

SEC. GATES: I have the rare if not unique experience of having led three huge public institutions -- CIA in the American intelligence community, the sixth largest university in the country, and now the Department of Defense. In each of those, I have led and managed change. And I've done it smart, and I've done it stupid.

Happily, I think, the stupid was early. But stupid was trying to impose a policy from the top without any regard for the views of the people who were going to be affected or the people who would have to effect the policy change. One of the purposes of the review that I have directed be undertaken by General Hamm and by J. Johnson is precisely so we can understand not just the views and concerns of the chiefs, but of our military people and their families.

And, the impact on unit cohesion, on morale, on retention; so we understand what these things are so we get some facts into this debate. Or at least some data that we think is reliable and objective. We're going to expand the RAND Study, as you suggested in your letter, to cover a broader range of issues than they did in 1993. But the role of a leader, it seems to me, is to set the goal.

But if you want lasting and effective change, you had better bring the people who are going to be affected by it into the discussion and get their views. And, at a minimum, it will help you mitigate whatever negative consequences there are.

That's the purpose of this review. That's why we have to do it thoroughly, and that's the way you get change in large public institutions where you have long-term professionals who care a very great deal about their culture and about what they do. And I think that's the purpose of this review that we have underway.

We have set the goal. The decision will be the Congress's decision. I think that's vitally important, in part because it will enable us, should the Congress change the policy, to be able to tell our men and women in uniform, this is the view of the elected representatives of the United States of America.

So, I think this review period is absolutely essential in terms of us understanding what we're doing, figuring out what the concerns are and the issues are, helping us figure out how to mitigate them so that if the Congress does vote to change this policy, we have an understanding of how to go about implementing in a way that minimizes whatever negative consequences there are.

Thank you.

REP. SKELTON: I thank you. Mr. Forbes, the gentleman from Virginia.

REP. RANDY FORBES (R-VA): Thank you, Mr. Chairman, and thank you, gentlemen, for being here. I want to shift the debate back to money and economics.

And, Admiral, some facts that we know, we've got about a \$3 billion shortfall in our shipyards. You are more aware of those needs and the importance of that than probably anybody in this room. We also know we have a Striker Fighter shortfall, whether that is 240 planes or a hundred planes. If you look at 240 we're talking about roughly \$18 billion. Let's just take a third of that and say \$6 billion.

We also know that the ship-building plan that was submitted with the budget really brings us down from the floor of 313, that many of us thought was too low to begin with, to 300. OMB thinks we're more on a line to be 270. We know the Chinese are now at 290 with their ships.

And, bottom line, we're talking about needing another 2 (billion dollars) -- \$3 billion a year if we wanted to ramp that up. And there is a provision in the QDR to carry a carrier to Mayport, which would cost 600 million (dollars) to a billion dollars. Now, the cop-out is always to say we need to get balanced, but we can't do balance. We can't build a half a ship. We can't build half a facility at Mayport.

Of those four things, can you just prioritize those for me? If you had to do one through four, if we had that 2 (billion dollars) or \$3 billion that we had to allocate, give me a one, two, three, four prioritization of those items that I just recounted to you.

ADM. MULLEN: I have -- and I think you know this, Mr. Forbes -- been on record and would only reemphasize what I've said over several years. I think the strategic dispersion issue for our major assets, specifically a carrier in Mayport, is critical. I certainly share your concern about the investments in some of our large capital assets, as you've indicated, and the \$16 billion that's in the shipbuilding budget this year is very important.

But we have looked at, you and I and many others in the last decade, a requirement of certainly a minimum of 10 ships a year, and the floor where I was -- when I was CNO, of 313 ships of a variety as the floor. And I was concerned then and certainly remain concerned that we continue to chip away at that and won't have the Navy that we need in terms of overall size. So, capital investment there is absolutely critical.

Equally critical --

REP. FORBES: And, Admiral, if you can -- just because my time is running out -- I realize all of these are critical, but we have to come down sometime to just allocating limited -- can you prioritize them for me. If you had to pick the top one to the lowest one, what would you put as the priority?

ADM. MULLEN: Actually, no, I can't.

REP. FORBES: You can't do that.

ADM. MULLEN: I mean, because I think they're all very important.

REP. FORBES: Okay. And on the move to Mayport, you said that you think the strategic dispersal risk is huge. Can you tell me what percentage of risk you have been told that would be?

ADM. MULLEN: We have had long discussions about this over years. We've got carriers spread out on the West Coast. Inside the Navy this debate has taken place over many years and has come down time and time again on not putting all our eggs in one basket, and that means not all carriers in Norfolk.

REP. FORBES: Do you know the percentage of risk factor that was given to you by the plan, the strategic dispersal plan?

ADM. MULLEN: I think the risk, actually should an event occur, is very high.

REP. FORBES: Okay, but that was different than the admiral that did the plan who said it was very low. Is that correct?

ADM. MULLEN: I actually don't know.

REP. FORBES: Okay.

Mr. Secretary, thank you for submitting a ship-building plan this year. However, in the ship-building plan that you gave and the certification that you submitted, as the statute requires, you're aware that OMB disagrees with you. They think that if we continue on the plan with the dollars that you have, that we'd be down to more like 270 ships as opposed to 300 ships.

Also, we know that your shipbuilding report says that we can only expect \$15.9 billion per year, but if you look at the outyears of that plan, we would need about 17.9 (billion dollars). We know we've had cost overruns that raised the price up, not down. We know that there are limited federal priorities in terms of monies that we are going to have.

Based on those factors, how can we make the certification that the shipbuilding plan submitted is going to -- that this budget is going to equal that shipbuilding plan and carry it out?

SEC. GATES: Well, as you and I discussed the last time we talked about the 30-year shipbuilding plan, I would tell you that I think the near-term estimates on the part of the plan have a significant degree of accuracy. I think the MIL range in years is based on analysis and studies, and we don't really know for sure. And the outyears toward the end of the 2030s is mainly fantasy because nobody knows.

So I would say that -- and we have told the Navy that we probably need to get them to 16 (billion dollars) or \$17 billion a year in the middle years and later years of this decade in order to try and get to where they need to be.

REP. SKELTON: Ms. Davis.

REP. SUSAN DAVIS (D-CA): Thank you, Mr. Chairman, and thank you all for your extraordinary service to this country.

I wanted to ask one or two personnel questions initially. As you stated -- and I know this is very sincere coming from you -- the most critical strategic asset that we have is our people. And, over the last 11 years we've made a great effort to increase the military compensation to compete with the private sector. And yet this year the president's budget request really moves away from that practice by not enhancing the pay raise with the .5 percent that we've experienced.

What's going to happen is that we're not able to close that gap as we would really like. It's getting there, but it still would have about a 2.4 percent gap. We started 11 years ago at about a 13.5 percent gap. So, we're so close. We have additional high stress on our troops. Why not continue to move that gap along, to close that gap this year?

SEC. GATES: Well, let me start and then maybe the chairman will have anything to add.

The 1.4 percent is driven by the Employment Cost Index.

REP. DAVIS: Right.

SEC. GATES: So it's basically by law. And the reality is every year we come up here -- you know, and I confess to a tactical error. The first year I was in this job we submitted 2.5 percent and the Congress gave us 3 percent. And so I said, okay, 3 percent. So I submitted 3 percent the next year and we got 3.5 percent.

And the reality is that this has a cumulative effect. That is, as the chairman talked about earlier, at a certain point -- I mean, nobody cares more about our troops than we do. And, as you say, we have put a lot of money into the budget for the troops. There are, as the chairman pointed out -- the

chairman of the committee pointed out early on, there are a number of increases in this budget in terms of housing and various family programs and so on. We're starting a renewal of the DOD schools to rebuild those.

So there's a lot in this budget for our families, but the pay increases, along with health care, frankly are beginning to eat us alive. And, frankly, if you look at -- you know, I think we have to be realistic about this. If you look at the economy today and the unemployment rate, that the pay for our troops at all levels is very competitive.

ADM. MULLEN: I mean, I would just reemphasize that. You know, I said in my opening statement that this committee has been extraordinary in supporting our men and women for the last eight years; it actually goes back much further than that, and the overall compensation package has gotten better since the mid-'90s when that gap was clearly there.

And we have to continue to get this right across a broad range of capabilities. If I were one -- and as was pointed out, we fully funded health care this time, but the health care premiums haven't gone up since 1995. We cannot do this for free. I mean, this all comes out of the same pot, and health care, the total health bill in this budget is \$50 billion. It's going to go to \$64 billion shortly. In 2001 it was 19 (billion dollars).

We, like, you know, many other people in the country, we've got to get control of that because that's where I buy my weapons, it's how I pay for my -- it's the same pot of money.

REP. DAVIS: Yeah.

ADM. MULLEN: So we've got to keep the people thing right, and there has been a tremendous investment there.

REP. DAVIS: Yeah. I certainly --

ADM. MULLEN: And so I'm in favor --

REP. DAVIS: I understand the tradeoffs. I think all the members do. I think that we may see some pressure to do that again and I was just interested in, you know, some of your rationale for that.

If I may very quickly, the other issue that's of critical importance are family support issues, and clearly there is a lot that's been done -- I applaud you for the focus on mental health -- but we hear continually from families that they need some help, especially with special needs children. And we, in our last authorization, had a family support -- setting up a department for special-needs children. That is not in the FY '11 budget, and I wanted to ask you if you could respond to that and if we can continue to talk about this issue.

SEC. GATES: All I can say -- I'll have to look into whether --

REP. SKELTON: He just looked into it. (Laughter.)

MR. HALE: I think that came too late to get in the budget, but my understanding is the intent is to set up the office. There was no appropriation for it, but we will reprogram to try to meet that need.

REP. DAVIS: Okay, we've heard continually from families regarding that. Thank you very much.

REP. SKELTON: I thank the gentlelady. Mr. LoBiondo.

REP. FRANK LOBIONDO (R-NJ): Good morning, and thank you, Mr. Chairman. Secretary Gates, Admiral Mullen, Secretary Hale, thank you for being here. Thank you for your service. I want to start with a brief statement on an issue that we have talked about before and then have a couple questions.

I've had serious concerns for some time about the fighter gap issue and how it will negatively impact our nation's national and homeland defense, particularly as it pertains to the Air National Guard.

As you know, beginning in 2015, 80 percent of the Air National Guard Fighter Fleet begins to run out of flying hours. Without aircraft, the Air National Guard will be unable to continue to perform the air sovereignty alert mission and unable to support the Air Force and overseas operations, which I think they have been doing magnificently and very cost-effectively, I might add. Many units will lose flying missions altogether and may lose highly skilled pilots and technicians, which simply cannot be replaced.

Although I am supportive of the F-35 program, given recent developments with the F-35 being at least two years behind schedule in testing and projected cost overruns, resulting in reduced procurement of F-35 in the early years, I'm very concerned that even with the concurrent and proportional fielding of F-35 into the Air National Guard, there will simply not be enough aircraft in time to save the Air National Guard fighter fleet.

In last year's defense authorization bill, myself and Representative Giffords requested a study of interim by 4.5 generation fighters to address the Air National Guard fighter gap issue. Although the final report has not been forwarded to our offices yet, preliminary indications are that the industrial base could, in very short order and for less money, begin production of the 4.5 generation fighter for domestic issue -- for domestic use.

I know you have opposed such a solution in the past, but would not the 4.5 generation fighter meet several of your criteria for the FY '11 budget, including emphasizing proven technologies, incorporating combat experience, avoiding the expensive solution that we have to face otherwise, and a need for balance -- a mixture of fourth-, 4.5 and fifth-generation fighters, Secretary Gates or Admiral Mullen?

ADM. MULLEN: I understand the issue, sir, and I know that the Air Guard and the chief of staff of the Air Force are very focused on trying to get this balance right. And I think, for us, it's certainly been an issue of affordability. I talked about the JSF program before, and obviously the transition -- the time that we're in right now recognizes the challenges that we have. And while we might be able to buy more airplanes, that money has got to come from somewhere, and obviously in the priorities that we've laid out, we chose not to do that.

Secondly, having been through the recapitalization of my own service, particularly in aviation a few years ago, the reality is if the Air Force is going to recapitalize, it's going to have to decommission a lot of airplanes -- older airplanes. That's just a fact. Now, that creates challenges and tension inside the Air Force between the Air Force and the Guard -- the active side and the Guard, and we're at a point where we're working our way through that.

We still think we have time to work our way through that to meet what we think the requirements will be in the 2015, 2016 time frame that I talk about. At least that's the feedback I get from both the head of the Guard as well as the chief of staff of the Air Force.

SEC. GATES: I would just add the other reality is that as you look at fifth-generation fighters with their advanced sensing capabilities and stealth, that we just need to come to grips with the reality that it doesn't make any sense to replace legacy aircraft on a one-to-one basis. Now, some of the Guard units are shifting their mission, and some of the Air Guard units are providing the pilot training and the exercise with the pilotless or remotely piloted vehicles. And I know there are several Guard units that have made this switch in mission.

So, as the chairman says, this is something we're just going to have to work our way through as we're in this transition period, but I think just as a matter of principle, folks need to understand that there is not a requirement or a need to replace legacy aircraft on a one-to-one basis.

I'll just give you one example, if I might. It would take -- you can do -- in terms of persistent presence over a 24-hour period, you can do with eight Reapers what it would take 36 F-16s to do, and they carry the same armament. So we need to think in terms of not only the fighters but also the remotely piloted vehicles as we think about the Air Force in the middle years of the 21st century.

REP. LOBIONDO: I had a follow up but my time is over. Thank you, Secretary Gates, Admiral Mullen.

REP. SKELTON: I thank the gentleman. We'll call on Mr. Larsen and then we will break. We have five votes -- one 15-minute vote and four five-minute votes. This will take approximately 45 minutes. We will use that time to have lunch, and at the end of the votes, which will be approximately 45 minutes, we will resume, and hopefully the witnesses can get a bite to eat between now and then.

We are now recessed until we come back after Mr. Larsen.

REP. RICK LARSEN (D-WA): Thank you, Mr. Chairman. I'm going to play a little rapid-fire fill in the blank. There's a couple of questions here that are unrelated subject by subject. But first, for Secretary Gates, with regard to the U.S. Air Force KC-X program, assuming the RFP is coming out fairly soon, there has been discussions about perhaps only a single offer. What would be the DOD's approach if there is only a single response to the RFP for the KC-X?

SEC. GATES: Well, obviously we would like to have a competition for it, and we hope that both companies will agree to participate, but we will move forward. We have to have new tankers.

REP. LARSEN: Chairman Mullen, with regards to the expeditionary squadrons for the Growler, the Prowler replacement -- and I understand there's some amount of money to recapitalize existing Prowlers perhaps as a bridge to stand up expeditionary squadrons of Growlers. Is that the case in the budget?

ADM. MULLEN: What I didn't say earlier and I'll say very quickly is the Navy and the Marine Corps have really worked hard to mitigate the Strike Fighter shortfall, and I give them a lot of credit for that, and they have, from the 245 or whatever the number was down to a very low number, and they're happy with that.

Secondly, there is an investment here to retain the EA-6B squadrons as a bridge, as you would describe it, but also to be able to get to these EA-18Gs. Admiral Roughead has also made the decision that the first squadron is actually not going to be carrier based; it's going to go where the fight is, into Afghanistan.

REP. LARSEN: Oh, okay, yeah. But just for me to clarify, then has the decision been made, though, to stand up separate expeditionary squadrons of Growlers for --

ADM. MULLEN: Four squadrons.

REP. LARSEN: And they will provide the expeditionary effort?

ADM. MULLEN: Yes, sir.

REP. LARSEN: And that's the plan now?

ADM. MULLEN: Right.

REP. LARSEN: Okay, thanks.

Back to Secretary Gates, the QDR outlines the need for security assistance reform, and there's some comments in your testimony and the chairman's testimony and the chairman's testimony on it, and I think it says it will develop new and innovative approaches to reforming security sector assistance, but the budget request doesn't yet include authority provisions such as the Section 1206 Global Train and Equip.

Can you talk a little bit about what you want to see happen with the Global Train and Equip -- the 1206 and the 1207 programs, and whether or not we're going to see a specific legislative proposal that looks at reforming those?

SEC. GATES: I don't know the answer to the last question -- 1206, we've asked for an increase from 350 million (dollars) to \$500 million. This is really important money for our combatant commanders. It's the kind of assistance we've been providing, for example to Yemen for their counter-terrorism training and equipment and so on.

We have undertaken an initiative within the executive branch to talk about new ways of doing this. We're clearly in a new world in terms of trying to figure out how do we get to a place before it becomes a crisis, and using both civilian and military capabilities, engage in building those countries' own capabilities.

How we go about that has only begun to be discussed by the executive branch. I sent a paper around that made a suggestion about how to do this, modeled on the pooled concept that is used in Great Britain, where we and State both would have access to resources. The key here is agility and flexibility, and whatever we do, that's what we have to build into this process going forward.

REP. LARSEN: So, to date we're still looking at 1206 and 1207 and presumably 1208.

SEC. GATES: And the decision -- you know, last year we talked about 1207 and we outlined a process of transition of that program to the State Department. The administration decided to accelerate that process, so 1207 is now in the State Department.

REP. LARSEN: In the State Department, but still presumably over the next year we'll be hearing from you all about what a reform might look like.

SEC. GATES: I certainly hope so.

REP. LARSEN: Okay. All right, so instead of phase zero maybe phase minus one; sort of, as you said, before the bad stuff happens.

SEC. GATES: Exactly.

REP. LARSEN: Thanks a lot.

REP. SKELTON: We will stand in recess approximately 45 minutes.

(Recess.)

REP. SKELTON: (Sounds gavel.) The meeting will be resumed, and we will now call on Mr. Bishop, the gentleman from Utah -- five-minute rule.

REP. ROB BISHOP (R-UT): Thank you, Mr. Chairman.

Mr. Secretary, I appreciate you being here. There is much in your proposals for which -- I'm over here, the white hair, yeah -- much in your proposals that I appreciate you've done. I know we have some difference in priorities, as we had last year. Those are an honest difference of opinion and, to be honest, in hindsight, I'm still right. (Laughter.)

But beyond that, you made a couple of unilateral decisions last year with KEI, particularly on Kinetic Energy Interceptors; and we reduced our ground-based defense process; we've yet actually to commit to a long-range program of sustaining Minuteman ICBM III through the year 2030. But especially when you're talking about the GMD program, you said, "not-a-forever decision," which I took to mean that there may be sometime in the future where the department decides to go ahead and produce additional ground-based interceptors in response to the ever-changing threat picture that goes on. That is, unless we have an industrial and technical capability to do that (at some point ?) in the future.

And to be honest, there is in my mind some serious doubts, especially with some drastic changes that have taken place in recent days. The administration's silly decision to terminate the Constellation program without any kind of alternative program -- in a rationale that I look at as more a vendetta than common sense, does not only put us in a (second-rate ?) station but it condemns thousands of jobs, good jobs that are dealing with math and engineering. And to be honest, this truly is about rocket science in some particular way.

Now, Mr. Secretary, you have some good people working under you, and one of your assistant secretaries did write back in September that: I feel the industrial-base issues are completely legitimate, because having the best defense industrial and technological base in the world is not a birth-right. It's not about jobs; it's about certain kinds of jobs, very rare kinds of skills that are not easily replicated in the commercial world, and, if allowed to erode, would be difficult to rebuild.

Now, I am concerned because I think recent decisions that have been made, especially dealing with solid rocket motors, are putting us on the verge of having the experience that we need in the future walking out the doors in search of other employment, or simply filing unemployment benefits -- because we simply cannot turn the spigot on and off. And if in the future we need to increase that, we have to have a capability and may not have the luxury of time to reconstitute this capability.

So the question I have for you is, in the decision that was made, did anyone in (the) Obama administration, or NASA, or in OMB -- may they, I understand you can say anything you want to about somebody that's negative as long as you say "bless their heart" attached to it, so OMB, bless



their heart -- did any of those consult with you or the Department of Defense on the potential impact for defense industrial bases with NASA's termination of the Constellation program and the Ares rockets program?

SEC. GATES: Not that I recall. But I would -- I would just say, in response to a comment you made early on, I said these decisions on the GBIs aren't -- and on (Fort Greeley ?) aren't forever, and, in fact, we are going to complete the 2006 buy of 47 GBIs. This budget contains five more, over the next several years; and we will complete the second missile field.

REP. BISHOP: Secretary, I appreciate that. But my concern is, is we need to have an industrial base, and sometimes, especially with the subcontractors, there's a very limited amount of that base. The decision that NASA -- that is made, dealing with NASA's going forward in the future, does have impacts on what you can do in the Department of Defense.

So I would hope you would agree that this could be potentially a very serious problem. (I'm ?) concerned if you no longer have the industrial base to create the motors that are necessary for these programs. And I hope you would see -- I hope you would admit that there is some kind of interact; and don't you think you should have been consulted in some way, as to the impact this will have on the Department of Defense?

SEC. GATES: Well, the department may have been consulted, Mr. Bishop. I wasn't, and I will find out if we were consulted.

REP. BISHOP: Well, I hope you'd agree that this is, this is a significant issue that should -- and a serious enough issue you should have been impacted about -- or should have been discussed, and should have been consulted about this particular potential.

SEC. GATES: Yes, sir.

REP. BISHOP: I thank you with that.

You also mentioned, in a follow-up to what Mr. Akin said, and if I can do this very quickly, that last year the Navy -- in 2008, said the Navy would face, by the year 2008 (sic), 125 aircraft shortfall in 2020, last year it was up to 243, because of the cost of the extension of those. To come up to 10,000 was not a cost-benefit analysis that was equitable.

Do you have funding in this program budget to cover extensions for the F-15, F-16 and F-18 for their service life extension programs? I'm sorry, I ran out of time. And if you want to defer that -- I'll do it in writing, or somebody else can pick up --

SEC. GATES: Sure. We'll answer --

REP. BISHOP: -- that question if we have time to do it.

SEC. GATES: -- it for the record.

REP. BISHOP: Thank you, sir.

Sorry, Mr. Chairman.

REP. SKELTON: Mr. Marshall.

REP. JIM MARSHALL (D-GA): Thank you, Mr. Chairman.

Mr. Secretary, (I was ?) very pleased to see in your proposed budget (the) elimination of -- eventually, by 2015, elimination altogether of the disabled veterans tax, referred to by some as

"concurrent receipt," and we've got to find offsets for \$5.1 billion worth of costs associated with that.

And, Mr. Chairman, I certainly hope that we're going to work closely with Ways and Means, and the administration -- it seems to me we ought to be able to find \$5.1 billion over a 10-year period of time, as large as our mandatory spending is. We ought to be able to do that and get this done once and for all. But I --

REP. SKELTON: If the gentleman will yield -- and I will not take it out of your time. Last year we -- in this committee, we were able to find from other committees enough "concurrent receipt" for one year. Now, that's mandatory spending; it's not out of discretionary funds. And the administration did not send over any -- then or now, send over any offset from mandatory funds, and, consequently, we're at a loss.

And I was quite concerned, (and) I think other members of this committee were too. So I urged the administration to send us over offsets so we can be honest with these folks.

REP. MARSHALL: Well, Mr. Chairman, I applaud the efforts that you made last year to find the offsets we needed to do right by all these folks who've been treated so badly for so long. This is a tax -- it is a tax on disabled veterans, and it's inexcusable, frankly, given priorities that we have.

So the administration just needs to somehow find -- help us find offsets. With all the mandatory spending we're going to do over a 10- year period of time, we can't find \$5.1 billion makes no sense to me.

But, thank you for that, Mr. Secretary -- trying to finally resolve this issue. (You) mentioned at least the possibility that two of the BCTs that are now in Europe might be coming home. And there are at least three bases that might wind up receiving them. Let me put a plug in for Fort Stewart, or at least for keeping in mind -- one factor in trying to make that decision should be the impact on the local community, that has partnered with DOD and the Army, to prepare for the receipt of the BCT.

If it's New York City, that's a drop in the bucket. They're going to be able to absorb whatever investment that they've made, and that investment will be useful to them. The kind of investment that a small, rural community makes to receive 10 or 15,000 people is relatively extraordinary. And that seems to me to be a factor that should weigh very heavily in favor of a place like Fort Stewart where the local community really is very small and the investment will not be absorbed. It'll simply be lost.

You're currently, I think, studying the possibility of small nuclear power plants at military installations around the United States. The EMP weapon is one reason we should be interested in this, that these are hardened facilities that produce power, then perhaps we can get power out quickly after an EMP strike.

A final thing I'd like to just ask some questions about: There's a real disconnect, Mr. Secretary, between you and the committee with regard to the second engine. You already know that. You announced in your opening statement that you would recommend that the president veto any bill that contemplates inclusion of the second engine. Here we are wondering, where's that coming from? We haven't seen a fiscal analysis that would support such a strong statement from you about how wasteful this is.

In fact, in 2007 DOD itself produced something that concluded that you really couldn't tell -- you know, on the pure cost question, you couldn't really tell whether this was going to be more ex-

pensive or less expensive. And people widely concede that it does lessen risk -- having two available engines, and that the operational benefit associated with lessening the risk is something that's fairly significant.

That's what we're hearing here. And we don't -- you know, we have a new secretary, and the secretary simply announces that this is wasteful, but we don't really see it from what we've received and what we're getting from staff. If you could help us with that?

SEC. GATES: Sure. And this will be the second year in a row that the administration has taken this position. And I would just say, you know, from our standpoint, the Congress has added \$1.8 billion for this program; we see it costing us another \$2.9 billion over the next five years. And this is the only place in the world where a competition ends up in everybody winning at the end.

The reality is, the most optimistic analyses and models that we have run show that there is little advantage to the taxpayer of having a second engine. The truth is, almost none of the customers will buy two engines. If there's a European engine or a Rolls Royce GE engine, the Europeans are probably going to buy -- our European partners are probably going to buy that one. The Marine Corps and Navy have both said they're only going to take one airplane because of the limited logistics space available on ships.

So the only piece of this that could be competed would be the Air Force -- part of it, and so you end up having two engines for the Air Force. But the key is getting the -- getting the F-135 engine program. It's doing well. It's completed 13,000 hours of testing out of 14,700. The F-136 has completed 50 hours of testing. There's no reason to believe that the second engine won't encounter the same development problems the first one has.

I'll go on, but we can give you the analysis and provide you the details on why we --

REP. MARSHALL: That'd be great. But we keep getting cited to the 2007 analysis by DOD's Cost Analysis Improvement Group which suggested that there really wasn't a cost difference between the two. And then there are many people who think that there are operational advantages to having two engines.

REP. SKELTON: (Sounds gavel.)

REP. MARSHALL: Thank you, Mr. Chairman.

REP. SKELTON: (I) thank the gentleman.

Mr. Turner.

REP. MICHAEL TURNER (R-OH): Thank you, Mr. Chairman.

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

I have two questions for you, Mr. Secretary. The first relates to your earlier statement. You said nobody cares more about our troops than we do. And I believe that you mean that.

There are at times disputes as to what does it mean to care for them. And this issue that I'm going to raise is one of those disputes. Unbelievably throughout our country there are family law courts that are taking custody away from our service members based upon their deployment. With our chairman's support, and three committees of the House, this House has passed four times un-animously legislation which would protect those custody rights. It says simply that a family law court cannot take custody away from a service member based solely upon their service.

I sent you a letter signed by unbelievably every member of this committee. When I raised this issue with you last year, and the fact that DOD has been opposed to this legislation, you told me at that time that you were unaware of DOD's opposition. You committed that your staff would work with me as the National Defense Authorization Act was approaching; so that perhaps we could come up with compromise legislation.

Your staff met with me and these are basically their responses. They said first, it doesn't really happen. I gave them a number of news accounts explaining that of course it does happen. Secondly, they said that custody historically is a matter of federal law. I provided them with a copy of the 65 pages in the federal code that relate to Indian tribes and the instructions to state courts on how to deal with custody with respect to Indian tribes -- 65 pages.

They said then it was states rights. You do not have one state that is objecting to our legislation. And of course, I pointed out that the Servicemembers Civil Relief Act is in itself each element a violation of state rights because it relates to state court matters. Your staff offered no text changes. And when I inquired as to whether there were any dire consequences to the troops, to kids or if it was unfair to the ex-spouses, no information was provided to us of any dire consequences to anyone if this legislation would pass.

Now, again, sir, we have a national military. For that we need a national standard. Our legislation only applies limitedly to the issue of custody based upon the service deployment and the threat of deployment. Now, sir, I wrote you on July 22nd and August 26th asking to meet with you about this, to talk about your opposition. Now, you responded on September 25 with one of the items saying: First, I plan to personally contact the governors of each of the states that have yet to pass legislation addressing the special consideration of child custody.

Well, my first question for you today sir, is I would believe that you are a very busy man. But certainly a secretary that has time to contact every governor in this matter, ought to have 30 minutes to sit down for you and I to have a conversation about this. So my first question is will you meet with me to discuss the issue of the threat to the child custody of our service members?

SEC. GATES: Sure, I'll meet with you.

REP. TURNER: Thank you, I appreciate that. I think it would be beneficial. I do think that the current opposition at DOD is misplaced.

Secondly, I'm the ranking member of the Strategic Forces Subcommittee. And I have a question concerning NATO's strategic concept. Later this spring, former Secretary of State Madeleine Albright will provide recommendations for a NATO strategic concept to the NATO secretary-general. And next fall, the secretary-general will provide his recommendations to NATO member states for consideration at the Lisbon summit.

Secretary Gates, do you believe that NATO should be maintained as a nuclear alliance? Based upon your assessment and your dialogue with fellow NATO defense ministers, do our nuclear deterrence capabilities in Europe still constitute reassurance to our allies?

SEC. GATES: I believe they do.

REP. TURNER: Thank you. There is a great deal of discussion that is going on as to whether or not that precedent should remain. So I take it that your answer to my first part of the question is that you believe that it should be maintained as a nuclear alliance is yes?

SEC. GATES: Yes.

REP. TURNER: Thank you, Mr. Secretary.

REP. SKELTON: Thank the gentleman.

The gentleman from Pennsylvania, Mr. Murphy.

REP. PATRICK J. MURPHY (D-PA): Thanks, Mr. Chairman.

Mr. Secretary and Mr. Chairman, thank you so much for your testimony today; and your testimony yesterday regarding repealing don't ask, don't tell. I'm sure you heard the news just hours ago that the former chairman of the Joint Chiefs of Staff Colin Powell also echoed and supported your decision. Mr. Secretary, you said yesterday it's not a question of if, it's a matter of how we repeal don't ask, don't tell.

And you know, I'm skeptical that the implementation review needs to take one year. When we passed in the Congress don't ask, don't tell back in 1993, it took 90 days for it to be implemented. And I just want to make sure that you know review can't be an excuse for delay. I also understand it's a two-track process basically. It's us in the Congress doing our job to overturn the law that we passed almost 17 years ago. And secondly, the other track is this fact that the experts, that the military leadership needs to figure out a way to implement this non-discriminatory policy.

If we do it via the vehicle that we talk about, the National Defense Authorization Act, I've only been in Congress for three years but I understand every fiscal year when we pass it, it usually takes about eight months. So like in fiscal year '09 we passed it in October 14, 2008, Fiscal Year 2010. We passed it last October 28th of 2009, and we'll probably pass this fiscal year's budget -- or I'm sorry, the 2011 budget this October in 2010.

So why we in Congress do our job, you know, you will have ample time -- at least in my opinion -- to figure out how we should implement this to make sure that we're being careful. I think you would agree that that's ample time, meaning by the time we pass this and it gets in effect, whether it's 2011 or mid 2011, you will have time to complete the study and figure out how exactly we're going to do this. Would that be accurate Mr. Secretary and Mr. Chairman?

SEC. GATES: Well, what I said yesterday was that I expected our work to be done before the end of the calendar year. The reality is there are a lot of assertions associated with this about what people believe and what they don't believe; and what attitudes are and what they aren't. And as the chairman said yesterday, we just don't know the facts.

And so, it's -- for us, it's a dual purpose review. One is to get the -- to have a dialogue with our people in uniform and their families about this change; identify problems and issues associated with its implementation, and figure out ways to mitigate those concerns. These kinds of major changes frankly if done too quickly have counterproductive consequences.

And we need -- the Department of Defense is the biggest, most complex organization in the world. Our military culture is one of our greatest strengths, but it's also a strong culture. And so we need to work with people. We need to get their input into how to go about this.

And I just think -- this is not an excuse for delay; this is in fact a way to do this right and a way that it works -- and that we mitigate or minimize negative consequences. I think rushing into it, mandating it by fiat with a very short timeline would be a serious mistake.

ADM. MULLEN: The only thing I would add is one of my -- I talked about it earlier today and yesterday about the issue of military effectiveness and readiness. And that's a huge concern. I would hope that there would be responsible leadership on both sides of this issue and that we not do what we actually -- from my perspective -- having been in the fleet, did in -- in the earlier debate, which was put the military in the middle of this.

Because we can't afford that now because of the stress, two wars, and all of those things that have been laid out. That doesn't mean it can't be accommodated if it's done in a reasonable fashion. And the other thing, from my perspective, this is a responsibility for -- should it change that for the military to lead. And so there is an impact view of this review. There is an implementation part of this and they're linked.

And so, young officers in positions like you held formerly have to figure out how to lead this in the future as well. I think saying it will take a discrete timeline is probably not known right now in terms of it will take a month or two for somebody to figure that out. So we haven't done this kind of review before. We don't know the impact on the force; and that's what we've got to -- that's really what we have to do over the course of this year.

REP. MURPHY: Thank you, Mr. Chairman. Thank you, Mr. Secretary.

And I think that us in the Congress we want to make sure that we're partnering with you to implement this the right way. So that we're taking care of our war fighters; and we also obviously believe in the principles that our country stands for. And I do appreciate your testimony yesterday and again today. And we look forward to partnering with you to make sure we do this exactly in a diligent fashion. Thank you very much.

Mr. Chairman, I yield back the balance of my time.

REP. SKELTON: I thank the gentleman.

The gentleman from Minnesota, Mr. Kline.

REP. JOHN KLINE (R-MN): Thank you, Mr. Chairman. Thank you, gentlemen, for being here.

I have just two highly unrelated questions. But I think that they both strike to an important point. And frankly, that's in responsiveness on the part of the department.

One, Mr. Secretary, we've been talking to your staff about the issue of Post-Deployment Mobilization Respite Absence. I don't know who thinks these things up for names. But PDMRA is an important program put in place back in January 2007 to address those units who were mobilized for periods beyond what they were supposed to be. For example, the Minnesota National Guard was mobilized and sent to Iraq. They were there for 16 months, a total of a 22-month mobilization period.

Nationally, there's over 23,000 National Guard members, over 10 percent of them from Minnesota, who qualify for this PDMRA payment. In some cases it's thousands of dollars. Nobody has received a dime, not a single dime. And so the question is when can these soldiers expect to receive these PDMRA payments?

SEC. GATES: I'm going to need to take that one for the record.

REP. KLINE: Okay -- I -- please do, and please get back to us quickly.

I will tell you that this is a gigantic issue in Minnesota because we have such a large Guard; they've been deployed multiple times. Some of them -- they're just now coming back, the Red Bulls, from Iraq; right now in the process. And some of them are expecting to be deployed again in 2011. And they've been told now for years that they have this money coming to them and nothing's there.

ADM. MULLEN: And I would add -- actually I don't know about the payment piece, but I was just with them and they have been spectacular. And what they have done in Basra, they've really become the model for this advise-and-assist brigade. And General Nash and his troops are, as you know, incredibly proud of what they've done and they really have been magnificent.

REP. KLINE: Well, thank you. Rick Nash is one of my heroes, as are those men and women in the Guard. Not just the Minnesota Guard, but as you know, the Red Bulls stretches beyond that. But really, this issue needs to be addressed, Mr. Secretary, it really does because they've been told month after month after month they've earned this, it's coming -- and we haven't even seen the implementing instructions coming out of the secretaries. And it's in law. We need to do it.

The other issue is, we've talked about this before, Mr. Secretary, and that's the issue of the charter for the NRO. We put in the last NDAA language requiring that that charter be prepared and let us see it. And so far there's no charter. So the question is, do you know what the status of that is, and when we might expect to see such a thing? That's a major organization with huge acquisition responsibilities and a horribly antiquated charter, and we just ought to get it done.

SEC. GATES: My impression is that a new charter has been drafted but is in interagency coordination, but let me check on the status of it and we'll get back to you. I would like to have an answer to you on both of these questions by early next week.

REP. KLINE: I would really appreciate that. And you know, Mr. Secretary, and Admiral, and you know how this works. You've got some hard-charging major there who's drafted this thing, and I'll tell you, the charter has been drafted repeatedly over these many years where we haven't had one. And it gets into a staffing sequence and we all know what that means, is it gets moved up and across and back down and everything.

And you can staff one of these things until after I'm long retired, and frankly, both of you are long retired, and somebody, maybe my son or something like that, or like Duncan D. will be in here, somebody's son will be asking, have we finished staffing the NRO charter? So please, I would appreciate that, if we can get it next week.

Thank you. I yield back, Mr. Chairman.

SEC. GATES: Mr. Kline, nobody's more familiar with that problem than I am.

REP. KLINE: Mr. Secretary, I actually knew that -- (chuckles) -- and I knew you would respond, but it is -- it is critical that we get this done. It's so important. Thank you.

REP. SKELTON: Thank the gentleman. Ms. Shea-Porter, the gentlelady from New Hampshire.

REP. CAROL SHEA-PORTER (D-NH): Thank you. And thank you both for being here. I continue to be concerned about the open air pits which have been linked to chronic disease and illnesses among service members. Last year, my amendment to the NDAA prohibited open burn pits,

but you were allowed, Mr. Secretary, if you saw it -- to get an exemption if you saw no other alternatives. Could you please tell me where we are on those right now?

SEC. GATES: My recollection is -- and I'll have to get you a more up-to-date report. My recollection is that a number of the burn pits have in fact been shut down, and they have put new regulations in place in terms of using them. But in terms of where we are in shutting them all down, I'm just not certain. I don't know, Chairman, if you know. We'll get an update for you. But I know that some have been -- some of the larger ones have been shut down.

REP. SHEA-PORTER: Thank you, and I appreciate that. I also wanted to ask you about the Community Defense Initiative. General McChrystal was involved in that, and I support that. He said that, you know, it would be good way to get the Afghans involved in their defense, and I think it would provide a lighter footprint for us.

But now I understand that Ambassador Eikenberry has blocked some of the funding for that, and so I would like to ask you about that as well. Is that part of our counterterrorism strategy, or is it not?

ADM. MULLEN: I think it still is. I'm not aware that Ambassador Eikenberry had done that. I can take a look at it and get you a more thorough answer specifically. The whole focus at that level is an important part of the overall approach as well.

SEC. GATES: I think that, you know, my view is that the ultimate solution in Afghanistan is a variety of security elements -- local tribesmen, local community defense groups, police, the army, and so on. And particularly at the provincial and subprovincial level, re-empowering the tribal elders, and so on. The worry that everybody shares, and the source of caution, is the last thing we want to do is recreate or re-empower warlords. And so if there is a reservation on the ground, it is the worry that in one place or another that the risk of doing that is high.

REP. SHEA-PORTER: Well, do you think that the Afghan councils in the communities are strong enough?

SEC. GATES: My guess is that it probably varies very much from locality to locality. And it may be that the way to approach this is on a case-by-case basis in terms of whether the local governance is strong enough to have one of these community defense organizations without running the risk of warlordism.

REP. SHEA-PORTER: But you do think it's possible to do that? Because we know that the central government's weak, to be kind about it. And we also know that this is part of our whole overall strategy. I mean, how important would you rate that strategy?

SEC. GATES: I think it's important.

REP. SHEA-PORTER: Important enough to --

SEC. GATES: And I think this needs to be a part of our toolkit, but I also am prepared to acknowledge that it's really up to the ambassador and General McChrystal and their colleagues to decide where this works and where it won't.

ADM. MULLEN: I would only add, ma'am, that in the operations that General McChrystal directs, it is very much integrated with the Afghan security forces, the army and the police, as well as an infrastructure or the part of hold and build, to be able to build beyond that right down to the local



level. So that's -- it is being integrated into operations as we speak, and it's also informing the government in Kabul, which certainly has a lot of work to do as well.

REP. SHEA-PORTER: Well, there does seem to be a pretty big difference right now between the military and between the ambassador, so I would appreciate it if you could get back to me on that as well.

Thank you, and I yield back.

REP. SKELTON: The gentlelady yields back. Mr. Rogers from Alabama.

REP. MIKE ROGERS (R-AL): Thank you, Mr. Chairman, and I'd like to say I have never been more proud of the chairman of this committee than I was in December of last year, when Deputy Secretary Lynn spoke to us about Guantanamo Bay, and the chairman opened up the hearing by telling him, "This committee and this Congress is not going to give you a penny to buy a prison in Illinois to bring detainees to this country." And I can tell you, he was speaking for all of us when he said that.

So that \$150 million that you got in your budget, as far as I'm concerned you can go ahead and strike it. I want you to know that I think this is asinine to talk about bringing a hundred detainees to this country and spending \$500 million to do it, when we're in a time of these incredible deficits, 10 percent unemployment. It's just reckless spending that we can't afford. So I hope you'll take that lead from the chairman of this committee and go ahead and strike that amount.

I did want to speak a little bit. You told Mr. McKeon that you felt the arrest of the Christmas Day bomber, and turning him over to the private criminal authorities -- not private -- the criminal authorities -- you believe that is -- the judgment as to whether or not that was a good decision to secretary -- Attorney General Holder. Is that correct?

SEC. GATES: Yes, sir.

REP. ROGERS: With your background as CIA director and leading the Defense Department, very competently in both jobs, do you really believe in 50 minutes we got the information we needed from that Christmas Day bomber?

SEC. GATES: Well, as I said earlier, I think that there have been some lessons learned. I know we got a lot of information during that period. I believe that going forward, we now have the protocols in place and the kind of multi-agency interrogation experience and interrogation team that also knows that if there is a national security threat, they can delay Mirandizing somebody. I think we've now got the protocols in place that going forward we'll be able to fully exploit anybody who gets caught like that.

REP. ROGERS: Again, my question, though, is, after 50 minutes he was turned over to criminal prosecution and was given a lawyer. I am a recovering attorney. His lawyer's not going to let him talk any more. So do you believe that we've got all the information we needed to get from him in 50 minutes?

SEC. GATES: No, sir.

REP. ROGERS: Thank you. I wanted to ask you about the 1230 Report measuring the progress in Afghanistan that was due last September. When will we see that?

SEC. GATES: I'll just have to check. I'm not sure.

REP. ROGERS: Great. And also with regard to metrics, when will we receive an update on how we're doing on benchmarks and goals in Afghanistan?

SEC. GATES: We got this question in the Senate yesterday, and frankly, I thought that they had been shared with the committees. They had been worked in the inter-agency, and so I'll need to find out what happened to that because, frankly, I thought they were already up here.

REP. ROGERS: I'd like to get that. And then finally, General McChrystal, as I understand it, asked for a little more than 30,000 troops -- of our troops. He got 30(,000), and that's good. But is he capped at that? If he needs an additional 5,000 or 10,000 troops in Afghanistan in the next 16, 17 months, is he going to have the flexibility to get those?

ADM. MULLEN: General McChrystal, having worked his way, as we all did, through the strategy and the overall approach, is satisfied with the resources that have been made available to him. And he's a NATO commander, so it's not just U.S. --

REP. ROGERS: Right. I understand that.

ADM. MULLEN: As I am -- there are 43-plus countries contributing over there, which is significant in terms of commitment. And we're hopeful that there are an additional seven to 10,000 troops to come from NATO. We're working that pretty hard as well. So General McChrystal thinks he has the resources he needs to match the strategy that he is executing.

There are very few commanders, quite frankly, that I have ever met, myself included, that don't want more.

REP. ROGERS: Well, and that --

ADM. MULLEN: And that's okay. Now, we've matched that up.

SEC. GATES: I would just also add that, in his decisions, the president gave me the authority to add up to within a range of about 10 percent if I identified critically need enablers -- counter-IED, ISR and so on. So I do have some flexibility.

REP. ROGERS: Excellent. Thank you very much.

Thank you, Mr. Chairman. I yield back.

REP. SKELTON: Mr. Courtney?

REP. JOE COURTNEY (D-CT): Thank you, Mr. Chairman.

And thank the witnesses for their endurance here today. I wanted to focus on the shipbuilding plan for a minute. This year's budget and the shipbuilding plan follows on last year's start-up investment and the follow-on class to the Ohio -- the SSBN program. There's, roughly, about 700 million (dollars) in this year's budget. Last year, there was close to 500 million (dollars) that was approved by the Congress.

Certainly, an indication, as the secretary said earlier, that we are not just standing still in terms of our weapons procurement in the future. In the shipbuilding plan, it actually had some language that was -- sounded urgent. There was no leeway in this plan to allow a later start or any delay in the procurement plan.

So I'd just kind of through you an alley-oop pass here. Can you explain to the committee why the replacement is a priority for the Department of Defense this year?

ADM. MULLEN: Actually, I think you've summed it up. There isn't a lot of room. We put the money in last year in this recognizing the kind of long lead that it takes to develop this kind of new capability. And then we have an expectation that it will replace those submarines that are out there now just in time -- though it's years away, but it's very long lead to initiate this investment, the development piece of it, and then to replace those submarines.

Even in the face of -- and we are going through START negotiations with the Russians -- you know, even in the face of that, this part of the triad -- the submarine part of the triad -- everybody believes is an incredibly important and critical part of that triad. So the investment is right.

SEC. GATES: Mr. Courtney, I'd also add that we also have in this budget a little over a billion dollars for the National Nuclear Security Agency to begin work on a new Navy nuclear reactor.

REP. COURTNEY: So -- and, again, the plan really matches up with what the admiral just said. What it also shows, though, is that, over the mid-range, that it really -- that once the SSBN program really hits its stride, it's going to take up a lot of space in terms of the shipbuilding budget.

We had a hearing at our subcommittee a couple of weeks ago where there were some experts who were actually suggesting that because it is such an essential part of our nuclear deterrents that, really -- and it will take up so much space in the shipbuilding program -- that consideration ought to be given to sort of funding it in a separate account, similar to the way missile defense has presently got its own place in the federal budget because, again, there's just going to be another zero-sum game in terms of a lot of other shipbuilding programs once, as I said, the SSBN hits its full construction phase.

I wonder if you have any comments about that sort of suggestion as a way of protecting --

ADM. MULLEN: Not a new idea. Everybody would like to have their own isolated account that gets fully funded every year. And this is a strategic asset, so I don't say that lightly. It's not the first time that has come up. And it is an extraordinary percentage of the shipbuilding budget. And it is just funding one line.

So I think, over time, there clearly will be competition for those dollars. So isolating them, as per suggested, certainly is one solution. But it goes back to an earlier discussion about the overall investment in that account, particularly as we now are at two submarines a year for Virginia and then, as this -- which we will do for the foreseeable future. And as we look at the SSBN bill, that's going to be -- I don't know what the percentage is -- but half of the SCN budget or something like that which calls for -- again, I think that's got to grow over time in a pretty tough environment.

SEC. GATES: I would just add that there is a longer-term issue here. For the period during -- from now until 2015, I believe that we can live within the numbers that we have been given and that are forecast for us without sacrificing force structure. But beyond that time, the Defense Department cannot sustain the current force structure without real growth on an annual basis of somewhere between two and 3 percent.

REP. COURTNEY: And another, I think, important change that we have to pursue here is about being smarter in terms of the way we buy the systems. The weapons procurement reform bill that we passed last year, it seemed that, you know, we were trying to move towards, you know, a design-and-then-build process when we're not sort of mixing up the two at the same time, which is wasteful. And I would just say that the SSBN investment that this budget has in terms of making sure that we, as you said, get this thing done right so that when the time comes to start building, that

we can maybe even bring some of the costs of the vessels down once we hit that stage of the process.

ADM. MULLEN: My only comment on that would be that I would take what, in particular, Virginia Class Submarine program has done. They're actually at two a year, quite frankly, in great part because they were so disciplined and were able to create savings in that program. We've got to do that in the submarine -- in the SSBN program and other major programs as well.

REP. SKELTON: Thank the gentleman.

The gentleman from Pennsylvania, Mr. Sestak -- excuse me. Mr. Wittman, then Mr. Sestak.

REP. ROB WITTMAN (R-VA): Thank you, Mr. Chairman.

And thank you, gentlemen. Thank you so much for joining us today, and thank you for your service to our nation.

Mr. Secretary, as you know, I've been working with my Virginia colleagues to ensure that key strategic decisions are answered and that we're really spending our resources properly, specifically with regard to moving a carrier to Mayport. And we've asked repeated from your department about issues and information related to cost and strategic necessity. And we appreciate you giving us that information back.

According to an article yesterday in the Jacksonville Press, Senator Nelson is quoted as saying, "The secretary of Defense look me in the eye two-and-a-half months ago and said, "You don't have anything to worry about." Furthermore, the leaked copy of the QDR we saw in December didn't specifically mention Mayport; but the final version of the QDR, we see that Mayport is specifically mentioned as a home-porting for another carrier."

Mr. Secretary, can you verify Senator Nelson's comments in the press yesterday, and can you give us an idea about why that was a last-minute change in the content of the QDR?

SEC. GATES: Well, first of all, I don't remember those exact words, but I have known for some period of time, since we were early into the budget process, the priority that the Navy attaches to the strategic dispersion and the continued priority that they attach to having a carrier at Mayport. And I pressed them very hard in the meetings.

You know, you have limited resources. Is this how you want to spend your money? Do you think this is more important than other things, other Navy needs? And both the secretary of the Navy and the CNO said yes.

So I have no reason to doubt that I gave Senator Nelson that kind of assurance based on the Navy's own assessment of their priorities. I was unaware that the draft of the QDR on that issue had changed between an earlier draft in December and the final draft.

REP. WITTMAN: Admiral Mullen, you had spoken earlier about the strategic dispersal plan -- and, Mr. Secretary, you had spoken earlier about realism with risk and resources. And I think that's absolutely applicable in their particular situation.

When you talk about strategic dispersal plans, there are only two areas that I have heard strategic dispersal talked about is in the Congressional Research Service report and then in the EIS. Can you tell me is there a specific quantification of risk in either of those two documents?

ADM. MULLEN: I just -- actually, I don't know. I'll just repeat what I said earlier. I think the stakes are so exceptionally high because of the criticality of these capital shifts and that, if we -- and that, in getting it wrong, it costs us an extraordinary amount.

I also, certainly, understand the investment issue. I mean, at the same time, it's oftentimes, from my perspective, too easy to just play off one investment versus another. This is a total capability, total portfolio, and it's part of the strategic view of where we have to -- where I believe we have to place our assets.

And for lots of reasons, I think that that dispersion is important -- has been so in the past on West Coast -- even on the East Coast. Kennedy was down there, as you know, non-nuclear. And it is now as well.

REP. WITTMAN: Another question. If we truly are going to represent realism with risk and resources, shouldn't we have some tangible quantification of the risks associated with carriers being based where they are there in Norfolk? And then looking at that particular risk and then the costs associated with moving those carriers down there. If we do want to represent that realism, it seems like, to me, we ought to have that grounding in an objective measure of risk.

ADM. MULLEN: I spend a lot of time on risk, and two thoughts: One is quantification is very difficult. That said, I'd be happy to go see what work has been done and see where we are or where we could be. And oftentimes the risk assessments that I get involved in strategically, there is a judgment factor that is there. And it goes back to what we talked about earlier, which is predictability or unpredictability about the future and all those kinds of things.

And I am one that has rarely thought that we should put all our eggs in one basket. And that's a risk factor for me.

So I'll go back and see if there's a way to do that. I'm not extremely positive that I can give you number specifically.

REP. COURTNEY: Thank you, Mr. Chairman. I yield back.

REP. SKELTON: I thank the gentleman.

Mr. Langevin.

REP. JAMES LANGEVIN (D-RI): Thank you, Mr. Chairman.

Gentlemen, thank you for your testimony and your presence here, your service to our nation.

If I could, I'd like to turn my attention to ballistic missile defense issues. As the chair of the Strategic Forces Subcommittee, this is something, obviously, we're following very closely right now. And the president's new phased, adaptive approach to missile defense has significant force structure implications. And have these been quantified yet, number one?

And number two: In 2007, Joint Capabilities Mix Study II, approved by DOD's Joint Requirements Oversight Council, concluded that combatant commanders required at least twice as many SM-3 and THAAD interceptors as were planned at the time. And my question is, does the president's budget procurement of new SM-3 and THAAD interceptors to meet predicted inventory levels to support this new approach?

SEC. GATES: To answer the second part of your question first: The answer is yes. There is a substantial plus-up in the budget of both THAAD missiles and batteries and the purchase of SM-3

missiles. And the development of a land-based SM-3 that could be deployed to Europe and elsewhere.

So just specifically, it adds a battery of ground components; it adds 67 THAAD interceptors; it delivers the THAAD batteries number two and three and 32 interceptors for those. So this is an area where we have, I think, significantly plussed-up the budget.

And as I commented earlier, at the same time, we have a billion three in this budget to continue the further development of the ground-based interceptors as well, including both the two stage and three stage and finishing the second missile field at Fort Greeley.

I'm sorry, the first part of the question?

REP. LANGEVIN: The first question was the president's new phased, adaptive approach to missile defense has significant force structure implications and have these yet been quantified?

SEC. GATES: I don't know that they've been quantified.

ADM. MULLEN: Clearly, in the initial phase of this is -- a lot of it's sea-based and depending on where these go. And it's threat based, regional focus approach, which I quite -- I applaud, because I think that has been a very -- has been a very reasonable approach, as do I think the decision to put SM-3s -- to land-base them, because I think that has lots of possibilities.

I think the longer-term force structure issue, though, it will be in ships. And a concern I've had for many years is do you turn these into virtual SSBNs -- SSBNs where they could, you know, this is all they do. And I don't support that. I think these Aegis ships have multi missions and we have to keep that in mind.

And I also think we need to upgrade the ships that we have to this capability before -- which is a lot less expensive than buying, you know, many more Aegis ships. And that's the -- I think the debate that we're going through right now. And it obviously depends on our concept of operations as to what the force structure implications there would be -- as well as on the ground side and where we would need them -- where we would want to have them both either forward based or be able to move them based on some kind of conflict.

SEC. GATES: We have funding for conversion of 23 ships to Aegis capability and this budget adds three more.

REP. LANGEVIN: Thank you.

Let me turn quickly now, if I could, to the issue of cybersecurity -- something that I have been very involved with and follow very closely. And in addition to my work here, I also sit on the House Intelligence Committee. We just had Director Blair with us this morning. And one of the first things that he identified in his annual threat assessment was the fact that cybersecurity is probably one of the number one threats facing the nation right now.

Let me ask you: What systems should the government view as within the national security framework? And what's the status of the establishment of the sub-unified command under Strategic Command? And do you have updated organizational structures from the services and Defense agencies to respond to cyber command?

SEC. GATES: Yeah. Both the Navy and the Air Force have stood up their own versions of a cyber command. The Army is in the process of doing that. We are ready to proceed with the estab-