

HEARING OF THE HOUSE ARMED SERVICES COMMITTEE

SUBJECT: THE 2009 QUADRENNIAL DEFENSE REVIEW (QDR)

CHAired BY: REPRESENTATIVE IKE SKELTON (D-MO)

WITNESSES: MICHELE FLOURNOY, DEFENSE UNDERSECRETARY FOR POLICY; VICE ADMIRAL P. STEPHEN STANLEY, DIRECTOR FOR FORCE STRUCTURE, RESOURCES, AND ASSESSMENT, J8, THE JOINT STAFF; CHRISTINE FOX, DIRECTOR OF COST ASSESSMENT AND PROGRAM EVALUATION, DEFENSE DEPARTMENT

LOCATION: 2118 RAYBURN HOUSE OFFICE BUILDING, WASHINGTON, D.C.

TIME: 10:00 A.M. EST

DATE: THURSDAY, FEBRUARY 4, 2010

REP. SKELTON: (Sounds gavel.) Good morning. I want to welcome you to the House Armed Services Committee hearing on the 2010 Quadrennial Defense Review. Before we start and before I give my opening statement, I just learned that we are to have five votes rather soon, and I hope the witnesses will understand while we're gone. We shall return because this is a very, very important hearing and we really want to know what you have to say. So we'll plow right on. At least, hopefully I can make an opening statement, Mr. McKeon can make his opening statement, and see how far along we go from there.

Witnesses. Honorable Michele Flournoy, undersecretary of Defense for Policy; Vice Admiral Stephen Stanley, director for Force Structure, Resources and Assessment -- that's the J8 Joint Staff; the Honorable Christine Fox, director, Cost Assessment and Program Evaluation for the department. And we want to welcome our witnesses.

And let me say this is also a -- in essence, a continuation of the hearing we held yesterday with Secretary Gates and Admiral Mullen. The release of the report of the Quadrennial Defense Review is always a noteworthy event in defense circles, and particularly so here on our committee.

In my view, the remarkable thing about the president's budget we received yesterday and the QDR is the deep commitment they reflect on the part of this administration to preserving the national security of our country. At a time of tremendous economic difficulty, unprecedented deficits, spending freezes in the other parts of the budget, the QDR demonstrates a clear need for -- and the department's budget reflects -- real growth in defense spending this year and into the foreseeable future.

Now, while we'll have our disagreements about some of the details, I strongly support the administration decision to request these increases. Congress has a constitutional responsibility to provide oversight of and funds for the nation's armed forces. The congressional mandated QDR directs the secretary to conduct a comprehensive examination of the National Defense Strategy, force structure, force modernization plans, infrastructure, budget plan and other elements of the defense program, and policies of the United States with a view toward determining and expressing the defense strategy of the United States and establishing a defense program for the next 20 years.

Thus, the QDR outlines the secretary of Defense's thinking on that wide range of topics and provides a sort of blueprint on how he sees the department moving toward -- moving forward, I

should say -- to meet future security challenges. It's important for Congress to understand what the secretary sees as our top national priorities, why, and the measures required to deal with them. Then we can make sure the required resources are available.

But as Congress develops the policy positions and makes funding decisions, it's quite natural that the legislative branch's determination of national security priorities may differ from those set forth by the executive branch. The framers of the Constitution designed it that way, and if we're going to make different choices, both in terms of policy and in terms of funding, it's incumbent upon us to understand the implications of the available options.

The QDR, this hearing, is as important as anything in that part of the process, although the primary consumer of the report of the QDR is Congress. That's why the reporting elements are in the law. I understand that it has to be written for a wide variety of audiences -- the interagency, the international community, the defense industry, academia, just to name a few -- and therefore it's not surprising that it fully pleases none of them, never has, never will.

Now, having said all that overall, I find the 2010 QDR to be a solid product and superior to the last several iterations that we've had, and I compliment those who worked on it, and I commend you for your hard work in focusing and linking strategy to resources. This clearly lays out four priority objectives of a defense strategy and six key mission areas that require enhancement if that strategy is to succeed.

That is clear strategic direction for our nation's military to not only win today's conflicts but to be prepared for tomorrow's threats as well. The QDR recognizes that we must continue to be ready to counter more than one threat at a time but acknowledges that there are a variety of scenarios beyond major regional contingencies that our military is likely to face. That's a good step because the potential threats are complex.

Still, the way the QDR seems to treat the force sizing construct is to advocate for a force that is capable of being all things to all contingencies. It's tough to determine what the priority is, what the most likely risk we face may be, and what may be the most dangerous. It seems that the QDR makes no significant changes to major pieces of our current force. This makes our task that much more difficult because although the QDR should not be budget constrained, the plain fact is that resources are not unlimited.

Ultimately, Congress will need to make prudent tradeoffs to meet fiscal realities while buying down strategic risk. To do so, we need to know where our current and projected force structure is inadequate. The QDR should help us understand the consequences of those tradeoffs, and my first reading indicates that perhaps it comes up a bit short there.

I'm pleased to see that for the first time, this QDR elevates the health of the force to a strategic priority. It rightly emphasizes the need to address the strains placed on our men and women in uniform as well as their families. It pays continued attention to military compensation, health care, warrior care, as well as family support services.

But I'm concerned that beyond casual mention of the need for greater cultural and language training, it does not pay enough attention to the operational needs of our muddy-boot warriors. The wars in Iraq and Afghanistan have made it clear that the superiority of individuals and small units engaged in close combat is essential if the United States is going to win these sort of wars.

These are our most effective weapons. However, where the QDR goes on at length about the need to develop high-end technological capabilities, there is no comparable discussion about the need to develop the small arms and other individual equipment to preserve the superiority, let alone the development of innovative means to ensure that these small units are fully trained. You know, that's a shame because that's really the best way to take care of our people.

Now let me turn the microphone over to my friend, the ranking member from California, Buck McKeon.

REP. HOWARD "BUCK" MCKEON (R-CA): Thank you, Mr. Chairman, and I ask that my full statement be submitted for the record.

REP. SKELTON: Without objection.

REP. MCKEON: Thank you. And I join you in welcoming our witnesses here today. I thank you for being here this morning. We look forward to hearing your testimony.

For some time now, Secretary Gates has been pushing for balance in the Defense Department in an effort to focus the program on prevailing in the conflicts of today. In the secretary's introduction to the 2011 Quadrennial Defense Review, he writes that his efforts to rebalance the department in 2010 continued in the 2011 budget and were institutionalized in this QDR in the outyear budget plan.

For some time now, Secretary Gates has been pushing for balance in the Defense Department in an effort to focus the Pentagon on prevailing in the conflicts of today. In the secretary's introduction to the 2011 Quadrennial Defense Review, he writes that his efforts to rebalance the department in 2010 continued in the Fiscal Year 2011 budget and were institutionalized in this outyear budget plan.

While we commend the department for its laser focus on the wars in Iraq and Afghanistan, I believe efforts to make balance a fixture in the QDR and the outyear budget is shortsighted and puts the department on the wrong path for the next 20 years. Choosing to win in Iraq and Afghanistan should not mean our country must also choose to assume additional risk in the conventional national defense challenges of today and tomorrow.

Last April we received a glimpse of the cost of balance when the secretary announced over \$50 billion in cuts to defense programs. This year the impact is more subtle but, I fear, more severe. As I told the secretary yesterday, in my view the QDR understates the requirements to deter and defeat challenges from state actors and it overestimates the capabilities of the force the department would build.

This QDR does an excellent job of delineating the threat posed by those with anti-access capabilities, notable China, but does little to address the risk resulting from the gaps in funding, capability and force structure.

As a result, we find out outyear defense plan in QDR that basically reinforced the status quo, despite serious threats to our current capability. Thus, this QDR provides a force structure that is built for the years we're in today when the purpose of the review is exactly the opposite: to prepare for the likely conflicts of tomorrow.

One must ask, what's new here? If this is really a vision for the defense program for the next 20 years, as the statute requires, then why does the QDR lay out a force structure for the next five years, not to mention one that looks a lot like today's force?

The QDR is supposed to shape the department for 2029, not describe the Pentagon in 2009. My concerns revolve primarily around one of the QDR's key mission areas: deter and defeat aggression in anti-access environments. In my view, this is the mission area which should have driven the growth and size and capability of our air and naval forces, yet we cannot evaluate whether the QDR has the right force structure for this critical mission area because it offers no clear force planning construct and abandons the two-horse strategy.

Oddly, the QDR seems to suggest that while this threat grows, we can make do with less than we previously thought. For example, the last stated Air Force requirement for fighters was 2,200, but the QDR now reflects a need for approximately 1,500 combat-coded fighters with no mention of aircraft required for training and test activities. Likewise, the budget does not appear to take any steps to mitigate the similar fighter shortfall in the Navy and Marine Corps.

Another example of inadequate force structure is in the area of missile defense, where there is no indication that the Navy has increased the requirement or funding for large surface combatants to support its increasing role in the ballistic missile defense mission. This requirement was established in 2006, at which time there was no BMD mission for these vessels. Our fighter and ship shortfall are the most obvious examples where this budget and QDR failed to reflect a strategy that looks beyond today's conflicts and considers the very real emerging threats of tomorrow.

I have more questions and concerns regarding the QDR that I'll address during the Q&A session. Once again, thank you for being here today. I look forward to your testimony. I yield back, Mr. Chairman.

REP. SKELTON: Thank you, Mr. McKeon.

Madame Secretary, is it my understanding that each of the witnesses are to testify, or just you?

MS. FOURNOY: Sir, we've submitted a joint statement for the record but we'd each like to make an opening statement if that's in line with your thinking, but it's your call, sir.

REP. SKELTON: But would it be an opening statement by one or three?

MS. FOURNOY: Of three, if that's --

REP. SKELTON: You bet; that's fine. We'll start with you, however.

MS. FOURNOY: Okay, great.

REP. SKELTON: You're recognized.

MS. FOURNOY: Thank you. Thank you, Mr. Chairman and Representative McKeon and members of the committee. It's a pleasure to appear again before you today to speak about the department's 2010 Quadrennial Defense Review.

Our efforts in this QDR really have revolved around the imperative to reaffirm our commitment to the health of America's all-volunteer force, to rebalance our programs and capabilities to fight both the wars that we're in today and also prepare for future contingencies, and to reform how and what we buy.

With the QDR report released in our written statement submitted for the record, I'd just like to spend a few minutes to highlight some of the key points.

First, this QDR advances a strategic framework for the department that focuses on priority objectives that are critical for the nation. First, prevail in today's wars -- places like Afghanistan, Iraq, the broader war against al Qaeda; prevent and deter conflicts; prepare to defeat adversaries and prevail in a wide range of future contingencies; and preserve and enhance the all-volunteer force.

These four priority objectives are both timely and enduring. They capture the essence of what the department must do to protect and advance American interests, and they constitute the key priorities that drive how we think about the overall size and shape of America's armed forces.

Second, QDR analysis strongly supports our conclusion that the United States requires a portfolio of military capabilities that provide maximum versatility across the broadest possible and plausible spectrum of conflict. The changes directed under the QDR enhance the agility of the force, particularly through an increased emphasis on key enabling capabilities.

By enabling capabilities, I mean the kind of support forces that seldom get the attention they deserve but have been in quite short supply for today's wars and will remain critical for the future. Examples include things like helicopters, UAVs, platforms for intelligence, surveillance and reconnaissance, electronic warfare capabilities, communications networks and enhanced cyberspace defenses.

Third, this QDR provides the department with an approach to force planning that is appropriate for the world we face, not the world we would prefer to face. Today our forces are simultaneously operating in Afghanistan, Iraq, Haiti and elsewhere around the world. We need to ensure that our policy and our planning paradigms assure agility rather than reinforce rigidity.

As we've seen all too often, the wars we fight often bear little resemblance to the canonical conventional contingencies that have tended to dominate our defense planning. We've come to learn at great cost that America's current and future adversaries will not conform to conventional ways of war but will more likely use a mix of often- asymmetric approaches and try to bypass our strengths.

The defense strategy articulated in this QDR reflects the reality that U.S. forces must be capable of conducting multiple simultaneous, often long duration operations across a wide range of challenges. This includes prevailing in two large-scale conflicts against regional aggressors, but it also takes into account other scenarios, such as conducting large-scale stability operations, defeating highly-capable adversaries employing cyber and space capabilities, extending support to civil authorities in response to a catastrophic event in the United States, among others.

This range of plausible challenges is why the secretary has focused on the need for a broad portfolio of capabilities that are versatile across the range of conflict.

Fourth, our people. Our people are the most precious of our military resources. While I am constantly impressed by their professionalism, their morale, their effectiveness in the field, there are indications that worry us after these long years of wars, from post-traumatic stress to increased rates of divorce and suicide.

For too long, the health of the all-volunteer force has been underemphasized in our defense planning. This QDR has elevated the need to preserve and enhance the force as a core component of our policy, our planning, and our force management. The QDR and the FY 2011 budget propose

a series of new programs and investments to shore up the health of the all-volunteer force and the families who are making significant sacrifices on their behalf.

Lastly, Mr. Chairman, it's clear to us, and I know it's clear to all of you as members of this committee, that the Department of Defense needs to further reform how it does business. This QDR explores several critical institutional issues that the secretary has identified as priorities: reforming security assistance to build partnership capacity, institutionalizing our rapid acquisition capability, strengthening our industrial base, reforming U.S. export control systems, and crafting a more strategic approach to climate and energy issues.

These issues are critical to how the department prepares and executes national strategy. For eight years, we've asked our men and women on the front lines to innovate and adapt under fire, and they've done so. The QDR argues that the Department of Defense as a whole must do the same.

Mr. Chairman, I strongly believe that the congressional requirement to the department to submit a QDR actually helps us and the nation successfully adapt to a post-Cold War world, and though we will continue to refine how best to rebalance our armed forces and reform our department for complex challenges both today and tomorrow, I believe the QDR has been an important institutional mechanism to facilitate much-needed change.

But as you know, there is no such thing as a risk-free defense strategy. I know I speak on behalf of the secretary and the department when I ask for your continued leadership and the leadership of this committee to help ensure that we prevail in today's wars while also preparing for the next generation of challenges and enable us to protect and advance America's interests in a complex world.

Thank you very much.

REP. SKELTON: Thank you so much. We have nine minutes yet on this vote -- 1:15 -- four five-minute votes and probably another 15-minute vote, so our witnesses are going to have to bear with us. So, Admiral Stanley, let's move ahead, and then we'll get to Ms. Fox. Go ahead -- and then we'll break. Admiral?

ADM. STANLEY: Mr. Chairman, distinguished members of this committee, thank you very much for your time and the opportunity to amplify the testimony of Secretary Gates and Admiral Mullen. But more than that, I would like to thank you for the strong support your committee provides to our men and women in uniform. Your recent approval of our reprogramming request to support operations in Haiti is just one of countless examples of the support that you give our men and women in uniform every day, and I just want to thank you for them.

Now back to the QDR. I believe the 2010 QDR sets the department on a new path, a path that requires significant effort, effort that is ongoing but not yet complete. The QDR focuses not just on winning today's fight, but also on the complex and uncertain future security landscape and potential conflicts the United States and our partners are most likely to face in the future.

The QDR directly addresses Chairman Mullen's top three priorities: first, winning today's fight; second, balancing global strategic risk; and, third, preserving and enhancing the health of the force.

Now let me amplify on the specific priorities. First, the QDR appropriately supports our mission to disrupt, dismantle and defeat al Qaeda globally and particularly in Afghanistan and Pakistan through investment in critical enablers such as rotary-wing ISR and Special Operation forces that have experienced persistent shortfalls over the years. Winning the fight requires changing our capability mix, and we are doing it.

A second priority -- balancing global risk in today's conflict security environment -- requires a ready and agile force with sufficient capacity and capability across the range of military operations. The QDR recognizes the importance of developing capabilities to address future anti-access and area denial threats. Additionally, the QDR focuses on regional, forward-based and rotational engagement with partners to set conditions that not only preclude conflict but establish the security environments that undercut extremism.

Although we've retained the capability and the capacity to act decisively when appropriate, we prefer to partner and work with others in major operations. Our forward-stationed and rotational joint forces will ensure the ability to both sustain forward engagement and rapidly project forces and power globally to defeat future adversaries or, as in Haiti, rapidly respond to international crises.

Its third priority, preserving and maintaining the health of the force, begins with taking care of our people. Our men and women in the armed forces are America's greatest strategic asset. The QDR advocates important initiatives to enhance warrior and survivor care, reinforcing the urgency to improve research and treatment for a broad range of injuries, especially traumatic brain injury and post-traumatic stress.

Additionally, the QDR prioritizes reducing stress on the force through family support initiatives and an appropriate focus on properly resetting the force.

Overall, I believe the QDR provides an accurate depiction of the future national security requirement. Our challenge as a nation will be, properly, to resource it. I look forward to your questions. Thank you.

REP. SKELTON: I think because of the time, Ms. Fox, we'll postpone your testimony until when we come back, but we do have the several votes, so please bear with us and when we resume we will ask you for your statement. Then we'll go into the questions for the members. So we will stand at recess until we return, hopefully very soon.

(Recess.)

REP. SKELTON: (Sounds gavel.) The hearing will resume.

Ms. Fox, you're on.

MS. FOX: Thank you, Mr. Chairman.

Chairman Skelton, Congressman McKeon, members of the committee: Thank you for this opportunity to testify before you today.

As you heard a few minutes ago, the QDR concluded that we must balance resources and risk across four major objectives. Today, I will briefly tell you how our Defense program supports these priority objectives.

The first is to prevail. To achieve our objectives in Iraq and Afghanistan, our military leaders need to help to address persistent shortfalls. We are expanding our Special Operations Force by increasing the capacity of gunships, increasing intelligence capabilities, adding personnel to the Special Operations Command and adding civil affairs and psychological operations personnel. We are making significant investments in enabling capabilities such as helicopters, unmanned multi-mission aircraft and EA18-G electronic warfare aircraft.

The QDR points out the critical need for cultural and language training. We've added funding to develop and expand programs -- particularly those focused on Afghanistan and Pakistan. The next objective is to prevent or deter conflict by helping to build the security capacity of our partners while remaining strong ourselves. The program adds funding for the Global Train and Equip Authority. We added \$1.5 billion to curb the threat of weapons of mass destruction and improve homeland defenses. We directly address the very real threats in the cyberspace domain by funding the rapid creation of Cyber Command.

Prepare: We need to be prepared for a wide range of contingencies, including the modern, high-tech capabilities being developed by other nations. To be prepared for this broad spectrum of potential contingencies, we need flexible, adaptable, highly-capable forces.

By now you have heard of our efforts to significantly restructure and stabilize the Joint Strike Fighter Program. This program is vital to our ability to keep pace with worldwide technological advancements. CAPE played a significant role in the program's restructuring. In accordance with the Weapons System Acquisition Reform Act, CAPE led the independent cost analysis that informed the in-depth review of that program. The budget submission fully funds JSF to the CAPE cost estimate.

The budget submission reflects our commitment to modernizing all Army brigade combat teams and it supports development of a new ground combat vehicle. It invests in shipbuilding, procuring 10 ships in fiscal year '11. Our shipbuilding program is described in detail in the 30-year shipbuilding plans.

We added resources to expand the long-range global strike portfolio, including a potential future bomber, and we robustly funded a dependable missile-defense system that moves toward a regional defense strategy.

And preserve: Our fourth major objective is to preserve and enhance our all-volunteer force. We've made significant improvements to our health-care system and benefits. Within five years, we will have secure data exchange and web access for DOD, Veterans Affairs and third-party health-care providers. And we added funding for a variety of family-support programs, including a significant effort to modernize our DOD schools.

Of course, another objective of the department is reform. Earlier, I mentioned the JSF program restructuring and the role of CAPE in accordance with the Weapons System Acquisition Reform Act. CAPE's analysis informed other significant decisions reflected in this budget submission, such as the decision to shut down the C-17 production.

I believe that this program -- a program that I have only briefly sketched for you -- fully supports the goals of the Quadrennial Defense Review. It is focused on the needs of the war fighter today and tomorrow. It is a program built on realism, informed by independent analyses.

Again, I thank the committee for this opportunity to speak with you today and for your continued support.

REP. SKELTON: I thank the gentlelady.

It appears to me that Admiral Stanley and Ms. Fox and making their maiden voyage here before our committee. We welcome you and I hope we'll welcome you back many times.



Doesn't it seem to be a stretch, Madame Secretary, for our military to be designated to do all things -- whether it be a major force-on-force on the one end, and a guerilla insurgency fight on the other?

MS. FOURNOY: Mr. Skelton, the force sizing and shaping construct we developed in the QDR is a reflection of the complex security environment that we face even now with Iraq, Afghanistan, a war against al Qaeda in many countries, the relief operation in Haiti. And it's also a reflection of what we anticipate that security environment will look like in the future.

We have not abandoned the 2-MTW or Two Major Theater of War construct. We've gone beyond it. So we certainly looked at and tested for the force against the classic two major theater wars, because we think that's still an important standard, but we didn't think it was sufficient so we looked at other cases.

For example, being able to conduct a large stability operation, conduct a major theater of war and provide adequate support to the homeland at the same time. We looked at another case that involved a major stability operation, a medium-sized counterinsurgency operation, long-duration deterrence in another theater, and extended homeland support.

So the point is, we need to test the force to make sure that we have explored the full range of possibilities in the future and we draw greater insight as to the different kinds of stresses on the force that we may experience. That has given us -- positioned us to better invest in the capabilities, the capacity and the versatility that we'll need for the future.

REP. SKELTON: Don't you think you will need a much larger Army and a much larger Marine Corps to do all that you envision?

Combat skills are perishable, I am told. And to train someone up to do the -- to be a first-class fighter in a guerrilla-type warfare and then to transfer that person -- that squad, that platoon, that company -- into a major force-on-force where tanks and artillery are used extensively -- will you have an awful hard time transitioning that soldier or Marine -- that ground fighter?

ADM. STANLEY: Mr. Chairman, the way I would respond is the joint force needs to have these capabilities. Each portion of the forces does not require them. Obviously, we emphasize certain capabilities in different portions of the force. We don't expect our ground forces to be able to operate ships at sea, as an example. Our Special Operations forces are very well skilled.

One of the challenges we face is learning from the lessons that we have gained during the current conflict, which makes us really the best counterinsurgency force in the world. How do we then incorporate those into our doctrine so that we maintain those skills? And at the same time, not move our capabilities away from the ability to deal with one or two regional aggressors.

REP. SKELTON: What are you teaching in the war colleges?

ADM. STANLEY: Sir, it's a combination. We are starting to get these lessons into the war colleges. Specifically, I can't address it. But I'd recommend each one of the services discuss that. There are initiatives to make this part of our educational curriculum.

MS. FOURNOY: Sir, could I add a point, if I may?

One of the reasons we put such emphasis on eventually getting to a more sustainable dwell time -- deployment to dwell-time ratio is not only to reduce stress on members of the service and their families, but to increase the time at home for a broader range of training, to be able to reacquire

some of the more perishable skill sets that may be lost, you know, in time deployed on a particular operation. So that is one of the driving factors towards getting to a more sustainable rotation.

REP. SKELTON: Has there been a study or an analysis of the size of the Army or Marines to fully contemplate doing what we're doing today, plus a major force-on-force conflict?

ADM. STANLEY: You're touching on what I consider one of the significant shifts in this QDR. And Secretary Flournoy's already addressed it, but it's the idea of we didn't just pick a time-frame just beyond the future year's defense plan, line up two major aggressors or pick a couple scenarios and plan for the capabilities required for those scenarios.

We now recognize what we need to do in this uncertain future is to plan in a temporal aspect. So we plan for today and tomorrow across this whole spectrum of capabilities.

REP. SKELTON: That doesn't really answer the question I put to you.

ADM. STANLEY: Yes, sir.

REP. SKELTON: This does concern me a great deal. I cited yesterday, when the secretary and Admiral Mullen were testifying, the 12 military contingencies we had since 1977 in this country, none of which were anticipated -- none of them. And over the next 30-plus years, I hope we don't have any. But as sure as God made little green apples, there will be some out there that we don't anticipate. And that's why I'm concerned about the size, the education, the training and the readiness to do all these things.

Admiral?

ADM. STANLEY: Yes, sir. I think your concern is well-founded. And I won't tell you that there's no risk there.

REP. SKELTON: Well, I don't want to be in a position 10 years from now to say, "Hey, Admiral Stanley, I told you so."

ADM. STANLEY: Yes, sir. The specific answer to your question is yes, we have done a study. In the scenario cases that we picked -- and again, there's three scenario cases that we tested the force against. So instead of just building for a capability level, we tested the force against three different visions of the future. That emphasizes the flexibility of the force that we require. The size of the ground forces was part of that. And the size of the force tested satisfactorily against those three different scenario cases.

REP. SKELTON: Ms. Fox, your testimony is to the effect that we're looking to the future. However, I do notice a substantial cut in research and development. I think the figures you gave, it's about a 10 percent cut in research and development. Is that not the seed corn for future conflicts?

MS. FOX: Mr. Chairman, I don't have the exact cut numbers with me today, so I can't comment on the number. But I can tell you that R&D absolutely follows procurement. And so at times when we are investing a lot in R&D, we're looking at new systems. And sometimes then it goes down as we start to transition to procurement. When you look out, I think that you'll see R&D is a major part. For example, in the aviation plan that we submitted, there's a significant investment in R&D.

ADM. STANLEY: Mr. Chairman, could I just comment on that? Your seed-corn comment deals with, in my mind, science and technology. And actually, this budget request increases the in-

vestment we're making in science and technology, which is a subset of R&D. The actual R&D reductions that you're talking about is principally one program, Joint Strike Fighter. Even though Joint Strike Fighter got additional investment in R&D over what was planned, there was a programmed reduction associated with the plan program. So there's both an increase to our Joint Strike Fighter and a reduction.

REP. SKELTON: Thank you.

Mr. McKeon.

REP. MCKEON: Following up on what the chairman was addressing, would one of those scenarios, one of those three scenarios, maybe include having the present forces in Iraq and Afghanistan and maybe having a major incursion or blow-up in Korea? How would we handle that?

MS. FLOURNOY: We did look at that kind of scenario. And while I don't want to get into classified details in this setting, what I can say to you is that in many of those cases we found that a lot of the U.S. contribution would be heavy air and naval-intensive. And there was certainly adequate flex in our forces to provide that assistance to allies on the ground who were engaged.

REP. MCKEON: Okay. Are we going to have --

REP. SKELTON: And I don't -- may I interrupt?

MS. FLOURNOY: We would be happy to come brief you in a classified setting on the detailed scenario analysis that underscores --

REP. SKELTON: If you'd yield just for a moment --

REP. MCKEON: You bet.

REP. SKELTON: It sounds like you're not going to put boots on the ground, but rely on the Navy and the Air Force in such a situation. Is that the case?

ADM. STANLEY: Again, we did three cases. Each case had different combinations of scenarios in them. So it's not three scenarios. It's three separate scenario cases that include multiple scenarios. Was Korea part of it? Yes. Okay, do we put boots on the ground in Korea? Yes. The forces --

REP. MCKEON: More than we have there right now?

ADM. STANLEY: Yes, sir. Yes, sir.

REP. MCKEON: Where would they come from?

ADM. STANLEY: It's from -- the question is, when is the operation actually conducted? We planned on the reduction of Iraq forces --

REP. MCKEON: Well, I'm -- I guess the question I have, Mr. Chairman, is, say this happened tomorrow.

ADM. STANLEY: Yes, sir.

REP. MCKEON: We still have the forces in Iraq and Afghanistan. Are we going to start loading them on planes? I mean, if this happened -- and again, I understand not wanting to talk in details here -- but the overall concept I think that the chairman first addressed is we've been concerned about moving -- giving the troops adequate time at home, and we're not to that point yet. So it

means we're already stretched pretty thin. And then to say we could have two scenarios at the same time going on and we'd be able to match, I just think -- I'd like to see that in a (detailed session ?).

ADM. STANLEY: And I want to be clear. In the near term, the demand on the force is such that there's significant stress. So another operation --

REP. MCKEON: And significant risk.

ADM. STANLEY: Yes, sir. Another operation in the near term the size of a Korea would require the nation to mobilize. Okay, it would take away our ability to rotate the forces even as little as we are now, one to one. Would we still prevail? Yes. Would there be increased losses? Yes.

REP. MCKEON: Okay, let me -- if we could follow that up in a classified, I'd really like to do that. Let me get to another point. The QDR highlights three areas of operational risk: One, enabling capabilities; two, the building of partnership capacity; and three, securing DOD systems in cyber space. Are there any other areas of operational risk?

MS. FLOURNOY: Those are the primary areas that we identified, sir. And what we were referring to there is that if we fail to make the recommended investments in these areas, we would be, as a result, accepting higher levels of risk.

There are other kinds of risk that the QDR talks about -- institutional, force management, and future challenges. But those were the primary three operational risks we identified.

REP. MCKEON: Do our forward-deployed forces face operational risk in anti-access environments, in the air and sea?

MS. FLOURNOY: We believe there are significant challenges in the anti-access domain. And we have made -- part of what we did, we had a group within the QDR that focused on that, and we've recommended a number of targeted investments that you'll find in the budget towards bolstering U.S. capabilities to deal in that environment.

We are investing in long-range strike capabilities, developing a joint air-sea battle concept, developing underwater unmanned vehicles and capabilities, investing in the robustness of (C4SR ?) space, cyber space, and so forth. And each of those you can find in the budget. And I'm sure Ms. Fox could speak to those in more detail if you're interested.

REP. MCKEON: I see that we're cutting back the Air Force. We're not growing the Navy sufficiently, I don't see, to meet these risks. And so I just have some real concerns there in this area.

One other point, Mr. Chairman. The force structure outlined in the QDR through 2015 is very similar to the force structure of the current force. Would you please highlight the most significant changes that would carry us out in the future?

MS. FLOURNOY: Well, I think, again the force structure details some changes in platform numbers and so forth. And we are making substantial investments in new platforms, everything from the F-35 -- we're on a path to eventually invest in the new bomber once our study is complete, new SSBN, new UAVs, underwater warfare-capability ships, Army combat vehicles, and so forth.

But I would highlight, what's even more important than the platforms is the investment in the new technologies and capabilities that are going on those platforms. Aegis is a great example. There's the ship, which is the platform. But what's really making the difference is things like the ballistic missile defense system that we're putting on the radar, the ISR and so forth.

So a lot of this QDR is investing not only in the platforms, but really ensuring that we have the most cutting-edged capabilities on those platforms to enhance their capability and enable us to really operate in fundamentally new ways.

REP. MCKEON: So cutting back the number of planes, cutting back the number of ships, is offset by putting new technology on the ships and planes that we have?

MS. FLOURNOY: That is not exactly what I said. I'd like to ask both the admiral or Dr. Fox to jump in here, because they've done most of the force-structure analysis.

ADM. STANLEY: So the actual -- the 30-year ship-building plan actually provides for growth in the Navy over the size of the Navy we have today.

REP. MCKEON: Thirty-year?

ADM. STANLEY: Thirty-year ship-building plan. And that actually happens across the FYDB. There's some growth in the size of the Navy.

REP. MCKEON: I think the secretary said yesterday that he felt pretty good about the very, very near future.

And when you get five years out, he said he felt pretty good, and then longer than that is fantasy. I believe that was his quote.

ADM. STANLEY: Yes, sir. Clearly, who knows what the affordability is going to be out in that time frame, or what our capability requirements will be. It is a projection, and I won't give it any more credit than that.

In the FYDB time frame -- the five-year period that you referred to, there is some growth in the size of the Navy. There's also some reduction in the number of combat-coded aircraft in the Air Force, as you've discussed. We are adding -- we're shifting the focus over to the unmanned platforms, such as the Predator and Reaper, which give us an attack capability we haven't had in the past. It's also one that's proven very critical to the ongoing operations.

So we think it is a good and prudent investment. So the size of the force, considering that new addition, is slightly smaller, but it's not significant.

REP. MCKEON: Thank you, Mr. Chairman.

REP. SKELTON: Thank you.

Admiral, when do we get to the 331-ship Navy?

ADM. STANLEY: Three hundred thirteen is the Navy's current plan, and it's out and far beyond the FYDB, sir.

REP. SKELTON: Say that again.

ADM. STANLEY: Three hundred thirteen, I believe, is the --

REP. SKELTON: All right, 313. Yes, sir.

ADM. STANLEY: -- current plan, and it is beyond the FYDB.

MS. FOX: Sir, if I could add, it actually, in the plan, it's achieved about the -- in '20, so 2020, which is not out in the "fantasy land" of the 30-year plan, and it's more in the --

REP. SKELTON: For a lot of us it's in -- it's fantasy land.

MS. FOX: Yes, sir, well, I understand. But it is -- we get to about 300 ships across the FYDB, and we are able to sustain that for awhile. It is challenging in the mid-term with the SSBN, but it is in the plan you'll see.

REP. SKELTON: Okay.

Mr. Ortiz.

REP. SOLOMON ORTIZ (D-TX): Thank you, Mr. Chairman.

Thank you so much for joining us today, and I know it's taken time to prepare for this report today.

But my question is that the QDR states that continued relationships in the European Command are integral to our nation's security. Additionally, now that AFRICOM has been established as a separate combatant command, partnership with key African nations will be the foundation of our success in Africa. With this in mind, what manpower and funding is needed in these two areas to ensure that these strategic partnerships will be successful?

And the reason I ask that, when you were testifying, you say that one of the things that we need to do is to protect our people. We need to tie that, to see what we are doing, because one of the weakest points that we have has been in gathering human intelligence. Are we providing enough school -- linguistic schools, and trying to nourish those areas to the point where we will be in a position to be able to get human intelligence? And maybe you can elaborate a little bit on that today.

MS. FLOURNOY: Let me just speak to underscore the importance of the topic, and then turn to my colleagues for some -- to fill in some of the manning and programmatic details.

We do believe, the secretary believes that building the capacity of partner-states -- in places like Europe and, very much, in Africa, is a critical element of protecting U.S. interests. The more we build partner capacity, the more they can operate alongside us when we have common interests under threat, the more they can deal with their own security environment in their neighborhood.

We are investing in the ability of the force -- not only Special Operations, who've traditionally had these missions, but the capability of the general-purpose force to really partake in that partner capacity-building, particularly through language and culture training, also through a sort of "train the trainer" concept, even within the general-purpose forces.

But I'd like to offer it to -- I don't know, Christine to address.

REP. ORTIZ: Thank you.

MS. FOX: Sir, we did take language and culture training very seriously in this program, in support of the QDR. We have added significant funding to allow us to, for example, increase the Afghanistan-Pakistan -- what's called the "Hands program," which is a language and training program that looks at immersion language training and it ties careers to that region. We do expect that program to be broadened beyond Afghanistan and Pakistan as we can.

We have also done things like make a plan that, by fiscal year '15, the Special Operations -- everything will be out of OCO and into the base, because we see that as an enduring need. These language programs also we see as base kinds of funding issues because of the enduring importance.

ADM. STANLEY: Sir, the other thing I would offer is that the size of the Africa Command staff is around 1,200, if I remember correctly. We have fully staffed it. It's manned for that. We expect that to continue to evolve as the mission is better defined.

And I'd also highlight that it's not just the size of Africa Command that's important here, it's the forces that Africa Command has available to execute its mission. So the forces are allocated to Africa Command to execute its mission.

And in the near-term, because of the stress on the force that we have today, there won't be many forces for Africa Command. As we're able to come out of Iraq -- conduct that responsible draw-down we've talked about, that will free up forces. It'll help us execute this vision for Africa.

REP. ORTIZ: So you do feel very comfortable that what you have included in the QDR -- you're comfortable with it, that it'll do the job, protect our people by getting the intelligence and doing what we have to do?

MS. FLOURNOY: Yes. I mean, this is an area of focus and investment. I think the capability and the capacity is going to improve over time. Obviously, a lot of it lies outside of the Department of Defense and includes the broader intelligence community. But that has very much been a focus.

REP. ORTIZ: My time is up. Thank you so much.

REP. SKELTON: Mr. Thornberry, please.

REP. MAC THORNBERRY (R-TX): Thank you, Mr. Chairman.

Secretary Flournoy, you've followed all of the QDRs since the first one, and you know that general -- often there are at least two criticisms of QDRs. Number one is, it's budget-driven, not threat-driven, not related to strategy. It's more of justification for what the administration was planning to do anyway, rather than setting a new course.

The same criticism you often hear is it's not really a 20-year focused document, as the statute requires. And I've read a number of criticisms about this QDR that follows along the same line. I guess my question is, is the statute unrealistic in what it's asking a Department of Defense to do?

I mean, can we ever have a four-year strategy document that is based on strategy and threats, not constrained by budgets? Can we ever look out 20 years, in a document that has to get the approval all around that gigantic building? Is it unrealistic to expect what the law says?

MS. FLOURNOY: I don't think it's unrealistic. But what I would say is that, you know, the art of strategy is really matching ends, ways and means.

And so what I like to say is the QDRs -- this QDR is strategy-driven and resource-informed. Meaning, it's not just a laundry list, a wish list of everything we would like to do if we were totally unconstrained. It is a very clear direction on strategy and guidance; but then it is informed by resources to frame the decisions that we need to make as a country, the trade-offs that we need to make as a country, given that we don't -- we don't have unlimited resources for national security.

We weren't constrained by that, in the sense that we looked at lots of alternatives that would increase top-line, that would shift resources, and so forth. And so the trade-offs -- the choices of the QDR were informed by resources, but not overly constrained by them.

In terms of the longer-term perspective, our scenarios did look out into the future. 2016 was one snapshot; 2028 was another. And we pulled those insights forward to really focus on refining the

plans for the FYDB. That said, once you get beyond the FYDB, in terms of actual -- you certainly need to look beyond the FYDB for capability investment. Trying to map out 30 years of force structure is extremely difficult, given that the world will change, your capability opportunities will change, lots of things will change.

So the vision is very clear, in the near- to mid-term, and it is more aspirational in the long-term.

REP. THORNBERRY: I'm thinking of the chairman's questions about the appropriate size of the various services. And it does seem to me that it is -- it makes it more difficult for us to do our job, and make those trade-offs -- about what we are willing to accept more risk for, or less risks for, when you already build the budget constraints into the beginning of the QDR.

So you don't even know what you would like to have the deal with those contingencies. You already make those trade-offs. And so we're kind of in a position of "take or leave," you know, this thing that you put in front of us. And, again, my idea -- my conception is a strategy threat-informed document; and then, through the political process, in the yearly appropriation authorization bills, we make those -- help -- with the president, of course, and the administration, make those trade-offs.

MS. FLOURNOY: No, if I could, again, I don't think that we built in the constraints in the front end. And I think once we have a chance to brief you on the analysis -- what we did is we, when we translated the strategy into program and budget, we made some choices and trade-offs.

But one of the things briefing you on the analysis will do is make that transparent to you, and you all can decide whether you agree with the trade-offs that we made or whether you would make them differently.

We hope we'll make a compelling enough case to convince you that we made them the right way.

REP. THORNBERRY: Well, let me ask related to that, there's been a fair amount of talk about the internal red team by General Mattis and Andy Marshall.

Did they produce documents or product? And if so, can we see those?

MS. FLOURNOY: They did produce a couple of memos to the Secretary that were very much discussed and used in the process. I will have to check on availability in terms of whether they're treated as pre-decisional documents or not. But I will -- let me get the question to that and come back to you, sir. We certainly would like to share as much as we possibly can.

REP. THORNBERRY: I think that'd be helpful. Thank you.

REP. SKELTON: Thank the gentleman. Mr. Taylor, the gentleman from Mississippi.

REPRESENTATIVE GENE TAYLOR (D-MS): Thank you, Mr. Chairman. I want to thank all of you for being here.

Admiral, I'm going to direct my remarks to you. People often ask me what's the downside of term limits and I answer, well, it takes a while to figure out when someone is spitting in your ear and telling you it's raining, particularly if they've got a lot of gold on their sleeve. And for quite a few years, I think the people sitting in that chair have been spitting in my ear telling me it's raining when it comes to getting to a 313-ship Navy, including this year.



This year's budget request, I think, we're in about 286 ships, about. The -- since Vern Clark, he was saying we needed at least 320 and Admiral Mullen said very minimum of 313 the number you quoted. And now you're saying we're not going to fix this for possibly two presidencies.

You asked for nine ships to be put in this year's budget to be constructed and we're going to commission nine ships, but you've also asked to decommission nine ships. The net result of that is zero for this year. It's not getting any better.

And so there are several ways to address that. Number one, if those frigates are good enough to give to another nation, why aren't they good enough to keep in the fleet for a few more years, particularly for a mission like piracy off of Somalia or keeping the small boats away from our ships as they transit off of Iran. I would think they would be ideally suited.

So why does it make sense to take a ship that's good enough to give to an ally and retire it today if we need bodies out in the sea?

Second thing, you know, if a petty officer third class can figure out that we have a vulnerability in the Pacific to having our eight oilers sunk in a first move strike, if the oilers don't sail, then the destroyers and the cruisers don't sail because they have to refuel every three to five days. If the destroyers and the cruisers don't sail, then the carrier can't sail alone.

Where are you addressing that in the QDR? That's a vulnerability that I guarantee Admiral Wu is aware of, a petty officer third class is aware of, so why aren't we addressing it? That's a conventional threat that, again, you don't mention whatsoever and it needs to be addressed.

And I very much agree with Secretary Mavis's desire to minimize the dependence on foreign oil, but he does so by just using bio-fuels, you still got that threat. You still got to deliver that bio-fuel. And I think the sea power subcommittee, whether it's Chairman Bartlett or myself has made it abundantly clear that whenever possible, we want to minimize that threat by putting nuclear power on those ships. I don't see any effort on the part of the Navy to do that.

So the third thing is I just had a quick conversation with our chairman and I just want put a shot across your bow. Expect language from this committee that says for every surface combatant you want to retire, you had best have two new ones in the budget. Because if you won't do what is a logical thing to do on your own, then it's going to take a congressional mandate to do it.

So I'd like to hear you respond on that, please.

VICE ADM. STANLEY: Sir, the first issue you really -- it's a broad issue, obviously, and first off I would encourage you to address this with the Navy. They'll be able to give you a much more definitive answer.

You specifically talked about the retirement of the FFGs and was that the right thing given that we're below a 313-ship Navy.

What I would say is that the FFGs don't have the capability that we want in this flexible force that we're looking for. You specifically spoke about their capability being sufficient for specific operations like pirate operations and such, and there is certainly -- that is certainly valid. But what we're looking for is a force that is flexible across a wide range of contingencies that would be more applicable to our vision for the littoral combat ship.

The size of the force really sets the rotational forward presence posture that we can have. If you keep the same number of ships forward with a smaller force requires the same thing that the Army

is doing right now, less time in dwell. Okay. So there's a risk there. If we're able to have a larger force, afford a large force, there's less risk. So I don't argue the point.

As far as how are we going to protect the force, this gets into the Navy's plan for sea shield. That's some of the capabilities we're trying to add to the platforms that are going to be part of the battlegroup to help protect -- you specifically highlighted oilers.

As far as your point on nuclear power, nuclear power is very important to us. It is also very expensive. It's an upfront decision versus a long-term investment. So additional nuclear power is good. It's a very flexible power source for our fleet, but it is expensive, sir. And I understand your push from the committee.

REP. SKELTON: This needs a lot more thought, Admiral, and I think we're going to do it on this side if it's not going to be done on your side.

Randy Forbes.

REP. RANDY FORBES (R-VA): Thank you, Mr. Chairman. Madame Secretary, good to see you.

And you mentioned that we do not have unlimited resources and the chairman mentioned something, wisely said that this is about prudent tradeoffs and resources, and I'm sure all three of you would agree with that. Also you'd agree that, in part, you're here to help us make those prudent trade-offs in terms of resources.

Well, some facts that we've had over recent hearings are, as you just heard from our shipbuilding plan, we're probably 2 to \$4 billion shortfall annually. OMB says that currently based on the track we're on, we're probably looking at about 270 ships in the Navy. We know the Chinese now have 290 ships.

We know we've got a \$3 billion shortfall on the maintenance needs at our shipyards if we're to maintain our ships. If we can't maintain them, we can't get to the goals that we have.

We know from testimony we had yesterday, we've got an \$18 billion shortfall in our F-18 strike fighters, but assume that's too high, let's take a third of that and just say \$6 billion.

The other thing we know is that China has gone ahead of us now in the number of ships in their navy. They've increased their military spending again by 14.9 percent. They've got 128 acts of cyber aggression per minute tied to Chinese Internet sites. They've destroyed a PRC weather satellite; they're developing kinetic and directed energy weapons for ASAP (sp) purposes and they account for 93 percent of the global supply of rare elements used in technologies -- in particular, guidance systems for missiles -- and yet, the White House National Security Council that work with you in developing the QDR downgraded China to a priority two level for intelligence against the protest of our intelligence chiefs because of an allocation of resources.

Now, the reason I ask you that is because, yesterday, Admiral Mullen also talked about moving a carrier to Mayport, Florida and he based it on the strategic dispersal plan, and in the strategic dispersal plan, it was based on three things. First of all, the possibility of an accident. Well, for an accident like that to occur, we're talking about a one mile by 60 foot high debris pattern, just isn't going to happen. The second thing was natural disasters, and if we could put up on the screen, this plan, that is a site and a charter of hurricanes hitting Hampton Roads, which could be a natural disaster.

And now if you'd put up chart two, that's the sight of them hitting Mayport and it's a huge difference between the two of them, so it's not a natural disaster.

So the third thing is a nuclear attack that could happen. But if that risk there is for a nuclear attack, I'm far more concerned about the 1.7 million people living in Hampton Roads than I am with the carrier. And maybe we should be allocating dollars and cents to beefing up our sensors in a preventive attack there.

So my question for you, now, Madame Secretary, allocate for us if we have those limited resources, if I've got that shortfall that I'm looking at in shipbuilding, in maintenance needs, in our strike fighters, and I can't do the intelligence needs that I need for China and then I'm talking about as much as a \$1 billion to Mayport -- allocate for me the priority between those items if we have limited dollars. Or do we just do as the chairman -- I'll tell you, he did yesterday -- he just punted it and basically when you punt it, it means it's just raw political power as opposed to an analysis of what we do.

How would you allocate those priorities of spending needs in the items that I've just listed for you?

MS. FLOURNOY: Sir, I would come at this by saying, first and foremost, that we have taken into account the military investments of a number of countries, including China.

And in the QDR, we have put a real emphasis on ensuring that we have the capabilities we will need in the future to operate effectively on the global commons, in anti-access environments.

And so you will see very clear investments in long-range strike capabilities, in subsurface warfare, in resiliency of our basing infrastructure, in space assets --

(Cross talk.)

REP. FORBES: Madame Secretary, I don't want to interrupt you but I only have 50 seconds --

(Cross talk.)

MS. FLOURNOY: -- in cyber assets, in electronic --

(Cross talk.)

REP. FORBES: My point is that we have shortfalls in these areas.

MS. FLOURNOY: I understand.

REP. FORBES: How would you allocate the resources in a priority, one, two three, four, five, between the ones that I've just listed to you, which we all agree are shortfalls?

MS. FLOURNOY: Sir, I think the prioritization relative across the capabilities is laid out in very great detail in this report.

REP. FORBES: But, Madame Secretary, that's why you're here. I'm asking you if you can lay it out for me in these priorities that I've given you, or do we just simply say we're not going to do that. We're going to leave it to raw power and how that happens.

What are those priorities between the shortfalls that I've given to you if we can come up with an extra couple billion dollars?

MS. FLOURNOY: Again, I wouldn't do it by platform by platform. I'd do it by capability to deal with specific risks and challenges and that's -- the analysis that we've done, again, a lot of that gets into very classified arenas. I would like to come back and brief you on exactly those trade-offs and how we've made them, but it's best done with the scenarios and discussion of specific countries and challenges.

REP. FORBES: Thank you, Mr. Chairman.

REP. SKELTON: Thank you.

Dr. Snyder.

REP. VIC SNYDER (D-AK): Thank you, Mr. Chairman.

Thank you all for being here.

Madame Secretary, on Page 71 of your report you talk about the interagency process. I'm just going to read this paragraph.

"Finally, the Department of Defense will continue to advocate for an improved interagency strategic planning process that makes optimal use of all imaginable instruments of statecraft. The complexity of 21st Century conflicts demands that the U.S. Government significantly improve inter-agency comprehensive assessments, analysis, planning, and execution for the whole of government operations, including systems to monitor and evaluate those operations in order to advance U.S. national instruments. One solution is to allocate additional resources across the government and fully implement the national security professional, NSP Program to improve cross-agency training, education, and professional experience opportunities. This will help foster a common approach to strategic and operational planning and implementation, improving prospects for success in future contingencies."

That's a paragraph from your report on Page 71. Mr. Thornberry made mention of this -- the QDR being a statute requirement for the Department of Defense. I'll -- perhaps this will come from your think tank experience and your experience now after one year on the job, and my only question is -- you can have the remainder of my time to talk about it.

Do we -- would we better help our country rather than having a Quadrennial Defense Review to have a Quadrennial National Security Review that required all the agencies of government to put their heads together and present us with a document that got into this balancing of resources and strategy that involved all the agencies? And you can take the remainder of my time to discuss it.

MS. FLOURNOY: Sir, thank you very much. This is a topic near and dear to my heart. I actually think we need both. I think it would be very helpful to have a mandate to do a Quadrennial National Security Review and also a QDR. Absent that requirement, I would say this administration has sort of taken upon itself to conduct the National Security Strategy Review, which is almost complete; the QDR, the QDDR, which is the Diplomacy and Development Review that State is conducting; a QHSR, which is the Homeland Security Review; an intelligence review; and a number of others -- space, nuclear, cyber and so forth.

We have done those in parallel, and we have done those, even though we're not required to do so, in a highly interagency fashion. I think this QDR had much more interagency transparency and participation and input than any of its predecessors, and the value of that is that when it comes time

to put in for departmental budgets, we're actually getting a lot more synergy across departments and starting to get a more comprehensive and balanced approach.

One of the things you'll hear Secretary Gates consistently advocate for is greater investment in our civilian partner agencies, particularly the State Department and USAID to build up their professional cadre, to build up their expeditionary capabilities so that they can operate more effectively alongside the U.S. military when it's deployed to defend our interests overseas.

REP. SNYDER: If we were to do a statutory requirement for a Quadrennial National Security Review -- it sounds to me like what you all have done is you've got reports from the stovepipes that -- you say you thought it would be helpful. What would you suggest we put in such a requirement?

MS. FLOURNOY: Well, we -- the reporting requirements are in stovepipes, that's true. But what we've tried to do is put together a process that is forced integration. So for example when you see assumptions about Homeland Security in the QDR, they will match the planning assumptions that are in the QHSR that comes out of Department of Homeland Security, but a statutory requirement would sort of formalize what we've been de facto working towards in our process, which is greater integration across agency programs and budgets.

REP. SNYDER: It might result with a document that would have more than one paragraph on interagency, so.

MS. FLOURNOY: I think the challenge would be how would Congress receive and deal with that given the cross-jurisdictional nature of a lot of the results that would come out of a review like that. So I think that's also --

REP. SNYDER: I'm sure the quality of the report would be so good that we would receive it well.

MS. FLOURNOY: Yeah. Thank you.

REP. SNYDER: Thank you, Mr. Chairman.

REP. SKELTON: Thank you.

Mr. Bishop.

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

Madame Secretary, last October I joined a letter with my colleagues to the Secretary of Defense urging that he take steps to preserve a Minuteman Three industrial base with regard to the sustainment of Minuteman Three system through the year 2030, which is, as you know, the program of record within the Air Force.

You replied on behalf of the Secretary, and I have the letter that was -- back in November you sent me, and in your reply you indicated the Department of Defense, whether it be in consultation with the Department of State and Energy, and undertaking a nuclear posture review and this review would address that issue which was supposed to come out later on this spring, I understand.

I was comforted to know that at least the Department of State and Energy were consulting with Defense on this vital issue. My question is what about NASA? To your knowledge -- I asked the secretary yesterday and he had no knowledge of any consultation, but to your knowledge, has the Department of Defense consulted with NASA, or vice versa, has NASA consulted with the Depart-

ment of Defense on the 2011 budget impacts on the Defense industrial base with regard to the large-scale solid rocket motor production?

MS. FLOURNOY: We -- I believe those consultations have happened in the context of both the development of a national space policy and the Space Posture Review, which is going on in parallel with --

REP. BISHOP: On what level were those discussions held in?

MS. FLOURNOY: I think it has been working level so far. The Space Posture Review is a little bit behind the QDR. It's going to be released in June. The Nuclear Posture Review is a little farther ahead. That will come out March 1st.

REP. BISHOP: That's a good thing to hear, but I also have in here the part of the solid rocket motor capabilities report to Congress that was last June, and in that, in the Executive Summary on Page 47, it says, "delays in the NASA Aries Program would have significant negative impact on the large solid rocket motor prime contractors' industrial base and on some of the SRN's sub tier base, specifically material suppliers."

So the key phrase was "significant negative impact." So the question is: This report said a delay in NASA's Aries Program would have a significant negative impact. What would the cancellation of the Aries Program have if the administration recommendation goes through as part of the NASA budget in '11. If a delay is a significant negative impact on solid rocket motor industrial base, what's an outright cancellation going to do to the solid rocket industrial base?

MS. FLOURNOY: I'm -- sir, I will have to get back to you with an answer on that. I do not have an answer off the top of my head, so I'm happy to do that.

REP. BISHOP: Will the Nuclear Posture Review you mentioned in reply to the letter, and you just talked about, address the impacts on the industrial base?

MS. FLOURNOY: I'm sorry. Could you repeat the question?

REP. BISHOP: The review that you're talking about having, the posture review --

MS. FLOURNOY: Yes.

REP. BISHOP: -- that you mentioned earlier, will this address NASA's impact on the solid rocket motor --

MS. FLOURNOY: Yes.

REP. BISHOP: -- industrial base?

MS. FLOURNOY: This issue will be addressed in the NPR, and it will probably be also mentioned in the Space Posture Review.

REP. BISHOP: I appreciate that very much. That's very important to me, and once again, if a delay is a significant impact --

MS. FLOURNOY: Right.

REP. BISHOP: -- cancellation's got to be a little bit more than a significant impact?

MS. FLOURNOY: Yes, sir.

REP. BISHOP: Thank you, Madame Secretary.

I yield back, Mr. Chairman.

REP. SKELTON: The gentleman from Georgia, Mr. Marshall.

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

Thank you all for the report and for your testimony.

It would be very helpful to me and I think the committee, to hear just a sort of one, two, three, four list of ways in which we're changing course from the prior QDR, the prior plan. I imagine you could do that at somewhat off the top of your heads, you know. To me at least, you know, since you're so familiar with this you could say, "to me at least I think the most significant changes are one, two, three," but it would be very helpful to us if you could maybe prepare a spreadsheet that details the ways in which we are changing directions in this new QDR compared to where we were.

We -- the committee has a good sense, you know, year to year of where we're headed and what the major trends are, and what we need to do in our planning to anticipate the -- you know, meeting the future needs of Defense, and so since we know where we are it would be very helpful if you just sort of told us how this changes things.

Madame Secretary.

MS. FLOURNOY: Yes. We're happy to come back to you with a written response, but I'll just speak from my perspective. I think there are several things.

One is the emphasis that's been placed on institutionalizing lessons learned from the last eight years of experience and ensuring that we actually invest in the kinds of enabling capabilities that give the force real agility, both today and in the future. That emphasis on agility and enablers is really -- is very different.

Second, to the extent we look across the full range of conflict and into the future, the emphasis on asymmetric approaches, the kinds of warfare that are sort of outside of the canonical, conventional paradigm, but that we think are much more likely to define the future operating environment. The QDR's emphasis on that is different.

The third thing I would cite is elevating the emphasis on taking care of our people, not just -- it's something that every QDR says, but to actually make it a strategic imperative and a strategic objective in our strategy and to put program and budget behind that. I think that's very new.

I'll invite the admiral and Dr. Fox to also offer their answers.

VICE ADM. STANLEY: I would re-emphasize something I said earlier, which is the idea of this -- the recognition and the priority of temporal planning in our capabilities development. What we need for a time period beyond fit-up is different than what we need today. That's a huge change, okay. And quite honestly, it excites me. I think it's the right thing for our nation to be pursuing.

The second thing I would emphasize is the recognition of the importance of what I would call phase zero and phase one operations, our peacetime operations, rotational presence, partner capacity- building, those types of operation.

A small investment here can prevent the war-time requirement in the future. So I think that's a huge shift, and --

REP. MARSHALL: If I could quickly interrupt, this is a consistent theme with me, trying to encourage as many dollars as possible to be in our defense budget accomplishing those kinds of objectives, because we just politically cannot defend them when they're in State and elsewhere. Unless they're described as -- you know, those kinds of investments are being described as developing our security, furthering our security interests, they're just not fundable in the long run; too easy to attack.

VICE ADM. STANLEY: Yes, sir. And the last thing that I would emphasize is the idea of the rotational requirement and how important it is for us to be out there, not just in the Navy, but across all of the services, engaging with our allies and partners in building those security -- (inaudible). That's it, sir.

MS. FOX: Sir, I would only re-emphasize the importance of the enablers, as emphasized in the QDR and in the program, whether it's unmanned aircraft or ISR electronic warfare or language, and authorities, as you were just describing. I think all of those enablers have been identified in the current war that we're in as being vital. And we anticipate that they will be vital in the long term.

The other very important emphasis of the QDR is the need for flexible, adaptable forces, because the future is so uncertain, as many of you --

REP. MARSHALL: If I could, in just the last couple of -- if, in coming back to us with something in writing, you could prioritize these -- you know, "Here are the biggest changes to the smallest changes," and cover them in some detail. "Here's where we were. Here's what we're changing." And maybe add, "This is why we think these changes are terribly important."

Thank you, Mr. Chairman.

REP. SKELTON: Thank you.

Mr. Coffman.

REP. MIKE COFFMAN (R-CO): Thank you, Mr. Chairman.

First, just a comment. I want to express a concern about the continuation of a policy from the last administration that seems to rely on nation-building as the principal tool for achieving America's national-security objectives.

And Mr. Chairman, I think you raised a point about whether or not counterinsurgency warfare has a detrimental effect on our conventional war-fighting capabilities. As someone who fought -- was a combat leader in the first Gulf War but also served in the war in Iraq in 2005 and 2006, I want to tell you, it definitely does have an eroding effect on the conventional combat capabilities of our ground forces in their inability to exercise their combined arms capacities. And I think that that is a very significant thing.

I want to ask a question and concern about the United States Marine Corps in the future and whether or not the United States Marine Corps is just going to be a second land army or whether or not, in your view, in this QDR, is there a significant emphasis on amphibious warfare? Is there enough emphasis or a significant emphasis on forced-entry capability?

And I wonder if you can address that, as well as what, in your mind -- I have a concern that there's not enough emphasis on this -- what will happen in terms of the expeditionary fighting vehicle and in terms of platforms, you know, such as our amphib Navy. I wonder if you can address that.



VICE ADM. STANLEY: Yes, sir. First off, does the QDR emphasize amphibious warfare? Does this budget support it? I think the answer to that is yes. There's clear agreement that we will require a forced-entry capability for the nation for the future. It continues to invest in that.

The question really gets at how much is required. And that's much harder. You know, we look at the different scenarios and how they stack up to try to determine what the size of that capability needs to be. I can tell you that the professional military advice of the commandant is that the Marine Corps is too heavy, that we need to get away -- we have to win today's wars. He's not trying to say that. But as that completes, he wants to restore -- the mobility and the rapid deployability of the Marine Corps has been just a Corps ethic

(Audio break.)

REP. : -- generation bomber. MORE What is the timeline for conducting and completing this study which is outlined in the 30-Year Aviation Plan?

MS. FLOURNOY: I'd like to defer that to Dr. Fox.

MS. FOX: Thank you. The study is ongoing now and we expect to have results in time to start to inform our activities for Palm 12. This is going to be part of a family of capabilities that we're going to be looking at, and so we will be moving out on that very smartly.

DEL. BORDALLO: Very good. All right. Thank you, everyone, and I yield back the rest of my time.

REP: SKELTON: Mr. Jones.

REP. WALTER B. JONES (R-NC): Mr. Chairman, thank you very much.

And Madame Secretary and Ms. Fox, I guess my concern and question will be more in your area of expertise. I very much appreciate Admiral Mullen yesterday and Madame Secretary, you today, talking about your concern of family and troops and family, and suicides, divorces. I have Camp Lejeune in the district I represent and we do a tremendous amount of work. One young man served in the Marine Corps that is averaging almost 10 to 15 new cases every month of families who are in a bad situation from PTSD to TBI.

I hope as we go through this process of reviewing the QDR, and I'd like you and Ms. Fox to tell me, are we really prepared for what's coming? I had the opportunity, as any member would, you, yourself, to read the book "The Three Trillion Dollar War" by Joe Stiglitz, realizing that after they leave the military, they go into a veteran health care system. That's not what this is all about, but the numbers that I believe are growing as our men and women are coming back from Afghanistan and Iraq, Admiral Mullen said yesterday, five, six, seven deployments.

And as long as we're there, those deployments are going to be seven, and eight and nine, and they come back with the families. One problem I've seen that concerns me, and it's not really the military's fault, but we are not able to certainly recruit graduates of psychiatry schools to go into the military, so we're having to contract with other sources. In this report, as we go into it, do you feel, and I know you do feel that you've done the very best job you can, but are we at a pint that we are being realistic with the stress on the service person and the stress on the family?

And let me give you one example and then I want you to respond. This committee's probably tired of hearing me say this, but it's a story that I will never forget. In 2007, National Reading Day, we were home for Easter and I was able to read to the kids at Johnson Elementary School at Camp

Lejeune. And as I closed, I let the kids ask me questions. The last one, I said, this is my last question. And he looked at me and said, "My daddy's not dead yet."

That's out of the mouth of a six-year-old child. "My daddy's not dead yet." Please in the minute and a half that's left, tell me that we are doing what has to be done, what needs to be done, or we need to do more. Thank you.

MS. FLOURNOY: Sir, Secretary of Defense Gates is personally seized with this set of issues. I think every time he visits troops and families, he comes back with a new list of we've got to do better at X, Y and Z. And I've seen it every time. One of the things we done is intensity the partnership between the Department of Defense and the Department of Veterans' affairs because it's really going to take that team effort to deal with the full range of challenges.

It is a significant area of leadership focus and attention, and I think investment in the QDR. It's going to go way beyond the QDR and continue to require that attention. But let me just turn it over to Dr. Fox to give you some of the programmatic details.

REP. JONES: Thank you.

MS. FOX: Sir, we have increased the unified medical budget to over \$50 billion dollars in this budget and in that, over 1,000 additional civilian full-time equivalents have been added for wounded warrior programs, such as the ones that are necessary to treat the issues that you're concerned with, as are we, of course. As Secretary Flournoy talked about, the electronics records and information sharing that should help facilitate the transition from the Defense Department to V.A. and to third party health care as well.

We are looking at families very carefully, and we have \$8.8 billion dollars in the budget for family programs. A not insignificant effort this year was to identify that our DOD schools needed to be increased, and so we'll be refurbishing 103 of those schools by 2015. And we are in the OCCO adding forces, 22,000 for the Army in OCCO that started last year continues this year. Also 4,400 additional forces funded out of the OCCO funds for Navy because of their individual augmentees. And this is designed to start to relieve a little of the stress on the force. The issue is, as the Secretary said, it is very, very important to the Department.

REP. JONES: Mr. Chairman, thank you for the time.

REP. SKELTON: I thank the gentleman.

Mr. Nye, the gentleman from Virginia.

REP. GLENN NYE (D-VA): Thank you, Mr. Chairman.

Thank you to all our panelists for being here today. A number of members of this committee today have expressed concerns about our force structure and how to best go forward. In fact, Admiral Stanley, you said today that a 313-ship Navy is far beyond the fit-up. In a time when we're facing major shortfalls in key defense programs such as shipbuilding and ship maintenance accounts, and interestingly enough, coming just four years after a (background ?) in which the Navy was unable to close many of the installations that it had recommended closing.

I was disappointed to note that there is a sentence in the QDR that calls for home porting an East Coast-based nuclear aircraft carrier in Mayport, which of course, we know would require building a fifth nuclear carrier home port in the United States, even at a time when our carrier fleet is about to be reduced to its lowest level in decades. We saw a December 3 draft of the QDR that suggested

that providing an alternative port to dock an East Coast aircraft carrier to mitigate the risk of a manmade or natural disaster was sensible.

And then a few weeks later, we saw the final QDR recommended that, instead of an alternative port, actually a home port for an East Coast carrier be established at Mayport. So my question, Madame Secretary, is, it appears that the specific home porting recommendation changed significantly from the December draft that we saw, and what I'm curious to know is, can you explain the evolution in that recommendation from one that seemed to have all the strategic benefit at minimal cost, to one that seems to have presented substantial costs, around a billion dollars, by many calculations, and operational challenges with minimal additional strategic benefits. Can you talk about the process by which that changed?

MS. FLOURNOY: Sure, I'm happy to, sir. Secretary Gates has testified multiple times previously that he has been troubled about the risk to the carrier fleet from either a disaster or a catastrophic terrorist attack against Norfolk, given not only the concentration of the fleet there, but the very unique nuclear support infrastructure there.

So as part of the QDR, we were directed to look at a couple of options. We looked at two principal courses of action. One was to execute the move to Mayport and actually home port the carrier there. Another was to maintain Norfolk as the exclusive home port and simply have an alternative port. Analysis was done on both of those, and the analysis concluded that the strategic benefit of disbursing the aircraft carrier fleet and the nuclear maintenance facilities across the East Coast, that those benefits of that would outweigh the cost.

The truth is, we've always had, certainly on the West Coast, and on the East Coast, multiple carrier home ports. What's changed is going from a mix of nuclear conventionals to a nuclear only fleet. And so now, we have a single point of vulnerability that we need to address. We believe that, given the incredible investment in the carrier fleet and how strategic an asset that is, that this is a reasonable insurance policy --

REP. NYE: Okay.

MS. FLOURNOY: To safeguard the strategic value of that asset.

REP. NYE: Let me just, in following up on something that Mr. Forbes raised in his questions, Admiral Mullen, in his testimony yesterday, essentially said that the risk analysis done to support that decision was a judgment call and that the idea of strategic dispersal applying to East Coast carriers also applied equally to many other assets, for instance, our East Coast nuclear missile submarines.

What I'd like to know is if you agree with his assessment on that, and whether the DOD currently has plans to disburse all those other assets? And can you comment on how the decision making process works to decide how you prioritize the need to disburse those various assets?

MS. FLOURNOY: I think that we have not looked as closely at the other assets that maybe work that we'll need to do in the future.

REP. NYE: Okay. Just one last question. Again, following up on Mr. Forbes' question on the prioritizing, and you said in your testimony that the Secretary, together with Admiral Mullen, has taken action to direct resources away from lower priority programs and activities so that more pressing needs could be addressed, and I don't think anyone would argue with that. But can you tell me which are the lower priority programs that just missed the cut to be included in the QDR?

MS. FLOURNOY: Missed the cut. Well, I think the Secretary's been very clear on several that didn't make the cut, C-17s being one, given that we have, every mobility study that the Department has conducted in recent years says that we have more than enough of those particular planes --

REP. SKELTON: (Sounds gavel.)

MS. FLOURNOY: And if you go through the program cancellation list, that gives you a sense of where we decided that we could afford not to pursue additional capability.

REP. NYE: Okay. My time's expired. Thank you.

REP. SKELTON: Mr. Wilson.

REP. JOE WILSON (R-SC): Thank you, Mr. Chairman.

Thank you for being here today. Secretary Flournoy, I am pleased to see that the QDR recognizes that caring for our wounded, ill and injured military members is the highest priority.

The QDR includes plans to improve the treatment of our wounded warriors in several ways, including providing world class care and management, benefit delivery and standardization of services across the military departments. However, I'm concerned that the current plans for the wounded warrior support at the new Walter Reed National Military Medical Center when it opens at Bethesda in September 2011 is not at the same level of support currently furnished by the Army at Walter Reed Army Medical Center. Wounded warriors who move to the new medical center will experience a significant degradation of services and support. This is unacceptable.

What assurances can you give me and military families that all of the wounded warrior support now provided at Walter Reed including barrack space at Bethesda campus will be available when the new medical centers opens in September 2011?

MS. FLOURNOY: Sir, this is outside my area of personal responsibility but again this is an area that I know that the secretary and the deputy secretary are working very hard. We are closing Walter Reed because of a previous BRAC decision and there's a lot of attention to ensure that as we consolidate capability at Bethesda, that we meet not only today's wounded warrior needs but those of the future. And again all I can do is assure you that this has gotten very high level and consistent attention and will continue to do so in the future.

REP. WILSON: And please extend to the secretary and anyone else there is significant concern about the relocation expansion and this is just so crucial as military families.

For each of you, the QDR speaks of a comprehensive review for the role of Reserve and Guard forces. The past eight years have highlighted the unique way in which the Guard and Reserve forces can augment the active force, especially in unique skill sets. However, due to their commitment to the overseas fight, the historical role of the National Guard as our nation's strategic reserve has waned. Given the first of the six key mission areas of the QDR as defend the United States and support civilian authorities at home, how will the Guard meet its historical role? Do you foresee efforts to grow the Guard and Reserve with regard to military construction and equipment?

MS. FLOURNOY: Sir, what I will say is that we are looking at trying to reduce the up tempo of the Reserve component along with the total force and to sort of get them back to a more normal rotation schedule. We are also going to undertake a study this coming year of the roles of Guard and Reserve.

In the meantime, what we've tried to do is really make targeted investment, improving their ability to respond to any kind of homeland contingencies that we've pretty in particular the establishment of homeland response forces that will be aligned with each of the 10 FEMA regions and increase the responsiveness to some kind of catastrophic disaster. I think the Army's also paying significant attention to the equipment issues you raised and replenishing those stocks as units return from overseas deployments.

REP. WILSON: And that would include movement of equipment from theater back to the United States?

MS. FLOURNOY: Eventually, yes, I don't know if the admiral has more to add there.

ADM. STANLEY: Yes, the simple answer is yes, we are going to move the equipment back and refurbish it as part of the reset that we envision. The other thing that I would add is that this discussion on the Guard and Reserve is what should be the balance between a rotational Guard and Reserve and a strategic Reserve that you brought up. And the Guard believes very strongly that they want to continue the rotational role that they've been part of for the last eight years. So we're trying to figure out the balance there.

REP. WILSON: And when you say the Guard wants to, as a 31-year veteran of the Guard, I know Guard members are very proud of their service and very grateful for the opportunity to serve overseas but we always have to keep in mind particularly in my region the consequences of a hurricane, possibly an ice storm and the Guard has just served with such distinction and so again I appreciate very much what you're doing on behalf of the Guard and Reserve and Guard and Reserve families are very grateful.

I yield the balance of my time.

REP. SKELTON: I thank the gentleman. The witnesses, Madame Secretary I understand, turn to pumpkins right at 1:00, and it looks like we're going to come out even because we have just two more questioners and we'll get on with it and then you don't have to turn to a pumpkin.

Mr. Heinrich.

REP. MARTIN HEINRICH (D-NM): Thank you Mr. Chairman. Secretary Flournoy, the issue of energy independence remains critically important and in fact I think the QDR acknowledges this and states "climate change and energy are two keys issues that will play a significant role in shaping the future of the security environment. Although they produce distinct types of challenges, climate change, energy security and economic stability are inextricably linked". I believe that the Department of Energy and our national labs offer unique capabilities that can help address this major challenge. And in particular, a strategic partnership between the Departments of Energy and Defense could be extremely beneficial to the security of our nation and our armed forces.

I wanted to ask you if you could provide me a little bit of an update on the efforts of the Department of Defense and the DOE that the efforts that they are taking to organize a collaborative energy security strategy and what you might see as some of the obstacles along the way.

MS. FLOURNOY: Thank you. And I'll invite Dr. Fox to comment as well.

This QDR was really different at Congressional behest in addressing energy and climate issues up front as strategic concerns, both in terms of how they will effect the operating environment for

the military, the future, but also because DOD is such a large energy consumer. And this gets to your question.

We are having extensive interaction with the Department of Energy. We've actually created a new position for someone who will focus on a very senior person in the Pentagon -- senior civilian who will work with the services, focused on operational energy concerns and we are waiting for her to be confirmed. But we -- I believe she will be the sort of focal point for that partnership to really use the fact that DOD has such a large market share if you will in the energy domain to drive further innovation in terms of alternative fuels, in terms of efficiencies and so forth. But I don't know if there's some additional programmatic details you may want to add.

MS. FOX: I can only add that the Department really is very focused on this and are working hard this year in studies to look at vulnerability of DOD bases for example to climate change outcomes. We're looking hard at the use of renewable energy in planes and ships. And we're also looking at ways to become more energy efficient across the department to reduce costs. And all of that will be benefitted by this partnership with the Department of Energy.

REP. HEINRICH: Thank you, Dr. Fox.

Secretary Flournoy, in shifting gears a little bit, the battles in Iraq and Afghanistan have yielded some tremendous insights into how effectively wage counterinsurgency operations. And as a result, the Air Force has identified the need for a light attack armed reconnaissance aircraft. And I wanted to ask you sort of where in the procurement process that is today and have you at all explored the idea of potentially using the Air National Guard as an option for future bed down of those potential aircraft?

MS. FLOURNOY: I am going to defer to my operational and programmatic colleagues here on that one. Sir.

ADM. STANLEY: The light attack aircraft is envisioned to be something that our military can use to better engage with a lot of the strategic partners who want to build security relationships with something that they can afford, they can use, would be easier for us to train and equip them. So that's the genesis of the idea. The idea has not matured much beyond that and certainly not the point of being bed down in specific areas.

REP. HEINRICH: I'd just say that I look forward to learning more about what the Air Force has in mind and how to best leverage the potential there. And with that I would yield back the rest of my time, Mr. Chairman.

REP. SKELTON: Thank the gentleman. Mr. Wittman wrap it up.

REP. ROB WITTMAN (R-VA): Thank you Mr. Chairman. Thank you all so much for joining us today. I wanted to talk a little bit about ship building. I know the budget has \$15.7 billion in there for ship building, there's 30 ship building plan has it at 313 ships, current level of funding nine ships a year over 30 years, 270 ships. If you start to break that down, what you're looking at is over a five-year period, eight of those are joint high speed vessels.

If you then look at those that are small surface combatants, we're building 42 battle force ships then 17 of those are LCS ships, little less expensive. So without the JHSVs and LCSs we're only building 25 battle force ships in the next five years and we're leaving the more expensive large surface combatants to fund in the future.

On top of that, it looks like we're going towards a 275 ship Navy rather than a 313 ship Navy. On top of that, too, we're adding a BMD focus into this. My concern is is now we're providing that BMD mission to the Ticonderoga class and the early Burke class destroyers and those destroyers are only going to be fit for meeting a short range missile defense, not a long range missile defense.

So if we're making those BMD decisions in an already challenged environment with ship building and putting that additional mission set out there for our surface combatants, and if we're making BMD a priority, we need to know what the COCOM's requirements are and how we can answer those requirements, either for the current forces on our new procurement. And I really don't see the answer to that in this budget; there's lacking some specificity there.

And it's also concerning, too, that we're not defending against that long range threat but only the near range threat, those threats like we would see with Iran.

Can you tell me what the president's plan is to address our BMD mission? And that's from either a new procurement point of view or how our current forces will answer the increased mission load? And also if you can tell me when developing the future year's defense plan, what consideration was given to the impact on our core ship building industrial base, PAGE 48 02/04/2002 .STX ere's lacking some specificity there.

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MS. FLOURNOY: I'll take on the broader BMD question and then I'll leave the shipbuilding issues to Dr. Fox and perhaps the admiral wants to .ETX& x x x defense.

So if we're making those BMD decisions in an already challenged environment with ship building and putting that additional mission set out there for our surface combatants, and if we're making BMD a priority, we need to know what the COCOM's requirements are and how we can answer those requirements, either for the current forces on our new procurement. And I really don't see the answer to that in this budget; tP chime in. On ballistic missile defense review, I guess I would say we are doing two things. We are certainly sustaining and strengthening the ability to defend the homeland against limited attacks. So that's not going away -- in fact we're continuing to invest in that. But what we're really beefing up as a new area of focus is regional ballistic missile defense. Now part of that is going to be initially ship borne but eventually much of that will migrate onto land-based SM3 systems. And so the Naval component is critical, but it is one component of a broader system that also envisions a number of land-based systems.

I think one of the things we're doing now is scrubbing the impacts of that on both the buys of future SM3s particularly as we get beyond the first variant, but also on how this will effect the overall sort of operational concept for BMD related Naval assets.

But let me turn it over to Dr. Fox and then perhaps the admiral wants to chime in.

MS. FOX: Yes, sir. Well as you characterized, we did put \$15.7 billion in the SCN account here and it does have the split that you referred to which is consistent in our view with the QDR strategy.

There is an increased emphasis, you're absolutely right on some of the smaller ships like JHSV because it does help enable that part of the strategy that Secretary Flounoy has outlined to you. But that doesn't mean we're walking away from the higher end capabilities. We are going to be building two Virginia class submarines a year across the FYDB. There is no more period even within the FYDB that would go to one, it's too straight across. We will have two DDG 51 destroyers, we are upgrading them and looking at the improvement in the improved DDG. We are sustaining the carrier build. So I feel that we are doing both. We are trying to meet that broad spectrum of capabilities that we're been talking about.

You asked about the industrial base. The industrial base along the Gulf Coast is going to be stressed a little by the shipbuilding plan due to the amphibious changes and that might force a consolidation but that -- we should have more opportunity to talk to the Navy about that, but that is absolutely true.

The other thing about the industrial base I'd just like to add is in the years where we're building the SSBMs there could be some pressure on the combatant.

REP. SKELTON: I thank the gentleman. We came out right on time for you and we appreciate your testimony, your hard work, your answering our questions. And some of them I realize were very difficult in that you don't have the answers to everything but I think you did remarkably well.

So if we're making those BMD decisions in an already challenged environment with ship building and putting that additional mission set out there for our surface combatants, and if we're making BMD a priority, we need to know what the COCOM's requirements are and how we can answer those requirements, either for the current forces on our new procurement. And I really don't see the answer to that in this budget; Keep doing well and we'll ask you of course to come back. And Ms. Fox and Admiral Stanley thank you for your initial testimony here, and Secretary Flounoy you're always so good to be with us and thank you for your wisdom.

(Gavel sounds.)

MS. FLOURNOY: Thank you very much, sir.