

Department of Defense Bloggers Roundtable With George Little, Pentagon Press Secretary, and Captain John Kirby, Deputy Assistant Secretary of Defense for Media Operations, Via Teleconference Subject: "Programmatic Preview of the FY 2013 Defense Budget" Time: 2:03 p.m. EST Date: Friday, January 27, 2012

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WILLIAM SELBY (Office of the Secretary of Defense for Public Affairs): All right. Well, with that, I'd like to welcome you all to the Department of Defense's Bloggers Roundtable for Friday, January 27th, 2012. My name is William Selby with the Office of the Secretary of Defense Public Affairs, and I'll be moderating the call today.

We are honored to have as our guest Pentagon Press Secretary George Little and DOD Spokesman Captain Kirby to discuss major budget decisions for the fiscal year 2013 defense budget, stemming from the defense strategic guidance.

A note to the bloggers on the line: Please remember to clearly state your name and blog or organization in advance of your question, respect our guests' time and keep your questions short and to the point. Also, if you are not asking a question, we ask that you place your phone on mute.

And now if we have an opening statement from Mr. Little or Captain Kirby, that would be great.

GEORGE LITTLE: Yeah, I don't know that I have too many things to say at the top except that, you know, yesterday the secretary and Chairman Dempsey announced some of the key budget decisions that flowed from the strategic guidance that the department issued earlier this month. And I think that -- just a couple of key points on all that.

Just to reiterate, the strategic guidance notes that we're at an inflection point in framing our national security and strategic priorities. And the budget decisions that were announced yesterday are tied very directly to that strategic guidance. And that was the mechanism that secretary and other senior department officials insisted on, and that's how we view these budget decisions.

Look, just to review where we are on the DOD budget, the Congress of the United States, through the Budget Control Act last summer, required that the department find nearly \$500 billion in savings over the next 10 years. So we have undertaken a multi-month effort to define a strategy based way ahead for framing the budget decisions that we're starting to see come out.

We've kept in mind the men and women of the U.S. military. We want to make sure that we don't break faith with them. We've also kept in mind the need to continue to confront the major national security challenges that are in front of us. And that includes, of course, Afghanistan, where we are still in a war. We have terrorism as a threat to the United States and our allies; the proliferation of weapons of mass destruction; Iran; North Korea; and other issues that we can't take our eye off of.

So this budget reflects -- or these budget decisions reflect the need to continue to pursue those challenges, to confront them and to win; reflect a commitment to the strategy that we laid out earlier this month; and reflect the need

for this department to do its part to contribute to the nation's fiscal health. We have our part to play in that. We're committed to it.

And we really hope that -- in the coming months, that -- even though this is tough; it's hard; no one likes to cut -- but we want to do it in the right way. And we're going to be working closely with Congress and others to implement these decisions and get to closure.

CAPT. KIRBY: I have nothing to add now. Great.

MR. SELBY: Well, with that, thank you very much.

We'll go to our first blogger on the line, Chuck Simmins.

Q: Gentlemen, thank you so much for coming back and talking with us on this topic again. The Department of Defense has some areas where there are overlapping military and civilian missions.

And I was hoping that one or both of you could talk about missions -- how the cuts in personnel and in budget dollars might affect missions like the Army Corps of Engineers, the Coast Guard. And the C-130 cuts -- will they affect the aerial firefighting capabilities or the Air National Guard's ability to send C-130's to Antarctica, with their landing on skis?

CAPT. KIRBY: This is Captain Kirby. I think that is an excellent question, and I'll try to do -- there's a lot in there, and I'll try to do this briefly.

But the bottom line is that we have tried very, very hard, in the strategic guidance that the secretary developed and put out, and in these budget priorities that we talked about yesterday, to preserve readiness across a full spectrum of missions and capabilities, while at the same time making the necessary cuts to force structure, to modernization, and even to end strength, to meet the goals set out by the \$487 billion.

So a lot of those missions you talked about are enduring ones. Let's talk about the Corps of Engineers. One of the things that we've learned throughout the last 10 years, in counterinsurgency warfare but also in natural disasters, is how critical our Corps of Engineers are, as well as the Seabees on the Navy side, in terms of developing infrastructure quickly when there's a need. So we're going to preserve those capabilities.

The Air National Guard -- there is no way that we could have succeeded in these wars in Iraq and Afghanistan without the Guard and Reserves, the Air National Guard a critical component of all that. And we're going to be able to preserve that freedom that they -- the freedom of movement and access that they provide us.

We also realize that the Guard and Reserves have responsibilities under their state governments and, of course, that all is going to be preserved. The homeland missions that they're responsible for doing, they're going to continue to be able to do. What we're trying to do here, writ large, is refocus a little bit of our attention on some skill sets that, quite frankly, 10 years of war had -- has forced us to deemphasize.

Some conventional capabilities -- we've got Marines that have never deployed aboard Navy ships or conducted amphibious warfare exercises or developed those skill sets. We've got artillery officers in the Army that have never fired a gun. There are some very serious conventional capabilities that I wouldn't say are -- we're in dire straits, but certainly that we need to get back to honing a little bit more. And that's really what we're -- what we've tried to achieve with these -- with these decisions.

Q: Thank you very -- oh.

Q: So am I to understand then what you're saying is that those capabilities are fairly fixed and we needn't be concerned about significant personnel or budget cuts?

CAPT. KIRBY: The decision -- the capabilities you mentioned, we're -- we are going to preserve those. I'm not at liberty here to tell you that there aren't going to be -- that there may not be efficiencies sought inside of those or, as the Army and Marine Corps come down in numbers, that there won't be troops that are currently serving in those skill sets that will no longer be over time. I can't -- I can't say that with specificity.

But what I can assure you is that the core capabilities we believe we need moving forward -- and many of the ones you mentioned -- are ones we believe in very strongly are going to be preserved.

Q: Thank you.

CAPT. KIRBY: You're welcome.

MR. SELBY: And Tom Goering.

Q: Yes, sir. Thank you. Tom Goering from Navy CyberSpace, navycs.com.

We are a very capable force because of the people that we have in it. And to ensure that we maintain that capable force -- not necessarily with the numbers, obviously, but to keep the right people in the right places, I think compensating them should be a top priority. And talking about not keeping pace with the civilian community in pay raises, I think, could be detrimental to the future. As you know, over the last 10 years we actually had increases in pay of another -- the Congress padded an additional half percent onto the pay over about a 10-year period to close the gap that was created because our pay was gapped from the '80s to about 2000.

That said, the big monkey in the room, I think, might be the retirement -- the recurring costs, the health care for retirees and the retiree pensions themselves. Back in 1963 President Ford, then Congressman Ford, stated that he was concerned at the ever-increasing cost of retirement pay for the military. At that time the total retirement pay was about 2.28 percent of the total budget of the -- excuse me -- the Defense Department. Right now we're at 4.6 percent. And when we start decreasing the overall budget, that number is not going to go down; it's going to do nothing but go up as compared to the total number.

There's been talks about commissions and more studies which -- (OK, and ?) there's been numerous over the last few decades. When are we going to finally do something constructive to bring those costs in line to where they need to be? Thank you.

MR. LITTLE: Sir, this is George Little, and thank you for a very thoughtful question.

We understand that the issues of compensation and retirement are very important to currently-serving troops and to military retirees.

Let me take the retirement question first. The -- no decisions have been announced so far on retirement -- period. The president and the secretary have proposed the establishment of a commission that would look at potential cost savings in retirement.

We have to study this issue because there's a lot more that we need to learn about how to implement the potential cost savings -- and I say potential because, again, no decisions have been made. But we think it's prudent; we've always said that everything has to be on the table, and we want to be straightforward with people. Again, need to take a look at the retirement issue. And we think the best way to do that is to study it some more. I don't have a time frame to give you today, but we hope it's done in as expeditious manner as possible.

On the issue of compensation, for currently serving soldiers, sailors, airmen and Marines, there will be no pay cut as part of these proposed budget decisions. What we said yesterday was that we're proposing pay increases in line with past years, at least for the next couple of years, but the pay growth may be a little slower after that. So we wanted to let our men and women in uniform know, and their families know, long in advance that that may happen, so that they can plan. Again, no pay cuts -- no pay cuts, but the rate of pay growth may slow.

On the issue of retirement for currently serving military, the secretary's been very clear that he does not want the commitments on retirement that were made to them when they started in the military to be broken.

So his strong preference is for there to be some kind of grandfathering mechanism for them, when it comes to retirement. And I think he's going to insist on it.

Q: Well, I agree with that a hundred percent, sir. (Perhaps ?) -- I believe grandfathering is the only way to go -- (inaudible). Thank you.

MR. LITTLE: Thank you.

MR. SELBY: And Andrew Lubin's next.

Q: Gentlemen, Andrew Lubin, Leatherneck Magazine. Thank you for coming back to speak to us -- (inaudible).

MR. LITTLE: Thank you.

Q: Gentlemen, part of the budget savings is that stretching out the F-35 acquisitions, and also slowing down the amphibious shipbuilding, that's falling on a budgetary basis. But with the future and current maritime structure strongly asymmetrical out of -- out of Iran, how do you -- how do we plan with big carriers to meet this possible threat?

MR. LITTLE: Maybe I'll take the F-35 and then turn it over to Captain Kirby, a seasoned naval officer, to field some of the Navy questions. First on the F-35, we believe that the fifth-generation F-35 aircraft is the aircraft of our future -- and not just of the American military's future but our partners and allies. There are I think about 10 other countries that are participating in the F-35 program. It's a program of record, and we're committed to it.

Now it's absolutely no secret that there have been some issues in testing and design of the F-35, but we think we're working through those. And we'll eventually get over the goal line. In fact, just this past week, you probably know that Secretary Panetta took one of the three variants of the F-35 off so-called probation. This is a stowable variant. And we're very pleased to be able to do that.

We understand the importance of keeping our edge in the skies, and we're committed to that. And we believe that the F-35 is an important part of that equation.

CAPT. KIRBY: On your -- on your question about amphibious shipping, I think, you know, it's certainly a fair question. And there are some -- there are some platforms in the fleet that are going to be curtailed in the near term, in terms of the buys. And some of them, the purchases are going to be pushed a little bit beyond the future years' defense plan -- in other words, beyond the next five years.

But I think it's also important to remember that we're still at the end of the FYDP going to have a fleet that is roughly the same size as it is as you and I speak today -- over 280 ships -- so certainly, still the biggest, most capable navy in the world.

And while we -- while we may not have the same number of decks in some categories of some classes of ships that we do right now, we're very comfortable that the -- that what we will have will be commensurate with our Fleet Marine Force requirements. I mean, as the Marine Corps gets smaller, to the tune of about 20,000 Marines, there's -- we want to -- they want to get back to expeditionary amphibious warfare, as does the Navy. But as the Marine Corps gets smaller, so, too, will, probably, get smaller the requirement for sealift for them and for support. So we understand there's a risk there, but we're very comfortable that we're able to mitigate that risk.

MR. LITTLE: If I could just piggyback on what Captain Kirby said, the secretary visited the USS Enterprise this past weekend, and announced that we would maintain our commitment to 11 carrier strike groups. And it dawned on

me while I was there with him that, yes, these are large floating cities.

They do amazing things. That being said, they're hubs of agility. And they really do, you know, signal -- the innovation that occurs in those carrier strike groups is incredible. And you know, they help -- I mean, the way they configure themselves, the technologies that they use, you know, I -- don't think of -- don't think of carriers as Cold War. They're very -- they're very much, you know, an investment in the 21st century.

Q: But again, gentlemen, just one quick follow-up. But it was the Harriers coming off the Kearsarge last year in Libya. It was the Marines coming off the NASOF. It's the 31st MEU to help in northern Japan. At the end of the day, it's the big decks that are as valuable -- (inaudible) -- in the Navy; isn't it?

CAPT. KIRBY: Well, no. Clearly, look, the amphibious Navy has always been a huge component of our ability to provide options to the president and project power overseas. But I think it's important to remember now, in these decisions, we're talking about slipping one LHA by one year -- not cancelling it, just slipping its procurement by one year; and then retiring two smaller amphibious ships, LSDs, a little bit early, and then just moving -- moving their replacements -- the ships that were coming on line to replace them -- just moving them outside the Future Years Defense Plan, so outside the next five years. In other words, we're sort of delaying bringing these other two back on in five years.

So it's really not a heavy blow to our amphibious capability at all. As I said, I mean, there's going to -- there is going to be some decrement in the net. But then again, we're also coming down in the size of Marines that we're going to have to field through amphibious warfare capabilities. So -- you know, it's really -- it's a -- it's a very manageable decision with respect to risk.

Q: OK. Thank you.

MR. SELBY: Dale Kissinger.

Q: Good afternoon, gentlemen. This is Dale Kissinger from MilitaryAvenue.com. In all full disclosure, I'm a military retiree, cancer survivor, as is my spouse. And when I saw Secretary Panetta's statement that we're going to -- we've decided, to help control growth of health care costs, we're going to increase health care fees, copays and deductibles for retirees, and then ends that statement by saying, but we're going to be below, quote, "private sector plans," how is that not a break in faith with the retiree community? And what do I tell my readers how it's not a break? I'd like an explanation of the secretary's statement.

CAPT. KIRBY: Well, I think -- I'll chime in and certainly offer George as well -- these TRICARE fees, as you know, have not gone up since they've -- since they were first implemented for our retirees. And the only retirees affected by this are those that are under 65. And therefore most -- and most retirees under 65 are working and have other means of income and oftentimes have health care plans in conjunction with that civilian employment of theirs that can help offset their health care plans and needs.

We understand that any change to compensation and health care fees is an emotional thing. And we understand that there's -- there is an impact. But we really believe that this was the right thing to do for -- to help us get control of spiraling health care costs and to keep -- to keep pace with the kind of -- with the kind of commitments we -- that we have to our people, our retirees, and realizing that they have other -- these retirees under 65 have other options as well.

Now, I say another thing that -- you know, you talked about breaking faith. We would be breaking faith with our retirees and our active-duty if we didn't make some of these difficult decisions because health care costs and the cost of personnel, which run roughly 60 (percent) to 70 percent of the department's budget year to year, can very well eat you alive if you don't try to take care of it. If we don't try to do something to stem that, we're going to -- it would force us to cut back on other things that are absolutely vital to the force, like training and readiness.

So these are -- none of these decisions are easy to make. And the secretary said that very, very clearly yesterday. But we really believe it's the right thing to do in the long term.

MR. LITTLE: And in terms of balancing these cuts -- not necessarily, you know, specifically related to retirement, but this is emblematic how far we've gone to try to keep faith -- personnel costs are roughly one-third of the department's budget, but there -- but they represent only about one-ninth of what we're proposing in cost savings over the next 10 years.

Q: OK, thank you. I do have a quick follow-up, though. How is it not going to impact people if you're making a savings out of it? I mean, you're saying that there's not going to be an impact, but then you're using that as a cost saving. So the people are making the difference up. They're paying the difference.

CAPT. KIRBY: Well, sir, we never said there wasn't going to be an impact. I mean, we -- all of these decisions, all of them are going to have an impact.

But there's a lot -- when you say -- when we talk about keeping faith, there's a lot of that. And look, I've been in the Navy 25 years, and I -- I mean, I -- my whole family was in the Navy. And we -- I mean, I know what it means to -- what that faith, what that represents. And it doesn't just represent benefits and pay. It represents you being trained to do your job, you having the tools and the equipment to do that work and the support back home from -- everything from your family getting the support they need to logistical trains to get you the stuff you need when you need it.

I mean, there's a lot that goes into what it means to -- keeping faith with our troops. And again, we knew these were going to be tough decisions. We never shied away from the fact that we knew they were going to have an impact and that they weren't going to be uniformly popular. But we really believe that if we don't make these very careful, deliberate decisions -- as George said, representing a very small amount of the total cuts that we're taking -- that it will over the long term have a much more devastating effect on our people and our retirees than if we didn't do it.

Q: OK. Well, thank you very much.

CAPT. KIRBY: You're welcome.

MR. LITTLE: Thank you.

MR. SELBY: Gail Harris.

Q: Gail Harris with the Foreign Policy Association. One quick comment on Mr. Kissinger's issue about health. I think -- I understand the issues, but I also think you need to do some surveys of retired people to find out the extent of health care that's needed. I'm under 65 and self-employed, so I have no other insurance, and I've just had three surgeries since September, all of which could possibly be related to my time on active duty.

Now to my question: I was watching General Flynn and his comments this week in San Diego, and he was talking about black swan events, events that aren't predicted, and mentioning, as I've seen many times, an experience of the former intelligence types that -- in terms of the difficulty of predicting where the next major crisis will be.

So I was wondering, in this plan -- one of the things I learned working with the intelligence community is there is usually a contingency fund if something comes up, some emergency. So I'm wondering, as you develop this new budget and work on new processes -- and you had talked about reversibility the last time we spoke.

Is there a procedure for having a fund that -- if there is some black swan event, that we could quickly have the assets both to finance it and the assets themselves to respond?

MR. LITTLE: Well, thank you very much for your question. Certainly wish you well with your own health. In terms of black swan events, I assume you mean factoring in surprises that could come down the pike --

Q: Exactly. You know, like, he -- General Flynn was talking about when he -- the day that 9/11 happened, they were having --

MR. LITTLE: Yeah.

Q: -- big meetings on, you know, that we needed to step up our ISR with precision. Now I know we're on --

MR. LITTLE: Right.

Q: -- the ball with cyber stuff. But, you know, one example that comes to mind is this cyber Pearl Harbor. There are still many issues, as you know, that haven't been resolved, of how we're going to respond and who does what, when a crisis happens.

MR. LITTLE: Right. No, it's a -- it's a very -- it's a very good question. And that's something that we grapple with all the time in the national security community. I would not be credible if I said to all of you today that we could perfectly crystal ball the future. That is simply impossible. That being said, we think we have an understanding of the near-term strategic horizon and where the threats are likely to come from. And we're adapting to be able to meet those threats.

Now we have factored in the possibility of surprise. As we've gone through this strategic review and the budget decisions, we're preserving capabilities that enable agility -- rapidly deployable forces, the most advanced technology to be able to account for and put capabilities against any challenges that come our way -- any unanticipated challenges that come our way in the future.

So I don't know that we have a specific fund set up for that. That's really something kind of that we believe we need to account for across the defense budget, because we know that we can't always perfectly predict what's going to occur. So your point is one that is well-taken, and I -- and I appreciate it. And the bottom-line answer is: absolutely. We need to preserve the mix of skill sets and capabilities and of course people. People are the heart of our enterprise here. Without our people, the rest of it falls away. And we need to make sure that we're ready for whatever comes down the pike.

Q: Thank you. And my doctors tell me I'll be back on my bicycle by spring.

MR. LITTLE: Excellent, excellent. I look forward to getting another update.

Q: (Chuckles.)

MR. SELBY: Thanks, Gil. And Sandra Erwin.

Q: Hi. Good afternoon. This is Sandra Erwin with National Defense. I wanted to ask, going back a little bit in time to about a year ago when the -- sort of the review process -- the strategic review process got under way after the president announced -- or requested that the Defense Department start cutting \$400 billion in spending. And then Secretary Gates at the time started a review process that then was continued by Secretary Panetta.

And one of the big questions that comes -- has come up pretty much throughout the debates has been if DOD is going to cut spending, they have to do less of X, Y, Z, whatever missions. So I guess what I'm -- what I would like maybe to get from you guys -- maybe -- we know Iraq -- the Iraq War is over, so that is one mission that doesn't have to be done anymore. But it's -- can you give us, like, a list of maybe three or four major things that the military will not be doing anymore as a result of these budget cuts?

CAPT. KIRBY: This is Captain Kirby.

Well, you're right. Iraq is certainly a mission that is now over for the military. And then -- wait, let's talk about Afghanistan for a little bit.

Certainly we have -- we have many troops there, more than 90,000 as we speak here today. But over the next

couple of years, that mission will too be transitioning to one of "advise and assist" and will require much less -- much less troop presence over time. But they -- the goal being of course to transition out of Afghanistan by the end of 2014.

As for elsewhere around the world, I think one of the strengths of this strategic guidance that the secretary developed is that we are going to be able to maintain a global posture and presence. This isn't about -- this isn't about taking missions back in some ways; it's about putting missions back on the scope where they haven't been before, such as -- we talked about earlier -- amphibious warfare and expertise.

We're going to rebalance our focus more to the Asia-Pacific, which is going to require a much more robust partnering program than we've had in the past with many nations in that region. You've -- you heard the president talk about a rotational Marine Corps training presence sort of using Australia as a hub. So I don't think it's -- it's really not about, you know, taking things off the list. And what it is -- it -- what it is about is being a little smarter on how we do what we are going to do.

Like, let's take Europe for an example. You heard the secretary talk about the fact that we're going to be removing two brigades from Europe in terms of permanent presence, which is a -- that's a lot of footprint because it's not just the troops you're talking about. It's all their equipment, it's the families, and all the associated infrastructure that has to support, you know, that many troops.

And -- but yet, we're going to be rotating brigade combat teams through Europe as needed to conduct exercise and partner capacity-building initiatives. The brigades are -- each combatant commander is going to get a brigade combat team associated with it on a rotating basis. So there's sort of a long-term partnership there building up, and some expertise in these Army brigades with certain areas of the country.

So again, it's not about -- not about taking stuff off a list. It's about doing what we need to do a little bit smarter and with a little bit more innovation. Does that answer your question?

Q: Yeah, yeah, that's good. Thank you very much.

CAPT. KIRBY: You're welcome.

PETTY OFFICER SELBY: And, gentlemen, do you have time for three more -- we have three more bloggers that are on the line that haven't had a chance to ask a question yet.

CAPT. KIRBY: Yeah, sure.

MR. LITTLE: Absolutely.

MR. SELBY: OK. John McCandless, you're next.

Q: Gentlemen, John McCandless from the Navy Memorial Log blog, and also Military Matters blog. My question has to deal with the active cost of pushing the new Trident back by two years -- (inaudible) -- submarine. At this week's conference up in California, there was a panel discussion on the actual cost to the shipbuilders of delaying programs like this, with all their facilities sitting idle, and also, the survivability of subcontractors and even prime contract. In the end -- (inaudible) -- these programs by a year or two, doesn't it get -- (inaudible) -- doesn't the actual total spent on these units, the amount of money spent on these units, perhaps increase by 50 percent?

CAPT. KIRBY: Well, this is Captain Kirby. I'm certainly not an expert on submarine shipbuilding and the costs associated with it, so I would be loath to try to tackle that specific question.

But let me -- but it's a fair concern, and let me just speak a little bit about the importance of the industrial base and our understanding and the secretary's firm commitment to preserving the skill sets and capabilities inside that. And there is no better place and there's no better example than the one you mentioned, in the submarine force.

I mean, I know you're a former naval officer and you understand this. I mean, when it comes to shipbuilding, all shipbuilding requires skilled craftsmen with superb capabilities, but in the submarine world, it's even, you know, more important and sharper. And so we're aware of that. And that's why I think -- and, you know, submarines are, like all ships, not inexpensive to build.

And that's why I think, again, we used a certain amount of prudence here with respect to the decisions we made. It was slipping one Virginia class, and only one, outside the future years defense plan. So instead of buying it over the next five years, we're going to still buy it but it's going to be later.

And so it's -- we believe that that decision helps us manage these massive cuts that we have to take, at the same time allowing the production line to continue so that the skill sets inside the industrial base are not lost.

Now, again, I can't speak to the exact dollar figure of costs that is incurred by the builders when you do this. I mean, I just am simply not that smart on it. But believe me, we're cognizant of the importance of maintaining a very strong, capable industrial base.

Q: But by delaying the Trident for -- or the Trident replacement by two years, doesn't that -- I mean, obviously, we have one supplier building that, and I just have to believe that the cost of the Tridents two years down the road when they start the program back up again will be significantly more than what we're going to save by holding off for two years.

CAPT. KIRBY: Yeah, look, I mean, again, I -- certainly there's some risk here at this, but we believe that we're really making the best decisions for the situation we find ourselves in right now.

Q: Thank you.

MR. SELBY: And John Doyle.

Q: Good afternoon, gentlemen. John Doyle with the 4GWar blog. Thanks for talking to us.

General Dempsey took great pains yesterday at the briefing to specify that the strategic guidance from the Obama administration was driving -- or the driving force for this budget reduction in terms of at least what gets cut. And that guidance, as you -- as you, Captain Kirby, just said, you know, focuses on Asia and the Pacific -- that's a big region, a big ocean -- and the Middle East, which at times is a difficult place to get in and out of.

And that seems to be at odds with some of the things that are being cut -- namely, the C-5s and the -- and the C-130s and then some of the -- some of the vessels like the fast transport ships. If you've got to get a lot of people across the ocean, I'm having a hard time understanding why you wouldn't need either really big planes or really fast ships to get them there. So if you could help me out with that.

And if I can sneak in, I think, a real simple secondary question: What do you mean when you say brigades are going to be rotated in and out? And we've heard that Marines are going to be rotated in Australia and LCS is going to be rotated in Singapore. Does that just mean the personnel is going to constantly be shifting, but the number of people or the number of vessels there are going to remain the same? Thank you.

CAPT. KIRBY: Well, let me get your second -- to your second question first. What we're talking about is -- it's very much, as a naval officer, I mean, it's very much in keeping -- at least in my mind, the way I equate it is to how I've grown up in the Navy, which is that, you know, you deploy for -- in this case, in the Navy's case, you deploy for six months, and you come home. And you're constantly in one state of either repair and refit training or actual operational employment.

And I think what we're talking about here is a force presence that is not based on permanent footprint, but on a flexible employment of the assets we have so that they will be rotational. I do not mean to suggest -- and if I did, I'm in error -- that we're going to have an extra brigade or two always in Europe on some kind of rotational deployment.

That's not what I mean at all.

What I mean is that we will have -- each COCOM will have a -- at least one brigade combat team associated with it on a rotating basis to help them build partner capacity and improve their readiness in that region. But it's -- it'll be -- it'll be rotational. And it'll be, I suspect, somewhat specific to the service and the service requirements, as well as the combatant commander requirements.

On your question about some of the decisions being at odds with -- and you talked about a decrement in air mobility and a decrement in some of the ships at sea, I mean, on the mobility thing, it -- you got ground forces now -- the biggest consumer of air mobility for the Air Force are the ground forces and the associated equipment and systems that they need to conduct operations. The ground forces are both, the Army and Marine Corps, coming down. In the Army's case, it's from a high of 570, at the peak of the Iraq War, to 490. So there's 80,000, and then the Marine Corps going down 20,000.

So you're talking about roughly 100,000 fewer ground-based troops in the military.

So we believe that the decrements in air mobility are commensurate with this decrement in end strength for ground forces. If you have fewer troops and fewer pieces of equipment and logistical supplies that need to go with them in your force, then you can afford to sacrifice some of your air mobility requirements. We really believe that what we're going to end up with at the end of these 10 years is a force that's properly sized for the kinds of challenges we think we're going to meet.

And the same goes on the Navy side. And I talked about that earlier. The Navy is still going to be more than 280 ships, any one of those ships vastly superior in capability to the ones the Navy had fielded at the end of the Cold War. So, I mean, we're very -- we're not -- I'm not at all saying there isn't risk in any of these plans. There is. But we believe we've mitigated that to the best that we can.

And as we talked about before, there is a measure of reversibility in here. There is -- there is an ability, through the Guard and Reserve particularly, to surge up in strength if we -- if we needed it.

Q: Thank you.

MR. SELBY: And Walter Pincus.

Q: Thank you. I guess, two questions. One is a simple one, I guess, which is, is the military intelligence program taking a cut, other -- outside the OCO and on the original -- the core budget.

And then the main question is the secretary said he's had discussions and kept Congress informed. Can you say where you think you're going to get the biggest push-back? I mean, I think you're already hearing it on the retiree health program. And if you get push-back, if they put money back in, the way this system works, are you going to have to take cuts elsewhere, or will that money have to be made up outside of the defense budget?

MR. LITTLE: I'm sorry. Walter, thanks. This is George. On the last part of your question, I didn't quite capture that one; might have been the connection here.

Q: Well, if you don't get the cuts that you're seeking out of the House and Senate --

MR. LITTLE: OK.

Q: -- the way (those ?) things work, is the 487 (billion dollars) a figure you chose, or is that a figure in the legislation that has to come out of the military? So if they put money back in, do they have to take money back out from somewhere else?

MR. LITTLE: Well, that's a very good question. I mean, as you know, last year, Congress passed the Budget

Control Act, which required us to find 487 billion (dollars) in cost savings over the next 10 years. If -- I mean, just a kind of broader point about how we're approaching this budget. If, you know, there are major muscle movements inside this budget made by the Congress and they make substantial changes in the plans that we've made, then we may have to go back and revisit the strategy. We have made a very concerted attempt to define this based on strategy. And if this is all pulled apart, we may have to go back to square one.

On the question of where we might see, you know, some of the most resistance, I mean, I'll just be candid with you, because we're trying to be as candid as we can around here about all of these tough decisions. And that is that -- and again, no decisions have been made on this -- but we have suggested that it might be a prudent idea to look at establishing another BRAC process.

As you know, Walter, the, you know, BRAC process is something that Congress would have to approve. And this is something that, you know, would require decisions not just inside the Department of Defense, but by the Congress and by local communities having input.

We understand that BRAC isn't easy and that it does affect communities around the nation. But we would be remiss, we believe, if we didn't at least suggest it as a proposal because if we draw down the force and as we consolidate the capabilities and get more creative about the way we find cost savings, then we may not need as much infrastructure as we need today. And that could help us find some cost savings down the road.

Now, to be clear, no decisions, again, have been made on BRAC. And BRAC is not inside the \$487 billion that we're planning against. I think that's very important to note.

On the issue of the military intelligence program, Walter, I tell you, I don't know enough specifics to get too deep into the weeds on that. But intelligence remains near and dear to our hearts here. That's going to be an important part of the capability calculus moving forward. We are going to continue to make significant investments in ISR, for instance. And I think you probably saw the materials that were handed out yesterday that we're going to go from 65 CAPs to a surge capacity of 85 CAPs, you know, in some of our unmanned vehicles.

So intelligence is key for many reasons. One is that, going back to the -- to the black swan issue, we need to -- we need to be on the front lines of surprise, and we need to know as quickly as possible when we're confronting a new challenge.

So we need to have the technical capabilities, the full range of "INTs" at our disposal, to be able to confront new threats wherever they are coming from.

Q: Great. Thank you.

MR. LITTLE: Thank you, Walter.

MR. SELBY: And Cheryl Pellerin (sp), did you have a question?

Q: Sorry. Not right now, thank you.

MR. SELBY: Roger that.

Well, with that, I think we can go ahead and wrap up today's call. We've had some great questions and great comments today. And Captain Kirby and Mr. Little, do you have any closing comments that you'd like to add?

MR. LITTLE: No, I'd just like to thank everyone for joining us today.

Q: Thank you.

MR. SELBY: Thank you again, very much. Today's program will be available online at dodlive.mil, where

you'll be able to access a story based on today's call, along with source documents such as this audio file and a print transcript.

Again, thank you, Captain Kirby and Mr. Little. We appreciate your time.

This concludes today's event. Feel free to disconnect at this time.

Q: Thank you.

END.