

Department of Defense Bloggers Roundtable With Mike McCord, Deputy Undersecretary of Defense, via Teleconference Subject: Department of Defense Fiscal Year 2013 Budget Request Time: 2:00 p.m. EST Date: Wednesday, February 15, 2012

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WILLIAM SELBY: All right, well, we have -- it's 2:00 by my time. So we'll go ahead and get started.

I'd like to welcome you all to the Department of Defense's Bloggers Roundtable for Wednesday, February 15th, 2012. My name is William Selby with the Office of the Secretary of Defense Public Affairs, and I'll be moderating the call today.

Today we are honored to have as our guest Mr. Mike McCord, principal deputy undersecretary of defense - comptroller. Mr. McCord will discuss the Department of Defense's Fiscal Year 2013 Budget Request, announced on February 13th as well. Mr. McCord will provide a big picture of whole-of-DOD outlook on how the budget was built.

A note to the bloggers on the line today, please remember to clearly state your name and blog or organization in advance of your question. Respect Mr. McCord's time. Keep your questions succinct and to the point. And please place your phone on mute if you are not asking a question. And with that, Mr. McCord, if you have an opening statement, the floor is yours, sir.

MIKE MCCORD: OK, thanks. I'll try and keep it pretty short because I think all of our material or just about everything is out in the public domain, and I assume people got a chance to look at it a bit. So I'll just make one or two points.

Mainly that the budget that we released this week was an outflow of the many discussions we had throughout all fall and late into the calendar year before we wrapped it up. Based on what strategy we wanted to pursue, we had two rollouts of that in early January on the 5th, with the strategy, and then some of the major program decisions that flowed from that, again, on January 26th. Hopefully people have seen the secretary's statements from those days, read the white paper that came out on January 26th.

So the third and final part, the traditional part, the part the comptroller's most involved with, was what came out yesterday, as required by law of course, the president's budget, the defense part of the president's budget. And that was shaped by that strategy, as I've said. But it was also shaped by three other factors, you know, real life -- real world factors: of course the end of combat operations in Iraq and the drawdown in Afghanistan, both of those basically affecting primarily our wartime or so-called OCO budget; and then the last big factor, inescapable, in addition to the strategy, was the Budget Control Act that was signed last August and the new spending caps that were put in place, since we had to fit within that and we did. And so that also shaped our budget as we tried to reconcile how to do the things that our strategy, you know, that we want to be able to do, that we want the Defense to be able to do for this president, for future presidents and for the country. So trying to fit that into the funding that was available, constituted you know, our big fall effort.

And again, the finished product is out on -- there's this a website specifically for the budget called budget.mil. I'm sure you can reach it through defense.gov as well. And the briefing -- I'm not going to read you the briefing slides that Mr. Hale used with the press yesterday because they are on that website, along with a lot of other documents.

So with that, I'll just turn to questions people have about it. Again, if there's something -- there's something that you're looking for, you know, I may say -- I may refer you back to one of those documents or tell you which of those documents to look for it in. And I will tell you up front I don't know the answer to every -- you know -- (chuckles) -- every line item in the budget. I don't carry it around in my head.

But with that, I'm ready to take your questions. MR. SELBY: Thank you, sir. And I believe somebody else joined.

Can I get your name, please?

LIEUTENANT CAROL ROBBINS (PH): It's Lieutenant Carol Robbins (ph).

MR. SELBY: Thank you, ma'am.

And Chuck, you were first on the line. So you can go with your question.

Q: Yes. Mr. McCord, thank you for taking our call today. Chuck Simmins from America's North Shore Journal.

Congressman Paul Ryan was on Fox News, and one of the things he talked about was the cost of the federal government preparing an annual budget given the reality that the budget, as proposed by the president, has not been adopted anywhere near in total in many, many years.

I'm looking at the overview document that's on the defense.gov website, and it says it cost \$34,000 to produce that particular document.

Do you have any idea of what the man-hours and the cost of preparing the Department of Defense's total budget amounts to?

MR. MCCORD: Short answer: No, I don't. I mean, the 34,000 (dollar) figure would have been done with a standard man-hour costing rate. I don't have that rate in my head. We could -- you know, we could probably get that for you if you needed it.

Q: But that -- I mean, that's the -- for this particular report. I'm talking about the entire budget preparation process.

MR. MCCORD: Right. The short answer is no, I don't. But I would also just say that the things that we do when we're preparing a budget are not just to produce the piece of paper; they are -- they are part of the oversight that we -- you would necessarily do of all the programs anyway to figure out where you wanted to go with them.

So I realize that there is a drill, and this -- and this was imposed by Secretary Gates when he was here -- about starting to put up costs on all the reports, and that was -- that's a laudable thing. But the cost of -- the cost of doing the budget and all the thinking that one does to prepare a budget is hard to separate from the oversight you'd want to do of what you're spending your money on anyway and where you wanted to take your programs.

The cost -- but you would have to check with the Army, Navy, Air Force, for example. They do, as you're probably aware, the bulk of the work, the bulk of the -- of the budget documents that are delivered to Congress; they actually come the Army, Navy, Air Force and Marines. The bulk of the -- you know, the number of pages, the bulk of money is controlled -- is spent through them, controlled by us by policy, but spent through them. So ours would -- I understand your question is relating to the entire department, and I don't have the answer to that bigger question. But you would probably have to get the Army, Navy, Air Force pieces from those three military departments to sort of add to our cost.

Q: OK. Thank you.

MR. SELBY: And Jared Serbu, you're next.

Q: Yeah. Hi, sir. Thanks for doing this. Jared Serbu from Federal News Radio. A couple BRAC questions -- and sorry to pile on; I know you guys are already getting beat up on the Hill. I think the main thing I'm wondering, though, is if there's any way to square two more BRACs with the whole reversibility concept that's supposed to be central to the new strategy, because, I mean, it seems, at least to me, that if you do close bases, that's about one of the least reversible things you can do.

MR. MCCORD: Right. The way we would square that is that when we -- assuming we get the authority to do the round, when we do the round, that that will, I'm confident, be one of the criteria that we have.

I think I would -- I would not agree with the notion that no -- that no base could be closed, that we -- you know, we can't afford to take the chance to close anything. So if that -- if that's correct, if I'm correct on that, then what you need to do is have your ability to -- you know, the reversibility, the idea that you would remobilize, that you would expand, say, your ground forces again be taken into consideration what bases you did close.

And so that -- while that might apply very much so to maneuver space, to not -- to not closing a training range, or to maybe -- to even, let's say, theoretically, for even leaving some extra barracks spaces that you'd -- if you had them built and they were new, and maybe -- and you know, build -- manning three buildings at 75 percent instead of cutting down to two buildings and fully manning them, something like that, that is different from saying there are no admin spaces or there's no other missions that you decide you no longer, you know, need to -- need to support or the footprint is not right for.

So I think that is something we will have to take into account, but I don't think that the concepts are so much in opposition that you can't have a BRAC round and still hedge against the future. But I think you just have to do it carefully.

Q: Fair enough. And then, if I can follow on that quickly I mean, one of the big criticisms on the Hill, today at least, seemed to be that the payback or the savings from the 2005 BRAC don't start to come in until, like, 10 or 12 years down the road. Are you going to submit something to Congress that tries to show that a BRAC can be done in a way that will get you some bigger savings more quickly?

MR. MCCORD: Well, BRAC has been done in the past that's gotten savings more quickly, so there is already that evidence there. The 2005 round was -- did have the longest payback of the previous -- of the previous five rounds, but that being said, all of them do pay back.

These -- the prospective rounds that we're talking about, I do not anticipate that we will have a proposal sent to Congress with specific, you know, funding assumptions prior to actually sending -- assuming that -- if Congress gives us the authority to do a BRAC round, as in the past, the department makes a proposal to the commission. And when the -- when the department releases that proposal, it has the estimated costs and the payback and all the -- of all the -- of all the closures and realignments the department's proposing to the commission to do. So if we get the authority, we'll have a precise estimate that goes with our proposal to the commission, which every -- Congress and everyone else will get to see. But we don't have one at this time, because we don't have a specific proposal.

Q: OK. But bottom line, you're not going to submit any details or assumptions to Congress? You're just basically going to ask for authority? That's the first step? You're not going to try to sell -- (inaudible)?

MR. MCCORD: Right, we're asking for authority. We're -- I don't -- in my view, at least, it would not be productive for us to say we want the authority and we -- let's assume that we want to close this many Navy bases, this many Army bases, and realign these 13 Air Force bases -- which is almost what you'd have to do to make a good cost estimate now, is to look like (you have ?) already made up your mind, which is -- which is a very dangerous place to go with BRAC.

Q: OK, thank you.

MR. SELBY: Thank you, sir. Thank you.

And Gail, you were next.

Q: Yeah. Thank you for taking the time to speak with us, sir. Gail Harris, with the Foreign Policy Association.

I have a two-part question. As you approach this budget, and then looking at the possibility of more cuts, you know, if they don't come to agreement -- you know, the political thing -- I was wondering how you took a look at acquisition. I always see that people say acquisition is broke and we need to fix it to save money.

And related to that, not just acquisitions and new platforms, new systems, but it always seemed strange to me that the government was contracting out services. For instance, you know, you retire and then you go work for one of the big defense companies, and then the government turns around and pays a couple of hundred thousand dollars for your services; when might not it be a better deal to look at recalling people who had -- who could do those studies for you, rather than -- you know, you're already paying them when they're retired. It's like you're paying three sources of income. You're paying them their retired military salary; then they go work for Northrop Grumman; and then you pay Northrop Grumman 200,000 (dollars), or whatever, for their services.

So I'm wondering how you're going about this, both with the current budget and also at the potential for the other even greater cuts you might have to make.

MR. MCCORD: OK. On the first part, on acquisition, decisions on -- decisions on specific acquisition programs -- a particular submarine, aircraft, helicopter, et cetera -- tend to be made, as I -- as I expect you're probably aware, on the specifics of the program: How is it doing on schedule? Is it -- you know, has the requirement changed? Do we now have a better way to do it? Is it -- you know, is there some -- is there a bid protest that has slowed the whole program down? Can we not get parts for it? You know, all kinds of things that go into how you should proceed in this year's budget with program A and program B and program C.

When you get to an approach to acquisition generally, there I'm -- there I'm going to -- I was going to say unfortunately; that's not the right word. But I would have to refer you to AT&L, the acquisition,

technology and logistics part of the department, which really does policy-making for that, rather than comptroller.

With respect to service contracting, which is -- you know, which is a type of acquisition policy over which AT&L has purview, but which has been such a big issue, I can -- I feel like I can speak to this one. Big focus of Secretary Gates before he left; and he, you know, directed us throughout the department to clamp down on at least some aspects of service contracting, and we're doing so.

You know, people -- there are -- there are reasons, you know, why people do service contracting. There are risks, which I think you very well stated some of the risks -- price risks, for example, of -- you know, the risk of potentially overpaying for something.

Q: Right.

MR. MCCORD: But you also have more flexibility you get when you service contract, that if the demand changes, then you don't have to -- you know, you don't have the difficulties of reassigning people, et cetera, et cetera. So there are reasons people do it. And, you know, people need to make hard judgments about whether it's -- where it's appropriate.

And that's kind of what Secretary Gates pushed us to do last year. As part of our -- the whole process we went through, his so-called efficiencies effort -- which is at least the word we tended to use for it here in the building. That was a big part of it.

We did not fundamentally revisit the direction we had from Secretary Gates once Secretary Panetta got here a couple months ago, so the policies we talked about a year ago about trying to dial back service contracting, which Congress has been kind of advocating for us to do as well -- really there is -- I would say I don't think there is much change in direction in this budget from what you saw last year. And so you know, one can kind of look at what we've said we were going to do and either find that either satisfactory or, you know, maybe that we haven't gone far enough. But I don't think there's really a new story here in this budget.

Q: Right, because I really think that's the potential to save a lot of money, and I certainly know that -- I think if you give a retired -- recently retired person a choice of coming back on active duty, working a problem through the service, you know, by being a part of the service rather than trying to make changes from outside working for a big company, I think you would -- you could save a lot of money by doing that.

MR. MCCORD: Well, certainly, trying to do the contracting, striking the right balance is -- you know, is something that all of our acquisition folks need to do. And again, AT&L could probably give you a little -- a little maybe clearer statement of what they're doing, what they're not doing in -- on our procurement and acquisition policy.

Q: OK, thank you very much.

MR. MCCORD: Sure.

MR. SELBY: And John Doyle.

Q: Good afternoon, Mr. McCord. John Doyle with the 4GWar blog. I have a -- kind of a long question. I'll try and spit it out really fast. Back in January when Defense Secretary Panetta first outlined some of the changes we could expect in this budget, he noted, as did President Obama, that the new strategic guidance would require the smaller military to be more agile, more flexible. And Secretary Panetta also spoke about -- in that case, the department would seek to protect and even increase funding for a number of programs like ISR, unmanned systems, special operations forces.

Yet the budget we got Monday has either cut or slowed down funding for a number of projects that one would consider the kind of things that make a smaller force more agile, more flexible, like unmanned systems, unmanned aircraft in particular, a number of programs cut -- a pretty big hit. And there's been some cutbacks in the number of amphibious ships that the Marines need.

And so in the briefings in the last couple of days, people have been -- at the Pentagon have been describing this as, you know, these things are risky, but they're acceptable risk; they've done the calculations. But it seems overall that this does not quite reflect, at least in where the money is going, the kind of 21st-century strategy that's talked about in the guidance. And I was just wondering how the department squares the two. Thank you.

MR. MCCORD: Well, you know, I think, as it sounds like you've heard and digested what our -- what we have said we're trying to do -- and I think it's fair for you to -- and others to ask, you know, if we -- if we achieved that or failed to achieve it -- we feel that we did a reasonable job. But you know, I think everyone, and yourself included, should look at what we did and reach their own conclusions.

You know, when you have -- in '13 our budget is about 45 billion (dollars) less than what we've planned a year ago to be spending. In the years thereafter it's about 50 (billion dollars) or the low 50 billions (dollars), so on the order of \$50 billion a year over the next five years less than what we planned. So at -- you know, at some point there has to be less of a lot of things to add up to minus 50 (billion dollars), at least compared to what you were going to do -- what you thought you were going to do before the Budget Control Act.

So there is -- there is -- even on areas that are important to us, there are -- there are reductions. We did try the -- and I think you've -- your question shows that you understand this -- that we -- when we talk about things like being agile, that some of it is sort of a relative statement of what you tried to protect more than other things. That's not always the same, though, as saying that there -- that there

would be no reduction in an area that you're protecting. So there were some.

And in, you know, for example, the Navy -- you know, we can't really -- the number of ships is so central to the -- sort of the Navy's -- how you -- what Navy you're building and how much it costs and what manning you need.

So the Navy I don't think could -- you know, could build a budget for themselves to submit to us to kind of fit into the entire department budget that doesn't have any -- you know, (with talk in ?) in reductions of that type of magnitude, doesn't have any reductions in ships, for example. So then there's the question of whether we picked the right ones or not, but we -- again, we felt like we could do the things we want to do with these changes.

SOF, I think, was protected, you know, pretty much absolutely. On ISR, on some of the UAVs, that is, you probably heard us say perhaps -- at least maybe perhaps heard us say that -- I think Bob mentioned this, my boss, when he did the press briefing on Monday -- that what our folks are finding is that the long pole in the tent on some of the UAVs was getting enough trained crews so that the Air Force, in particular, felt it was a good trade to slow down buying some UAVs to put the money into training of the air crews faster.

But what we tend to talk about in public a lot is the acquisition side. You know, we don't tend to highlight the personal side, so that's not very easy to read one of our documents and see that that's what we're trying to do, because we tend to only show the -- you know, how the dollars change on the major end items themselves and not the rationale, maybe, for putting more on the personnel to man those assets and to slow down buying the assets.

But that was the case at least on some of the UAV -- in some of the UAV world. On SOF, I think we did just protect that portfolio. But, you know, on other areas, like shipping, you know, people -- I think that we -- you know, that's a question that's out there, certainly; you know, shouldn't you have as many ships as possible to have as much mobility as possible. But we had to make some hard choices across just about every kind of portfolio, including ships, to get -- you know, to get numbers as big as minus 50 billion (dollars) a year out of our plan.

Q: Is this budget a case of, you know, it takes a long time to turn an oil tanker around? Is this where you have such a big institution that it's going to be hard to make the cuts that need to be made for financial reasons and at the same time redirect where the money goes?

And I guess that's another way of asking are the ensuing budgets going to be like this, or is this, you know, the breaking-the-ice one and then the money will go back to where it needs to go to match up with the strategic guidance in future years? MR. MCCORD: Well, that's a hard one to answer. You know, I've been doing this -- whatever year I'm in now, 27 years, something like that. It's usually pretty hard to tell, when you're in Year X, what Year X-plus-one is going to look like. And for

example, right now, of course, we've got the sequester, the big question out there. That would really, you know, mess up all of our plans, as well as those of other agencies.

But even if that goes away -- let's say that that goes away. How will it go away? It would go away by having some other cuts replace it, presumably, unless there was some, you know, widespread agreement just to ignore the problem, take the chance of our -- you know, of our government's security being downgraded and just blow the issue off. So what will make the sequester go away is something else being cut. That something else could include -- could include us.

So the rules might change again, you know, just on -- because of the fiscal situation the country's in. But even assuming that aside, you know, if that didn't happen, it's still possible there'd be some changes in our budget, in our plans for next year.

I think what we've -- we've built something that we think we can stick with, though, so we weren't doing this as exercise to just get through the next year, thinking we would take a clean sheet of paper out next year. We put a lot of effort into this one. So I think that -- our size makes it -- our size, you know, does sort of inherently make us less agile than we might otherwise be, I guess, but I don't think we're planning on making -- the set of turns that -- I don't know, if you could describe all the changes we've made in this budget as saying it's a turn of a particular direction, 10 degrees to the southeast or something, I don't think we're planning on then wrenching hard on the rudder again next time to do another change.

The reason that some of our things are slow, or perceived to be -- you know, perhaps perceived to be slow -- for example, the drawdown of the ground forces -- was not -- is not so much because of how big we are. I think you would have the same phenomenon whether the force was half the size it is now of -- we want -- our Army and Marine Corps leaders want to be as humane as possible to the people that are being -- you know, as we draw down the size of the force, they want to do that through attrition, if possible, not RIF people.

So I suppose you could say the bigger the Army is, the harder it is to do that, but I mean, that phenomenon would still exist, you know, of if you -- if you want to do something as fast as possible or do you want to do it a little slower, because you feel it's more fair to your people. We made the latter choice on drawing down the ground forces, and so that contributes to the somewhat maybe deliberate pace of some of the change, you know. And that was a conscious decision that I don't know -- I think the same phenomenon would have existed even if we'd already been a little smaller.

Q: Thank you, sir. Appreciate it.

MR. SELBY: Thank you.

And was there anybody on the line that did not get a chance to ask a question yet? (Pause.)

All right. Well, then we can go back around to Chuck.

Q: Yes, sir. Chuck Simmins again. I've got about 20 years in senior level accounting positions, and I know that when you do a budget, even if you're doing a budget from dollar zero, in most areas -- and defense certainly is one -- you know that you've got certain costs going out into the future -- program acquisitions, for example, the new Bush carrier, things like that.

How much of the Department of Defense budget is things that are not going out into the future, that are things that fill in the holes in -- that fill in the rest of the budget after you take into account, you know, that you're going to have 101.4 million men, you're going to have 200 ships? You know, how much of the budget fills in the gap?

MR. MCCORD: Well, that's a good question. I guess I'd probably -- (audio break) -- I'd start off with kind of a -- (chuckles) -- a very general answer while I'm trying to gather my thoughts, which would be, actually, probably not much, because I understand you -- the way you framed the question, that if you take the number of military and perhaps civilian personnel as a given because you've got a fixed set of functions you're trying to accomplish and you think you need the number of people that you have on board --

Q: Right. You know you're not going to zero in personnel.

MR. MCCORD: Yeah. Q: And you have a rough idea what the maximum upper limit is. So there's your personnel cost for next year, approximately. So, you know --

MR. MCCORD: Right. Right. And if I took that same view of my civilian workforce, because they're all assigned to functions, and if I assume that my list of functions to perform is about the same as it was, what's left is kind of my modernization budget, which is procurement of new assets and research. Research should be THE most variable. That's out of our -- out of our 525 billion (dollars), that's about -- that's about 70 (billion dollars) of it. So I could in theory, you know, do away with a great deal of my research and, you know, get away with it for some time, maybe long, maybe not long, you know.

And some of my procurement -- some procurement would need to continue, right, because in procurement we buy -- we buy bullets for -- rifles and the bullets that go in them, things that we -- that we're going to turn over fairly quickly, as well as -- as well as, as you cite, the aircraft carrier that will take us, you know, many, many years to build.

So you can turn off the modernization more easily, and I think every drawdown cycle kind of shows this, this is what generally happens, is the -- is that acquisition side, the procurement and research, rises more quickly and falls more quickly as -- but when budgets go up and down, because that is the easy -- for just the reason you cite, that is the easiest thing to do in the shorter term. In the longer term, the size

of your force is really the big driver of how big your budget is, because if I know I have an Army of 500,000 versus of 400,000, then that -- then that determines sort of how many rifles I need to buy and uniforms, and how many bases I need and how many barracks spaces I need, and how much health care I'm going to be providing.

So longer term, the way to adjust your budget is certainly to adjust the size of your force and as -- and I would agree with your -- where I think you were going, that in the short term, the size of your force is hard to adjust and it does generate a lot of costs that, other than at the margins, you can -- you can change the benefits structure for people, you could train -- you could give people more training dollars or less if you want them to be a little more ready or a little less -- you know, less trained.

But again, there's a fairly narrow range, I think, of what -- of what the military leadership or probably what the nation and the president would find acceptable as -- in terms of, you know, what readiness state they want the military to be in. So that will -- you know, that will limit you somewhat there, too. So it's really just the - it's probably the investment.

Some of the procurement -- the procurement's about a hundred billion dollars out of 525 (billion dollars). So some portion of that, you could get away with from some time, you know, making a big -- a big savings in, and a good bit of your research budget. But that's -- that's, you know, no more than -- even if you took every dime of that, that would be about one-third of it -- of the budget.

Q: That answered my question exactly. Thank you, sir.

MR. MCCORD: OK.

MR. SELBY: Sir, did you have time for one more question, or --

MR. MCCORD: Sure.

MR. SELBY: OK. Then we have Jared. Do you have any more questions?

Q: Yeah. Hopefully, it's -- hopefully it's quick. The budget talks about, I think, a 1 percent reduction in the civilian workforce overall with some growth in things like cyber and acquisition. Is that -- is that overall decline just tied directly to overall force structure going away in kind of a proportional way? Or are these cutbacks targeted in particular areas?

MR. MCCORD: You know, the way we do -- I think the answer -- the answer is closer to B, but I can't explain all the different reasons in the Army, Navy, Air Force, Marine Corps budgets and the defense agencies, all the different little sub B, sub 1B, sub 2 that are the different changes that people made for a reason. Civilian personnel is not something that we manage as an end in itself, so we're not building a

budget to get the number of civilians up by 2 percent or down by 4 percent or anything like that.

Civilians, you know -- the way -- certainly the way we and comptroller in particular approach the budget is, we're looking at how much funding is going to a particular function and what functions are we trying to emphasize. And the number of civilians that go with that is not -- is not kind of the big thing on our radar screen. So when we have done -- made all of the decisions, at least -- at least from my perspective here, near the top of the comptroller chain, is the number of civilians that we ended up with, other than complying with some of the direction we already have in place from Secretary Gates about holding the line on, you know, this number of civilians, which is at least in place temporarily -- you know, the department enforcing on itself -- the number of civilians that comes out at the end was -- you know, is sort of an interesting fact that comes at the end and rather than something we were trying to get to a particular state on.

So yeah, the force structure changes in the budget -- when we talk about force structure, we're generally talking about military personnel and the -- and the -- and the units, you know, taking away a brigade or adding a squadron or whatever. Those almost always -- you're correct -- have civilian tails that flow with them to support that increase or decrease in force structure. But the big force structure changes in this program are taking place somewhat gradually over time. And so the impact that is measurable and presented in the '13 budget is kind of a small part of that, because the whole picture won't reveal itself for a while on the civilian impact of the force structure changes like making -- you know, bringing the ground forces down by a fair amount. You're not really going to -- you're not really seeing a good representation of the whole end state on civilian -- the civilian tail of that yet.

We're already talking about the military end state. You know it won't happen for some years, because that's part of our -- you know, that's our message of trying to explain some of the big choices that we made. But the civilian -- the civilian tail of that is sort of a -- is going to be an outflow of that choice that was made. You then marry that up with -- or add to that some of the specific program decisions that are made to have, you know, maybe extra effort on one program and lesser effort on some lower-priority thing, and those will have civilian tails too, that when you add up all the -- you know, you add up all the nets and you see a fairly small percent change, which -- that you cite, that you've seen; I think some others have remarked on it already as well. But it's the sum of a lot of little decisions as well as the tail of the big force structure moves.

Q: A real quickly, any sense yet on whether or not that 1 percent gets accomplished by, you know, attrition versus VERA and VSIP kind of stuff, or even RIFs, potentially?

MR. MCCORD: Well, from where I sit -- I mean, what I see around me is not much -- not much of any RIFs or buyouts going on.

But I'm not -- you know, I don't have visibility on what's going on on every post, camp and station around the country.

I'm sure that there's going to be cases where there are some, but I think that we have -- for example, we've had some reductions that - - or -- and some restrictions, let me put it that way, that Secretary Gates put on, especially on the SES level, things like that.

What I've seen here in the building, at least, is that we have done those mainly by trying to place people, and it's been much more of an attrition thing. I have not seen a lot of buyouts. In my own office, for example, we're not planning to do any this year. But, you know, I believe that's probably representative of what's going on in the broader department, but I -- I'd have to defer to the personnel community, and our Personnel and Readiness Office in particular, to give you more insight into -- because they would -- into that -- because they would be the ones who would collect the data on how many -- how much these authorities are being used, because they're the people who give them out.

Q: OK, thanks a lot, sir.

MR. MCCORD: Mmm hmm.

MR. SELBY: Thank you very much, sir. And thank you to everybody on the line for your questions.

With that, sir, do you have a closing statement?

MR. MCCORD: Not -- certainly nothing prepared. I would just say, appreciate the quality of the questions. I thought they were all very good questions. And whether I could answer them well or not was -- doesn't detract from the fact that they were good questions. And so thanks to everybody for -- I mean, I -- for being interested and intelligent observers of what we're doing. Thanks.

MR. SELBY: Thank you. Thank you very much, sir. And once again, thank you to everybody on the line.

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 the audio file and print transcript.

Again, thank you to everybody on the line. This concludes today's event, and feel free to disconnect at this time. MR. MCCORD: Thank you.

END.