the years ahead.

In addition to the $515.4 billion base budget, our request includes $70 billion in emergency bridge funding that would cover war costs into the next calendar year. A more detailed request will be submitted when the Department has a better picture of what level of funding will be needed.

The 2007 National Defense Authorization Act requires the Department of Defense to provide an estimate of costs for the global war on terror (GWOT).

We would like to be responsive to the request. Indeed, I was responsive to a similar request last year.

Some have alleged the Administration has taken this position in order, somehow, to hide the true costs of the war. Nothing could be further from the truth. The Department has been very open about what we know about our costs, as well as what we don't know.

So the challenge we face is that a realistic or meaningful estimate requires answers to questions that we don't yet know, such as when and if the Department will receive the requested $102 billion balance of the fiscal year 2008 supplemental war request and for how much, and what, if any, adjustments to troop levels in Iraq will result from the upcoming recommendations of General Petraeus.

We should also keep in mind that three-quarters of the fiscal year 2009 supplemental request will likely be spent in the next Ad-

ministration, thus making it even more difficult to make an accurate projection.

I have worked very hard during my time in this position to be responsive and transparent to this committee and to the Congress. Nothing has changed.

But while I would like to be in a position to give you a realistic estimate of what the Department will need for a fiscal year 2009 supplemental, and will do so at the earliest possible time, I simply can't at this point. There are too many significant variables in play.

I can give you a number, but that number would inevitably be wrong, perhaps significantly so, and in short precision without accuracy.

As I mentioned earlier, Congress has yet to appropriate the remaining balance of the fiscal year 2008 war funding request, $102.5 billion. This delay is degrading our ability to operate and sustain the force at home and in the theater and is making it difficult to manage the Department in a way that is physically sound.

The Department of Defense is like the world's biggest supertanker; it cannot turn on a dime and it cannot be steered like a skiff. I urge approval of the 2008 GWOT request as quickly as possible.

Finally, I would like to thank the members of this committee for all you have done to support our troops, as well as their families. I also thank you for your attention to and your support of efforts to improve the treatment of our wounded warriors over the past year.

In visits to the combat theaters, military hospitals and in bases and posts at home and around the world, I continue to be amazed by the decency, resilience and courage of our troops.

Through support of the Congress and our Nation, these young men and women will prevail in the current conflicts and be prepared to confront the threats that they, their children and our Nation may face in the future.

Thank you, Mr. Chairman.

[The prepared statement of Secretary Gates can be found in the Appendix on page 73.]

The CHAIRMAN. I thank the secretary.

Admiral Mullen.

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

Admiral MULLEN. Thank you, Chairman Skelton, Representative Hunter, distinguished members of this committee. Thank you for the opportunity to appear before you today.

And I am honored to be here alongside Secretary Gates, a man whose leadership and insight I greatly admire.

We are here, as you know, to discuss with you the President's fiscal year 2009 budget submission, and, more broadly, the state of our forces. Let me speak for just a moment about the latter.

The United States military remains the most powerful, most capable military on the face of the Earth. No other nation has or can field and put to sea the superb combat capabilities resident in our Army, Navy, Marine Corps, and Air Force.

I say this not with false pride or arrogance; I say it with conviction, for it is an indisputable fact.

This stands as a testament, of course, to the brave and talented men and women who serve, active, Reserve, National Guard and civilian, as well as their families.

I have been on record as saying they are the finest I have ever seen. I meant it then; I mean it now. Each trip to the field, each visit to a base, each bedside I stand beside only reaffirms that for me.

I know many of you have also made such visits and can attest to the same.

So I also believe our enormous strength speaks well of the hard work of this committee and the Congress as a whole as it does of the American people, who through you, their elected representatives, have invested heavily and wisely in their national defense.

We are grateful, and we will continue to need that support. For however powerful we may be today, that power is not assured tomorrow.

That is why the budget we are submitting this week includes more than $180 billion for strategic modernization, including $3.6 billion for the Army to continue developing the Future Combat System, and $3.4 billion to procure 20 more F–22 fighters, and another $700 million in research and development.

That is why it calls for money to continue to build the next generation aircraft carrier and guided missile destroyer, increased spending on missile defense, as well as funding to complete the stand-up of AFRICOM; and it is why we are asking for more than $20 billion to increase the size of the Army and the Marine Corps.

Some have argued there isn't much new in this budget, no big surprises. Maybe so. Quite frankly, we ought to take a little bit of pride in that. Because it says to me that we looked pragmatically at all of our requirements, that we did our homework, and that, from a fiscal perspective, we have a good handle on where we want to go.

You know, recently, a reporter reminded me the other day that, as investments, budgets are really a type of strategy. If that is so, and I believe it is, this budget reveals great balance in our strategy for the future, a realization that while we continue to fight and develop counterinsurgency warfare, we must also prepare for, build for and train for a broad spectrum of traditional war-fighting missions.

We are doing well in Iraq, no question. Violence is down. Business is up. Al Qaeda is clearly on the run. Ambassador Crocker and General Petraeus deserve a lot of credit there.

The surge of forces we sent them and their innovative application of counterinsurgency tactics have markedly improved security on the ground.

As both individuals have made clear, this progress is tenuous and must be carefully watched. I understand their concerns as we keep bringing home the surge brigades. Conditions on the ground count. But tenuous, too, is the long-term risks we are taking to our security commitments elsewhere in the world if we do not address the toll that ongoing combat operations are taking on our forces, our gear, our people, and their families.

The well is deep, but it is not infinite. We must get Army deployments down to 12 months as soon as possible. People are tired.

We must restore our Marine Corps expeditionary capabilities. They are dangerously on the wane.

We must stay dominant at sea, in space, as well as cyberspace. Others are beginning to pace us in the speed of war.

We must do a better job identifying and treating not only the wounds we see, but the wounds we do not see. Too many of our returning warriors suffer in silence.

This budget allocates $41.6 billion to provide world-class care and quality of life for the entire force. We must honor military families by enhancing GI bill benefits' transferability by broadening federal hiring preferences for military spouses and by expanding child care benefits in appreciation for their many sacrifices.

And we must continue to stay persistently engaged around the globe, building partner capacity, improving international interagency cooperation, and fostering both security and stability.

I urge Congress to enact the authorities in the joint State Department and Defense Department Building Global Partnerships Act.

A few weeks ago, I was called to testify before this committee about our progress in Afghanistan. I told you then that we were seeing only mixed progress and that Afghanistan was, by design, an economy of force operation.

I told you we would do what we can there. I stand by those comments, even as we prepare to send more than 3,000 Marines over there, and even as Secretary Gates continues to press our NATO allies for more support.

The business of war, not unlike governing, is about choices. As a student of military history, you know this all too well. Military leaders must make hard decisions every day, choices that affect the outcome of major battles, whole nations, and the lives of potentially millions of people.

As we head into this new year, with fresh assessments of our progress in Iraq, a new push in Afghanistan, and a continued fight against the violent extremists, as we consider the depth and breadth of traditional capabilities we must improve, please know that I and the Joint Chiefs remain committed to making informed choices, careful choices, and choices which will preserve, at all times and in all ways, our ability to defend the American people.

Thank you, sir.

[The prepared statement of Admiral Mullen can be found in the Appendix on page 80.]

The CHAIRMAN. I thank the chairman.

Admiral Mullen, last year, your predecessor, General Pace, increased his rating of the risk in executing the national military strategy in his formal assessment that he sent to Congress.

I would like to know from you whether that risk has changed again this year, up or down, and what does this year's budget contain to reduce strategic risk—please?

Admiral MULLEN. My overall assessment, Mr. Chairman, is the risk has basically stayed consistent, stayed steady—it is significant; and that in certain parts of it and in certain areas over the last year, for instance, our success on the ground in Iraq, where the

threat has receded and al Qaeda, as I indicated, is on the run, we have reduced risk there. We have got more stability there, as an example.

Clearly, on the other side, we are a year longer in the war. We have—and I applauded the decision, when Secretary Gates made it a year ago January—to limit deployments to 15 months to set the schedule, because it started to give us some predictability. But 15 months is too long. And we need to get to 12, and actually move to a 1-year deployment and 2 years back as rapidly as we can.

And so we continue to build risk with respect to that.

The challenges that, I think, were laid out before continue to be with us, in terms of the weapons of mass destruction, the investments that we are asking for in terms of building global partnerships, investing in train and equip, the kinds of monies, standing up AFRICOM—is a way to reduce, I think, global risk.

So, overall—and clearly, we would continue to invest in some of our—we have continued to invest in both the irregular kinds of capabilities that we need to handle the threat as it continues to evolve, and I think we will be doing that for a significant period of time, as well as the traditional kinds of challenges that we will have on the conventional side.

Most of all, this budget invests in balance.

The CHAIRMAN. As I understand it, Admiral, you will be sending your formal assessment to the Congress in the near future. Am I correct?

Admiral MULLEN. I will, yes, sir.

The CHAIRMAN. Mr. Secretary, readiness has suffered significantly, as you know and as we have discussed. And I know the Department balances restoration of the force on the one hand and investing in the future on the other.

And we have made a significant investment here in Congress to restoring readiness, but we have not seen any improvement in the readiness posture. Can you give us any hope for the future regarding our readiness posture, because it is of great concern to each one of us here?

Secretary GATES. Yes, sir. Well, I think that, first and foremost, the effort involves the program to grow the Army and to grow the Marine Corps. And the Army will grow by about 65,000, and the Marine Corps by 27,000.

And as you indicated in your opening statement, that money—the money to do that is now in the base budget. So I think that is an important place.

We have about $46 billion in the 2008 supplemental for reconstituting the force. We received about $13 billion-plus of that in the bridge. So that will help us replace equipment and repair equipment that is associated here.

So I think there are a number of things that are in the budget that put us on the path to improved readiness. But it is clear that our readiness is focused, at least in the Army, on fighting the wars that we are in, in both Afghanistan and in Iraq, and that the forces that are being sent there are fully trained and are ready when they go.

The areas where there are concerns about readiness clearly have to do with full spectrum warfare.

Mr. Chairman, I would just make two observations about readiness. All of this is true, and readiness is a problem, and particularly full spectrum readiness. But I also think that a little perspective is in order.

In 1990, when we got ready to fight Desert Storm, our Army had not been in a war in 15 years. It had been through the budget plus-ups of the 1980's. And I think you could argue that the Army was, for all practical purposes, all in the green, as it were, in 1990.

It still took us six and a half months to get an Army to Saudi Arabia in order to drive the Iraqis out of Kuwait.

I think we have a much more expeditionary Army today. Bringing about the change in structure to a modular Army and brigade combat teams, I think, has given us in many respects a far more expeditionary and far more usable military force in many respects than we had in 1990.

The other aspect is that in the mid-1990's, readiness was considered, for example on equipment, was considered a 65 percent fill of equipment. And so as far as equipment was concerned, units that had 65 percent were considered in the green.

Those accounting rules were changed, and so now readiness is at the 100 percent level for equipment. And so many of the units are in the red, and they are in the red for specific kinds of missions. So I think that sometimes charts oversimplify the situation.

But that said, readiness is a concern. Full spectrum readiness is a concern. The tiredness of the force is a concern. And I think we have a number of things in the budget that help address this.

The CHAIRMAN. I thank the gentleman.

Before I ask Mr. Hunter, I might state that, as I understand it, Mr. Secretary, Admiral, you must leave at five o'clock. Is that correct?

Secretary GATES. Yes, sir. I am getting on a plane to go talk to the allies about Afghanistan.

The CHAIRMAN. Yes, sir. And there will be a 10-minute break at 3 o'clock.

Mr. Hunter.

Mr. HUNTER. Thank you, Mr. Chairman.

Again, gentlemen and Ms. Jonas, thanks for your appearance today.

Afghanistan, Mr. Secretary—we are sending roughly 3,000 Marines to southern Afghanistan, which is a point of some conflict, where allies right now are handling some battlefield duties. And that is an exception, because in a number of the areas of Afghanistan, the allies are working under very limited rules of engagement. But that is one of the tougher areas in Afghanistan.

We have got 25 allies there in the NATO nations. We are providing roughly half of the combatants in Afghanistan, if you take both of our forces there. Of the 54,000, I think we have got something like 25,000, 26,000 personnel.

That means that we have seen a failure on the part of the allies to come up with what would be roughly 100 soldiers a piece to meet this challenge that we think may emerge in the spring time, with respect to that southern area of operations (AO).

Where are we failing in terms of being able to get these—bring these recalcitrant allies? Even as we fight the war in Iraq, hav-

ing—for us to have to bring in a majority of the participants in the Afghanistan theater, it seems to be to a sad commentary on the allies and their participation.

Since you are going to go talk to them, maybe you shouldn't tell us your strategy. [Laughter.]

Secretary GATES. Mr. Hunter, I——

Mr. HUNTER. Give us your thoughts on that.

Secretary GATES [continuing]. Want to tell you that I have finally achieved something I have been working very hard for, for the last year: I have brought unity to the alliance—unfortunately, not in the right direction.

First of all, I think it needs to be said that the British, the Australians, the Canadians, the Dutch, the Danes have been fighting very hard in the south, have taken significant casualties compared—first period, and especially when compared to the size of force that they have there. And so we—credit needs to be given where credit is due.

The problem that we have, I believe, is that—the principal problem is that the people of Europe do not understand that Afghanistan—the importance of Afghanistan to their own security in the first place, and second that the way the alliance responds to taking on this commitment will say much about the future of the alliance itself.

We cannot have a two-tiered alliance where some countries fight and die and others do only civilian or civil contributions.

And so my hope is that—there are several things that I think we can do. One of the things that I have proposed at Nordvick last fall was that the alliance develop a three- to five-year strategic plan, both military and civil, that would say where we would like to see Afghanistan in three to five years, first of all, to lift the allies' eyes above the end of 2008 or the end of 2009 and get them to think about what is our strategy and where do we want to see Afghanistan, and how do we get there, and what are some milestones along the way.

I believe that that suggestion was accepted. The NATO staff is working on such a paper today, a strategy. And I believe it will be presented and approved at the NATO summit in Bucharest.

And my hope is that this strategy will be used by European governments, in part, to help educate their own publics about the importance of this effort in Afghanistan.

One area that I have mentioned on several occasions where I think, frankly, that Congress can help is in your interactions with members of European parliaments. In many respects, as elected representatives, you have much more credibility than people like I do, in terms of telling them the importance of their exercising a leadership role in educating their constituents as to the importance of Afghanistan.

And I am going to be at the Wehrkunde conference after the defense ministers' meeting in Vilnius. And one of the things that I am doing is hosting a reception for our congressional delegation and European parliamentarians, because I think you all have the opportunity to really make an impact.

Because what is really central here is the fact that I think the governments get it, and they understand the importance, but many

of them are minority governments or they are coalition governments that are very limited in what they can do. And what it requires is going out and building political support among their people.

And I think your interactions, I think the strategy paper, I think the leaders of the NATO allies strongly affirming the commitment in Afghanistan at the Bucharest summit are all important aspects of trying to get the Europeans, in particular, to backfill behind the Marines when the Marines come out, come next November or so.

Mr. HUNTER. Thank you.

I just hope, Mr. Secretary, that this will not—this doesn't presage a rotation in which the Marines end up becoming the primary combatants in the southern AO, and we see the allies who are fighting extracting their forces, essentially swapping out.

And, Mr. Chairman, I would just say this, we have major participation in American defense contracts by our allies. And one argument that they make when they come in to get a piece of that taxpayer dollar in a major programs is that we need to have this interoperability so that when we move together and find common ground in these military operations, we will be using the same equipment and using the same programs.

I think that this Congress ought to scrutinize the participation by European allies who seem to have no problem convincing their citizens that they should get a good piece of the American defense dollar but seem to have this tremendous challenge when they are called on to support us in common cause in this war against terrorists.

So I think we ought to look at this, this year, and give it some scrutiny.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank the gentleman.

Mr. Spratt.

Mr. SPRATT. Thank you all for your fine testimony and for your service to your country—and that includes Ms. Jonas. Having worked in the comptroller's office—and you will see that in a minute from the questions I ask—I particularly appreciate the work she does.

We talk about how much we are spending for defense—and you have to go to a lot of different places to put together the bottom line, the total. DOD, as I read your documents, is asking for $515.4 billion, Department of Defense.

But Department of Energy (DOE) has a piece of the defense action too, mainly for the nuclear program, and that is $16 billion. The other executive agencies, like the Coast Guard—$5.2 billion. That brings total discretionary spending in your request to $537 billion.

There is some mandatory spending, about $4 billion. That takes you to $541 billion.

And then we have got this plug. We don't know what the number is going to be.

We do know what it has been in the past. In the recent past, it was about $190 billion for supplemental expenditures to support the war effort in Afghanistan and Iraq.

If you put $190 billion onto the $541 total we have got, the total comes to $730 billion. If you back it down a bit and assume that we will have lower costs, less costs, this year than last year, then let us say it is $150 billion instead of $190. You are still at $700 billion.

In the year 2000 we had a defense budget of $300 billion. So we are up more than 100 percent in less than a decade. And that has to be a matter of concern, because we do have, in the end, finite resources.

Am I missing something?

Don't these numbers strike you as a pretty substantial sum of money for the defense effort?

Secretary GATES. Mr. Spratt, there is no question that it is a huge amount of money. Absolutely no two ways about that.

By the same token, going back to a discussion at the beginning of the hearing, as I indicated, the base budget itself is about 3.4 percent of GDP. If you add the war costs, it is about 4 percent of GDP, a significant lower percentage of our national treasure than during any of the wars that we fought in the 20th century.

So it is a huge amount of money, but the threats that we——

Mr. SPRATT. It is—$700 billion is 5 percent of the GDP.

Secretary GATES. Well, if you include energy and Coast Guard and everything else, yes, sir.

Mr. SPRATT. Now, let me—you and Office of Management and Budget (OMB), in putting the budget together, came up with a new category called Security, which is more than DOD and more than DOE.

It is all of the agencies that have something to do with national security, like the Department of Homeland Security, which certainly is defending the homeland; the Federal Bureau of Investigation (FBI) and its national defense functions; and, of course, veterans' programs, which are cost-collateral to the war effort.

We added up all of those costs in 2008, and we got $814 billion. And as a percentage of GDP, that was about 5.6 percent.

So, as we talk about 4 percent and 4.5 percent, I think it is well to remember, to remind ourselves that, broadly considered, it is actually more than that at the present time.

Now, there is one other thing about your presentation and your budget submission that has been curious to me, and that is, in last year's presentation of the different tables in discretionary spending, and then again in this year's presentation of the different tables, that is, military personnel, procurement, Research, Development, Test and Evaluation (RDT&E)—just add up those discretionary spending accounts.

In the out-years, 2009, 2010, 2011 and 2012, spending actually goes down, at least in constant dollar terms and real terms.

By our calculation, 2010, your—the difference between 2009 and 2010 is about $5 billion—there is actually a decrease in real spending in those years, and that pattern follows out through the full period through 2013.

Is there some reason outside the budget for this? I mean, is OMB saying we have got to balance the budget by 2012, and we have also got to take all of the tax cuts that passed in 2001 and 2003 and the supplement—the extenders, and in order to accommodate

these things, you got to actually reduce defense spending in real terms?

Ms. JONAS. Thank you, Mr. Chairman.

One of the reasons that we got an increase in this year is, obviously, the price of fuel has gone sky-high. And so what OMB will typically do for an adjustment—an economic adjustment like that is give us—take a look at this year, and then we will adjust in the out-years.

But, again, the out-year question is really not one for this department; it is really one for OMB.

Mr. SPRATT. I will let you have our calculation and you can take issue with it. But by our calculation, in constant 2008 dollars, the national defense discretionary funding is $528 billion in 2009, $523 billion in 2010, $516 billion in 2011, $512 billion in 2012 and $509 billion in 2013; it goes down in real purchasing terms, which strikes me as odd if——

Secretary GATES. Mr. Spratt, I would just tell you, I think, as I have looked to the out-years—I think we are seeing that if we stay at the guidance level that we have been given in those out-years, there will be negative growth in the defense budget.

And I think that is one of the issues that I need to address with both the director of OMB and the President.

Mr. SPRATT. Thank you very much.

The CHAIRMAN. Thank the gentleman.

Mr. Saxton from New Jersey.

Mr. SAXTON. Thank you, Mr. Chairman.

And, Mr. Secretary, Admiral, Ms. Jonas, thank you for your great contribution to our country in your public service.

I would like to speak for a minute and ask you a question about a subject that is near and dear to my heart, and that is strategic airlift.

The ranking member, in his opening statement, talked about making sure that we have the right equipment to make us an effective fighting force. And as I look back at the strategic airlift program, it seems to me that the case could be well made that the strategic airlift program that we have historically had in my tenure here, which has been over 20 years, has been less than efficient.

And I say that without being critical of anyone, because Congress has imposed statutes and requirements on the strategic airlift program that, in my view, inhibited it in some cases, and in other cases have actually made the program more expensive, in my opinion.

I noticed in today's Congressional Daily an article, and I would just like to quote a few paragraphs from it to make the point that we still don't have direction on this subject.

The article says, "In its fiscal year 2009 budget sent to Capitol Hill Monday, the Pentagon did not request any funding to shut down production lines of either the Lockheed Martin F–22 Raptor fighter jet or the Boeing C–17 Globemaster III cargo plane, even though there are no firm plans to build any more of either aircraft."

And then later it says, about the C–17: "Pentagon Comptroller Tina Jonas said congressional add-ons to the program over the

years led defense planners to believe that the shutdown costs ought to be then included in a future budget.

"Another senior Air Force official later told reporters that there are a variety of things going on that really impacts the ability to make decision on shutting down the C–17 line.

"Those factors include cost problems with the large C–5 Galaxy cargo plan modernization programs and the Bush administration's decision to enlarge the Army and Marine Corps by 92,000 troops, which may require more aircraft to transport ground forces, the official said."

My question is this, we have never—I guess my question is this, we have never had a master plan for strategic airlift. We have had a C–17 plan. And for a while, we were on track with a multi-year buy which helped bring the cost down and have a steady production line. Later, we went to single-year buys, and the cost went up.

Then there was a proposal, at about the same time, to modernize the C–5 fleet. Congress imposed some requirements which doubled the size of the fleet that we were going to modernize. We then studied the program and have now apparently concluded that modernization of the other half, the C–5A half, probably is not cost-efficient, and we ought to do something different.

And so, both Congress and the Administration are and continue to be in a position with no clear plan on where to go with this subject.

And I guess my question is this: Can we cooperate somehow together to develop a master plan so that we can do it cost efficiently and know that we are going to get where we need to be with regard to strategic airlift?

Secretary GATES. Well, let me say a word and then invite my colleagues to chime in.

My impression is that—and this happened before I assumed this position—is that there were several strategic mobility or air mobility studies done. And it was the conclusion of those studies that a satisfactory package for air mobility and to meet the anticipated mission needs would be 180 C–17s and 112 C–5s.

The Congress has added—we had no money for additional C–17s in the budget last year.

If I am correct, Congress added 10 additional C–17s. We have NATO that has now come in to buy several C–17s as part of a shared arrangement with them.

The problem that you note with the C–5s is a very real one. The reality is that if we re-engine the entire C–5 fleet, it will cost us about $14 billion for about a 10 percent improvement in mission reliability. If we do just the A's—or just the B's, it will be about $6 billion.

So we think we have got a package. We have the joint cargo plane coming along.

So we thought we had a pretty good package. But there continues to be tinkering with it—let me just characterize it that way.

But, Chairman, do you want to say anything?

Admiral MULLEN. I would only add to that, Mr. Saxton, that this part of our capability are the unsung heroes. We could not be doing anything close to what we are doing right now, nor could we handle

future requirements without the extraordinary efforts on the part of those who, in fact, carry out this mission.

And so, from a military standpoint, your question about how much more of this now that we are growing the force I think is a legitimate question that we don't have an answer to yet.

And there are—and we are struggling with what we are going to do in terms of refurbishing the right portion of C–5s.

And so, while there have been discussions, and this is from my perspective—there have been discussions about shutting these lines down, you know, in the middle of two wars—or, I am sorry, the C–17 line—in the middle of two wars, given the challenges we have got there, I think we just need to approach this very judiciously.

I won't say that a study will solve it. You have directed one in NDAA 2008, and, in fact, we are taking another one on over here in the next six months to try to do exactly what you said, and certainly—I mean, from my perspective, we would be willing to work to get a plan that makes sense.

The CHAIRMAN. The gentleman from Mississippi, Mr. Taylor.

Mr. TAYLOR. Thank you, Mr. Chairman.

And I want to thank the secretary and Admiral Mullen for being with us today.

And I want to thank Mr. Mullen for gracing the state of Mississippi by serving as the sponsor to one of our ships just a couple of weeks ago.

Mr. Secretary, during December, there were several highly publicized, and some less highly publicized incidents of Iranian boats running up very close to our vessels.

I find that troubling, for a number of reasons. Number one, for every vessel that goes through, there is probably an equal number of unarmed vessels that go through, carrying, again, billions of dollars of American equipment, each with American lives on board.

Given that we don't ever want a war to start at a time and place not of our choosing, what steps, if any, have you taken to let the Iranians know that their behavior was unacceptable; to establish some perimeters around our vessels that we expect the Iranians to honor; to let it be known that, if they don't honor that, that we will consider that an act of war, or, if it happens to be someone that they claim they don't control, that those people will be treated as pirates.

But, given that, on a daily basis, both commercial vessels are sailing from East Coast ports, carrying things over there, that we have warships in the area, I have got to believe that the kind of parameters that we have vis-a-vis the North Koreans have led to less wars, not more, that the arrangements we had with the Soviets, toward the end of the Cold War, led to fewer incidents, not more.

I have got to guess that, in the wake of the Chinese downing the P–3 not that long ago, that some sort of arrangement was reached with them that has led to fewer incidents, not more.

So, again, what, if anything, has our military done, either broadcasting something over Al Jazeera, in a military-to-military sense, or through the State Department, to let the Iranians know that this is unacceptable?

Because, again, we do not want a war at a time and a place not of our choosing.

Secretary GATES. I think this is a very important issue, Mr. Taylor. I would tell you one of my early concerns, after I became secretary, was exactly what you just said, and that was inadvertently getting into a conflict that would then escalate.

So the first guidance that I gave was that I wanted to make sure that we were not being provocative and that we were playing well inside the baselines, both in terms of aircraft—where aircraft were flying and also where our ships were steaming.

We have given a good deal of latitude to our commanders, to the captains of our ships, in terms of how they respond to these provocations. There is a series of warning steps that they take, steadily escalating warnings that the admiral could speak to.

As you may know, a few months ago a warning shot was fired. We were very close to one of our ships opening fire on one of those swiftboats or one of those fast boats in the gulf in this most recent episode that you referred to.

So we try to give the flexibility to the captains to exercise their judgment, but believe me, sir, I believe that, particularly in the statements that were made, both publicly and privately, after that incident, the Iranians can have no illusions about the consequences of trying to attack one of our ships.

Mr. TAYLOR. Mr. Secretary, if you would, again, given the events of the *Cole,* given the events of the *Vincennes,* in one instance a number of Americans died, in the other instance a number of Iranians died, what is the downside to a clearly established set of guidelines—doesn't have to be unilateral—where we broadcast to the Iranians that this is the buffer we expect our ships to be protected, that we in turn will respect that for other nations? What is the downside to that?

Because what I fear could happen is the Iranians get used to boundaries X and another skipper comes along who doesn't honor boundaries X, decides on his own that it is going to be boundary Y, people start shooting, and against we find ourselves in a war that we did not choose.

Admiral MULLEN. I think, Mr. Taylor, the issue of miscalculation has been on our mind out in that part of the world for the last 10 years, and we have worked that very hard, and we don't want to miscalculate. There is the series.

We, in our Navy, we rely on the commanding officers (COs) and their judgment. And what I worry about with respect to specific boundaries, if you pick 200 meters or 300 meters to start firing, that there would be situations which could be equally risky by mistakes that get made having those specific boundaries.

In fact, I am heartened by the fact that each of those commanding officers of those three ships the other day and their crews had been through that scenario in training and preparation, the CO, in particular, in his or her preparation for taking command in that environment.

So, it is, from my perspective, there is wisdom in in fact relying on their judgment, as we did the other day. And the CO, one of whom, as the secretary said, had literally given the order to fire, and it turns out one of the fast boats turned away simultaneously.

So it is an environment that we pay a lot of attention to. We have for a long time. And we think—and I am well aware of the concerns that you bring, and we don't want to miscalculate there.

One of the challenges we have is we don't have a channel to the Iranians. We don't have a way to communicate with them that is normal to express the kinds of concerns we had, let us say, with the Soviets where we had incidents at sea, that kind of agreement. And we have started just to work international signals with them.

One of the other challenges we have is the Republican Guard Navy—the Iranians have two navies. They have recently asserted themselves to essentially take over the Gulf, and the regular Iranian navy has been moved to outside the Gulf and up to the Caspian Sea.

So we are very much on alert for this. And I am not anxious to see an incident occur which spirals out of control, as well. I think that would be very dangerous for that part of the world and actually not just in the Gulf, but regionally and potentially internationally.

The CHAIRMAN. Mr. McHugh, New York.

Mr. MCHUGH. Thank you, Mr. Chairman.

Gentlemen, Ms. Jonas, thank you for being here.

I think it is fair to say that most, if, indeed, not all of us, share the chairman's concerns expressed in his question about readiness.

And, Mr. Secretary, you addressed some of the what I think can be fairly described as positive steps that have been taken—the approval of the NDAA, et cetera, et cetera.

There are a lot of things that affect readiness. We understand that.

But I would argue that key amongst them is growing the force, end strength. And, in fact, Admiral Mullen said on page nine of his statement, "The most important investment in the president's fiscal year 2009 budget is the commitment to expand our Army, Marine Corps and Special Operations forces."

Mr. Secretary, you mentioned the NDAA, which has been passed, which authorizes increased end strength. You then, though, spoke about the 2008 supplemental, which, I believe has not been passed.

What does this Congress's failure to come forward and pass this in a timely fashion, the 2008 supplemental, do to readiness and do to the expand the force initiative under way, that, I will certainly say, is one of the most critical things we have before us?

Secretary GATES. Well, let me ask Ms. Jonas to follow up, but it seems to me that a big part of the concern is our ability to contract for the repair and replacement of our equipment, and in the difficulties, now that we are five months into the fiscal year, of being able to keep the flow going to the depots and to those doing the repair of the equipment.

We are clearly draining personnel accounts from the base budget, or were, until we got the $70 billion bridge—or the $70 billion out of the $102 billion that was coming to us.

But I would say that it is in this procurement area that is the biggest concern.

And, I would say, just having to manage the Department, kind of, week to week, in this—we talked about the size of the Department of Defense and its budget and not being able to know what

the funding stream is going to look like two or three months out causes everybody to make decisions, every day, that husband resources because we have an uncertain future.

And I think those are some of the concerns. And I think that produces inefficiencies. And we are clearly not doing some things as well as we should be because of these uncertainties.

So, I think, those kinds of things—but let me ask Ms. Jonas to add a word or——

Mr. MCHUGH. Can I go back to my original question, and—whether it is Ms. Jonas or Mr. Secretary—using the Army as an example, there is an acceleration beyond the baseline, in authorized end strength, that is provided in the NDAA 2008, of nearly 4,000 troops.

Will you be able to do that, without the supplemental, is really the question.

Ms. JONAS. Mr. McHugh, that is a great question. Just to add to what the secretary said, we have approximately $6.2 billion in the remaining balance that we have asked for, in this supplemental, that would do that, that would help stress on the force and that would help those units stand up.

In addition, as the secretary said, there is reset money in here that is important for our readiness. There is about $32 billion left that we require. And maybe Admiral Mullen would like to talk to the effect of that on the troops.

And last, I would say there is about $11 billion of force protection that is still on the table. So we could—it would be very important for us to get those items sooner than later.

Mr. MCHUGH. Let me go on to another question, if I can.

Many of us—the chairman of the Personnel Subcommittee, now Ms. Davis, and I and others—are concerned about the military-to-civilian conversions that are happening in the medical area. In fact, about 5,000 have been converted from military positions to civilian positions across the services since 2005.

The NDAA that we just passed and was just signed into law prohibits that activity from October 1, 2007, through September 30, 2012, yet the President's budget calls for an additional 2036 mil-to-civ conversion.

How are you going to approach stopping those civilian conversions and restating, as the NDAA suggests—doesn't suggest, states clearly you should—those military billets that have been created in past fiscal years that will not be filled by October 1 of this year? Big challenge.

Ms. JONAS. Mr. McHugh, thank you for that. I will be working with Dr. Chu on that. Obviously, we put together the budget prior to the passage of the NDAA, but we will clearly work with the Congress to address those. And I believe there is about $22 million associated with those conversions, so we will be working to get that resolved.

Mr. MCHUGH. Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN. The gentleman from Hawaii, Mr. Abercrombie.

Mr. ABERCROMBIE. Thank you, Mr. Chairman.

Aloha to all of you. Thank you for coming.

Mr. Secretary, you know that this committee, my subcommittee and the committee as a whole, has supported the competitive engine program for the F–35 Joint Strike Fighter.

There was a failure.

Are you familiar with the fact that the second engine test round failed on Monday?

Secretary GATES. No. No, sir.

Mr. ABERCROMBIE. Okay. It did. This is the second failure.

The issue for us is not with a specific company. I don't care what anybody says, and my members could care less about which company is involved. You have got Pratt & Whitney, you got the General Electric (GE) and so on.

The point of this is, and the point that the Congress has made to the Pentagon—not just to you, but to your predecessors as well—is that we have to have competition for this because this is a highly sophisticated, highly technologically different challenge.

And if you have only one source for procurement, if that doesn't work, then where are you?

Now, we have had two failures in a row of the test engines. All I am asking here is will you reconsider—you don't have to give a definitive answer—we are asking you to reconsider the question of whether we can do the funding for a competitive engine and include this in our budget projections.

I will tell you that I think our case has been made. This is not so much to say "I told you so," or "We told you so." That is not the issue.

As you pointed out yourself, or I think the admiral did, we try things. Sometimes they succeed; sometimes they don't. This is not a matter of assigning blame or anything, it is a policy question.

And so, I merely bring that to your attention, that the second failure I think speaks to the policy question of funding a competitive engine program.

Now, maybe the second engine isn't going to work either. It may be because of the difficulties involved. Maybe we will have to reconsider what we do.

But could I ask you at least, today, to take a look at the situation and perhaps reconsider the Department's stand with regard to the competitive program on the F–35 engine?

Secretary GATES. I will certainly take a look at it, sir.

Mr. ABERCROMBIE. Thank you.

Moving on to the question of the Future Combat System (FCS), I think there has been, not a misinterpretation, but people have their own reasons for what they do.

When our subcommittee and subsequently the committee moved last year to reallocate funds—people talk about cutting funds from the Future Combat System. We did not cut funds from the Future Combat System—we reallocated, cut in the sense that the money then disappeared or took it out. On the contrary, we reallocated it on the readiness side.

Now, I wanted to reallocate a heck of a lot more than what it ended up being. This is a legislature; it is not a theological seminary. So, I mean, that is the way that works.

But we have now, and I am sure you are going to find, a great deal of advocacy for the Future Combat System in terms of expend-

itures for various companies and within the various—various elements of the Army and et cetera on this.

My point here is that I believe that we have to take a serious look at maybe what is working now, those things that are ready for manufacture, maybe, to move ahead, but that we need to take a serious look, given what has been outlined by the admiral and yourself today and what the budget reflects itself in terms of readiness, as to whether some of these projected systems for weapons modernization, especially for the soldier and Marine in the field, needs to have a second look. And this has to do with the financing system.

Would you agree that perhaps we should not get into an argument that you are not supporting the military if you have serious questions about funding the Future Combat System with a blank check?

Secretary GATES. I certainly agree with that. My understanding is, and I am going to ask Admiral Mullen to answer this question, but my understanding is that some components of the Future Combat System have already been cut and programs have been canceled.

Mr. ABERCROMBIE. Well, they slipped, would you agree? I hate to use the word "cut," because it is like you said, "Well, we are ready to go and then they chopped us down."

Secretary GATES. My impression is that some of the programs have actually been canceled.

Mr. ABERCROMBIE. Okay.

Secretary GATES. And my impression—it happened before I got here, so I don't know whether it was a decision inside the Pentagon or——

Mr. ABERCROMBIE. Because of the time, excuse me, Mr. Secretary, my request is that could we say that you folks are open to some further discussion about how we move in this area?

Secretary GATES. Yes, sir.

Mr. ABERCROMBIE. Okay, thank you.

The—oh, am I near the end? Okay.

Let me just conclude, then, Mr. Chairman, very quickly.

This whole thing revolves around our financing system—I bring it to your attention again. Whether it is future combat or anything else, Mr. Chairman, we need to have a capital budget and an operating budget.

We need to have a new financing system for Defense, or these arguments about GDP and all the rest of it will just continue on into the future, and the readiness of this Nation and its strategic interests will be undermined unless we get a modern financing system for the DOD.

The CHAIRMAN. Thank the gentleman.

Mr. Thornberry from Texas.

Mr. THORNBERRY. Thank you, Mr. Chairman.

Mr. Secretary, you made a comment a few minutes ago about how long it took to get our forces in place for Desert Storm.

And I would like to ask for your reflections on whether the Department of Defense today is as agile and flexible as it needs to be to protect the country.

And part of what leads me to ask about this is all of us on the committee, before your time, lived through the frustration of getting body armor and then the up-armored Humvees into Iraq.

At the time, Chairman Hunter had to send a staffer out to one of the factories just to try to resolve some of the impasse.

And then in the briefing material the staff gave us, I see notes about the Mine Resistant Ambush Protected vehicles (MRAP), which we finally came up with, where we have approved $16 billion for 15,000 vehicles.

So far, they have made about 4; 2,500 of them have been delivered to the theater, but 1,800 are actually in use by the troops, which means that about 2,200, or roughly half of those made, or a little more, are still in the process.

And then, of course, we are taking a new look at whether we really needed 15,000 to begin with or not.

So, I, kind of, wonder if—or, based on that history, I wonder if we are yet as agile and flexible, responsive, as we need to, to changing circumstances?

Secretary GATES. I think that, when one thinks of the Department of Defense, "agile" and "flexible" are not words that immediately come to mind.

But I will tell you this, based on a long time of experience, sitting in the situation room and talking about what really matters here, and that is how fast can we move a certain number of troops to a certain area in the middle of a crisis?

The Department of Defense is far more flexible and far more agile today than it was 15 years ago or 17 years ago or before.

In those days, if you needed any kind of a force, anywhere in the world, within a few days or a few weeks, you either had to rely on the 82nd or the 111th. To get a regular brigade was a matter of months.

That is no longer the case. With the changes that have been taken in the Department of Defense, over the last number of years, to modularize the Army, in particular, it is a much more mobile, much more expeditionary, much more agile force than it has ever been, probably, in our history.

So I think that there has been significant progress in these areas. Do we have a lot more to do? You bet.

Mr. THORNBERRY. Well, and I don't want to minimize that. I think a lot of the examples I was giving relate to the acquisition and fielding process. And hopefully, in your last year or so, if you have suggestions on what we can do to help improve that, then I think that would be helpful.

I want to ask you about one other thing. Your comments at Kansas State University got a fair amount of attention. Because, basically, you had a Secretary of Defense saying, we need to pump up and make more effective these other instruments of national power, so that we don't have to use the military to do everything, which strikes a chord with me.

I guess I would like to know what you can do, when you are talking about a lot of things that are outside your control.

And we have, I think, talked with you before some about the interagency process. In your statement, you say, "I support Secretary Rice's budget request." But, of course, it is not just about

how much money we spend, it is about deploying people, it is about overall effectiveness, which are a lot of factors.

So what can you do to make sure the military's not left holding the bag for all these other problems or lack of capability?

Secretary GATES. Well, I can be an advocate inside the Administration. And, frankly, Secretary Rice is going to come up here with a request for 1,000 new positions for the foreign service.

And my hope is that one consequence of my speaking out on this issue will create a more favorable climate here on the Hill for approval of this increase in the capabilities of the Department of State.

The same way with the U.S. Agency for International Development (USAID). I don't know anything about their budget, except I do know that at the height of the Cold War they had 15,000 employees and today they have 3,000. They were an expeditionary force during the Cold War. They expected to serve in developing countries, and they had a wide range of expertise. Now they are fundamentally a contracting agency.

And I don't know if pumping up AID or recreating U.S. Information Agency (USIA) are the right things to do, but I do know we need to look at new institutions for the 21st century in terms of how we make use of the full range of national power.

Thank you.

The CHAIRMAN. Thank the gentleman.

Gentleman from Texas, Mr. Reyes.

Mr. REYES. Thank you, Mr. Chairman.

Gentlemen, thank you for being here.

Mr. Secretary, I know this morning both Senator Sessions and Senator Nelson asked you about Terminal High Altitude Area Defense (THAAD), the delay in the two fire units or four fire units that are scheduled, that were scheduled to be deployed.

The first two units will be deployed, but then the second two fighter units, three and four, will be delayed by one year.

I just wanted to reiterate the concern that Senator Sessions and Nelson expressed to you, the fact that combat commanders are demanding that these capabilities be fielded. As there are no technical issues with them, they are part of a system that ultimately will protect our deployed troops.

So I wanted to add my concern to you. And that is just a comment to you.

I did want to focus on and ask you, because I know my colleague here brought up the issue of the Future Combat Systems. Last year, during your testimony to this committee, you stated, "The costs of defending the Nation are high," and that the only thing costlier "would be to fail to commit the resources necessary to defend our interests around the world and to fail to prepare for the inevitable threats of the future."

And I have seen some of these components. In fact, Congressman Abercrombie and I have had extensive dialogue on the different components of Future Combat Systems. We have had—and I have talked to soldiers numerous times, because it is being field-tested at Fort Bliss in El Paso.

And some of these components that they have tested would be important—in fact, they have told us and have testified before our

committee that these components would save lives. They include cameras that they can leave behind, systems that will be able to tell them where the threats are inside of a building, and many other things that are viable and part of what we could deploy our troops with.

And on numerous occasions, veterans of both Afghanistan and Iraq have told us they would be important to have that capability today in Iraq and Afghanistan. They would save lives.

So my question, since the Army has said that this is critical to the future capacities of the Army—they have testified in our committee—I am interested in what your views are of the Future Combat System?

And how will you support the Army to be able to keep the combat systems on track?

And we can talk about the weapons that are out-year weapons. But I am talking about weapons that the soldiers have already tested, that have already told us would be critical and essential to have those kinds of capabilities, today, in places like Iraq and Afghanistan.

Secretary GATES. One of the things that I have been told about the FCS system, that I found very encouraging, was that, as these technologies are being developed, the Army is spinning them into the actual force, that they are not waiting for this thing to come all up.

If there are some specific capabilities that have been tested and ready to go and have not been put into the process yet, I think it is worth our having a conversation about that and talking to the Army, to see what they can do.

Mr. REYES. And again, that—to me, that is vitally important, because I don't think there is more powerful testimony than that of the soldiers that have actually used these capabilities and have had to deploy back to Afghanistan and Iraq, without them, simply because we haven't been able to integrate them into the system.

So I would ask your support on that. And I would be happy to be part of the dialogue, along with Congressman Abercrombie.

Secretary GATES. Sure.

Mr. REYES. Thank you. Thank you, Chairman.

The CHAIRMAN. I thank the gentleman. It appears, Mr. Wilson, you are next.

Mr. WILSON. Thank you, Mr. Chairman.

And thank you, Admiral Mullen, for being here today, and thank you, Secretary Jonas, for your service.

And I just want to give my perspective. As a member of the Services Committee, I am very grateful. In the district that I represent, we have Fort Jackson, Parris Island, the Beaufort Marine Air Station, Beaufort Naval Hospital.

And as I visit all of these facilities, I am so impressed by the quality of training the persons are receiving and the commitment of the young people who are serving our country.

Additionally, I am very grateful, as a veteran. This past year, I have had the opportunity, every 3 months, to visit in Afghanistan with the 218th Brigade that I served in for 28 years.

And so I know firsthand the 1,600 troops serving from my home state. South Carolina is very proud. This is the largest commitment

of troops from South Carolina since World War II. And the people of South Carolina are so thrilled at the leadership of General Bob Livingston and the activities of the 218th training Afghan police and army units.

And when I visit in Afghanistan and Iraq, I go over, hopefully, to encourage the troops, but they inspire me.

And then, finally, I want to thank you as a parent. My wife's done a great job. We have four sons serving in the military. And I am very grateful. Two have served in Iraq. And so we firsthand, as a parent, the leadership of both of you. And I want to thank you.

As we look ahead, the Commission on the National Guard and Reserve issued its final report on January 31, and cited a substantial deficiency in the Nation's readiness to respond to weapons of mass destruction attacks.

Do you agree with the commission's assessment?

What actions do you believe are needed to improve DOD's capabilities in the area?

Secretary GATES. Well, let me respond first and then invite the admiral.

I have not read the report yet. I think it was worth nothing that, when the interim report was presented to us some months ago, in the interval between General Punaro presenting those recommendations, 23 recommendations to us then, we have already implemented 20 of the 23 recommendations made in the interim report of the commission.

So we will certainly look at it with an open mind.

That said, I think the committee needs to know that we have in this budget and the out-year budgets pretty close to $47 billion for equipment for the National Guard between 2007 and 2013. And in the next 24 months we will push out $17.5 billion worth of equipment to the National Guard, including helicopters, something like 16,000 trucks, and a variety of other modern equipment.

The important thing about the new equipment going to the National Guard is, for the first time, it will be the same equipment that the active component of the force is receiving. So there is a significant qualitative implement as well.

In 2006, the fill rate for the National Guard across the country was about 40 percent. The historical norm is 70 percent. It got up to about 49 percent at the end of last year. It is at about—we hope to get it to about 66 percent this year, and then into the low 70's by 2009, 2010, and then to the goal right now of 77 percent for the National Guard—Army Guard—and 90 percent for the Air Guard.

So there is a very robust program in place right now, and in the 2009 budget and in the out-year budgets, to begin redressing these problems that have been identified with the National Guard.

Mr. WILSON. Additionally, I have been long concerned about the 15-month deployments for the Army, and so I am happy to hear the change to 12 months. I was actually impressed on my visits to the Middle East to see the Air Force units, the Navy units at three-, four-, six-month rotations, because of their extraordinary level of training and the good equipment they have. The same can apply to the Army.

When will the 12-month deployments begin?

Admiral MULLEN. In fact, that decision hasn't been made, but all of us believe we have got to get away from that as rapidly as we can, and that is being evaluated now by General Casey and it is due to come up the chain here.

I don't expect any decisions with respect to that to be made until after the spring, when we really understand what the laydowns—where we are headed for the future laydown, specifically in Iraq.

But I—General Casey has said that even at 15 months it looks like it is going to be possible to do that, we really need to understand. And you would know this with four serving individuals in your family, we want to get this right, we don't want to—we want to make sure that whatever changes we do make are in fact going to happen exactly as we stated.

So very thorough study looking at that right now, and then I think a decision to be made potentially later this year sometime.

Mr. WILSON. Again, thank you for your service.

I yield the balance of my time.

The CHAIRMAN. The gentleman from Arkansas, Dr. Snyder.

Dr. SNYDER. Thank you, Mr. Chairman, and thank you, gentlemen, for being here.

And, Secretary Gates, while this is your last budget posture hearing, I think it is the beginning of a very significant year in the history of this country and your service, and I am glad you are in the position you are.

I have one specific question I want to ask you that you probably will not be able to answer, but if you would check on it, please.

Part of it, as we are looking ahead at the future, is it is not just equipment; it is the nature of personnel and the skills that they have. And there has been a lot of concern, particularly since September 11th, 2001, about foreign language skills.

On 30 January, your department, Secretary Gates, put out a press release about the title—"DOD Begins Recruiting for National Language Service Corps Pilot."

And this is a program that was authorized in 2006. The press release has a quote from Dr. Chu that says, "This is an excellent opportunity for Americans with unique language skills to serve their country when and where they are needed the most."

And at the end of it, it gives a Web site where you can go on and sign up to volunteer. Well, I did it, like, the 1st of February and had my staff do it since I have been sitting here.

And you go on the Web site and it says, "Apply now," and you hit "Apply now," and it says, "Coming soon." [Laughter.]

Now, you know, I mean, my response is yours, which is, well, this is, as you pointed out, DOD is probably not noted for agility and flexibility.

But you know what that is? That is, if you have got some young person out there, and I have relatives like that, and they go on that Web site, what does that tell them? It is a joke. Their skills aren't valued. It is just going through the motions.

And I would hope that—I don't know if this is contracted out, but that is the kind of thing that I just think is—does a great disservice to the kind of goals that you have for this Department, Secretary Gates, the kind of skill-sets you want, Admiral Mullen.

And, you know, I don't know what that means, but somehow "Coming soon" ought to be rectified.

I assume it is fair to say——

Secretary GATES. Sir, it is either going to be fixed, or it is going to come down.

Dr. SNYDER. Yes, I think that would be—and, of course, the bigger question is, a program authorized in 2006, and here we are at the beginning of 2008 and it is coming on board. It seems a bit late.

Secretary GATES. On foreign languages, if I might—go ahead——

Dr. SNYDER. My second specific question is, we have authorized a National Guard reintegration program—colonel—Congressman Kline, formerly Colonel Kline of the Marine Corps, was a big part of that.

It is my understanding that you all are committed to finding funding for that National Guard reintegration program—what the National Guard Bureau I think is calling: Beyond yellow ribbon.

Do you know what the status of that funding is for that program?

Or do you, Ms. Jonas?

Ms. JONAS. I don't but I would be happy to find out for you. But I will absolutely do that.

[The information referred to can be found in the Appendix beginning on page 106.]

Dr. SNYDER. Would you get back with us?

I think it is something that is important to everyone. And the problem is, I think you are counting on it for supplemental funding. I just don't want it to get lost along the way because the National Guard Bureau can't do anything about the program until it is funded.

One comment, Secretary Gates—this time last year, you and I were having a discussion about research in the defense budget, which I don't think did a very good job last year in presenting the research needs of this country.

This here is in your written statement, you formally talk about research and I assume had took it to heart that research was important to you as both a former—a person committed to national security, but also a former college president.

I assume you are satisfied with the level of funding for research.

Secretary GATES. I do listen. And the total dollars for fiscal year 2009 for basic research are up, I think, about $260 million over last year, and will be up over a billion dollars for the Future Years Defense Program (FYDP).

Dr. SNYDER. I think it is pretty important.

My final line of question here—I wanted to pick up on where——

Secretary GATES. Your voice, by the way, was joined by a number of university presidents last year.

Dr. SNYDER. I wanted to pick up a little bit on where Mr. Spratt left off, although he is our, probably, national expert on all these budget questions.

But since I have been sitting here, I got an e-mail from—actually forwarded to me by my wife, who is a minister and gets in this kind of social service network—a group of people in Arkansas very concerned about the cut in the budget in hospice care.

So, we are increase your budget and we are—the President's budget proposes a cut in hospice care, is your interpretation, at a time when the expenses in medical care and the cost of hospice are going up and nobody is thinking us baby boomers are going to go away any way sooner, and need for hospice care is going to go down.

So there are hard choices there.

My concern is, it seems like within your budget that this is a budget that avoids hard choices, that punts the hard choices to the future.

At a time when we are increasing personnel and wanting to bring on new technology and wanting to be sure we have the technological edge, you are proposing a budget over the next several years that goes down in real dollars.

Isn't it fair to say that this budget punts hard choices to the next Administration in a very dramatic way?

Secretary GATES. Well, one of the things that we have to address—I mean, we will, this Administration will put together the fiscal year 2010 budget, and it will be reviewed and probably changed and then executed—reviewed by the Congress as well as the new Administration and then executed.

But I think that as we—I mean, I have taken it on that I need—I think we need to leave them a budget that we have put together that sets some markers in terms of what needs to be done.

I think that going forward, going back to the earlier conversation, going forward, we should not leave the next Administration a budget that has negative growth in the Defense Department.

And I think that we are going to have to address some of those issues——

Dr. SNYDER. Thank you.

The CHAIRMAN. Thank you, gentlemen.

Mr. Akin from Missouri.

Mr. AKIN. Thank you, Mr. Chairman.

And I just had two different topics, and not related at all.

One had been touched on I think several times earlier this afternoon, that was the Future Combat Systems and research. I have been somewhat familiar with that, and I used to work for IBM. And there is a tremendous amount of research that we have invested in some—what looks on the surface like you just don't see where the money is going.

Fortunately, this year, a lot of that research is going to be coming together and we will actually get pieces of equipment in the hands of the warfighters. So I hope that you would remain open-minded.

It is the only major Army modernization that is pulling all of these platforms into one, as opposed to individual fix this tank or this cannon or something.

So that was sort of more of an advertisement, I suppose, but I just hope that you will keep an open mind to what the warfighters are saying when we actually spin that equipment into their hands.

The second one is kind of a gotcha. I don't mean to do this, except that we have had a staff that has been working this for about six months, and we feel like Defense has stiff-armed us a little bit.

So all you got to say on this is, "I hear what you are saying and I will help on it."

But let me give you that there is a piece of law that is written here, and it is in Title 10 of the Armed Forces, Subtitle A, and I can give you the rest of the reference. It says this: "Prohibition of sale or rental: The Secretary of Defense may not permit the sale or rental of sexually explicit material on property under the jurisdiction of the Department of Defense."

Now, the problem is, we have PXs all over the place. My staff went to Fort Belvoir, and has a couple of samples. If there is any doubt in anybody's mind, we have got this sexually explicit material literally almost one hand away from the "Veggie Tales" section down there.

Now, the law expressly says we are not going to be doing this. And I would hope that you would say, Secretary, you would say, "Well, we will take a look at that and try to get rid of that."

But I am going to let you say what you are going to say.

Secretary GATES. Well, it is news to me. We will take a look at it.

Mr. AKIN. If it is—if you do find that this is being sold, will you bring things into compliance with the law here, sir?

Secretary GATES. I think it is critically important that the Department obey the law.

Mr. AKIN. I am just reminded of General Washington, as he journeyed up to Massachusetts and took command of the troops there, just after the Battle of Bunker Hill, and he set a high standard for our troops. I hope that we keep that same high standard.

Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN. Gentlelady from California, Ms. Tauscher.

Ms. TAUSCHER. Thank you, Mr. Chairman.

Mr. Secretary, Under Secretary Jonas, Admiral Mullen, thank you so much for being here. Thank you for your leadership.

An aggressive approach, Mr. Secretary, on focusing especially our NATO allies on our efforts in Afghanistan, which I think shows too many signs of backsliding.

I have been a long advocate of increasing the size of our military. I am pleased to see that you are growing the Army and the Marines in its budget. Thank you very much.

I also want to commend you for the imperative that you are taking and the strong steps that you are taking to achieve better dwell time ratios.

The bill that I sponsored in the House to urge the Pentagon to just achieve its own stated policy passed overwhelmingly. And I listened very closely to what Admiral Mullen said about your efforts to achieve this, and I think that there is no more important thing we can do for our military, our readiness, or military families than to get dwell time back to where it needs to be.

Two things concern me; one are the signing statements that the President has been signing and the status of forces agreement (SOFA) that we are apparently negotiating with the Iraqis. And they dovetail in some ways, particularly because I think that these signing statements very disturbing.

And I think that you have to hear from us that, as you have just said, the law is a law. And constitutional statute is not optional. And I think that the President needs to understand that these signing statements may be whimsical for him and they may be what he really thinks he can do as an assertion of executive power, but the law is the law.

And when we pass the law and he signs it, that is it. And signing statements may have some political rhetorical point of view for him, but he needs to hear from us that they don't mean anything and the law is the law.

On the status of forces agreement, Mr. Secretary, can you assure us that the Congress will be involved to the extent that there will be no permanent bases in the things that—and this is one place where, by the way, the signing statement and what the status of forces agreement apparently could be negotiating is very important.

I mean, we have passed in the House a very strong legislation that there will be no permanent bases. The President had a signing statement basically saying he is going to do what he wants.

But we have the status of forces agreement that is being negotiated that we want to have some input into, especially since it has very long-term effects.

Can you give us some reassurance as to what you think the status of it is, and anything else that you can do to reassure us that we are going to be part of it?

Secretary GATES. First of all, let me say that we do not want, nor will we seek permanent bases in Iraq. I don't know the specifics about the signing statement except that I suspect it was more on constitutional grounds than it was on the substantive issue of the bases in Iraq, because the President and Secretary Rice and I have all been explicit that we do not want and will not seek permanent bases.

I would also tell you that the status of forces agreement will not contain any commitment, any security commitment to Iraq. And I believe that the Administration has committed to an open and transparent process in negotiating the SOFA in consultation with the Congress so that the Congress is aware of what is being negotiated in the SOFA.

We have at any given time 80 to 100 SOFAs, none of which have been submitted for ratification. But in light of the—particularly in light of the sensitivity of this issue, it seems to me that transparency and openness as we go through this process is important.

Ms. TAUSCHER. Thank you, Mr. Secretary.

I think your comments about Afghanistan and the need for NATO allies and the publics and the parliaments, the gap between the governments, the public's and the parliament's and people's appreciation for not only how important it is for the alliance for us to get Afghanistan righted and for the people of Afghanistan to have the opportunity to live in peace and prosperity, but that for NATO it is one of those situations where the rubber meets the road.

And I wish you very good luck in Vilnius and in Bucharest. I think that this is fundamentally a test for our capabilities, not only for diplomacy, but for our ability to have the finest alliance in the

world, defense alliance in the world, NATO, actually stand up and do what it is meant to do. And I know that you have been working very hard on that.

I do think that Congress is important in working with the publics and the parliaments of our NATO allies. And I appreciate your efforts to have that happen.

And I yield back the balance of my time.

The CHAIRMAN. I thank the gentlelady.

Let me remark there is a difference, is there not, Mr. Secretary, between a status of forces agreement, on the one hand, and a security agreement with an ally, on the other hand?

Secretary GATES. Yes, sir, that is certainly my understanding.

The CHAIRMAN. It is my position, our position, this committee's position that a security agreement—not a status of forces agreement—a security agreement should be in the purview of Congress in whatever proper legislative force it should take for us to approve. And that was expressed in our bill as was just pointed out.

We will now take a 10-minute break. I will ask the audience to stay seated until those at the counsel table can retire to the anteroom, and then we will return in 10 minutes.

[Recess.]

The CHAIRMAN. We will come to order. We will continue until five o'clock, when our secretary and chairman must depart.

Mr. Cole from Oklahoma.

Mr. COLE. Thank you, Mr. Chairman.

Well, first, Mr. Secretary, Admiral Mullen, Secretary Jonas, just thank you very much for your service and the job you do.

And I must add on a personal note, as the sort of reluctantly proud Oklahoma father of a Texas A&M graduate student——

[Laughter.]

Mr. COLE. Thank you for the wonderful job you have done at that institution.

I had my first visit there to watch Texas A&M play at the University of Texas football game this year, and somebody asked when I came back home to Oklahoma did I feel out of place. And I said, "No, if I could be surrounded by 80,000 people hollering 'Beat Texas,' it just feels right at home to me." And you guys did, so wonderful job.

Two quick questions, if I may. And I don't want to drag us too deeply back into the thickets of FCS, but I have got similar concerns to what my subcommittee chairman, Mr. Abercrombie, expressed about, number one, how you see things moving forward, particularly on one of the component parts—the National Logistics Support Center (NLSC) cannon. I have got Fort Sill in my district.

That is a very important weapon system, regardless of whether it is integrated into the FCS.

So I am just wondering how any cutbacks might, in your view, affect the continued development and deployment of that particular system.

Secretary GATES. I don't—we will have to get back to you on that with an answer for the record, sir.

Mr. COLE. I would appreciate that very much, Mr. Secretary. Second thing then, not to take too much time, I am also got a concern about just any funding shortfalls with Base Realignment and

Closure (BRAC), and I am very interested in how you see that process unfolding since we haven't really given you the amount of money that has been requested.

Do you see any particular delays or problems moving forward?

Secretary GATES. Yes, sir. I would tell you have some real problems with BRAC.

Last year, in fiscal year 2007, we had—we operated under three continuing resolutions eight months into the fiscal year. And the result was that billions of dollars could not allocated—or could not be spent or contracted for with respect to BRAC until we received the entirety of the money in May.

In fact, we only had—as of May, we only had received $2.5 billion out of, I think, $5.6 billion.

We operated under a continuing resolution this fiscal year for the first three months of the fiscal year, which further delayed the BRAC. We have a consolidated bill for the base budget for 2008—correct me if I get this wrong, Tina—is for about $8.2 billion, and that was cut by nearly $1 billion.

Now, we have a statutory requirement to complete BRAC by 2011. And so I would say that this kind of goes back to my answer to an earlier question about some of the difficulties imposed by the way that budgets have been being approved and so on, is that this is one of the areas that probably has been most affected. And we are going to be—we are going to have to work very, very hard to meet the statutory deadline for BRAC under these circumstances.

Mr. COLE. Do you have any concerns, Mr. Secretary, along those lines that we might effectively undo the BRAC process by simply not funding it completely? I mean, obviously there is a lot of pain associated with that.

Secretary GATES. Well, sure, because so much of this is all interrelated in terms of bringing troops back from Germany. The question is, have the facilities been built for them in Texas or someplace else where they are going to be assigned? As you move these units around, as you try to consolidate, all of these things are impacted. And as much as anything in our budget, it is all a very—it is all interleaved together in a way that, if you pull the string over here, you are going to create downstream impacts in a lot of different places.

Mr. COLE. I just want to add for the record, it also creates enormous problems for local communities that are trying to determine how to receive additional people that might be coming, everything from school systems to housing off base and those type things.

It makes civilian planning extraordinarily difficult, too. And I know the communities that are receiving additional units, frankly, want those units to be well looked after and well cared for.

So just thank you for your continued attention on that. And thank you again for your service.

Yield back, Mr. Chairman.

The CHAIRMAN. Thank the gentleman.

Ms. Davis from California.

And I might add that everyone is doing very well on the five-minute rule, so we will get everyone in.

Ms. Davis.

Mrs. DAVIS OF CALIFORNIA. Thank you, Mr. Chairman.

Thank you, Admiral Mullen, Secretary Gates, for being here, and for your extraordinary service. We appreciate it greatly.

I wanted to go to one or two health care questions. And my colleague earlier mentioned the military-to-civilian conversions. And I know it was said that we are looking at it, we didn't anticipate that there would be this problem, but I think we really signaled our interest in freezing those positions quite early on.

And so I just want to make a strong point that I guess I would say we don't appreciate the fact that it is not in sync with the law that was passed. And we have concerns that, in fact, we have many men and women who could go back and could serve in those positions, who have been hurt and disabled, in some cases from Iraq and Afghanistan, and we want those positions available for them.

We hope that you will take a strong look at it, and I know that the Pentagon position was different from the Congress's position on that. So it may have been an oversight, but on the other hand, there may have been some method to that madness, and I want to just state that quite clearly, that we are concerned about it.

The other issue really goes to the budget request, which contains $41.6 billion health care, and that assumes the $1.2 billion in assumed savings.

A lot of that assumed savings is based on the fact that we expect people will not elect to take benefits. And I am wondering how you see that, because, in essence, you know, the fiscal year 2009 budget is flat; we know that medical cost growth inflation is growing at about six to seven percent a year.

So, if this is less than one percent, how can the Department ensure us that the budget protects access to quality health care, particularly the needs that we have, and also assuming that we have great need for mental health services, as well, ready and easily available and accessible to our men and women?

Secretary GATES. Let me just make a couple of comments and then ask Ms. Jonas to respond.

First of all, we really need to work with the Congress. Health care is eating us alive. Our health care budget in 2001 was $19 billion; our request this year is for almost $43 billion.

And I know there has been some concern about our desire to have some kind of a co-pay for working-age military retirees. The truth is, there hasn't been a single increase since the program started in the 1990's.

So we, together, have a real problem, and by 2011, 65 percent of our health care expenditures will be for retirees, not for the active or reserve force.

Tina, would you answer them?

Ms. JONAS. So I appreciate the question. And you are correct, the budget does assume some fees and co-pays, about $700 million there, and about $500 million associated with reduced usage.

But as the secretary said, the recommendations of the task force report, which you may have read, but that was what this budget is based on, recommendations 9 and 10, and we fully expect to work with this committee and the rest of the Congress to figure out how we can move forward on this without any deterioration of the benefit.

It is a great benefit. It is so important to our men and women in uniform. And so we want to make sure that we are properly engaged with the Congress to assure that we can sustain this benefit for the long haul.

Secretary GATES. I would just add, I just met with a group of military spouses at Fort Campbell last well, and health care issues were by far the biggest single issue that they raised.

Mrs. DAVIS OF CALIFORNIA. Mr. Secretary, I would agree with that. When I meet with the spouses in San Diego, that is their number one issue, and for a good reason, because they feel that they are not getting the benefits that they signed up for.

Secretary GATES. And nine-hour waits in emergency rooms——

Mrs. DAVIS OF CALIFORNIA. Exactly. That is very difficult.

And so I think what we are going to be trying to do on the Personnel Committee actually is looking at the way we deliver health care as well, how we coordinate even within the community, and with the Veterans Affairs (VA). And I am not sure that we can necessarily crack that whole question, but it does go to the heart of how we deliver that can, can we do it in a more efficient way.

Can I just very quickly, I wanted to mention, Secretary, that I appreciate very much the work that you are doing on the interagency, looking at the Provincial Reconstruction Teams (PRTs), how they are delivering services.

We know that many lives would have been saved if we had been organized in such a way to have the civilian force come in with the kind of energy and the kind of skill sets that are sorely needed.

But I do want to ask if you could comment on this. There are many pressure points to get—to accomplish what I think five years out from now we would like to accomplish. One of those big pressure points is in the executive branch.

And I think you mentioned earlier that you are counting on the next Administration to fix this problem.

How important is that? I mean, can the Congress and can others proceed without strong backing by the executive in order to make this happen?

Secretary GATES. No. And quite honestly, I think it would be a real mistake. I think that the executive branch needs to come up with proposals that it can put in front of the Congress.

But my experience, when the Congress tries to organize the executive branch, it often doesn't work out very well.

And so, my view would be that there ought to be a great deal of pressure from the Congress on the executive branch to come up with some proposals, and then have a dialogue between the executive branch and the Congress, and then probably—in fact, almost certainly, statutes would be required to enact whatever changes in structure were made.

The CHAIRMAN. Thank the gentlelady.

The gentleman from Ohio, Mr. Turner.

Mr. TURNER. Thank you, Mr. Chairman.

And let me join everyone's thanks for each of you for your service and your work.

My first question concerns the Air Force. I continue to be concerned about the reductions in personnel for the Air Force. We are

aware, of course, that the reductions in end-strength are largely designed to address a plan of recapitalization.

They are not based upon a reduced threat. They are not based on a needs assessment that indicates that we need less personnel in the Air Force.

I think everyone remains concerned about these reductions, and then also of the needs for additional investment in the Air Force and its recapitalization efforts.

But, Secretary, could you speak to a moment about the reductions that are occurring in the Air Force and the concerns you might have?

Secretary GATES. Well, I think the Air Force—I think Admiral Mullen may be in a better position to answer this than I am.

But my impression is the Air Force is taking another look at this, in part for the same reason the admiral mentioned earlier, and that is with the increase in the end-strength of the Army and the Marine Corps, what are going to be the additional burdens on the Air Force going forward.

Admiral.

Admiral MULLEN. I just—actually, having gone through this in the Navy over the last several years in a way that we really did try to measure how many we were going to need for what capabilities, and I think it hits at the health care issue and the overall cost of our people, which is how are we going to resource for our people in the future as costs continue to grow?

Even in the Navy, while we were taking people out, in fact, we were having to put more money in.

So, in fact, we weren't really taking that money and investing it. And I think that is a very difficult challenge for the Air Force now, as well.

I have spoken with General Moseley. I know that he is concerned about this and that he may have come down too quickly. I think this budget gets him to about $316 billion.

The Air Force has not been allowed to retire a lot of old airplanes. They need to do that. They have been restricted because of legislation, that they are having to invest money in that, that they need—we need, I think, to be investing for the future.

And their recapitalization program has suffered for lots of reasons, not the least of which is not able to do that, as well.

So I think the goal was a good goal initially. I worry about the ability to execute it, and then the pressure that is now there to—whether $316 billion is too low or he should go to $330 billion I think is what he is talking about, even though it is $316 billion in this budget. But that is another billion or billion and a half dollars worth of personnel funds that would have to be found somewhere to fund that.

So, it is a very tough problem that the Air Force is in in that regard, and we need to review it and really look at what the right way ahead is.

Mr. TURNER. Thank you. I appreciate your comments in that regard, because I know everyone has remained concerned as to that number being too low.

Mr. Secretary, you were talking about health care costs. Last year, as we all looked at the issue of Walter Reed, subsequently,

Dole/Shalala came forward with recommendations, I know many of which had bipartisan support.

Could you tell us how those recommendations are being implemented and how that is moving forward?

Secretary GATES. I would be happy to have Secretary England come up and brief you in detail, but in brief, all of the Dole/Shalala recommendations that we can implement on our own have already been implemented or are being implemented.

And then there are several of their recommendations that require legislation, and that legislation is here on the Hill.

Mr. TURNER. I also want to echo Tom Cole's comment on BRAC. I appreciate your acknowledgement of the pressure of the 2011 deadline as a result of delays in funding.

If you could keep us all posted as to how you see timelines slipping, it would be appreciated.

One concern that I have is that the delays in funding approval might result in timelines slipping, and then if you are not telling us soon enough, it may appear that it is a result of your performance and not the delays in funding that has occurred, which could then result in requests for review of the BRAC recommendations themselves and whether or not they should be implemented.

So, I would appreciate your letting us know as you see those timeframes moving and the impacts as a result of the both delayed and reduced funding that you have received.

Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Larsen.

Mr. LARSEN. Thank you, Mr. Chairman.

I have a few questions on the same topic, and that has to do with this discussion about defense spending ought to be four percent of the GDP. And I am not bought into that concept, I am not bought into that it should be three percent or that it should be five percent of GDP.

The problem that I face when I look at that question is, for instance, this year, if we are in a recession or are technically in a recession or even if we have lower growth and our GDP doesn't increase as much as some people want it to, you will all be back next year saying, "What we meant to say was five percent of GDP."

That is, it doesn't seem to me to be a very useful metric for what defense spending ought to be. And this is a debate that does go back farther than three years ago, went back and had this debate during the 1960's as well.

So I was wondering if you had any discussions about other metrics that seem to be less random and more solid about what a defense budget out to be. That is the first thing.

The second thing, and it is related, is that every year Government Accountability Office (GAO) puts out their report on major defense acquisition programs, MDAPs, and it makes it very difficult for some of us to, when we look at the problems that exist in major defense acquisition programs, to say, "Sure, have four percent of GDP and we don't care how it is spent," even though we are told every year that there are acquisition programs that are over budget, that are not on schedule, and yet we ought to just sign off on four percent of GDP for the defense budget—or any percent-

age for that matter. Let us get off the four percent, just any percent.

So are there other metrics you have been considering?

And second, how would you square having a set percentage of GDP when we have to deal with these major defense acquisition programs that tend to be sometime over budget and off schedule?

Secretary GATES. Let me give you an answer and then ask the admiral to chime in.

First of all, I think I am not quite—you know, I wouldn't bet my life on the fact four percent is the right number. That seems to be a number that more people talk about than any other, on both sides of the aisle, and executive branch and legislative branch.

The two things that I think are the most important, as you think about the Defense budget philosophically is, ensuring absolute, real growth and predictability.

The biggest problem I mentioned elsewhere this morning—if you were to graph the Defense budget for the last 40 years, it would look like the electrocardiogram (EKG) of a fibrillating heart.

And it is that lack of predictability, frankly, that creates some of the acquisition concerns and problems, as well as, I think, significant additional expense.

Because if I knew—if I am worried that the Defense budget is going to go off a cliff in two years, then I am going to hurry to try and get something done.

If I know that there is going to be some steady growth rate over a protractive period of time, then I can plan properly and manage better.

So, philosophically, I think predictability and real growth, and particularly for investment, is very important.

In terms of acquisitions, I encourage you all to have our new Under Secretary for Acquisition, Technology, and Logistics John Young come up and talk with you, because John has put in place a number of changes in the way we approach acquisition that I think are going to mitigate, considerably, some of the problems that we have had.

You know, all the studies that have been written on acquisition in the Department of Defense could fill this room, probably. But I think John has got a very solid approach to it.

One of the concerns that I have that we—where we bear a mutual responsibility is that from 1990 to the present, the Defense Contract Management Agency was reduced from 24,000 people to about 9,000 people.

As of even the end of 2007—or the end of November, 2007, we have 63 contract specialists in Iraq; thanks to the actions of the Secretary of the Army, we now have over 300.

So we do have a personnel problem. Those involved in acquisition programs in the Department of Defense, all together, dropped from over 600,000 people to under 300,000 people over a 10- or 15-year period.

Part of that was four successive National Defense Authorization Acts that mandated reducing 95,000. We did the rest as part of budget cuts.

So I would say personnel and process. And I think we are beginning to address both of those.

The CHAIRMAN. Mr. Kline.

Mr. KLINE. Thank you, Mr. Chairman.

Thank you, gentlemen and lady, for your service and for being here today.

You know, I have a son who is in the United States Army serving in Afghanistan, but he was raised in a Marine family. And he will be very pleased to see 3,000 U.S. Marines arrive in Afghanistan.

Having said that, Mr. Secretary, I again wish you good luck in your talks with our NATO allies. We really need to fix that shortfall.

And I know you know that better than anybody. So good luck.

Admiral, you said in your statement, "Too many of our warriors suffer in silence." And so we have moved forward with the Wounded Warrior program, for example.

As Dr. Snyder said, in the 2008 NDAA, Section 582, we established the Yellow Ribbon re-integration program to help our members of the National Guard and Reserve who are coming back from extended deployments re-integrate into their civilian jobs and civilian lives and have somebody kind of look at them and make sure that, if they are suffering in silence, there is somebody there to help them get through.

So I would reiterate Dr. Snyder's question to Ms. Jonas. If you can find for us wherever it is in the President's budget that funding is for that program, it would be helpful.

Ms. JONAS. I think we have the answer for you, sir. And we would be glad to talk to you in a minute.

Mr. KLINE. Okay. And then, Mr. Secretary, one more note on that program. The law now states that the Under Secretary of Defense for Personnel and Readiness shall establish the Office for Reintegration Programs within the Office of the Secretary of Defense.

I would only hope, sir, that you will move with some alacrity to make sure that that is done and that the coordination that is called for in here with the National Guard is moving forward—and we are not talking about this next year. I know this is your last statement, but your successor—about how we didn't get that thing going.

We have soldiers right now that are coming back that really do need this program.

And then finally, sir, I am just very sensitive to your comments and agree with you wholeheartedly about how hard it is to manage the Department week to week with the uncertainties in our budgeting process and in our appropriations process.

Last year, we were in some lengthy discussion, debate over the $70 billion of supplemental funding and you advised us that without that money arriving by a certain date, the Department, you, sir, would be required by statute to send out letters to civilian employees advising them of the potential furlough.

We are looking, again, in the not too distant future of needing supplemental funding and I would guess that there are, again, impacts that will occur if we don't get that money.

So I am asking you for some—do you have any specifics? Are you looking at a time here where you, again, may have to look at sending out such letters? Are there other specific impacts that you can

relate to us so that we and our constituents and the American people can clearly understand the impacts of not getting that supplemental funding to you in a timely fashion?

Secretary GATES. Let me ask Ms. Jonas to address that.

Ms. JONAS. Thank you, Mr. Kline.

Specifically, in the conversation with Mr. McHugh earlier, we talked about the reset fund. So that is a large concern for the military and the readiness posture.

But I think more immediate, we do have a real hard deadline on the Army pay accounts and we will run out of funds in June.

Some of the operations funds we need are going to be out earlier in the summer, as well. I don't have a specific date on that. We are trying to work with our folks and understand what the requirements with the field are right now, but it should be about end of June or July that we would run out of operations funds.

In March, more specifically, to the coalition efforts, we will be out of coalition support funds. So far, allies who have been helping us, we will be out there——

Mr. KLINE. In March.

Ms. JONAS. In March. And then, again, as we had an earlier conversation about enhancing the ground forces, those funds that would reduce stress on the force are also in there.

I would mention one last thing. We had a little conversation on—had some conversation on BRAC and wounded warrior and we did include in that—request funds for Bethesda and for Walter Reed. So that would be important to us, as well, sir.

Mr. KLINE. All right. Thank you very much.

Mr. Chairman, I yield back.

The CHAIRMAN. Mr. Cooper.

Mr. COOPER. Thank you, Mr. Chairman.

Mr. Secretary, we remain thankful that you have taken Secretary Rumsfeld's place. It is a very distinguished group we have in front of us, and I would like to ask a couple of roles and missions questions.

As you all are aware, Chairman Skelton put in the Defense Authorization Act of 2008 a specific requirement that the Pentagon start addressing some of these questions.

Can you give us a general idea of how the Pentagon is planning on mobilizing for this review?

Admiral MULLEN. Yes, sir. Actually, the chairman and I have talked about that legislation and certainly we have every intent of fully complying with it.

My background on this comes from the last time this was done, at in my experience, was in the mid 1990's. And it was a huge challenge for all of us. I am aware, I think I am aware of the genesis of it this time and getting our roles and missions correct for the future, we are very committed to that.

What I worry about in this, and I have shared this with the chairman, is that not done well, it has a tendency to turn services against each other. We have come a long way in the joint world.

It was thus in the mid 1990's when we did this. And so one of my charges to myself, from a leadership perspective, is to make sure that doesn't happen.

And so we are on the way right now, standing up the working groups that would get at this from each of the services, and the service chiefs and I and the vice chairman have committed to making these decisions ourselves, whatever they might be, so that we can get it right for what we believe it should be for each of the services.

So we are very committed to the process and it will pick up from the last Quadrennial Defense Review (QDR) come now and then we will do a QDR in two years and two years after that we will do another roles and missions.

Mr. COOPER. Thank you, Admiral. You may know that Chairman Skelton has also appointed a seven-member panel of this committee, on a bipartisan basis, and our report will be coming out next week. So we would hope that your group could take into account some of the information that we will be making public at that time.

Admiral MULLEN. We will certainly do that, yes, sir.

Mr. COOPER. Again, on roles and missions, we do want to guard against excessive intra-service rivalry, but anyone who has looked at defense budgets over the years cannot help but note, whether Cold War, Hot War or no war, the Army, Navy or Air Force share of the defense budget has remained virtually static for 40 or 50 years.

Is this a result of some sort of secret gentlemen's agreement? What is going on here? Because I know this year that the Army is surging in its funding and it is going up by one-half of one percent.

So while, as the secretary noted, overall defense spending has gone up and down like an EKG, each service's share of defense spending has remained unbelievably static, some might say frozen, for decades, regardless of our security environment.

What is going on here?

Admiral MULLEN. Well, for the 12 years I have been in and out of the budget world, I don't think it is part of a sinister plot, but it is very hard to move money from one service to another. I think you know that.

One of the challenges, at least, at this part of this is keeping the right balance, and it goes—and this goes back for 40, 50, 60 years, where we have had a pretty good defense capability.

I mean, we can argue about it on the margins at certain times, but by and large, it has been extraordinary national security capability for those same decades.

So I would not be inclined to just throw it out and re-divide the money. I think it has morphed to some degree over time. In fact, the Army's share in the last two or three years has really increased, because we have grown the force dramatically, as has the Marine Corps, and the Navy and Air Force's has stayed fairly constant, if not gone down, depending on what you are talking about.

To me, that is more indicative of how it should happen rather than do something radical, and this goes back to unpredictability, very dangerous world, and I think moving rapidly in something like this could put us in a situation in the future that we wouldn't want to be in and hadn't anticipated.

Mr. COOPER. So you would continue to advocate very slow change in service shares of the defense budget, if we see any change at all.

Admiral MULLEN. I am actually an advocate for rapid change in lots of areas and lots of capabilities and that actually—there has been great change in each of the services, particularly in the last four, five, six years.

I wouldn't use it just from the budget perspective and say let us just move this much money and see what happens. And I think that roles and missions has some potential for certainly getting at this, but it is a tough one.

Mr. COOPER. I see that my time has expired. Thank you, Mr. Chairman.

The CHAIRMAN. Thank the gentleman.

The gentleman from Arizona, Mr. Franks.

Mr. FRANKS. Well, thank you, Mr. Chairman.

Mr. Chairman, Ronald Reagan said a long time ago that "Of the four wars in my lifetime, none have come about because the U.S. was too strong."

And it occurs to me that the best way to propagate peace is through a coherent and principled foreign policy and a strong and robust military capability. And you folks here today represent the leadership of that capability and there is no way in the world to explain to you how much those of us on this side of the podium appreciate what you do.

It never can be said too often or in too strong of terms. You are the guardians of human freedom, and I don't know that there is any more noble thing that can be said of someone.

With that said, Secretary Gates, the budget that you are here to kind of explain to us today is more than it was last year, but it is still—the baseline budget part of it is still 3.4 percent of the GDP of this country.

And, you know, a lot of us understand, as well as you do, not as well as you do, but certainly very well, that we face a long war with those who use terrorism as a tactic.

Admiral Mullen, you have made it clear, and I agree, that we have also got to keep in mind that there are a lot more threats to loom that extend beyond the Middle East.

And, Secretary Gates, you said in your 2007 annual report that Beijing continues its rapid rate of military modernization and anti-access strategies, not only in land, air and sea, but also in space and cyberspace, as well.

Those are a lot of priorities to keep track of. And, Admiral Mullen, you have spoken openly about the need for at least a floor of a four percent GDP spending for the baseline defense of this country, and that is certainly—I understand that perspective.

I guess given some of the national dialogue that some people are putting a number, and it needed to be a much higher one, can I ask you, do you honestly believe that four percent GDP as a floor for defense spending in this country is enough?

Admiral MULLEN. I am comfortable that, as a floor, it ought to be the minimum, based on—and I appreciate the earlier discussion about what four percent means and what the metrics are.

I honestly believe that we have to have—that we need to have a debate and a discussion in the country that really gets to, well,

what are we going to spend on defense in this time. And I worry a lot about the cyclical aspect of the budget over time and I worry about it getting caught up in programs, 7 or 10 programs that are overrun or the overall size of it, and it is a huge amount of money. I do understand that.

My own experience in recent years is I have seen the costs for our people go up dramatically, rightfully so. You have been incredibly supportive of getting the compensation package right across the board, and we need to do that, because they are the best people I have ever seen in the some 40 years that I have been on active—almost 40 years that I have been on active duty.

We are buying technically challenging, leading-edge systems, which we need to, and I worry about the technical gap closing or being closed on us. That is not an inexpensive investment either, and our operations continue apace.

So I think that builds, in my calculus of going through that, that builds to a floor, at least a floor, in the world that we are living in, of four percent. And I am not sure that is right and if GDP goes up and down, I mean, the economy goes up and down, I understand the imprecision that is there.

But it is a metric that at least I would hope would engender a thorough, comprehensive debate about what we need, particularly as the Department is one of the very few agencies with any discretionary spending, with all the other challenges that I know we have as a country.

Mr. FRANKS. Well, Admiral, I guess—I think part of the reason those of us here in this body are supposed to understand that defending the citizens and their constitutional rights is our number one priority.

Unfortunately, I don't think the public understands how far defense has fallen as a percentage of GDP.

How can we, as Members of Congress, help facilitate that national dialogue and help people understand what we are really facing historically and where we have come from?

And I might pose that question to both of you, because my time will be gone here when I finish. But thank you all again for what you do, and I will let you answer the question.

Secretary GATES. I think we don't have much of a public dialogue on these issues in this country and to the extent there is a dialogue, it is because—with people advocating rather than having a dialogue. And my view is that, clearly, the Congress plays a role.

Part of the problem with being around a long time is that I remember the draconian budget cuts after the Vietnam War and was there for the beginning of the decline of the defense budget and intelligence budget in the early 1990's.

So I have to tell you, as somebody who has been out of government for 15 years, spending on defense and intelligence these days looks very robust to me. I think the need is there and it is required, but for all—one of the messages that could go out of this place, frankly, is—and that I try to convey when I talk to military audiences all over the world—is leave aside the debate about Iraq.

There is very broad bipartisan support in the Congress for a strong military and to take care of our men and women in uniform,

and I think there would be some value in getting that message to the rest of the country, despite the debate on Iraq.

Mr. FRANKS. Thank you, Mr. Chairman.

The CHAIRMAN. Thank the gentleman.

We are going to turn to worms here pretty soon and we have a total of three Republicans that have not asked questions and seven on the Democratic side who have not asked questions.

We will go as fast as we can, ladies and gentlemen.

Mr. Marshall.

Mr. MARSHALL. Thank you, Mr. Chairman.

I appreciate all of you being here, and I appreciate very much for your service.

Mr. Secretary, picking up on what you have just said and something that Admiral Mullen mentioned in his testimony, building partner capacity winds up being a critically important ingredient to future success where defense is concerned for the United States.

We just can't do this alone. We can't do it effectively. With the growing lethality of hatred and the kinds of threats that are developing worldwide, global pandemics, terrorist organizations, climate change, simply disparities where economies are concerned, those things call for global partnerships and building partner capacity.

And I have been one that has regularly said, when asked to support closing the School of the Americas, now the School of the Western Hemisphere, "No, I think you are stuck in the 1960's. We need a School of the World."

So this is music to my ears.

The reference to the Building Global Partnership Act specifically—that Admiral Mullen referenced—specifically mentions this was brokered between the two secretaries.

My question, Mr. Secretary, would be what were—give me the top three things you did not get. I, frankly, think most of this stuff needs to be maintained in Defense, because we will cut the budgets of the State Department, USAID, et cetera. We do that historically. We will do it in the future.

What are the three things you didn't get in the dickering with the Secretary of State that you would have liked to have seen in Defense, but went to State?

Secretary GATES. I think with respect to both Section 1206 and 1207, based on everything I hear, we are very comfortable with where we are and the division of labor particularly in 1207.

I don't recall, in the year I have been in the job, a single debate being brought to me where we just couldn't agree on a 1207 commitment overseas.

Now, that money is in our budget. We have $200 million in the 2009 budget for it. We had $100 million last year. And it pays for things like ordnance disposal, police training in Lebanon. It pays for community policing in Haiti.

And I just am not aware of any differences in terms of priorities or projects between ourselves and State.

Mr. MARSHALL. Has my time expired?

The CHAIRMAN. I think the clock was in error, so please proceed.

Mr. MARSHALL. So there wasn't anything in addition to what was agreed upon between you and the Secretary of State that you would have liked to have gotten on the Defense side.

Secretary GATES. I am not aware of any. I can certainly ask.

Mr. MARSHALL. Well, if this brokered between the two of you specifically, I thought perhaps you would have something in mind.

You mentioned in your testimony that you are worried—well, you do not see how a partnership where one of the partners fights, the other partner or some of the other partners provide Social Security work, that sort of thing, will work and I would like you to elaborate a little bit on that.

When we organize teams, not everybody is a center, not everybody is a guard, et cetera. We pay attention to what our capabilities are.

The United States has conventional military capabilities in spades. It doesn't seem sensible for a whole of people to try and duplicate the force that is already in existence that can take care of any conventional problem.

Where we really lack strength is in building partner—well, building the capacity in Afghanistan and Iraq politically, economically, that sort of thing.

Why shouldn't our partners provide that capacity which we don't seem to be able to provide?

Secretary GATES. They are providing some of that capacity, but for the most part, they do it in a European Union (EU) hat. The EU has a lot of projects in Afghanistan, a lot of civic action kinds of things.

But what I remind the allies of is NATO is a military alliance. It was created to defend all of the allies against threats from one another or an external threat.

It is not a mini United Nations (U.N.). It is not an EU. And where—the speech I am going to give in Munich this weekend, to a certain extent, gets to your point, because it is going to say NATO cannot be purely military. It also has to have some civic action kind, civilian reconstruction and economic capability, as well, and the EU cannot be strictly civilian. EU probably has to have some military capacity, as well, as the French have been trying to get EU members to join them in Chad.

But my view is that you can't have some allies whose sons and daughters die in combat and other allies who are shielded from that kind of a sacrifice.

I think, just realistically speaking, as we heard from the Canadian government just in the last couple of weeks, the allies—the willingness of those who have engaged in combat to continue to do so will disappear.

Mr. MARSHALL. Mr. Secretary, if it is very important that we build political and economic capacity in Afghanistan and Iraq and if we can't do that, would you encourage NATO, our NATO allies to put more of their resources toward that and maybe less toward the military end of it, since we can do the military end?

Secretary GATES. Well, again, I think the Europeans have a fairly significant civilian component. My worry is that the leaders of NATO committed in the past that each country would spend at least two percent of GDP on defense.

There are only 6 allies out of 26 that spend 2 percent or more on defense. So they are not even at the minimal level of spending on military capabilities, and that is my concern.

Mr. MARSHALL. Thank you, Mr. Secretary. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Shuster.

Mr. SHUSTER. Thank you, Mr. Chairman. And I can't express my gratitude enough to you, sitting here on the bottom row, of enforcing the five-minute rule. So thank you very much. I get to ask a question today.

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

As I looked at this budget, and I support the increase, but one thing that jumped out at me was that there looks to be an actual decrease in funding for our special operations forces, where, since 9/11, I think our policy and our goal has been to increase the special forces community.

So can you walk me through the rationale on why we are seeing—I believe I am seeing—is a decrease in special forces funding?

Admiral MULLEN. I am a little surprised, and I would have to go back and look at the budget documents to see if the decrease—I know it calls for an increase of 1,000 in the special forces and we have been building special forces, and a lot of our focus, and rightfully so, is on the growth in the Army and the Marine Corps.

But they are an incredibly important part of not just what we are doing now, but also to the future. So from that perspective, I know it calls for that increase. I would have to——

Mr. SHUSTER. Manpower.

Admiral MULLEN. In manpower.

Mr. SHUSTER. Can you take a look at that and maybe get back to me?

Admiral MULLEN. Sure, be glad to look.

Mr. SHUSTER. It is my understanding that it looked like it was going to be a decrease.

Admiral MULLEN. It is. At least my understanding is there is a growth of 1,000 and some in the budget this year, that resources would be going in the other direction.

I would have to check and see.

Mr. SHUSTER. And my understanding of—the second question on irregular warfare—that the capabilities are well developed in the special forces community.

Has there been any consideration or is there any benefit to putting the Special Operations Command (SOCOM) commander as an adviser to the joint staff when you are looking at——

Admiral MULLEN. Well, he is——

Mr. SHUSTER. How the function is structured, I guess, is really want I want to—a more structured role.

Admiral MULLEN. He is actually, just because of—he has both Title 10 responsibilities, as well as being a combatant commander. If I were he, I can't think that he might want to come to Washington and work.

And he does—I spend a lot of time, as our staffs do right now—he is very—this is Admiral Olsen—he is very well engaged and is very well represented.

So I am comfortable with the relationship that we have right now.

Mr. SHUSTER. And one final comment, question, back to what I think a couple of people have talked about, the Joint Strike Fight-

er, and I think my colleague from Hawaii talked about the second engine.

Not only—and I understand there was a failure and I don't know if it was the F–22 or the F–18 in the past that we went with one engine. I could be wrong on what plane it was. But we had some serious problems because we had one engine.

There is that and then, also, I understand that with one engine, you don't have the competitive forces keeping the quality up and the price down, because it is my understanding that, looking back years, that the price of that engine on whichever fighter it was started to really get up there.

So I would encourage you to look at that and have that second engine not only from a standpoint of having it there to use, but also to keep the quality and the cost——

Admiral MULLEN. And I recognize, certainly, the challenge of the test failure, although that is certainly not unusual for new developing programs.

We looked at the business case on this over several years and the investment in the second engine was upwards of $2 billion, and we couldn't get it to pay off, basically.

I recognize the competition fees, but even in that, we couldn't. And then, third, we have built plenty of airplanes historically that just had one engine and there also had been problems.

So we felt that for risk in the program, basically, that this was the right step to take, and, obviously, with the budget submission, we restated that.

Mr. SHUSTER. Well, thank you.

And, Mr. Chairman, I see my time has not expired, but I will yield it back to you. Thank you.

The CHAIRMAN. Thank you very much.

Mr. Sestak.

Mr. SESTAK. Thanks, Mr. Chairman.

My concern, Mr. Chairman, Secretary, with the four percent is it seems to me, to some degree, that is kind of looking at our wake. If you take that four percent and look forward and not in just what Social Security is doing at one percent and what Medicare and Medicaid is doing at, the actuarials say, the one percent, by 2030, the federal debt held by the public will be equal to the GDP.

In short, the mortgage for America is larger than its income. But, yet, if you do want to look at the wake, if you look at how much we are spending today—excuse me—last year's budget, we actually are spending more in real terms without the supplemental that we did in the Vietnam War or the Korea War.

And if you add in the supplemental, the Army actually now procures more in its procurement account in the supplemental than it does in its actual budget.

What has happened, it seems to me, when you talk about FCS, is we have gone from 31 heavy brigades to be manned in FCS now down to 15.

Admiral, when you had the Navy in OP–03 or whatever they call it, you were going to procure 36 or so or 32 DDGs. Now your budget is going to buy us seven. That means two out of those $3.5 billion platforms each will be forward ready to fight.

When you look at the Air Force, they are going from 3,000 down to 2,200 aircraft.

Admiral, you said, in Afghanistan, the hard thing is military leaders make decisions. And so on economy of force, we do what we can.

Mr. Secretary, have we really looked forward and said maybe it isn't just the four percent? Over the last six years, we have tried to look at a capability-based military.

With the reality that you are just kind of chopping off, like FCS, DDGs, have you really looked at how you are hedging your bets and the threats in the future? And so we are just not cutting like this, because we are soon going to have a mortgage larger than our income.

Are we really looking at if there is a different way to do this?

Secretary GATES. Well, I have to be candid and say that this has not—in the clearly relatively brief time that I am going to be in this position, this not something that I personally have done.

My focus has been elsewhere, as you can expect. But I do believe, based on what I have seen, that others have done this and that there has been a thoughtful process that has led to these decisions.

It is a little bit like the equipment of the National Guard. The National Guard may not have every single piece of equipment that they—in the numbers that they had before, but the quality and the capability is going to be significantly greater with what they do have.

But in terms of what kind of studies have gone into the decisions that I inherited on this major programs, let me ask Admiral Mullen.

Admiral MULLEN. I think—and, Mr. Sestak, I know that with your background, you know where an awful lot of it started specifically with the Navy, as we were challenged, quite frankly, because of the growth of the cost of platforms, the retirement of other platforms, and we took on very strongly a way to look at it differently.

In the end, for the Navy, we have got to have ships. You can't be much of one without them. And, in fact, I see the Army transforming. What is interesting to me about the Army is they are not just fighting two wars, not just on these long deployments, not just trying to reset the stuff that they are working, I mean, the stuff that is being worn out, but they are also transforming.

They are modularizing as we go and it is, I think, both a sense of urgency and the pace of change which has helped greatly there.

I think it is a legitimate question on FCS.

Mr. SESTAK. Sir, if I could. I bring this up because it is very obvious that this is going to have to be different if you really believe what is going to happen in 2030.

So let me just switch to another one. If I could, Mr. Secretary, when you are out there at NATO, I have always been struck by how everyone wants to blame NATO.

May I just finish?

The CHAIRMAN. Finish your question.

Mr. SESTAK. And, yet, when I looked at your combined security transition command and the international security assistance force reports, the United States' contribution for embedded trainers and

mentors in the army and the police of Afghanistan is 67 percent below what our own requirement is.

If this is really where it began, that is absolute, the 3,000 troops you are placing there temporarily, why haven't we met our requirement before we point at NATO?

Secretary GATES. Well, we have been very honest with NATO about the limitations on ourselves and, frankly, the only thing we are trying to do is to point out to some of our allies who have made commitments and have imposed caveats, that they are a long way from fulfilling their commitment.

The reality is that the United States, now, with the addition of the Marines, will have more troops in Afghanistan than every other country combined and we will have about half of the International Security Assistance Force (ISAF) mission.

We certainly are looking at ways to increase the number of embedded trainers with both the police and the army, but I would tell you that a big part of the police training commitment is one that the EU took on and, frankly, have fallen way short.

The CHAIRMAN. Thank the gentleman.

The gentleman from Pennsylvania might be interested in knowing that the secretary recently addressed this issue and a related issue regarding NATO that is prominent in the news.

Am I correct, Mr. Secretary?

Secretary GATES. [OFF MIKE]

The CHAIRMAN. Mr. Jones.

Mr. JONES. Mr. Chairman, thank you.

And, Mr. Secretary, I want to thank you for being the leader that you have been. After the previous Secretary of Defense, you have been a welcome, welcome man of integrity and honest, and I just want to say thank you for the transparency that you mentioned yourself and you have done exactly what you said the first day that you came before this committee.

Mr. Secretary, I want to start—it is going to be a brief answer for you, I am sure, because there is no real answer to this.

This past weekend, in *USA Today,* "Allies fell short on Iraq aid pledges." I will read just three or four points and then I have one question.

"Nearly 5 years after the United States-led invasion of Iraq, allied countries have paid 16 percent of what they pledged to help rebuild the war torn country, according to a report scheduled for release today. Foreign countries have spent about $2.5 billion of the more than $15.8 billion they pledged.

"The United States so far has spent $29 billion to help rebuild Iraq. The inspector general's report says that Congress has approved an additional $16 billion."

So that, in itself, is $40-some billion that we are spending. From 2000 to 2006, Saudi Arabia exported about $95 billion in crude oil to the United States, as its average price more than doubled from $25 to $56 a barrel, and we know today it is $100 a barrel or right at $100.

I understood what you said of trying to get our friends in NATO, if I can say it that way, to understand their responsibility of helping this country as we fight terrorism in Afghanistan.

But where are we in trying to make the Saudis understand that it is our kids who are dying and being wounded and they won't even pay their bill? We are not asking them to send troops. We are asking them—they are getting fat and sassy off the American taxpayer.

And I am not being critical of anyone. I am just asking you, as the professional that you are, if you were sitting here as an American ex-secretary of defense, why don't these countries understand?

I looked at "60 Minutes" the other night. I see this high-rises in Dubai, I think it was, billions of dollars, and I just do—the taxpayer is worn out. And this has nothing to do with your budget, sir, I promise you.

This is a frustration question on behalf of the people of the third district of North Carolina.

Secretary GATES. Sir, I think that the—a couple of things. First, there is certainly a political element and most of the governments, most of the Sunni Arab governments in the Middle East are skeptical of the Iraqi government and worried about its future direction in terms of its relationship with Iran and vis-a-vis the rest of the Middle East.

So I think part of the slow delivery of the aid money has been politically motivated.

Part of it is the difficulty of providing security for some of these construction projects and some of these endeavors that they have agreed to undertake and I am sure that there are other factors, as well. I didn't want to—I put the political one up front, because I didn't want to seem naive.

The other side of this, though, is that they have provided, including Saudi Arabia, significant debt relief to Iraq. And so Iraq's foreign debt has been dramatically reduced as other countries, including some of the wealthy oil countries, have forgiven a great deal of Iraq's debt.

So in purely financial terms, they have been very helpful to the Iraqi government. These projects, as you have just suggested, have gone a lot slower.

Mr. JONES. Mr. Secretary, I am going to—just one statement, Mr. Chairman.

The sad thing for the American people is we are going to forgive the debt of the Iraqi government, and, yet, our debt is climbing at $1.6 billion a day. And I will remember to the day I die that Congressman Gene Taylor and I went to Walter Reed Hospital six, seven months ago, and we met a soldier who was paralyzed, sitting in a wheelchair, shot in the neck by a sniper.

As we were getting ready to leave, his mom came in and she asked Congressman Taylor and myself one question. "My son is 21 years of age. Will this government take care of my son 30 years from now?"

And he and I gave the best answer we could give—"This government should take care of your son." But if we don't wise up and understand that it is time for people to pay for our men and women dying.

And, sir, you have done a great job and this is no criticism at all, but I hope the next Administration will make it clear that we do not bleed for other countries.

And I yield back the balance of my time.

The CHAIRMAN. Thank the gentleman.

Mr. Courtney.

Mr. COURTNEY. Thank you, Mr. Chairman.

And, Secretary Gates, I don't know if you are aware of it or not, but Chairman Skelton actually circulated your commencement address at Annapolis to all the members of the Armed Services Committee. And I just want to say, as somebody who read that, it was one of the healthiest statements about the role of a military in a constitutional democracy, and I think it should be required reading not just for people in academies, but, frankly, high school students. It was terrific.

In the spirit of that, I just want to follow up on the last colloquy with the chairman on this issue of us, Congress, and this effort to negotiate with the Iraqi government.

When President Bush signed his statement back in November with President Maliki, I mean, it stated that "the U.S. would provide security assurances and commitments to the Republic of Iraq and support Iraq in defending its internal and external threats."

Now, that is more than a status of forces agreement, which, obviously, covers the legal status of our troops there. I mean, that is actually a security agreement.

I just want to be clear, in my own mind, what you are telling us as to the Administration's intent. I mean, is it your intent to enter into a security arrangement with the government of Iraq?

Secretary GATES. No. The status of forces agreement will not have a security component to it. It will not be a security agreement with the Iraqis.

It will be like virtually all—well, like most status of forces agreements, basically, the rules of the road and an agreement on how we are able to operate in Iraq once the U.N. Security Council resolution authorizing that activity is concluded or runs out.

So it is about what kind of—well, a question would be will we still have the authority to detain people. Another one would be what is going to be the role of—what kind of immunities do contractors have? So those are the kinds of issues that are going to be addressed in this status of forces agreement.

And as I have said earlier, because of the special nature of this agreement, only because of the sensitivity of the issue here in Washington or in the country, I believe that the government's approach to negotiating with the Iraqis should be a very open one with the Congress in terms of what is in the agreement, what we are asking for and so on.

Mr. COURTNEY. That is certainly consistent with the Gates principles of your address and I—but it also sounds different, what you just said, in terms of today's statement versus what was signed back in November.

Secretary GATES. And I am told that the declaration of principles that was signed in November was not considered by our government to be a security commitment.

Mr. COURTNEY. And that will be reassuring, I think, to many people who are worried about tying the hands of a future Administration.

Secretary GATES. I will tell you, and, you know, we—I would continue to say we do not seek and do not want bases, permanent bases in Iraq, and I think that nothing that I have seen in sort of the broad outlines of what we are trying to work out with the Iraqis would commit a next Administration.

Mr. COURTNEY. Thank you. I probably don't have much time, Admiral Mullen, but since people in my district follow the shipbuilding budget like a box score back home, there is certainly already questions being raised about the figures that are in the budget and the purported maritime strategy of this country to get to a 313-ship fleet, because it just—the arithmetic of the math of an 8-ship request, with a 313-ship goal, I mean, it just does not add up in terms of getting to that number.

And we have heard a lot of talk here today about the fact that a lot of these issues are being pushed off into the future. Is that what is happening here?

Admiral MULLEN. I don't think, in the case of the shipbuilding budget this year, that was the case. The numbers were projected to be, I think, an additional four ships that were tied to the Littoral Combat Ship (LCS) program, and that program has been adjusted because of the challenges that we had.

I really think that the Navy has a good handle on that and that the commitment is very much still there to get to 313 and the capabilities that represent that, and LCS is a really vital part of that.

So it is more reflective of that than being able to, with LCS not being able to be as robust as we want it, let us take that and put that somewhere else. I know you know, in terms of being able to build up from a base of one, one a year in the submarine world, that is a huge challenge and it is just not something we can do inside 12 months.

So the Department and the Navy are still very committed to this 313 and to the investment. And I know the new Chief of Naval Operations (CNO) has been very public about his commitment, as well.

The CHAIRMAN. Thank you.

Along that line, I know there have arisen, at least on one occasion, the rate and the type of ships that are being retired. That adds to or subtracts from the goal that I know that you set back when you were CNO.

Mr. Loebsack, the gentleman from Iowa, please.

Mr. LOEBSACK. Thank you, Mr. Chair. And I, too, want to thank all of you that are at the table for your service and especially Secretary Gates.

I wasn't here with the previous Secretary of Defense, but I did follow closely his relationship with Congress and I appreciate your service and your relationship with this Congress. So thank you.

In Iowa, we don't have a submarine base, we don't have an air base, we don't have any bases, for that matter, but we do have a lot of National Guard units.

I guess I just want to state, at the outset, the concern that I continue to have about dwell time, about the equipment concerns you mentioned, that National Guard units may not have as much equipment in the future, but it will be better equipment, it will be more efficient.

But we have had a lot of difficulties in Iowa when we have had National Guard units deploy overseas and have to leave their equipment behind and then come back and not have sufficient equipment in case of natural disasters or whatever the case may be, and we have had a number of them in the short time I have been in Congress.

But the dwell time issue is a big concern. The 833rd Engineering Unit of our Ottumwa, they had a dwell time of 14 months before they were redeployed, and I was fortunate enough to visit them in Balad in October, the second congressional delegation (CODEL) that I was able to take to Iraq.

And I heard from them their concerns that they have and, obviously, their families have a tremendous concern, too.

And related to that, I am not going to ask a question about this, but I do continue to wonder about statements that I have heard from folks in DOD about the future of the National Guard and the Reserves and the extent to which they might engage in hostilities around the world, the transformative nature, I guess, that people have in mind as far as what the Guard is going to be and what they are going to do, and the Reserves, as well.

But I want to leave that at that for the moment, although feel free to respond.

I want to go back, if I could, to the question of four percent of GDP. There is a part of me that is thoroughly confused as to why that number is ever brought up and the testimony that I have seen, in the short time that I have been in Congress, I think every single time that there is testimony about budgets, that may very well be the first thing that is brought up, the percent of GDP that is being devoted to our military, and relative to what it was during the Korean War, during the Vietnam War, whatever the case may be.

I have to say that I find absolutely no logic whatsoever in using that number as a starting point. Maybe it is not a starting point in your deliberations. I don't think it makes any difference what percent of our GDP was used for the military, was devoted to the military in 1953.

It is 2008 and we are looking forward. I understand some people might use that as a political argument, because we are at such a low level now compared to the past. But I just want to ask kind of a general global question.

That is, when you start the process of determining how we are going to get to the $515.4 billion, where do you begin? You talked about the threats at the outset, failed states, all these other things.

How do you get to that $515.4 billion? What is the template that you use? Because in the past, George Kennan, and I have mentioned this before in previous hearings, George Kennan, after World War II, had, I thought, kind of a logical approach to these things.

He said we have threats out there in the world and not all the threats are the same. Some are imminent, some are not. Some are—excuse me—serve with interest. Some are vital, some are peripheral. We have interests out there in the world and we have threats to those interests.

Then we have capabilities, because we do have Medicare and we have Medicaid and we have entitlement programs. And then we decide how much we are going to devote to the military based on sort of that analysis.

What you folks do, does it anywhere approximate that approach or is it something completely different?

Secretary GATES. Let me begin and then ask the admiral to chime in.

It seems to me that, first of all, the defense budget, in many ways, has become a little bit more like the overall Federal Government in the sense that the fixed costs compared to discretionary spending have risen dramatically.

I talked about the health care, $46 billion this year. The needs of the National Guard and what we need to invest in the National Guard, pay and other benefits. These are the things that begin, it seems to me, to build the things, the bills you have to pay, and then you look at the long-term programs, such as the procurement programs of ships and so on.

But I think one of the benefits, if you will, of the kinds of the Quadrennial Defense Review and these kinds of things really do, I think, step back and look at the world freshly and try and say how do we—how has the world changed and how should we, in the years to come, adjust the direction of the defense budget.

And I was struck when I read the Quadrennial Defense Review, getting ready for confirmation, about how much had changed since I left the government in 1993. I think that you have to be gone from this place for a while to see that change actually does take place and over some period of time, dramatic change.

The whole character of the Army has changed in 15 years. So it seems to me that there is that kind of a process and it starts with the major studies, the national military strategy and the Quadrennial Defense Review.

I don't know, Admiral, if you want to——

Admiral MULLEN. It is not unlike, sir, what you described, to look at the threats, to look at the capabilities and to try to move in that direction with where we should go.

Mr. LOEBSACK. But that has nothing to do with percent of GDP in the end, right?

Admiral MULLEN. It doesn't, except it arrives at a percent.

Mr. LOEBSACK. Right, exactly.

Admiral MULLEN. But this one seems to be pretty consistent.

Mr. LOEBSACK. Right, okay. Thank you. Thanks very much. Thank you, Chair.

The CHAIRMAN. Thank the gentleman.

Ms. Tsongas.

It looks, Mr. Secretary and Admiral, we may make it under the wire with everyone having the opportunity to ask questions. Please bear with us. We are going to make it.

Ms. Tsongas.

Ms. TSONGAS. And I will try to be brief.

I would like to thank you, Mr. Secretary and Mr. Chairman. I am the newest Democratic Member of Congress and as I begun my service on the Armed Services Committee, I am quite struck by the awesome nature of our responsibility.

And as our representative just talked about, we are a civilian legislature. We come to it with a very different set of experiences, and this is very much a part of that process of coming to an understanding about how best to protect our Nation.

So I thank you very much for your commitment. It is an obligation, but also your commitment.

My question is about the war in Iraq. It is nearly impossible, I think, Mr. Secretary, for us to maintain the number of troops in Iraq that we currently have and, at some point, these troops are going to come home.

The U.S. taxpayer cannot continue to spend billions of dollars per week on operations in Iraq and it is clear it is an important discussion in this most important Presidential year.

My question is, has the Department engaged in any planning to prepare for the redeployment of U.S. troops in Iraq?

Secretary GATES. Yes, ma'am, we have. We have already planned for the return of the first 5 brigades of the 20 brigade combat teams that have been deployed in Iraq.

One of those brigades is already out and back home. Four more will follow before the end of—by the end of July. General Petraeus will bring his recommendations to the President in late February or in March, rather, in terms of the second half of the year and once the President has heard from him and the Central Command commander and the joint chiefs and from me and made his decisions about further drawdowns, if there are to be those, then the planning for the return of those brigades will proceed.

So I think we do have a good plan.

Ms. TSONGAS. So you are saying that the planning is in place currently for those that were part of the surge and we plan to bring back.

My question really more addresses the complete totality of it, as we look ahead to what might occur in November and putting in place a process for bringing our soldiers home, because it seems to me, at the very least, we owe them their safe redeployment, and the planning for that, I would guess, should take some time.

Secretary GATES. Sure. We have been doing that and we have been talking a lot, planning in terms of what kind of equipment should be left, what should be brought home, what about the contractors and their equipment. Much of that equipment belongs to the government, how much of that do we want to bring back.

We have been addressing all those issues.

Ms. TSONGAS. Thank you.

The CHAIRMAN. I thank the gentlelady.

The gentlelady from Guam, Ms. Bordallo.

Ms. BORDALLO. Thank you very much, Mr. Chairman, and thank you again for your visit to Guam.

Secretary Gates and Admiral Mullen, Secretary Jonas, thank you for testifying before our committee today. And I want to get right to the point and that is to the military build-up on Guam.

In 2005, the Deputy Secretary of Defense, Mr. England, signed a memorandum that established the joint Guam program office to coordinate all the planning associated with the Guam military build-up.

The coming year is very important for the groundwork for planning. Just next month, we will be receiving a draft of the Guam master plan and, in a year or so, the draft environmental impact statement is scheduled for completion.

I have repeatedly stated in this committee and elsewhere that we must get the planning right and it has to incorporate the concerns and the needs of the citizens of Guam.

So to that extent, I have called for a memorandum of understanding to be drafted between the appropriate federal departments and the counterpart agencies in the government of Guam, since there undoubtedly will be changes in government leadership in the near future.

Mr. Secretary, are you coordinating with Secretary Kempthorne at the Department of Interior to get the interagency group on insular areas to identify funding needs and program them into the budgets across all corresponding federal agencies and what level of discussions have you had with the secretariat level about coordinating activities? And do you envision more meetings to implement these coordinated activities?

Mr. Secretary, it appears that there is some unwillingness from federal agencies to program for various aspects of the military build-up.

Secretary GATES. Secretary Kempthorne caught me in the White House. He has just returned from Guam and he caught me in the White House two or three days ago, said that he needed to come talk to me about Guam, and that will be our first meeting on it and we will pursue it from there.

Ms. BORDALLO. Thank you. Thank you, Mr. Secretary.

Also, I have one quick question. Initially, I am concerned at the funding levels for Andersen Air Force Base on Guam. I received a letter, and Chairman Skelton's office also received this letter, and I think Chairman Skelton and General Owens discussed this when the chairman was on Guam.

This letter is from General Rice at Pacific Air Forces (PACAF), back in November, about projects that would support the planned Intelligence, Surveillance, and Reconnaissance (ISR) strike capability at Andersen.

They identified nearly $700 million in construction needs that do not appear to be in the defense program. The fiscal year 2009 budget only contains $5.2 million for construction of a combat communications facility at Andersen.

As the Marine relocation construction approaches in 2010, I am very concerned that these Air Force projects will not be able to be completed.

So what is being done, Mr. Secretary, at the Department of Defense to address these concerns? Or maybe Secretary Jonas can answer that.

Ms. JONAS. I am not familiar exactly with the issues of the Air Force, but I would be happy to get in touch with the vice chief and talk to him about the specific funding issues there.

I would be happy to do that.

Ms. BORDALLO. Well, I can see why we are in trouble, Mr. Chairman, because neither of you are too much aware of this build-up and it is looming very quickly.

Ms. JONAS. The Navy has, I believe, the project office for Guam. Do you want to—sorry about that, Admiral.

Admiral MULLEN. Look at me like I am in the Navy.

Ma'am, you know that the program office has been set up and is direct report to Don Winter on this and he is really the executive agent for the Department of Defense.

There has been a tremendous amount of focus on getting this right. I can't—I know that Andersen has—there have been challenges working through getting to the joint basing construct there, and I understand that that has now been decided and we are moving through that.

I am not aware—I just don't have the detail on some of the specific projects. But I think to say that it is not a focus area and it is not an area that a lot of people are paying attention to doesn't reflect the leadership, particularly on the part of the Navy, and the individuals in the program office who are spending an awful lot of time on this.

That we might have missed something to look at something like this, obviously, we can go back and look at that.

Ms. BORDALLO. Well, the entire project is to be concluded by 2014.

Admiral MULLEN. Right.

Ms. BORDALLO. And at the rate we are going, the funding is very, very important. Of course, Japan is funding $6 billion, but the additional money we need from our Federal Government is very important.

So I just wanted to bring it to light and, certainly, I hope you will get together with some meetings on this.

Thank you, Mr. Chairman.

The CHAIRMAN. If the gentleman could answer that for the record, for all of our benefit, we would appreciate that.

[The information referred to can be found in the Appendix beginning on page 105.]

The CHAIRMAN. Mr. McIntyre, the gentleman from North Carolina.

Mr. MCINTYRE. Thank you, Mr. Chairman. Thanks to both of you gentlemen for your continued commitment and service to our country.

I would note, Mr. Secretary, you stated earlier about making sure that we, as Members of the legislative body, deal with our cohorts and colleagues and others who serve in parliamentary functions overseas and I know it was my privilege to travel with the chairman, as some of the other members of this committee did, to meet with parliamentarians in London last month for that very reason and met with their defense committee for the United Kingdom (U.K.) and talked about the importance of Afghanistan being understood in separate terms from what is occurring in Iraq and emphasizing that understanding to the people and our great allies in Great Britain, as well.

So thank you for once again reminding that to us and it is something that we are serious about doing, as well.

I wanted to ask you to follow up to a comment you made earlier about we do not want to have nor will we seek permanent bases

in Iraq, is what I quoted you as saying, you and the chairman, when you all were testifying.

Can you tell me what would be done in a situation like our air base in Balad, where we have invested significantly into that type of structure and what you would foresee happening given the fact that Congress has made it clear, plus the Administration understands, as well, that there would not be permanent bases in Iraq?

Admiral MULLEN. Again, the premise that there won't be is really important here. We have not worked out the kind of details of what would happen at Balad or al-Assad or some of the other air bases that we have, because we have invested in them significantly.

My general expectation, at some point in time down the road, is those would be bases that clearly would be available to the Iraqis to do with what they wish, based on the capabilities that they would have over time. But we are a long way from any decisions with respect to that kind of—those kinds of decisions.

Mr. MCINTYRE. Is your understanding that even if they were returned to the Iraqis, as you just said, to do with as they wish, that we would still have access if we needed those bases for other situations in that region of the world?

Admiral MULLEN. Certainly, that would be an issue of both concern and something we would talk with them about, but I am not aware that we have had those discussions.

Mr. MCINTYRE. I wanted to also say thank you for your full funding of BRAC. I know, as you know, in my area of North Carolina, that Congressman Hayes and I share, as well as Congressman Etheridge, that BRAC is very important to the future of Fort Bragg, as well as in Congressman Jones' adjoining district, with Camp Lejeune, and we are seeing those differences already occur and are very pleased to see the emphasis on BRAC and would like to see that continue.

I wanted to ask you one other thing.

There are several articles that have appeared in the *Army Times* and some other military publications that the military advisory committee I work with back in southeastern North Carolina has brought to my attention and we have discussed recently.

And that is that General Lloyd Austin, from Fort Bragg, who, as you know, is head of the United States Combined Joint Task Force in Afghanistan, as well as Army officials at Fort Benning, Georgia are seeking senior Army leadership approval with regard to a precision-guided mortar munition.

There were 10 years of studies done, $100,000 put in development of this, and then nothing further occurred. Is it your understanding as to whether or not this is the type of precision-guided munition that the Army will need to be able to, as it says in the articles and statements they have made, be on target, portable and perfect for the infantry to use?

Secretary GATES. Unless the chairman knows the answer to that question, we will have to take it for the record. I don't know the answer.

Admiral MULLEN. And nor do I, sir, at this point.

Mr. MCINTYRE. All right. If you would and could get back to us within the next two weeks, that would be great.

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

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

The CHAIRMAN. Thank you.

The gentlelady from Arizona, Ms. Giffords.

Ms. GIFFORDS. Thank you, Mr. Chairman. I appreciate the opportunity to see our secretary and, also, Admiral Mullen. Thank you so much for being here. I know that the day is long.

A couple questions. The first I would like to lead with is about the acquisition process, military acquisition process, particularly as it relates to the United States Air Force.

There is a growing concern here in Congress that the process is broken and I would like to specifically focus on the new combat search and rescue, the Combat Search and Rescue (CSAR) platform, that has not been able to get a new aircraft into production.

This aircraft we know is important for a couple of reasons. First, it helps rescue civilian populations here, but also is able to go into theater and retrieve down pilots and also combat troops in harm's way.

Throughout the bidding process, it looks like the contract award was protested, further delaying the procurement of this needed platform, and it still has yet today to have been successfully bid.

So I would like to hear from both of you what we can do here in Congress to ensure that, yes, that legitimate protests are heard, but that the taxpayers are getting the most that we can for our dollars, and that the military procurement process is getting a better product in a quicker amount of time.

Secretary GATES. Let me mention a couple of things and then ask Ms. Jonas to comment.

One of the results of the consolidation of U.S. defense industries is that now each contract is almost a live-or-die contract for companies, for many of the companies, and we are encountering a situation now in which virtually every major contract is protested, which is clearly a delay in the process.

So that is something that we have to work with and it is a result, as I say, of the consolidation of the industry.

I would encourage you all to get the new Under Secretary of Defense for Acquisition, Technology and Logistics, John Young, to come up and talk to you about the reforms he is putting in place in the acquisition process to try and address some of the problems identified by the Congress and that we have identified and that the inspector general has identified, as well as just the delays and overruns in a number of our programs.

I think he has put in a really good program that has real potential to reduce the problems that we have encountered, perhaps significantly. But maybe you could say a word about search and rescue.

Ms. JONAS. We do have $320 million in the budget this year and $2.2 billion over the program life, but I would—just to echo what the secretary has said, I have had the opportunity to work with John for many years, and he is an incredibly disciplined and knowledgeable individual on acquisition issues and I think he takes a very disciplined approach to acquisition and I would second that. I think he could give you the specifics on that program.

Ms. GIFFORDS. Okay, thank you. I will follow up with the chairman.

Admiral MULLEN. Just three quick thoughts. One is good systems engineering, where is it going on, and it is an underpinning for success in development of these very, very complicated programs, particularly the high tech programs.

Stability in requirements, and you can help there by making sure they don't change and we do have a habit of changing them, and I say the big "we," lots of involved in that. We need pressure on that.

And then stability in funding. Stability, it isn't the perfect answer, but clearly it offers opportunity or it offers the possibility that these programs can be brought under control.

Ms. GIFFORDS. Following, the next question. Over the past 20 years, we have seen a significant decline in terms of the number of officers that are pursuing courses in graduate study.

I believe during the 1980's, at any given time, there were about 7,000 officers pursuing advanced degrees, and now I believe the number is in the couple of hundreds.

The concern we have is that if we are not able to build and maintain some valuable skills in terms of language proficiency, cultural awareness, we are going to lose the fight on international terrorism, because we are not going to adequately be able to get into the minds of the people that want to do us harm.

Another concern I have is if there is a lack of opportunities for graduate study outside the military, we are additionally going to lose some of our top officers, and I believe this year, currently, graduating from—the graduates from West Point, we are keeping them for about, I want to say, five or six years. So we are losing about half of the class graduates at this point that are going on to other professions.

I am concerned about this and I am just looking for some thoughts here of what we can do to encourage members and military officers to pursue a graduate education.

Secretary GATES. Let me start and then have the admiral chime in.

General Casey has put in a number of programs intended to provide additional incentives for particularly younger officers to remain in the service and one of the benefits that he has offered, one of the opportunities that he has offered is for a captain, for example, to be able to go essentially to any graduate school that he would like.

In other words, it is not required that they be in a military program or in a military school. They can go to Texas A&M or wherever they wanted to go in order to get a graduate degree.

And my understanding is that a number of the captains who have signed up for another stint have chosen this. Most of them choose the bonus. My guess is that is their spouse speaking, but they are also given choice of post as an incentive. They are also given the opportunity to go to graduate school.

I feel very strongly about this graduate school business and I feel very strongly about foreign language. And I would just put in a plug here that the committee has legislation that I have proposed, you mentioned language study and culture and so on, I believe that

we could build a cadre, a significantly large cadre of younger officers in the American Army and the services if we were to offer incentives for students while they are in ROTC in our universities to study hard languages.

You learn the culture, you learn about the area, and even if you don't use it or aren't deployed for 5 or 10 years, if you take a language for 3 years, you can pick it up right away.

So the idea would be the first year you take Arabic or whatever it is, you paid X; second year, two X, and the third year, three X. And the reality is 50 bucks a month for a college student is serious beer money.

And so the opportunity to get a bunch of these kids signed up to take tough languages, I think, could really produce a significant number of officers who have the cultural awareness, but also have a real language skill.

Admiral MULLEN. The officer corps that I have dealt with in all the services want a graduate education and how we provide that, I think, would help us clearly retain them.

I am surprised to hear the numbers are as low as you have stated there, ma'am. I would have thought they would have been larger than that, and I want to go back and check that.

It is a big commitment to them and it is also a great retention incentive, as well as focusing it in the kinds of areas that the secretary just talked about actually across a broad range of academic requirements, which they seek, and we need to provide for them.

I am not aware that the retention rate in the Army is as low as you said after their first tour.

Ms. GIFFORDS. The graduates of West Point that we have within five or six years, yes.

Admiral MULLEN. Then it is 50 percent.

Ms. GIFFORDS. Yes.

Admiral MULLEN. Their initial obligation is typically five years. The numbers I have looked at were not that stark. It has been actually pretty consistent over the last five or six years.

Again, I will go back and check that and make sure that my numbers are—that I am getting it right, as well.

But I appreciate your emphasis on this. It is a big deal for lots of reasons and it wins across the board. It wins in the service, it wins with the individual, it wins with the family, and we need to be as robust as we possibly can.

Ms. GIFFORDS. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. Will the secretary send over a proposal regarding the ROTC?

Secretary GATES. Yes, sir.

The CHAIRMAN. We would appreciate that, if you would think it through and——

Secretary GATES. I suspect deep in the committee's files, there is a copy, but I will send it up.

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

The CHAIRMAN. Thank you. And I might also say that the gentlelady's question touches upon an area that the chairman has jurisdiction over. We call it professional military education and I

know he has taken note of your inquiry on that and I know he will follow through and stay on top of it.

The gentlelady from New Hampshire, Ms. Shea-Porter.

Ms. SHEA-PORTER. Thank you. And thank you, Secretary Gates, and thank you, Admiral Mullen, and thank you, also, for being here.

This is a mighty big budget and I certainly believe in a strong defense, we all do, and it is our critical function here to make sure we have a strong defense.

But it is also our responsibility to take a harder look at this budget and figure out if we have this right. You were talking about the drawdown and I seem to recall the President saying that if General Petraeus wants to stop the drawdown, that is okay with him.

So that doesn't mean that we are going to draw down or not, but we have to figure that there is going to be more money spent in Iraq if the President changes course again.

And what we have been looking at is $10 billion to $12 billion a month. Now, you talked about $50 for beer money and I will tell you that $50 a month, in my district, might help somebody pay for heating oil or might help them pay for a doctor bill.

So it is my responsibility to take a look at this. I am also on the Subcommittee for Personnel and Readiness, and I wanted to ask you a couple of questions.

I can imagine how troops feel when they get a really big retention bonus or a sign-up bonus, but then how do they feel when we reduce benefits on the other end, higher co-pays, increased enrollment fees and deductibles, and one of them, a projected reduction of eligible beneficiaries who will elect to continue or begin TRICARE enrollment?

How would that happen? How would somebody decide not to have TRICARE enrollment or not to continue? Where do you see savings in that?

I can't imagine that people would pull away from a health care policy.

Ms. JONAS. Just to be clear, the affected population there would be the working age retirees. So this is not the over 65 nor is it the active duty.

So that would be more difficult. But the proposal in the budget takes the recommendations of the military health care task force, which the Congress commissioned, and so that is what we are proposing.

As the secretary has articulated earlier, the health care budget has doubled since 2001. In fact, we spend more on our health care than Germany spends on its entire defense.

So this is something that has to be looked at in the future. Obviously, it is something that we cannot do without the help and engagement of the Congress. And I think our purpose is to put it on the table and try to get some discussion going about how we maintain a very important benefit to our men and women in uniform and their families, retirees.

I actually fit in that category. My husband is a former Marine. But I take your point, and we value the benefit, and it is a very important proposal we need to work with you on.

Ms. SHEA-PORTER. Well, I was a military spouse, and I know how critical this is for military families. And so this almost looks like we are just moving money. It is a shell game. We are moving it from here and then over there.

We can't say—right now, I believe, Secretary, that you said we have $43 billion a year in medical costs for—right. Well, there is no reason to believe that will go down when the rest of the country's medical bills are going up.

So I just can't see a projected reduction of beneficiaries or any money. It just doesn't look like a real savings. And, again, we have to look at that with the cost of $10 billion to $12 billion a month in Iraq and $43 billion a year for our troops, and we have an obligation to protect these troops and to honor our commitments to these families.

And I, for one, do not want to see that cut back, but I know that we are looking for money. And so I want to move on to the next topic here.

AFRICOM. I know that we had a hearing and we were told that by December 2008, they expected to see this operational, and I think the original cost was about $380 million for this year.

Is that still in effect? Is that in this budget?

Secretary GATES. I think that sounds right, yes, ma'am.

Ms. SHEA-PORTER. Okay. Well, could we do that cheaper at home? I mean, do we have to physically be there, especially when we can't find a country that wants to publicly—except for one—publicly say they want us? Can't we do that through the embassies that we have right now or use facilities at home?

Is this a place where we could save money?

Admiral MULLEN. The concept, actually, which is in execution right now and it is really tied to this whole issue of global engagement and building partnerships and, in great part, military-to-military relationships, but AFRICOM actually is—one of the deputies is a career foreign service officer.

I mean, it is a different kind of command because of the world that we see in front of us and Africa is a large continent, with great resources and great challenges.

And what I worry about in terms of doing it at home is we are going to have to be engaged one way or another. The whole idea of AFRICOM——

Ms. SHEA-PORTER. Well, if I could interrupt. We do other commands from home and I think we could probably save money and work through our embassies.

We need to save money here.

My last question is the waste and fraud in Iraq hearing. When we had a hearing on that, they were talking about $6.8 billion or so under indictment, $9 billion missing, and we were told that is because we didn't have the auditors.

And I want to know if you took care of that problem, not having enough auditors in Iraq. Will we have to see those headlines again or have you solved it in this budget?

Secretary GATES. Ma'am, we have, as of December or the end of November, we had 63 Army contractors in Iraq. By the end of December, we had added another 100 and there will be another 100 on top of that by April.

So we will have gone from 63 to over 300 contract specialists in Iraq.

Ms. SHEA-PORTER. I am happy to hear that. And sorry to interrupt, but I could see I had a yellow light turning red, so ran out of time. Thank you.

The CHAIRMAN. Ms. Gillibrand.

Mrs. GILLIBRAND. Thank you, Mr. Chairman. Thank you both for your testimony today and thank you for staying so late hour for we freshmen. I appreciate it.

I would like to address Pakistan and Afghanistan first. There was an article today in the *New York Times* that said there is growing al Qaeda presence and power in ability to recruit, and I know that there are significant concerns about Pakistan, because of the 3 million Afghanistan refugees on the border and in the Federally Administered Tribal Area (FATA).

The article today said that they are beginning to have more success in recruiting in America, and that, obviously, caused grave concern to me.

I would like to know your thoughts on what your plans are for Pakistan, if we do continue investments in things like health care, education, economic development, to try to stave off the next generation of terrorists.

And, second, the article mentions that we have been requesting to have a greater presence or commitment in the FATA area to do antiterrorism work.

I would like your thoughts on that.

Secretary GATES. I will go ahead, I will start, and then the admiral can chime in.

First of all, I think the Pakistani government, just in recent months, has begun to realize that it had a major threat to its own existence on the northwest frontier and the assassination of Benazir Bhutto sort of underscored that for them, that all of a sudden, what had been a nuisance was becoming a threat to the existence of the government.

Al Qaeda has threatened to kill Musharraf, the senior military leaders. They have threatened to overthrow the government and, in fact, we are wondering right now if the reduction in the number of people crossing the border into Regional Command East (RC-East), al Qaeda, Taliban and others, is because they are now facing the other direction and sending some resources to try and attack the Pakistani, to try and undermine Pakistani stability.

The Pakistani army is an army that essentially has been trained and equipped to potentially fight India. They are now going to have to reorient themselves and figure out how to do counterinsurgency.

We have been very clear that we are ready, willing and able to help them do that, to help them in this training and to partner with them.

They are very nervous about a significant American presence and visible, a lot of American visibility. I understand that. But I think General Kiyani, the new chief of staff, is getting his arms around the new kind of problem facing Pakistan and when he has had an opportunity to look at what he needs in order to do that, as I say, we are prepared to be helpful.

I am not aware that there has been a significant increase in al Qaeda's ability to recruit Americans. There are always reports of a handful of Europeans and possibly Americans being trained in the FATA, but they are pretty scattered and sound like pretty small numbers.

Most of the people seem to be from the Middle East and from Europe.

Admiral MULLEN. I would only add that in addition to the al Qaeda threat up there that I think General Kiyani and others are now focused on, it is also the Taliban who are there and Baitullah Mehsud is sort of the leader, at least the signature individual in that right now.

So we are willing to assist, but it really is—and they have made it very clear they are a sovereign country and where we can, we will. Our contacts, our relationships with them are very good. They are a very proud military, they are a very capable military.

They have a rich history and we need to be mindful of that and respect it as we work with them to get at this challenge.

Mrs. GILLIBRAND. Have either of you recommended or considered a special envoy from the United States to address Pakistan and Afghanistan together?

It was certainly one of the recommendations that we have had in the last two hearings before this committee on Afghanistan and Pakistan, as a way to begin to improve our relationship.

Secretary GATES. I began recommending a special envoy representing NATO, the EU, and the U.N. to try and coordinate Western government and—well, not just Western, but the international assistance programs, particularly on the nonsecurity side, the civil side and economic development and reconstruction side.

I began proposing that almost a year ago. It led ultimately to approval in NATO. We made a big effort to do it. Unfortunately, the collapse of the effort to get Lord Ashdown to do the job has been a setback. But I will tell you I leave in three minutes for Vilnius, where we will have a NATO defense ministers meeting and moving forward with trying to identify a new person to do this coordinating role in Kabul I think is one of our highest priority tasks.

Mrs. GILLIBRAND. Thank you. May I ask a follow-up question? Thank you, Mr. Chairman.

Because this is a budget hearing, particularly, I want you to just address, briefly, your budget for the transition between active duty and veteran status.

We had a report in Fort Drum, which is a base right near my district, that the Veterans' Administration was told by the DOD that they could no longer assist our men and women filling out their disability paperwork because the rate of disability was so high coming from the Fort Drum area because of this assistance.

Now, whether that report is true or not, I don't know. It just was a report that "NPR" made, but that is highly concerning to me. And looking at your budget, you have requested $41.6 billion for health care, a decrease from 2008 from $42.2 billion.

The number of reports I have from my returning men and women, particularly National Guard and Reserve, of post-traumatic stress disorder (PTSD) is so high and that they are having to wait seven weeks to see a therapist for the first instance, when these

men and women are having difficulty in their jobs, because they are having anxiety attacks, anger problems, and real inability to do what they are hoping to do.

Can you just address that briefly? We really need a better transition system. We need to have the mental health services available.

And, finally, I think the DOD should produce, every year, a manual for our veterans, at the minute they come out, that these are the services that are available to them. Right now, the Wounded Warriors, not-for-profit organization, did it for free and they had a New York City law firm spend about $2 million of free pro bono legal time to do this.

I think it should be under the DOD's auspices to produce this manual for our men and women for that transition every year.

The CHAIRMAN. Thank the gentlelady.

Any comments?

Secretary GATES. I would just very quickly say dealing with PTSD is very important to us. We have hired about 800 additional mental health professionals for the Department of Defense. We have assured—we have a goal, we have set a goal that any person who wants to see a mental health professional, that an appointment is guaranteed within, I think, seven days.

I will tell you that one of the concerns that we have had is that—not a concern—well, it is a concern, but it is a problem, is hiring enough mental health professionals, and we are trying to hire civilians, but it has been a real challenge. And it has been a very high priority for us and I have told people to pay local fees—local salaries and so on to be competitive.

But it is hugely important. We just trained—something really important we did—we trained 800,000 soldiers in how to recognize PTSD and our plan is that—and what we are trying to achieve is that every returning soldier will be evaluated within 30 days of their return. They will be evaluated again in another 90 to 120 days, since some of the symptoms don't show up for a while.

And then if they redeploy, they will be evaluated again before they deploy.

Mrs. GILLIBRAND. All mandatory for each service member.

Secretary GATES. Yes, ma'am.

The CHAIRMAN. Thank the gentlelady.

Mr. Hunter has a comment.

Mr. HUNTER. Thank you, Mr. Chairman. Excellent hearing, Mr. Chairman, and I think it was a very full hearing and covered a lot of subjects.

I just wanted to add one parting note here as we close down, and that is that I think the secretary has got a fulsome obligation here, extraordinary broad and he has undertaken it very effectively.

During this hearing, another secretary's name was brought up, Secretary Rumsfeld, in less than complimentary fashion, and I just thought that, Mr. Chairman, it is our—we are kind of the corporate body here in terms of corporate history and I can recall that Secretary Rumsfeld's forces, when we took Iraq and drove that iron spear all the way to Baghdad, we did it destroying a large number of Iraqi divisions, with, as I recall, a killed in action (KIA) level of less than 150 Americans killed in action on that particular drive, and that there were many operations that led to the present state,

the present situation in Iraq that were carried out extremely well under the leadership of Secretary Rumsfeld.

So at some point, Secretary Gates will be a former secretary and we will have another one sitting here, and I just want to make sure that we remember the successes of the gentlemen who occupy this very difficult position.

Thank you, and great hearing, Mr. Chairman.

The CHAIRMAN. Thank you.

Gentlemen, we appreciate your testimony and we appreciate your candor. We appreciate your advice today.

From time to time, we will be discussing the challenges as we work on the new defense authorization bill.

You go with our thanks and with our admiration and have a safe voyage, and we look forward to seeing you when you get back.

Thank you both.

[Whereupon, at 5:03 p.m., the committee was adjourned.]

A P P E N D I X

FEBRUARY 6, 2008

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

FEBRUARY 6, 2008

STATEMENT OF SECRETARY OF DEFENSE ROBERT M. GATES
HOUSE ARMED SERVICES COMMITTEE
WEDNESDAY, FEBRUARY 6, 2008

Mr. Chairman, members of the Committee:

Thank you for your continued support of our military these many years. I appreciate the opportunity to discuss the President's Fiscal Year 2009 Defense Budget request.

Before getting into the components of this request, I thought it useful to consider it in light of the current strategic landscape – a landscape still being shaped by forces unleashed by the end of the Cold War nearly two decades ago. In recent years old hatreds and conflicts have combined with new threats and forces of instability – challenges made more dangerous and prolific by modern technology. Among them:

- Terrorism, extremism, and violent jihadism;
- Ethnic, tribal, and sectarian conflict;
- Proliferation of dangerous weapons and materials;
- Failed and failing states;
- Nations discontented with their role in the international order; and
- Rising and resurgent powers whose future paths are uncertain.

In light of this strategic environment, we must make the choices and investments necessary to protect the security, prosperity, and freedom of Americans for the next generation.

The investment in defense spending being presented today is $515.4 billion, or about 3.4 percent of our Gross Domestic Product. This request is a 7.5 percent increase – or $35.9 billion – over last year's enacted level. When accounting for inflation, this translates into a real increase of about five and a half percent.

I also strongly support Secretary Rice's request for the international affairs funding. This request is vital to the Department of Defense; in the current strategic landscape, we need civilian expertise and robust engagement around the world to build goodwill, represent United States values and commitment to our partners, complement the contributions of our military, and set the long-term conditions for peace, prosperity, and an environment inhospitable to extremism.

Strategic Modernization – Future Combat Capabilities

The FY 2009 budget request provides $183.8 billion in strategic modernization to meet future threats, a 4.7 percent increase over the previously enacted level. This category includes more than $104 billon for procurement.

Joint Combat Capabilities

The base budget provides $9.2 billion for ground capabilities, including more than 5,000 Humvees and 4,000 tactical vehicles. This request provides $3.6 billion to continue development of the Future Combat System, the Army's major modernization program.

A total of $16.9 billion is allotted for maritime capabilities, with $14.2 billion for ship-building, including:

- The DDG-1000, the next generation surface combatant;
- Two littoral combat ships;
- Two joint high speed vessels;
- Two logistics ships; and

- One Virginia-class submarine.

The ships being built today must provide the capability and capacity to maintain the Navy's global presence and influence in the future. A fleet sized at 313 ships offers the agility required to meet a broadening array of operations and requirements with allies around the globe.

To improve air capabilities, the budget includes $45.6 billion, a $4.9 billion increase over last year's enacted levels.

This includes:

- F/A 18 Hornet and E/A-18G Growler fighters;
- F-35 Joint Strike Fighters;
- F-22 Raptors
- V-22 Ospreys;
- Unmanned Aerial Vehicles; and
- Recapitalization of various missiles and other weapons.

The Air Force's number one acquisition and recapitalization priority is the tanker fleet, specifically the KC-135, which is an average of 48.5 years old. This aircraft is increasingly expensive to maintain and less reliable to fly every day. The Air Force is proceeding with a traditional acquisition program for the KC-X, which will be able to refuel Air Force, Navy, and allied aircraft.

Retirement of aging aircraft is a vital component of recapitalizing our air assets. I urge Congress to continue to authorize aircraft retirements, lifting restrictions from previous years to help the Air Force maintain readiness and perform missions more safely.

Space

This request provides $10.7 billion to strengthen joint space-based capabilities in several categories, including:

- Space-based infrared systems; and
- Communications, environmental, Global Positioning System, and Advanced Extremely High Frequency satellites.

The Department's heavy reliance on space capabilities is clear to potential adversaries, some of whom are developing anti-satellite weapons. Protecting our assets in space is, therefore, a high priority. In the past, the Department has been slow to address this vulnerability, but we are ramping up to properly address this problem.

Research and Development

As changes in this century's threat environment create strategic challenges – irregular warfare, weapons of mass destruction, disruptive technologies – this request places greater emphasis on basic research, which in recent years has not kept pace with other parts of the budget.

This request for $11.5 billion will sustain ongoing science and technology research. Within this category, the FY 2009 budget includes $1.7 billion for basic research initiatives. In total, I have directed an increase of about $1 billion over the next five years for fundamental, peer-reviewed basic research – a two percent increase in real annual growth.

Missile Defense

The 2009 base budget provides $10.4 billion to continue developing, testing, and fielding a multi-layered system to protect the U.S. and its allies from tactical and strategic ballistic missile attack.

The Missile Defense Agency has successfully fielded elements of the ballistic missile defense system since 2004. Today, for the first time in history, our nation has an initial missile defense capability. In coming years, the Department seeks to grow this capability by testing against more complex and realistic scenarios, and by negotiating with like-minded nations. Since becoming the Secretary of Defense, I have been personally involved in on-going discussions with Poland and the Czech Republic on hosting U.S. missile defense assets. I will continue to press for increased cooperation with our partners.

Readiness, Operations and Support

The FY 2009 request provides $158.3 billion, a 10.4 percent increase over last year's enacted level, for operations and training, as well as facilities and base support. $68 billion of the request will maintain combat readiness, focused on next-to-deploy units. The budget invests in readiness measured in terms of tank miles driven per month, ship steaming days underway per quarter, and flying hours per month. Additionally, this request includes:

- $33.1 billion for logistical, intelligence, and service-wide support;
- $32.6 billion for facility and base support;
- $11.8 billion for equipment maintenance to accommodate increased requirements, expanded scopes of work for repair and refurbishment of equipment, and the transition of systems from development to sustainment in the field;
- $10.7 billion for training, recruiting, and retention to ensure that the all-volunteer force has the right people with the right skills; and
- $2.2 billion for sealift efforts and commissary support.

The Department will continue investing in a number of critical initiatives that will have long-term implications for the readiness of our forces and the nation's ability to meet future threats.

Global Train and Equip

The global train and equip authority provides commanders a means to fill longstanding gaps in our ability to build the capacity and capabilities of partner nations. It allows the State and Defense Departments to act in months, rather than years, to help other countries build and sustain capable security forces. The program focuses on places where we are not at war, but where there are emerging threats and opportunities. It creates the opportunity to reduce stress on U.S. forces by decreasing the likelihood that troops will be used in the future. Combatant Commanders consider this a vital tool in the war on terror beyond Afghanistan and Iraq. It has become a model of interagency cooperation between State and Defense – both in the field and in Washington, D.C. Secretary Rice and I both fully support this authority. Its benefits will accrue to our successors in future administrations. The FY 2009 base budget requests $500 million, along with a request for $750 million in authority. I urge Congress to provide funding and permanent authority to meet enduring requirements.

Security and Stabilization Assistance

The FY 2009 budget invests $200 million in security and stabilization assistance along with a corresponding request to increase the authority. This authority will allow the Department to transfer up to $200 million to the State Department to facilitate whole-of-government responses to stability and security missions – bringing civilian expertise to bear alongside our military. This would give Secretary Rice additional resources to address security challenges and defuse potential crises that might otherwise require the U.S. military to intervene.

Africa Command

This request includes $389 million, or $246 million above previously enacted funds, to launch the new Africa Command, allowing the Department to have a more integrated approach than the existing arrangement dividing the continent up among three different regional commands. This new command will help:

- Strengthen U.S. security cooperation with African countries;
- Train and equip our partners;
- Improve health, education, and economic development; and
- Promote peace and stability.

Foreign Languages

The FY 2009 budget includes $586 million for the Defense Language Program, a $52.3 million increase from last year. Thus far, our approach to improving language skills is having an impact. Proficiency in Arabic has increased 82 percent since September 2001. Although the value of foreign languages and cultural proficiency is recognized by our Special Forces, these capabilities are essential for all forces preparing for irregular warfare, training and advising missions, humanitarian efforts, and security and stabilization operations.

Quality of Life

The FY 2009 request includes $149.4 billion in military pay, health care, housing, and quality of life for service personnel and their families.

The request provides for $107.8 billion in pay and benefits an increase of 9.8 percent over the FY 2008 enacted level. This includes a pay raise of 3.4 percent for the military. Since 2001, military pay has increased by an average of 37 percent. For example, in FY 2009, the average enlisted E-6 (Army Staff Sergeant) will see a pay increase of $1,289. The pay of the average O-3 (Army Captain or Navy Lieutenant) increases by $1,943 in FY 2009.

Family Housing

The budget request includes $3.2 billion that will construct new family housing, improve existing housing, eliminate inadequate housing overseas, operate and maintain government-owned housing, and fund the privatization of 12,324 additional homes. The Basic Allowance for Housing increases by 5.0 percent and the Basic Allowance for Subsistence increases by 3.8 percent.

Wounded Warriors

We have a moral obligation to see that the superb life-saving care that the wounded receive initially is matched by quality out-patient treatment. To provide world-class health care to all who are wounded, ill, or injured serving the nation, the Department is taking action on the

recommendations made by the President's Commission on Care for America's Returning Wounded Warriors. To do so, we have formed a senior oversight committee – chaired by the Deputy Secretaries of Defense and Veterans Affairs – to examine several key areas:

- Case Management – integrate care management throughout the life of the wounded, ill, or injured service member to ensure they receive, as the President made clear, the "right care and benefits at the right time in the right place from the right person";
- Disability and Compensation Systems – streamline the disability evaluation system making it a single, supportive, and transparent process;
- DoD and VA Data Sharing – ensure appropriate information is accessible and understandable between departments; and
- Traumatic Brain Injury (TBI)/Psychological Health Issues – improve access and quality of care by reducing the stigma associated with mental health care and establishing new programs, such as a TBI registry.

The Department has already approved new standards for all facilities housing the wounded and we have placed pay management teams at numerous sites to better educate troops and their families about pay, entitlements, and benefits.

The budget requests $466 million to support construction of health care facilities at Bethesda and Fort Belvoir, as well as establish a Warrior Transition Unit at Bethesda. The transition unit will ensure the wounded receive optimum care, especially during the outpatient convalescent phase of recovery.

Future Health Care Issues

In FY 2009, DoD military healthcare costs are projected to be $42.8 billion in order to maintain benefits for 9.2 million eligible military members and their families, as well as retirees – more than double the level in 2001. By 2015, the Department's health care costs are projected to reach $64 billion, or 11.3 percent of the budget.

Because of these concerns, the Department must also seek legislation to increase out-of-pocket health care expenses for retirees under age 65. The Department continues to believe that modest increases to TRICARE out-of-pocket costs for working-age military retirees are essential to make military health benefits affordable and sustainable for current and future retired service members.

Global Posture

The base budget requests $9.5 billion to continue U.S. Base Realignment and Closure (BRAC) efforts. For the approved FY 2005 BRAC recommendations, the budget fully funds 24 major realignments, 25 base closures, and 765 lesser actions. The Department is continuing to reposition U.S. forces at home and abroad in keeping with post-Cold War realities. Consequently, several units stationed overseas will be brought home. The commander of European Command has requested that the Army activate two heavy brigade combat teams in Germany in 2008 and 2010 to support near-term security needs and allow time for construction in the United States.

Increase Ground Forces

Increasing the size of the Army and Marine Corps will relieve stress on the force and enable the nation to meet its commitments at home and abroad. This growth in end strength is a continuation of growth that began last year and is expected to continue through FY 2013.

U.S. Army

The FY 2009 base budget provides $15.5 billion to increase Army active end strength to 532,400, which includes an increase of 7,000 over the FY 2008 request. The Army request includes the cumulative cost of personnel added as part of a temporary increase in end strength after September 11, 2001 – an increase which had previously been paid for in supplemental appropriations.

The Army plans to grow its active ranks to 547,400 by FY 2012. In FY 2009, the number of active Army Brigade Combat Teams (BCT) will increase by two BCTs, from 40 to 42, with a goal of 48 BCTs by 2012.

I am concerned that the percentage of new Army recruits with high school diplomas has declined in recent years. While still above the minimum standard established by Congress, we are watching these numbers closely, and are determined to grow the Army in a way that does not sacrifice the quality we have come to expect in the all-volunteer force.

U.S. Marine Corps

The base budget seeks $5 billion to grow the Marine Corps' end strength to 194,000, an increase of 5,000 over the FY 2008 request. As with the Army, the Marine Corps' request includes the cumulative cost of personnel added after September 11, 2001. The Marine Corps' plans to increase end strength to 202,000 by FY 2011, in order to achieve three balanced Marine Expeditionary Force units and to increase time at home station between deployments. This will enable the Corps to continue to be, as it has historically been a "two-fisted" expeditionary force excelling at conventional warfare and counter-insurgency.

War Funding

In addition to the $515.4 billion base budget, our request includes $70 billion in emergency bridge funding that would cover war costs into the next calendar year. A more detailed request will be submitted later this year when the Department has a better picture of what level of funding will be needed.

The 2007 NDAA requires the Department of Defense to provide an estimate of costs for the Global War on Terror. We would like to be responsive to this request. The challenge facing us is that a realistic estimate requires answers the Department does not currently have to several key questions, such as:

- When and if the Department will receive the balance of the FY 2008 supplemental war request, and for how much; and
- What, if any, adjustments to troop levels in Iraq will result from the upcoming recommendations of General Petraeus.

We should also keep in mind that nearly three quarters of the FY 2009 supplemental request will likely be spent in the next administration, thus making it even more difficult to make an accurate projection.

In short, while I would like to be in a position to give you a realistic estimate of what the Department will need for FY 2009 supplemental funds, I simply cannot at this point. There are too many significant variables in play.

As I mentioned earlier, Congress has yet to appropriate the remaining balance of the FY 2008 war funding request, $102.5 billion. Delay is degrading our ability to operate and sustain the force at home and in theater, and is making it difficult to manage this Department in a way that is

fiscally sound. The Department of Defense is like the world's biggest supertanker. It cannot turn on a dime and cannot be steered like a skiff. The consequences of not receiving the balance of this request may include:

- Retarding daily efforts in support of Iraqi and Afghan national security forces, to include training and equipping efforts;
- Halting our ability to pay military personnel and continue operations; and
- Limiting reset of equipment lost and damaged by ongoing operations.

I urge approval of the FY 2008 GWOT request as quickly as possible.

Conclusion

At this, my second and also last opportunity to present a budget before this committee, I thank the members of this Committee for all you have done to support our troops as well as their families. In visits to the combat theaters, in military hospitals, and in bases and posts at home and around the world, I continue to be amazed by their decency, resiliency, and courage. Through the support of the Congress and our nation, these young men and women will prevail in the current conflicts and be prepared to confront the threats that they, their children, and our nation may face in the future.

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Posture Statement of
Admiral Michael G. Mullen, USN
Chairman of the Joint Chiefs of Staff
Before the 110th Congress
House Armed Services Committee

Chairman Skelton, Representative Hunter, distinguished members of the committee, I am privileged to appear before you and report to you on the posture of the U.S. Armed Forces.

Let me begin by recognizing and thanking our Service members and their families. The brave men and women who answer the noble call to defend our Nation and the spouses, children and parents who support them are our most valuable national asset.

Your Armed Forces, and their families, have faced the challenges of continuous combat for more than six years. Our men and women in uniform serve our Nation, accepting unwelcome separation from their loved ones, long hard work under difficult circumstances, and in some cases making the ultimate sacrifice.

Military families are equally deserving of our gratitude. They bear the brunt of the loneliness, the uncertainty, and the grief that too often comes home when our Armed Forces are at war. Acknowledging the importance of their support, we must consider new initiatives such as transferring GI bill benefits to military spouses and children, military spouse employment support, expanded childcare and youth programs, and long-term comprehensive support of Wounded Warrior families.

We must provide our Service members and their families with the leadership, the resources and the support required to defend the homeland, win the Long War, promote security, deter conflict, and win our Nation's wars.

Introduction

Over the past year your Armed Forces have done much to improve the security environment. Operating globally alongside allies and partners, often in concert with the interagency and non-governmental organizations, they have successfully protected our Nation's vital interests: a homeland secure from catastrophic attack, assured access to strategic resources, a strong national and global economy, sustained military superiority and strategic endurance, and sustained global influence, leadership, and freedom of action.

A diverse set of perils threaten those interests and demand sustained action. Those threats include the proliferation of nuclear weapons and technology, transnational terrorism and rising regional instability. Today, these challenges manifest themselves most clearly in the Middle East.

We face additional challenges in other areas: a number of state actors who appear intent on undermining U.S. interests and regional stability, a growing global competition for scarce natural resources, the constant threat of natural disasters and pandemics, as well as increasing cyber and Space threats. Our military is capable of responding to all threats to our vital national interests, but is significantly stressed while conducting combat operations in Iraq and Afghanistan and other operations worldwide as part of this multigenerational conflict against violent extremism. A decline in our strength or a gap in readiness will undermine the U.S. Armed Forces capability to complete its range of missions from combat overseas to providing civil support at home. That is why I believe we must reset, reconstitute, and revitalize our Armed Forces while balancing global risk.

We do not—and should not—face these challenges alone. Today, more nations are free, peaceful, and prosperous than at almost any point

in history. While each has its own heritage and interests, most share our desire for security and stability. Increasing free trade, regional security partnerships, treaties, international institutions, and military-to-military engagements and capacity building strengthen the bonds between us and other nations. Our engagement with allies and friends demonstrates our leadership and resolve to fulfill security commitments, and works toward the common good. Most often, it is by taking collective action—and not going it alone—that we increase our ability to protect our vital interests.

With this context in mind, and in consultation with the Secretary of Defense, I have set three strategic priorities for our military. First, we need to increase stability and defend our vital national interests in the broader Middle East. Second, we must reset, reconstitute, and revitalize our Armed Forces. Third, we need to deter conflict and be prepared to defeat foes globally by rebalancing our strategic risk. Finally, to achieve our objectives in each of these areas we need to place increased emphasis not only on development of our own capabilities and the capacity of other agencies (State, USAID, Agriculture, Treasury, and Commerce and so forth), but also on building the capacity of our foreign partners to counter threats including terrorism and to promote regional stability.

Defend Our Vital National Interests in the broader Middle East

Although our vital national interests are clearly global in nature, the broader Middle East is the epicenter of violent extremism. Too many countries suffer from burgeoning populations and stagnant economies, which have increased radicalization. State and non-state actors alike foment instability. Terrorists and insurgents are at war with

governments in the region. The confrontational posture of Iranian leaders with respect to nuclear proliferation, the Israeli-Palestinian conflict, Sunni-Shia rivalries, the threat of terrorism, tensions in Pakistan, Hezbollah in Lebanon, political instability in the Maghreb, and the existence of Al-Qaeda and like-minded groups, all threaten regional stability and, ultimately, our vital national interests.

My near-term focus remains combat operations in Iraq and Afghanistan. The surge of U.S. forces to Iraq, a well executed counter-insurgency strategy and an Iraqi population increasingly weary of violence, and willing to do something about it, have all combined to improve security conditions throughout much of the country. Violent activities against our forces and against the Iraqi people have substantially decreased. These reductions have come about because of the hard work of Coalition and Iraqi Security Forces and the decisions of the Iraqi people and their leaders. Insurgent activity is down and Al Qaeda in Iraq is on the run—although both remain dangerous. Much hard fighting remains for Iraqi and Coalition forces before the job is done. Increased security has promoted reconciliation in some key provinces and the beginnings of national level reconciliation. We are working to secure a long-term security relationship with Iraq that will serve the mutual interests of both countries. As we continue to progress forward, Congressional support of future war funding will remain critical to success. An important component of that funding will go to building the capacity of increasingly capable Iraqi security forces.

Security is a necessary condition but is not sufficient for achieving our strategic end-state in Iraq. Political, diplomatic and economic development together with expanded governance and the rule of law form the foundations that will underpin long term stability and security in Iraq. We are making solid progress, but we still have a long way to go. I ask that Congress continue its support for increased interagency

participation in Provincial Reconstruction Teams, stability and reconstruction initiatives, U.S. business investment, DoD business transformation efforts, and good governance initiatives. I encourage your continued emphasis on the importance of achieving political and economic goals. Your visits with the Iraqi government and other Iraqi political leaders support the efforts of American, Coalition, and Iraqi forces.

In Afghanistan we are seeing a growing insurgency, increasing violence, and a burgeoning drug trade fueled by widespread poppy cultivation. In response, more U.S. forces will deploy to Afghanistan. At the same time, the Afghan National Army and Police have increased in numbers and capability. The Afghan Provincial Reconstruction Teams continue to aid the local populations, and President Hamid Karzai is reaching out to support the provinces. In the U.S. section of RC East, access to basic health care has more than doubled and provincial councils have become functioning entities active in development. NATO forces provide a credible fighting force, but the alliance still faces difficulty meeting its force level commitments and some nations' forces in theater must be more operationally flexible. These challenges emphasize the importance of retaining U.S. freedom of action on a global scale. Just as in Iraq, your continued support for funding U.S. operations and efforts there, including PRTs, Afghanistan National Security Force development, and infrastructure development, is needed.

In short, a stable Iraq and Afghanistan that are long-term partners and share our commitment to peace will be critical to achieving regional stability and security. This will require years, not months, and will require the support of the American people, our regional allies, and concerted action by the Iraqi and Afghan people and their leaders.

I see daily reminders of other challenges in this part of the world. Recent irresponsible actions by Iran's Islamic Revolutionary Guard Corps

in the Strait of Hormuz could have led to a crisis between our nations. Restraint in our response does not signal lack of resolve or capability to defend ourselves against threats. Much more worrisome in the long term, however, is Iran's hegemonic intent, their continued refusal to verifiably suspend uranium enrichment, their continued support of terrorism and the resultant instability these actions foster throughout the region.

Al Qaeda safe havens in the under-governed regions of Pakistan, combined with the recent assassination of Benazir Bhutto, also contribute to regional instability. In my judgment, the most likely near term attack on the United States will come from Al Qaeda via these safe havens. Continued Congressional support for the legitimate government of Pakistan braces this bulwark in the long war against violent extremism.

Despite—or maybe because of—these diverse challenges, we are fortunate to enjoy the cooperation of many courageous partner nations in the region. A recent regional commitment to work toward an Israeli-Palestinian peace accord is one example. We should not inadvertently signal ingratitude toward any of these nations. Foreign Military Financing (FMF) and International Military Education and Training (IMET) are programs that have the potential to have significant strategic repercussions. I therefore seek Congressional support to ensure the Department of State's FMF and IMET programs remains fully funded.

After three visits to the Middle East since becoming Chairman, I am more convinced than ever that we will not achieve regional security and stability unless we strengthen all instruments of international cooperation, regional partnerships, and national power. We need to ensure our plans sustain current gains and chart a course that both capitalize on lessons learned while focusing on future demands and dynamic conditions on the ground. Our forces must remain in theater as

long as necessary to secure our vital interests and those of our partner nations, and they must operate with the full confidence and support of the American people and the Congress.

Reset, Reconstitute, and Revitalize our Forces

To be successful in defeating our enemies and deterring potential foes, U.S. Armed Forces require talented people who are fully trained in their specialties and well equipped with warfighting systems. The pace of ongoing operations has prevented our forces from fully training for the full-spectrum of operations and impacts our ability to be ready to counter future threats. This lack of balance is unsustainable in the long-term. We must restore the balance and strategic depth required for national security. Continued operations without the requisite increase in national resources will further degrade our equipment, platforms and people.

Our Nation's servicemen and women—and their families—are the primary focus of my efforts to reset, reconstitute, and revitalize our forces. Caring for them is a critical consideration in every decision I make. Our All-Volunteer Force continues to meet the requirements and demands of national security, but with great sacrifice. This is the longest time that our All-Volunteer Force has been at war. Our Service members, in particular our ground forces and their families, are under significant strain. However, they remain dedicated, they are resilient and combat hardened, and they are taking the fight to our enemies. I do not take their service for granted and recognize that their resilience has limits. I am extremely concerned about the toll the current pace of operations is taking on them and on their families, on our equipment,

and on our ability to respond to crises and contingencies beyond ongoing operations in Iraq and Afghanistan.

The Secretary of Defense fixed and limited deployment cycles at fifteen months deployed/twelve months home for the Army, seven months deployed/seven months home for the Marines, and one year mobilization with five years back for the National Guard and Reserves. I strongly support his decision as it stabilized rotations and provided predictability. However, at our current force levels, we cannot sustain these cycles. Fifteen month deployments are too long. To preserve personal, operational, and family readiness, we must shift the Army's deployment cycle to twelve months deployed followed by twelve months at home and then as quickly as possible to twelve months deployed followed by twenty-four months at home. We must do the same for the Marine Corps by moving to fourteen months at home for each seven month deployment. Therefore, the most important investment in the President's fiscal year 2009 budget is the commitment to expand our Army, Marine Corps, and Special Operations Forces. This continuation of the "Grow the Force" initiative is a long-term plan to restore the broad range of capabilities necessary to meet future challenges and restore a capacity for sustained action. This commitment encompasses nearly 33 percent of the total real growth of the DoD budget from fiscal year 2008 to 2009.

Recruiters have a tough job during peacetime and it is made even more difficult now given the expansion of both the Army and the Marine Corps and the decrease in the propensity of key influencers to encourage potential recruits to enlist during this period of war. In spite of these challenges, our recruiters are doing exceptional work. The military departments met their recruiting goals for fiscal year 2007 and remain on track for fiscal year 2008. We are also making sure we retain the people and the skills we need. The Services are using the full range of

authorities given to them by Congress in the form of retention incentives, and I ask your continued support for these programs to sustain our combat-experienced force. Last year, the Army and Navy employed the Critical Skills Retention Bonus to retain mid-career active duty officers who fill key positions. Likewise, the Services have offered bonuses to senior enlisted members of our Special Operations Forces. Investment in our people as our most important resource is vital. The cost of people continues to grow and we need to recognize this as we debate the right level of investment in defense.

Retention challenges impact more than just our active duty forces. Though they met their recruiting and retention goals this last year, the Army Reserve and National Guard have experienced some shortages in company grade officers and mid-grade non-commissioned officers who lead our troops. We are overcoming these personnel shortfalls through enhanced incentives for Reserve and National Guard service, flexibility in terms of service requirements, competitive pay, and enhanced retirement benefits. These initiatives are important steps towards transitioning the Reserve Components from a "strategic reserve" role to part of the "operational reserve," creating the depth and staying power to respond to multiple global requirements, and maintaining our professional Guard and Reserve force.

Maintaining our professional Armed Forces, however, takes more than talented recruiters, attractive incentives, and competitive pay. We must understand our next generation of Soldiers, Sailors, Marines, and Airmen. Their affinity for technology and collaboration may revolutionize the way we fight. The willingness of future generations of Americans to serve is directly related to how they, and their role models, perceive the veterans of today are treated and appreciated. The All-Volunteer Force depends upon the trust and confidence of the American people in our institution; it depends on trust and confidence in our leaders; and, it

depends upon trust and confidence that America's sons and daughters will be well-trained, well-equipped, and well-cared for in peace and in war.

While all our service members and their families have done their duty with great discipline and honor, one group in particular stands out: our returning Wounded Warriors and the parents, spouses and family members who care for them when they come home. As a Nation, we have an obligation to care for those who have borne the battle and who bear both the seen and unseen scars of war. Their sacrifices will not end following completion of their initial treatment. We should strive to provide only the finest medical and rehabilitative care for them and their families for the remainder of their lives.

As leaders, we must ensure all our Wounded Warriors and their families receive the appropriate level of care, training, and financial support they need to become as self-sufficient and lead as normal a life as possible. Our support can mean the difference not just between life and death, but between a life of severe disability and one of manageable limitations. To the degree that we fail to care for them and their families, and enable their return to as normal a life as possible, we undermine the trust and confidence of the American people and ultimately put at risk the preservation of our professional All-Volunteer Force.

It is also imperative that we retain the experience of our combat hardened leaders. We live in a dangerous and unpredictable world and in a time of incredible change. I believe this change will accelerate, not slow down. Today's combat veterans are the ones that will take our military into the future. Their experience in fighting terrorists and insurgents as well as caring for those wounded on the fields of battle will enable us to better prepare for the challenges of tomorrow, but we cannot afford to lose their hard earned experience today.

In addition to taking care of our people, we must repair, rebuild, and replace the equipment that has been destroyed, damaged, stressed, and worn out beyond economic repair after years of combat operations. As you are well aware, Service equipment has been used at higher rates and in harsher conditions than anticipated. In addition to the wear and tear experienced by our ground vehicles in Iraq and Afghanistan, our airframes and ships are aging beyond their intended service lives. Indeed since Desert Storm, seventeen years ago, the U.S. Air Force and U.S. Navy have flown near continuous combat missions over the Middle East and the Balkans. The impact of this usage is illustrated in the recent groundings of the oldest F-15 Eagle fighters, our repeated request to retire some of our C-130 Hercules and KC-135 Stratotankers, and the strains placed on our twenty-nine year old P-3 Orion reconnaissance aircraft.

Despite usage levels sometimes five to six times above peacetime rates, and in the midst of extremely demanding environments, equipment readiness in theater remains high, well above the peacetime goals. Your support has been helpful in accomplishing this mark. However, this high in-theater equipment readiness comes with a price—namely the impact on the remainder of the Service equipment. For example, our ground forces borrow equipment from non-deploying units in order to equip deploying units. While our deploying units are fully resourced to meet the challenges of the fight that they are in, we must get ahead of this challenge.

Our forces are relying upon the balance of funds requested in the fiscal year 2008 Global War on Terror request to accomplish equipment reset and to address readiness shortfalls. I urge the Congress to quickly appropriate the remaining GWOT request for fiscal year 2008, as it is essential to have continued, predictable, and adequate funding for the repair and replacement of both operational and training equipment. I

also ask for your continued support for our upcoming fiscal year 2009 Global War on Terror funding request.

Revitalization includes force recapitalization, modernization, transformation, re-stationing, and repositioning, along with personnel and family support programs. A revitalized force creates a vital deterrent effect. Preventing future wars is as important as winning wars. Such prevention requires global presence and persistent engagement. A revitalized force provides the means to expand cooperative relationships with other nations and contribute to a global capacity to promote security and stability for the benefit of all. A revitalized force will also ensure that we remain prepared to meet our global responsibilities.

Finally, a revitalized force is central to balancing global strategic risk. A revitalized force is a balanced total joint force, capable of operating across the spectrum of conflict. A balanced force possesses the capability and capacity to successfully conduct multiple simultaneous missions, in all domains, and at the required levels of organization, across the full range of military operations. A modernized, balanced total joint force is necessary if we are to successfully answer enduring and emerging challenges, and win our Nation's wars.

Properly Balanced Global Strategic Risk

Beyond the Middle East, and in addition to revitalizing our forces, we must take a worldwide and long term view of our posture and its implications for global strategic risk. We have global security responsibilities across the range of military operations. The challenges in Asia to the vital interests of the U.S. and our allies are an example.

We must be sized, shaped, and postured globally to leverage the opportunities for international cooperation and build the capacity of

partners for stability, while at the same time, deterring, confronting and preparing for profound dangers of the future. I am concerned, as are the Combatant Commanders, that we do not have sufficient resources to meet all the needs. By working with other growing powers, and by helping emerging powers become constructive actors, we can ensure today's dynamic environment does not devolve into a prolonged state of conflict and disorder.

The imbalance between our readiness for future global missions and the wars we are fighting today limits our capacity to respond to future contingencies, and offers potential adversaries, both state and non-state, incentives to act. We must not allow the challenges of today to keep us from being prepared for the realities of tomorrow. There is risk that we will be unable to rapidly respond to future threats to our vital national interests.

Funding by the Congress is critical to restoring balance in the long term. But resources alone are not enough. We must think more creatively, more deeply, and more systematically about how to best use our resources. We have learned a great deal about how to leverage modern technology and interagency participation to counter terrorism—those lessons can be shared with our partner nations, and applied to other security threats such as our Nation's counter narcotics efforts. Similarly, our new maritime strategy emphasizes the importance of leveraging other nation's capabilities. The growing interdependency of the community of nations will continue to offer similar opportunities. I support the United States' accession to the United Nations Law of the Sea Convention, and I believe that joining the Convention will strengthen our military's ability to conduct operations.

Our enduring alliances and partnerships promote stability and security. The twenty-six nation North Atlantic Treaty Organization leads the effort to help extend security and stability inside Afghanistan.

Australia and Japan have also made key contributions to operations in Afghanistan and Iraq. Another key ally, the Republic of Korea, has supported Operation Iraqi Freedom for the past three years—and continues to maintain a robust national commitment to security in Northeast Asia. Singapore and the Philippines work with us to counter international terrorist threats in Southeast Asia. Colombia's highly successful counterinsurgency struggle promotes stability in a critical region of South America. Our military to military relationships with Mexico and Canada are laying the ground work for greater Homeland Security. Enhancing our teamwork with our allies and partners is essential if we are to protect our shared interests.

Persistent engagement and capacity building with allies and international partners is a key means of properly balancing global strategic risk. Persistent engagement consists of those cooperative activities that build partner capacity, provide humanitarian assistance, counter common threats, and safeguard the global commons. As I noted earlier, we need to fully fund our Foreign Military Finance and International Military Education and Training programs and streamline the process for executing these and similar funds. Fostering and sustaining cooperative relationships with friends around the world contributes significantly to our shared security and global prosperity. Relationships take time to grow—and they require investment to stay strong.

In many cases, other countries have significant competencies, relationships, and resources that can promote security and stability. One way to build relationships with other nations is to help them accomplish the goals they cannot achieve alone. Helping other nations overcome security problems within their borders by increasing stability and eliminating terrorist safe havens bolsters our security as it boosts theirs. Our Theater Security Cooperation programs also form a

foundation for shared and interoperable response to contingencies. Regional Combatant Commands—such as U.S. Northern Command, U.S. Southern Command, and U.S. Africa Command—are being structured with interagency and international relationships in mind to boost our security and humanitarian assistance capabilities, and to foster long-term U.S. military relationships with regional nations and security institutions.

Legislation that increases the expeditionary capacity of civilian U.S. government agencies is critical to rebalancing global strategic risk. Increasing the ability of the U.S. government, as a whole, to deal with crises reduces the strain on our military forces. We need to empower the State Department to help other countries prevent and recover from conflict. I also fully endorse increased support for our intelligence agencies' global activities – upon which our Armed Forces depend. We additionally need to look at increasing the capacity of other U.S. government agencies—such as the Justice and Agriculture Departments, which are otherwise oriented on domestic missions—to help contribute civil expertise that the military lacks in stabilization and capacity building missions overseas.

Rebalancing strategic risk also means addressing capability gaps. The technology advantage that we have long enjoyed has eroded, with significant ramifications. Interruption of our access to cyberspace could substantively damage our national defense and civil society. Addressing this threat, the President's budget for fiscal year 2009 includes funds to reduce our cyber vulnerabilities. Likewise, freedom of action in Space is vital to our economic, civil, and military well being. We need to increase our capacity to defend our access to that domain. We must also address shortfalls identified by our Combatant Commanders in our Intelligence Surveillance and Reconnaissance sensors and processing infrastructure.

Fighting and winning wars is the main mission, but deterring them is always preferable. This is even more the case in deterring nuclear threats. We now face the prospect that nuclear weapons will be employed against us and our allies by non-state actors and rogue states. To defend our Nation and assure our allies, we must enhance our capability to rapidly locate and destroy targets globally. We seek to improve conventional prompt global strike capability, further develop global missile defense systems, and modernize our strategic weapons systems and infrastructure, to include developing a Reliable Replacement Warhead and a conventional ballistic missile. These components of our "New Triad," together with improved intelligence and planning systems, will help to ensure credible deterrence across a range of threats in the twenty-first century strategic environment.

Building Partnership Capacity

Building partnership capacity underpins all three of my strategic objectives and is an area that requires additional Congressional support. Unfortunately, there are serious shortfalls in the U.S. Government's ability to build the capacity of foreign partners—both within and outside DoD. The Departments of State and Defense conducted a systematic review of gaps in authority and developed an omnibus bill called the Building Global Partnerships Act which was personally brokered by the Secretaries of State and Defense. I strongly urge Congress to enact all of these authorities.

Foremost, DoD requires extension and expansion of its Global Train and Equip authority. Every single combatant commander cites this as DoD's most important authority to counter terrorism and to promote regional stability by building the capacity of partner military forces. These programs will not get funded or executed properly unless

DoD funds them and collaborates with State on implementation. Over the past three years, all Combatant Commanders, the former Chairman of the Joint Chiefs of Staff, the Commandant of the Coast Guard, the Secretary of Defense, and the Secretary of State have requested extension, expansion, and funding for these programs. Now is the time to make Global Train and Equip authority permanent, to increase the ceiling, and to provide annual baseline funding.

The Commander's Emergency Response Program has been enormously successful in Iraq and Afghanistan, and other Combatant Commanders have requested this same authority to enhance prospects for mission success in other regions of the world. Our commanders in the field view this as a critical force protection tool that allows them to shape the operational environment so force is not required.

Building the security capacity of our partners is important, but partners often need additional assistance to promote stability. Stabilization and reconstruction assistance authority allows DoD to transfer funds to the Department of State to provide assistance to aid foreign police forces, to improve governance, rule of law, economic development or essential services, and for humanitarian assistance. Stabilization and reconstruction assistance authority recently allowed DoD and State to enhance stability in Haiti, Somalia, Nepal, Trans-Saharan Africa, Yemen, and Southeast Asia.

We are in a new national security era that requires building new institutional capacity that does not currently exist. Most authorities to provide other broader forms of assistance reside at the Department of State, where patriotic foreign service officers and development professionals are doing everything they can with the force they have. But that force is woefully small relative to need. I support Secretary Rice's request for the Civilian Response Corps and ask Congress to enact quickly legislation authorizing its creation. I also strongly support the significant plus-up in people that the State Department and U.S. Agency

for International Development are seeking in the President's 2009 budget as well as its request for increased foreign assistance funding. The increases that Secretary Rice is seeking in 2009 are crucial to supporting our foreign policy goals; under-funding these activities undermine our national security. I would also support the reconstitution of the U.S. Information Agency or an equivalent functional entity to more effectively counter extremist ideology. Finally, I appreciate the Congress' direction to study the national security interagency system, and will strongly support that effort.

Conclusion

The past year saw America's men and women in uniform continue to engage in combat in Iraq and Afghanistan, while they also provided humanitarian assistance, worked with partner nations, and stood guard around the globe. Our Soldiers, Sailors, Airmen, Marines, and our Nation's Coast Guardsmen are making a positive difference. They do so willingly and unflinchingly. Their valor and dedication are inspiring and they serve this nation superbly. It is an honor to serve alongside them and my most solemn responsibility to represent them.

The American Armed Forces have evolved throughout our Nation's history. During the nineteenth century, while our country was an emerging power, the norm for our military included service at either small army posts on the Nation's Western frontier or single ship patrols off whaling stations in the Pacific. Throughout the twentieth century, our military fought—and deterred—large scale conflicts against powerful competitor nation-states, or their proxies, around the world. Today and for the foreseeable future, we are embarked on something new.

Our military challenge is to protect and preserve the American way of life by promoting greater global security, stability, and trust—building up the strength of our friends, defeating violent extremists, and deterring regional conflicts. Our strategic environment requires that we have a force that is ready for operations across the range of military missions.

We have yet to fully institutionalize the lessons learned particularly as it applies to building the capacity of partners and reforming the interagency. America has undertaken a staggering array of tasks in the past six years: securing the homeland, fighting global terrorism, applying a new counterinsurgency doctrine, expanding governance and rebuilding armed forces in shattered countries, and increasing our capability and capacity to assist other nations through a variety of material aid programs and expeditionary teams. All of these efforts have seen successes and setbacks. They have come at considerable cost to our Nation's sons and daughters, and to the treasure of the American people. We must do more than just document our lessons learned. We must accept that the future will likely require sustained engagement and continued operations that will focus on interagency and international participation. We must go beyond pondering and push to embed these lessons into a truly reformed interagency. We need continued Congressional support to make this imperative a reality.

As for your Armed Forces, we need a total, joint, expeditionary force that is suited to irregular warfare against asymmetric threats as well as supporting civil authorities at home and abroad. We also need a large-scale total force capable of major combat operations against traditional nation-state foes. We cannot do it alone; our forces must be part of a more encompassing team that includes other federal departments and partner nations. We must also recognize building international and interagency capability will take time. In the interim,

our superb military men and women, and their families, will fill the leadership role demanded of them.

All this takes sustained, robust investment and partnership. With your continuing help, our military will be ready for the challenges and opportunities ahead. Thank you for your unwavering support in time of war.

QUESTIONS SUBMITTED BY MEMBERS POST HEARING

FEBRUARY 6, 2008

QUESTIONS SUBMITTED BY MR. ABERCROMBIE

Mr. ABERCROMBIE. Mr. Secretary, given the budget request and plan to acquire the Joint Air-to-Ground Missile, could you please provide the Department's rationale for not requiring the Air Force to participate in the program and provide assurance that the Air Force will not in the future five to ten year period, develop a requirement for a similar capability, unique to the Air Force?

Secretary GATES. The Air Force is not participating in the Joint Air-to-Ground Missile (JAGM) program for several reasons. Current Air Force inventories of capable air-to-surface missiles are relatively healthy, with Maverick refurbishment and Hellfire enhancements on-going; a new tactical missile is not yet required by the Air Force. When a new Air Force missile is needed, JAGM will likely meet Air Force needs because it will meet or exceed all Maverick and Hellfire capabilities. In addition, the Small Diameter Bomb Increment II is in development, which complements tactical missiles, prosecuting moving targets in adverse weather using a multi-mode seeker and a data link from bombers, tactical fighters, and Unmanned Aerial Vehicles.

Mr. ABERCROMBIE. Mr. Secretary, during the hearing I mentioned the fact that the Joint Strike Fighter's (JSF) F135 engine has recently had a failure similar to a previous failure in the turbine third stage. As a result of this, you agreed to review the Department's position on funding of the F136, a competitive JSF engine, required by statute, but ignored in the Department's FY09 budget submission. Based on your briefings and analysis of the need for a competitive JSF engine, does the Department intend to change its position on funding a competitive JSF engine? If so, why? If not, why not?

Secretary GATES. The Department acknowledges risks associated with a single source provider of the F–35 propulsion system but believes the risks are manageable. The two recent failures of the F135 do not alter the Department's position. The F135 engine experienced two engine failures in the third stage low pressure turbine stage. The first occurred in August 2007 and the second occurred in early February 2008. Both failures occurred in nearly identical operating regimes, and the data and analysis available from the second failure assisted in confirming the original root cause analysis. The aircraft and engine prime contractors have determined the root cause is likely a combination of factors related to the design of the blades, the material composition of the blade dampers, and the symmetry of the 3rd stage fixed vanes and are implementing appropriate fixes. The F135 is in development and challenges are not uncommon during this stage of a program. The Department assessed all aspects of the F–35 Joint Strike Fighter program in preparation of this year's budget. The Department will continue to evaluate the technical and operating risks associated with the F–35 propulsion system and include them in future programming considerations.

Mr. ABERCROMBIE. Our committee report from last year, House Report 110–146, included language, page 243, that references a Government Accountability Office report on the Department's budget exhibits and program elements. Can you please provide any action that the Department has taken to correct the shortcomings delineated in the subject GAO report and actions the Department has taken to be responsive to the House report?

Secretary GATES. The Department believes that the existing Research, Development, Testing and Evaluation (RDT&E) program element structure and justification exhibits provides the necessary financial management oversight and program characterization required by the Congress. The current numbering convention and exhibit format has been in use for many years. However, it is recognized that budget exhibits can be difficult to grasp given the complexity and variety of programmatic content.

The Department will work with the DOD Components to expand and further enhance the narrative display of RDT&E program as mentioned in House Report 110–146. The Department is willing to work with committee staffs to better display RDT&E program content and address concerns. However, within the limitations of existing financial systems and framework, we do not believe that radical changes to the PE structure should be contemplated.

Mr. ABERCROMBIE. Mr. Secretary, the budget request includes neither advance procurement for additional F–22 aircraft, nor shutdown costs to shutdown the F–22 production line. We understand that a supplemental request includes four additional F–22 aircraft, and that the Department plans to retain F–22 production capability until the next Administration has sufficient time to review the F–22 program and decide whether to shutdown or continue F–22 procurement. In the absence of programmed funds for advance procurement of additional F–22s or line shutdown costs, how does the Department intend to proceed with F–22 future production or line shutdown for fiscal years 2009 and 2010?

Secretary GATES. The Department's programmed requirement for 183 F–22A aircraft will be complete with the procurement of the 20 aircraft in the FY 2009 President's Budget. Four additional aircraft, to be requested in the FY 2009 supplemental, will provide production line flexibility. In that context, the Air Force and the Department are assessing the timing and costs related to both line shutdown and continued production activities.

Mr. ABERCROMBIE. The National Defense Authorization Act for Fiscal year 2008, section 213, required the continued obligation and expenditure of sufficient annual amounts in fiscal year 2008 and subsequent years of a competitive engine for the Joint Strike Fighter. It is our understanding from testimony thus far this year, as well budget justification materials, that the fiscal year 2009 budget does not include funds for the competitive engine for the F–35. If this is the case, can you explain, given section 213, why the fiscal year 2009 budget does not include funding for the competitive engine program for the F–35?

Secretary GATES. The Department assessed all aspects of the F–35 Lightning II Joint Strike Fighter program in preparation for this year's budget submission. The FY 2009 President's Budget does not include funding for the alternate engine for the Joint Strike Fighter. The Department continues to believe the risks associated with a single source engine program are manageable and do not outweigh the investment required to fund a competitive alternative engine. The three Congressionally-directed engine studies have been completed. The conclusions, while supportive of competition in general, support the Department's initial findings that the expected savings from competition do not outweigh the investment costs. In accordance with section 213, the Department is obligating and expending funding appropriated for the competitive engine for the F–35. In the future, we will consider the competitive engine for the F–35 in course of the Department's budget deliberations

Mr. ABERCROMBIE. Secretary Gates, during your testimony you repeated your concern, first voiced during a Senate hearing, that the Army was unlikely to be able to afford to finish FCS in its entirety. Given that concern, what is your view of the FY 2009 Army request for the FCS program? Even if fully funded, should it be modified to focus on near-term technology insertions that are closer to fielding, at the expense of some long-term elements of the program? Overall, in your opinion, can the Army afford to develop separate FCS brigades in addition to modernizing its three other types of combat brigades (light, heavy, and Stryker) within the FY10–15 FYDP?

Secretary GATES. The Department of Defense stands by the President's FY 2009 request for FCS, which appropriately balances near-term and long-term investments. Regarding FCS affordability and program issues for the FY 2010 and beyond, my comments during testimony on February 6 were not meant to call into doubt my support for this program and for the Army's FCS approach. I was merely predicting that future defense budgets will be under great funding pressure, and that FCS will undoubtedly be scrutinized by the next Administration.

QUESTIONS SUBMITTED BY MR. THORNBERRY

Mr. THORNBERRY. In fiscal year 2008, the President requested $6.119 billion for SOCOM. Congress authorized and appropriated $6.06 billion. This year the President requested $5.727 billion, a $392 million decrease from last year. Yet SOCOM identified nearly $700 million in unfunded requirements. Moreover, the latest QDR called for Special Operations Forces to grow by 15% to help defeat terrorist networks. I would appreciate your explanation of what appears to be a budget shortfall and a justification if you believe Congress needs to take remedial actions.

Secretary GATES. The FY 2009 budget request of the United States Special Operations Command (USSOCOM) is consistent with the Department's 2006 Quadrennial Defense Review (QDR) plan and previous budget requests. The Department's plan has always been to provide a funding spike to USSOCOM in FY 2008 to begin building infrastructure, increasing manpower, and equipping forces based on growth recommended by the QDR. Consequently, funding within the USSOCOM investment

accounts in FY 2008 reflected the initial cost of Special Operations Forces (SOF) growth which did not require funding in FY 2009. While the investment accounts have decreased, the Operations and Maintenance (O&M) account has increased for the past three years. The FY 2009 budget request provides approximately $450 million in O&M to support SOF growth. The force structure growth requires: 1) the expansion of unit and schoolhouse training, 2) additional soldier protection systems (such as body armor, protective clothing, and survival equipment), and 3) civilian pay for the additional civilians.

The FY 2009 President's Budget Request also includes the necessary resources to increase the SOF by 1,536 military and civilians. This increase will complete approximately 78 percent of the QDR directed growth of 13,119 personnel through FY 2011. The force will continue to grow at a rate necessary to recruit, train and sustain the force without sacrificing quality. This growth will add capabilities and capacities to Army Special Forces, Civil Affairs, Psychological Operations, and Special Operations Aviation; Naval Special Warfare; and Marine Corps Special Operations Forces.

QUESTIONS SUBMITTED BY MS. BORDALLO

Ms. BORDALLO. I am concerned about the military construction funding levels for Andersen Air Force Base on Guam, as well as the Air Force in general. I understand that PACAF has identified approximately $700 million in projects that would support the planned ISR/Strike capability at Andersen for fiscal years 2009 and 2010. However, the fiscal year 2009 budget only contains $5.2 million dollars for construction of a Combat Communications facility at Andersen Air Force Base. I am especially concerned about this development in light of the Air Forces overall decrease in military construction spending by thirty-two percent over the fiscal year 2008 budget. As the Marine relocation construction approaches in 2010, I am concerned that these Air Force projects will not be able to be completed due to various capacity constraints on island. As such, the lack of Air Force construction dollars could substantial harm the readiness of Andersen Air Force base to remain a viable forward operating platform. What is being done at the Department of Defense to address these concerns and possible move these projects into earlier year's defense budgets?

Ms. JONAS. Andersen AFB, Guam, is a central component in the Air Force's forward-based posture supporting Global Vigilance, Global Reach, and Global Power capabilities. The FY 2009 President's Budget request reflects the $444 million programmed in the Future Years Defense Plan (FYDP) for the ISR/Strike program at the Andersen AFB. Beginning in FY 2010, this program's most urgent projects will be funded to ensure the availability facilities when operationally required.

The Department is developing a strategy for handling the Guam construction-capacity limitations. This strategy will be refined during the development of the Guam Master Plan. The Joint Guam Project Office will hold an "industry forum" in early March 2008 that will be focused on identifying the island's current and projected "ramped-up" construction capacity. The Department sees the Air Force Military Construction projects as an opportunity for international contractors to incrementally increase construction capability on the island in FY 2010.

QUESTIONS SUBMITTED BY MR. FORBES

Mr. FORBES. In your written testimony, you indicate that deterring wars is always preferable to fighting and winning wars. From there you describe some of the components of our "new nuclear triad," which many of us agree plays a critical role in deterring potential state actors. Your testimony also suggests some of the most serious threats facing the United States are those of transnational terrorists and rising regional instability. What programs are you investing in, or do you need this year, to address the root of these threats before conflict arises? In particular, what are you doing to address the increasing radicalization of men and women who live in failing states that current deterrence programs like nonproliferation efforts do not directly address? In addition to the Global Train and Equip program that support our allies' armed forces, I'm also hoping you will outline other programs as well.

Secretary GATES. As we empower our partners, we simultaneously seek to erode support for terrorists and insurgents and create a global environment inhospitable to extremism. A major component of the DOD effort against non-state actors includes countering ideological support to terrorism (CIST) activities, which emphasize an alternative future of opportunity that is more attractive than the oppressive future offered by violent extremists. The Department of State remains the lead Federal agency for public diplomacy and strategic communication. The Department of

Defense works closely with the State Department on these issues. We created the Deputy Assistant Secretary of Defense for Support to Public Diplomacy specifically to advise me on strategic communications topics, including CIST, and to ensure that our CIST activities support and complement broader State Department efforts. As I have stated on a number of occasions, there is a need to increase spending on civilian elements of national security, including strategic communication.

Effectiveness in this arena requires more than a compelling narrative—it requires actions that make our words credible. Some DOD executive education programs directly support CIST activities and complement investments made in training and equipment through investments in human capital. The Combating Terrorism Fellowship Program provides targeted education for partner nations and builds regional and global networks of officials who are better able to coordinate combating terrorism efforts and prevent conflict. We seek a $10M expansion in the authority to help meet demand. The Regional Centers for Security Studies develop networks of leaders who share common views of security challenges—especially of the threat posed by harmful ideologies—and facilitate their ability to influence their societies and work across national boundaries to reduce conflict. A pilot project to allow funding for non-governmental and international governmental personnel in Regional Center programs will add another valuable perspective in our efforts to counter extremism.

The Overseas Humanitarian, Disaster, and Civic Aid fund provides helps partner governments serve their populations—thereby mitigating extremist influence and preventing conflict. Humanitarian assistance counters extremism by providing relief in a crisis and by funding projects such as schools and hospitals in fragile states. DOD seeks to include stabilization activities within this authority.

Global Train and Equip builds the operational capacity of our international partners to counter terrorism and to provide stabilization. This program offers Combatant Commanders a tool to help prevent problems from becoming full-blown crises. Preventing a fragile state from deteriorating in the first place is smart, cost effective approach that can also save U.S. service member lives. We seek a 5-year extension of the Global Train and Equip authority and an increase to $750M in order to preserve this tool for the next Administration.

Mr. FORBES. Last year, the annual Pentagon report and U.S.-China Economic and Security Commission highlight China's emphasis on growing its military capabilities, among them its counter-space systems, blue water navy, espionage, and cyber capabilities. Have the Chinese made you feel comfortable about the level of their transparency? What implications do these growing capabilities have for U.S. defense policy and posture?

Secretary GATES. I remain concerned about the relative lack of openness and transparency of China's military and security affairs, especially regarding the capabilities and strategic intent behind its military modernization effort. This is a topic that we raise frequently in discussions with PRC officials, and while there has been some progress, such as improved access to certain facilities and equipment and the recent agreement to establish a Defense Telephone Link between the Department of Defense and China's Ministry of National Defense, these improvements have not occurred with the speed or scope we would prefer.

The Department is monitoring carefully China's rapid and comprehensive military expansion—I would call your attention to our recently submitted 2008 Report to Congress on the Military Power of the People's Republic of China. The pace and scale of this build up, combined with the lack of openness about the capabilities and intentions behind it, remain a source of concern. Specifically, China's emerging counter-space, air and maritime power projection, information warfare, and strategic forces, and supporting intelligence and surveillance capabilities, could disrupt regional military balances.

Given these risks, I believe there is a need for a continuous strategic dialogue with China in order to build greater understanding of its military modernization program, to improve communications, and to reduce the chances of miscalculation. At the same time, it is prudent that the Department pursue appropriate hedges against other, more negative outcomes. As described in the 2006 Quadrennial Defense Review Report, core elements of this strategy include strengthening our regional alliances and partnerships to reduce vulnerabilities, diversifying basing, and developing appropriate counters to anti-access threats.

QUESTIONS SUBMITTED BY MR. KLINE

Mr. KLINE. Section 582 of the 2008 National Defense Authorization Act established a national combat veteran reintegration program to provide National Guard

and Reserve members and their families with sufficient information, services, referral, and proactive outreach opportunities throughout the entire deployment cycle. On January 29, 2008, Lieutenant General Blum, the Chief of the National Guard Bureau, sent a letter to Under Secretary Chu offering to implement the program and projecting its cost at $73 million. Where, specifically, in the President's FY 2009 Budget is the funding for the Yellow Ribbon Reintegration Program? If no specific funding for the Yellow Ribbon Reintegration Program is included in the President's FY 2009 Budget, how do you intend to fund this program?

Ms. JONAS. No specific funding request for the Yellow Ribbon Reintegration Program was included in the FY 2009 President's Budget. The Department will address requirements for the Yellow Ribbon Program in execution.

In the FY 2008, the Department plans to begin to provide pay and travel costs for National Guard and Reserve combat veterans' reintegration at the 30, 60, and 90 day intervals. With supplemental appropriations provided in P.L. 110–161 the Department will begin to provide comprehensive Outreach Services for National Guard and Reserve families. These services are underway in 15 states with a planned expansion to all 50 states in process. These outreach services include transition assistance, one-on-one and group counseling (marital, well-being, and financial counseling), Military OneSource 24/7 call response capability, and employment counseling.

The Department fully supports implementation of the Yellow Ribbon Reintegration Program.

QUESTIONS SUBMITTED BY DR. GINGREY

Dr. GINGREY. As you know, I sent you a letter recently—signed by 70 of my House colleagues, including a number of members of this Committee—expressing our concern over DOD's plans to cease production of the F–22 following completion of the current multi-year contract. Secretary England sent a response to me, in which he said that "the current multiyear program procures sufficient numbers of F–22s to deal with projected needs." Do you agree with that assessment—that 183 Raptors is sufficient to deal with projected needs, despite the many studies that indicate it is not sufficient and the Air Force's belief that 183 is woefully inadequate?

Secretary GATES. As part of a joint force of JSF and other platforms, the programmed buy of 183 F–22s will meet our warfighting needs for its peculiar advantages given projected threats. With the 1100 fifth generation fighters projected to be in our inventory by 2020, 183 of them F–22s, the total U.S. need will be met.

Dr. GINGREY. Last week you said that further F–22 procurement would come at the expense of the Joint Strike Fighter. The Air Force has indicated that additional F–22 procurement would not affect their plans for the Joint Strike Fighter, as the two were always planned to complement each other. Yet it appears now that O&M funds for the F–15 are being programmed at the expense of the F–22. Is this wise, considering the recent F–15 safety concerns and grounding of that fleet—and knowing that repairing an aging F–15 fleet, at best puts us at parity with future potential adversaries?

Secretary GATES. The Department of Defense plans on utilizing the air-to-air capability of the F–15 as we transition to a 5th generation force. The 2009 budget provides funds to assess and repair the F–15s. Also, 177 F–15s are being significantly upgraded as "Golden Eagles."

The DOD program buys 183 F–22s to meet current and future threats. This programmed buy will meet our warfighting needs given projected threats, the planned robust buy of JSFs, and prudent management of the F–22.

Dr. GINGREY. The base budget for FY09 contains no funds for line shut-down or for advanced procurement of the F–22. Last week you said that a supplemental request of a few F–22s would keep the line open into the next Administration. However, 4 more F–22s would keep this line operational for 2 months—how exactly does this potential supplemental request hedge against the possibility that we will need more F–22s in the future?

Secretary GATES. The Department is working with the Air Force to determine the necessary actions required to keep the F–22A production line viable so that the next Administration can review the program requirements.

QUESTIONS SUBMITTED BY MRS. DAVIS OF CALIFORNIA

Mrs. DAVIS OF CALIFORNIA. Secretary Gates, your speeches at Kansas State University and Center for Strategic and International Studies called for major national security reforms. As you know, this committee has been pushing for a comprehen-

sive study of required reforms and authorized $3 million in the FY 2008 budget for this study. I understand that DOD is considering a cooperative agreement with the Project on National Security Reform for this study. 1. Is this correct? 2. Will DOD provide the full $3 million for the study? 3. What other support will the department provide to this critically important effort? 4. What steps have you taken or do you plan to take to gain assistance from other departments and agencies for this effort? 5. Have you included any additional funding for this effort in your FY 2009 budget?

Secretary GATES. Yes, on February 22, 2008 the Department entered into a Cooperative Agreement with the Project on National Security Reform for this study. This study is funded with the $2.4 million that Congress appropriated for this effort. These funds will be adequate for FY 2008 efforts. In addition, the Department is reviewing other support needed such as subject matter experts. Given the nature of the study, the Department will rely on the Project on National Security Reform to arrange any assistance they consider appropriate from other departments. The Department has not included funding for this effort in the FY 2009 budget.

QUESTIONS SUBMITTED BY MR. CUMMINGS

Mr. CUMMINGS. The current Defense Budget proposes cuts to veterans funding while increasing the cost of troops' health care. Namely, the President's budget for domestic veterans' discretionary programs for 2009 is $2.4 billion below the amount enacted in 2008. The budget would also raise fees for troops and their families enrolled in TRICARE. The plan would raise co-payments for all beneficiaries on prescriptions filled at retail pharmacies, charge an enrollment fee for Medicare-eligible older retirees covered by the TRICARE for Life benefit, and charge higher enrollment fees, deductibles and co-payments for TRICARE Standard and TRICARE Prime to "working age" retirees under 65 and their families. Secretary Gates, please explain why we are continuing to put our troops in harms way in Iraq and Afghanistan yet in the budget proposal it appears as if we are not prepared to support them at home with such unreasonable cuts in funding?

Secretary GATES. First, it should be emphasized that veterans' programs are generally funded in the Department of Veterans Affairs, not DOD.

The United States Military has an outstanding health benefit program, TRICARE, for active duty military, activated Guard/Reserve, military retirees, and their dependents. TRICARE is the best health benefit program in the nation, and it has continually expanded and improved over the past decade.

The Defense Health Program budget has more than doubled from $19 billion to $38 billion in five years, and now represents eight percent of total DOD spending. It is projected to reach $64 billion and more than 12 percent of the DOD budget by 2015. Such growth, left unchecked, will put tremendous strain on the Department's budget, crowding out funding of other needs.

At the same time, the cost to beneficiaries (annual fees, deductibles) has not changed since 1995 despite substantial increases in compensation. Indeed, some charges have been reduced. As a result, DOD pays a continually increasing percentage of its beneficiaries' health costs. In 1995, beneficiaries paid approximately 27 percent of their health care costs. Today they pay only 12 percent. DOD proposed a rebalancing of retiree cost-shares as part of the Fiscal Year (FY) 2007 President's Budget. Congress rejected those proposals, but in the FY 2007 National Defense Authorization Act established the Task Force on the Future of Military Health Care to make recommendation on, among other elements, "The beneficiary and Government cost sharing structure required to sustain military health benefits over the long term."

The Task Force affirmed, "That there should be no changes in the health care benefits offered to active duty military personnel, which are available mostly without charge to the beneficiaries. These benefits are designed principally to maintain a ready military, and the maintenance of a high level of health readiness constitutes one of the Task Force's most important guiding principles." The Task Force also recommended "no significant changes in costs for care provided to active duty dependents."

However, the Task Force did recommend, "that the cost-sharing relationships for the largest program for retirees (TRICARE Prime) should be gradually restored to levels consistent with those of 1996—when fees and other cost-sharing elements were being established." The 2009 President's Budget has assumed that those recommendations or others similar to those would be enacted.

Mr. CUMMINGS. Secretary Gates my question is in regards to the recruitment of minority officers and the Department of Defense's efforts to increase the demographics of Flag Officers across the DOD. Within your opening statement you state

that the FY 2009 base budget provides $15.5 billion to increase the active Army active end strength 532,400 and grow the Marine Corps' end strength to 194,000. What portion of that funding is targeted toward the recruitment and retention of minority officers? Is there a concerted effort to increase the number of minorities promoted to flag officer rank?

Secretary GATES. Thank you for the opportunity to address a very important issue—the diversity of our Armed Forces. A portion of the $15.5 billion to increase the active end strength will fund, at an amount yet to be determined, advertising and incentive programs aimed at recruitment and retention. These programs emphasize the value, benefits, and responsibilities of military service, and are designed to appeal across-the-board to America's youth and all Service members irrespective of their race, ethnic background, or gender.

In addition, the Department has undertaken numerous initiatives to address the recruitment and development of minority officers. Below is a summary of initiatives in the areas of policy and guidance, leadership, military recruitment, outreach, and research and studies that the Department of Defense has undertaken since 2001.

- Policy and Guidance.
  - The Defense Human Resources Board, which focuses the attention of DOD senior leaders on human resource issues, facilitates an exchange of information on the Services "best" diversity practices, and monitors the Services progress on recommendations to increase diversity in the senior civilian and military grades.
  - The heads of each Military Department issued policy guidance and established a diversity office to provide a strategic vision for leveraging diversity in accomplishment of combat missions.
  - Recent promotion board guidance acknowledged the significance of diversity and language skills in winning the global war on terror while stressing that equal opportunity and equitable consideration must be accorded all members.
- Leadership.
  - The Department's Chief Human Capital Officer meets frequently with the Human Capital Officers of each Military Department to monitor and evaluate demographic trends in the military and civilian workforce.
  - Senior DOD officials have addressed the importance of diversity to the chain-of-command including Commanders of the Combatant Commands and Superintendents of the Service academies. They have solicited support for building diversity from audiences that include members of civil rights groups, members of Congress, and several other youth "influencers."
  - New flag officers and members of the Senior Executive Service participate in equal opportunity/diversity seminars as part of their Service executive orientation program.
  - Following the 9/11 attacks, DOD established the Defense Language Office to oversee policy regarding the development, maintenance, and utilization of language capabilities; monitor trends in the promotion, accession and retention of individuals with these critical skills; and explore innovative concepts to expand capabilities.
- Military Recruitment.
  - Active and Reserve components of the Army, Navy, Marine Corps, and Air Force recruiting commands employ commercial advertising agencies to produce effective messages for a diverse youth population.
  - The Department's Joint Advertising, Market Research and Studies Program office complements the Services' efforts in developing targeted products and services to reach diverse audiences based on recruiting needs.
  - The military services have a Spanish-speaking presence in cyberspace in addition to television and print advertisements that appeal to a diverse audience.
- Outreach.
  - DOD offices of equal opportunity/diversity, civilian personnel, military personnel, small and disadvantaged business, and Service military and civilian recruitment offices jointly travel throughout the year to locations including college and university campuses, conferences, and conventions. They provide information on DOD business and career opportunities to diverse audiences and recognize DOD personnel for contributions to the global war on terror.
  - Partnership agreements with various groups have been established to ensure their access to DOD employment, recruitment, and business information.

- Research and Studies.
  - DOD has several research and study projects that focus on diversity and its influence on accessions.
    - One important and ongoing study examines the enlistment supply and resource effectiveness among different population segments. All Services will benefit from this study's identification of the reasons for the recent, five-year decline in African American enlistments. Decision makers can use the results to formulate policies to attract young African American men and women into military service.

These are but a few of the widespread initiatives and efforts to ensure the armed forces remain diverse from a demographic perspective. In addition, each of the Services has a mentoring program. These programs are vitally important to advancement and retention because they allow younger Service members to learn from the experiences of more successful senior military leaders.

Mr. CUMMINGS. Secretary Gates, you stated in your submitted testimony that your budget request includes $389 million or $246 million above previously enacted funds, to launch the new Africa Command initiative. Particularly, funds will be utilized to: 1) strengthen the U.S. security cooperation with African countries; 2) train and equip our partners; 3) improve health, education, and economic development; and 4) promote peace and stability. I am concerned that we are simply jumping ahead of ourselves in the development of AFRICOM in terms of funding an initiative where many core issues have not been resolved. As you are aware, Africa Command officially attained its initial operation capability as of October 1, 2007 and is scheduled to achieve full operation capability a little less than a year from now—on October 1, 2008. To achieve this targeted goal, a number of issues relevant to the location of the headquarters, composition and overall apprehensiveness by some African leaders must be resolved. What strides have been made to resolve these conflicting issues?

Secretary GATES. Great strides have been made in resolving many of the core issues to which you allude. Although presence on the African continent remains a priority for the new command, further analysis is required before making any final commitments. Therefore, in the near-term, the interim headquarters will remain in Stuttgart, Germany. Regarding command composition, I have personally reviewed and approved the command's initial structure. Between now and October 2008, USAFRICOM will continue building its staff, developing its interim headquarters infrastructure, and accepting responsibility for missions from USEUCOM, USCENTCOM, and USPACOM. We also continue to place great emphasis on engagement with our African partners. General Ward's numerous visits to the African continent and throughout Europe have enhanced our relationships and clarified our intentions to "add value" and "do no harm." This, along with General Ward's public statements emphasizing partnership programs, has been well received and garnered support.

QUESTIONS SUBMITTED BY MS. CASTOR

Ms. CASTOR. Last year, when President Bush announced that he was sending five additional Army brigades to Iraq as part of a troop surge his stated reason for doing so was "to provide breathing room for political progress." Now, there was no surprise that outstanding and brave soldiers would achieve military progress, but little progress has been made by the Iraqis. Few of the political benchmarks have been met. In light of this situation, I ask: Why have more political benchmarks not yet been met? How much longer do you think it will be until the Iraqis act? How much longer do you expect that we will subject our ground forces to strain, and commit the American taxpayer to spending over $6 billion a month?

Secretary GATES. The increase in U.S. forces in Iraq, announced by the President on January 10, 2007, reflected a recognition that sectarian violence in 2006 undermined efforts to achieve political reconciliation. That violence has decreased dramatically, which was a necessary pre-condition for political progress.

Political reconciliation is occurring. An example is the progress being made toward the passage of the Amnesty Law and the Provincial Powers Law. This legislation addresses some of the differences among the major political blocs in Iraq. [Note: Since the February 6, 2008 SASC hearing, these laws were passed by the Iraqi Council of Representatives and approved by the Presidency Council.]

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