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**The FY 2011 U.S. Defense Budget and the
Quadrennial Defense Review**

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“The budget and the reviews are also shaped by a bracing dose of realism – realism with regard to risk, realism with regard to resources. We have, in a sober and clear-eyed way, assessed risks, set priorities, made tradeoffs and identified requirements based on plausible, real-world threats, scenarios, and potential adversaries.” (Secretary of Defense Robert Gates, Press Briefing on FY 2011 Defense Budget, 1 February 2010)

Mr. Chairman, Ranking Member, Members of the Committee, thank you for the opportunity to appear today and discuss the defense budget request submitted by the administration for FY 2011. The Committee has a challenging job this year, finding ways to fund what is necessary, restrain spending on the unnecessary, and set overall spending limits in a challenging atmosphere of slow recovery, significant unemployment, and historically unprecedented deficits.

You are discussing today one of the most sensitive and difficult spending issues you face: how to fund appropriate defense needs, while ensuring essential budgetary discipline to our national defense budget, at a time of continuing overseas combat operations. The administration has sent the Congress a budget that is historically high and has asked that it (along with international affairs and homeland security budgets) be exempt from the discretionary spending freeze it proposed for the remainder of non-defense discretionary spending.

Let me summarize my view on this request for an exemption from the freeze: the defense budget should not be exempt from a freeze. Instead, the Department of Defense should be included in any budgetary freeze or overall discretionary budget caps or reductions the committee is considering.¹

I will summarize my testimony in support of this view in the following way:

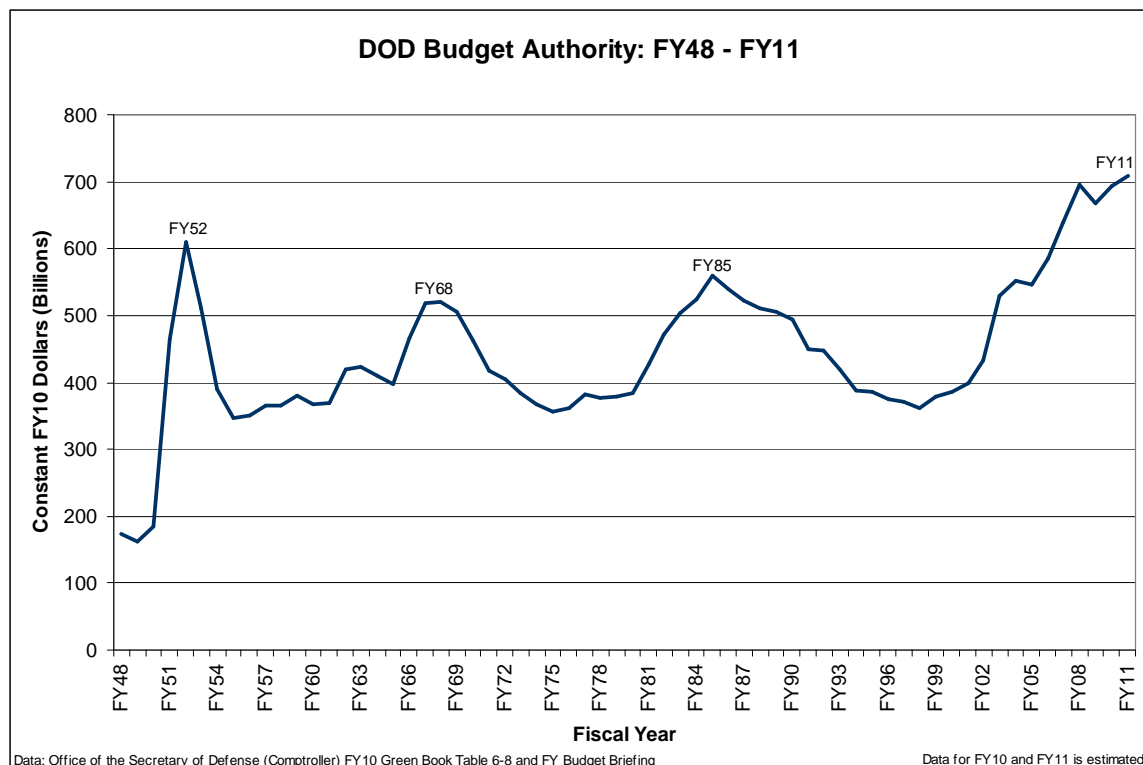
- Although Secretary of Defense Robert Gates has described this year’s Department of Defense budget request and the accompanying Quadrennial Defense Review (QDR) as providing a “bracing dose of realism,” making significant tradeoffs, it reflects very little discipline in defense planning and budgeting. Instead, the administration built its request on top of the existing defense budget, making hardly any tradeoffs in any area of spending, including procurement.
- The 2010 QDR does not “rebalance” the defense program or the budget, by setting priorities, making program tradeoffs or calibrating risks in a disciplined way. Instead, it continues the mission expansion for the military begun during the previous administration, and, in doing so, broadens defense requirements in a way that makes such discipline even more difficult.

¹ Note that throughout the testimony I address only subfunction 051, Department of Defense, of the budget request, not all “national defense” (050).

- The reluctance to impose planning discipline and make choices now will lead to pressures for continuing high defense budgets, with serious implications for budget deficits in the out-years.
- It is important for the Congress to act this year to begin to set limits on this mission and budgetary expansion, or the task will become increasingly difficult. An unconstrained defense budget is likely to make draconian choices in all other areas of discretionary spending necessary. I suggest some approaches the Congress might consider in considering this year's budget request.

Lack of Budget Discipline

There is no magic number for the size of the defense budget; typically most annual budget requests are based on what a federal department received last year, plus more funding for program growth, initiatives, and rising costs. The FY 2011 DOD budget follows this pattern.



Over the past ten years, the pressures of war spending have relaxed discipline overall for the defense budget. As a result the \$708 billion requested for total Department of Defense resources reaches unprecedented levels. The DOD base budget request of \$548.9 billion adds 3.4% to the FY 2010 base budget level, or 1.8% real growth.² The total resources requested are, in constant dollars, 16% higher than the 1952 Korean War budget peak,

² The full \$708 billion request is 2.2% real growth over the FY 2010 number, if one includes the full FY 2010 OCO supplemental request of \$33 billion in the FY 2010 number.

26% higher than the peak defense budgets of 1985, and 36% higher than the 1968 peak year for Vietnam War-era defense budgets.

By increasing requested defense resources to this level, the budget avoids priority-setting, choice-making, and tradeoffs. It would increase resources for near-term challenges, as described by the Secretary, but it does not execute this “rebalancing” by reducing funding for longer-term priorities. Instead, it increases funding for both near-term and long-term programs and activities.

- The request includes additional funding for rotary wing aircraft, unmanned aerial vehicles (UAVs), and special operations forces, tied to ongoing operations and near-term “threats,” but these additions are not offset by longer-term reductions. It seeks significant growth in the base budget for procurement (+7.7%) and operations and maintenance (+8.5%) and military personnel (2.6%). This growth is only partially offset by cuts in the smaller requests for research and development (-5.0%), military construction (-19.5%), and family housing (-19.3%). These reductions do not reflect a decision to “rebalance” the budget away from these other accounts. The proposed R&D reductions reflects maturing programs that are moving into procurement, while the military construction reductions reflect the end of the BRAC process and family housing reductions reflect progress in the privatization of military family housing.
- The procurement budget request reflects little priority-setting. Secretary Gates made several hardware program cuts in the FY 2010 budget, for which the Department deserves full credit. However, the savings were not major. The F-22 was slated to finish production, so there was no funding for the program in out-year budget projections in any case. The C-17 program was also slated to end, though Congress restored it. The FCS vehicle cancellation was not a program termination, but a “restructuring,” as was the DDG-1000 decision. There are fewer major program decisions in this year’s request. Two – the C-17 and the F-35 alternate engine - are likely to be restored by the Congress, and neither saves resources, since DOD did not include them in the future-years plan. The Navy’s command ship replacement program is not cancelled, but deferred. Only the CG(X) cruiser is a clear program termination, with small savings and consideration of alternative approaches still under way in the Navy. (Overall, Navy shipbuilding funds grow nearly 14% above the FY 2010 level in the FY 2011 budget request.)
- Overseas Contingency Operations funding would decline slightly (from 162.6 billion in FY 2010 to \$159.3 billion in FY 2011, if the FY 2010 budget request of \$33 billion is appropriated), but there is every prospect of a future supplemental for FY 2011, especially to fund withdrawal from Iraq and, possibly from Afghanistan, as well.

- The FY 2011 base budget request for Operations and Maintenance would rise significantly – 8.5% in current dollars (or 7.9% per troop). O&M budgets have risen rapidly over the past eight years, due to overseas operations in Iraq and Afghanistan. In the base budget, however, DOD has for decades under-budgeted for Operations and Maintenance, projecting a flat funding requirement into the future years, though O&M costs have risen inexorably at an average annual rate of around 2.5% per troop. But there is no evidence in the FY 2011 budget request of an effort to restrain O&M costs, aside from the usual statements about bringing effective management to the business operations of the Department. Moreover, if DOD is moving to expand the size of its civil service work force, O&M costs are likely to continue to grow in the future.
- Funding for Military Personnel grows, as well. This includes funding for a “temporary” increase in Army end-strength of 22,000, on top of the more than 90,000 already added to the ground forces over the past three years. End-strength growth is a core driver of future defense budgets.
- Less visible, but equally important, the FY 2010 OCO supplemental and FY 2011 budget requests may still be funding costs that should be traded off in the base budget. The administration deserves credit for seeking to provide more clarity and greater discipline on OCO budgeting, but there are a number of programs in the OCO requests which Congress will want to examine closely, to ensure they are directly tied to the war. In particular, the budget seeks \$2.8 billion in funding for “long-term reconstitution,” a new category whose definition is unclear. In particular, the FY 2011 OCO seeks \$204.9 million for an F-35, whose relevance to current operations in Iraq and Afghanistan is unclear.

In sum, the budget request does not appear to be a “dose of realism.” It brings overall 051 funding to an historically high level, and raises DOD’s budget to 56% of overall discretionary spending.

The QDR-Budget Linkage: Why Defense Budget Discipline Is Difficult

The 2010 Quadrennial Defense Review was released at the same time as the FY 2011 defense budget. Having participated in two such reviews, I should note that they have generally not played a role in disciplining defense budget requests. This QDR is different. It was conducted in parallel with the FY 2011 budget process and it is my impression that it had a significant influence on the budget request. I would suggest that that impact was not so much to restrain the budget, as to encourage its growth.

Secretary Gates announced his intention of “rebalancing” the strategic objectives and missions of the US military through the QDR, to include a strong focus on the successful pursuit of current military operations and the development of capabilities that could cope with near-term threats and challenges. The QDR makes it clear that this goal was part of the guidance that flowed from the QDR into the budget process, leading to increases in

funding for rotary wing aircraft, unmanned aerial vehicles, and Special Forces, among other items. However, the QDR did not “rebalance” the military’s objectives and missions. Instead, it appears to have continued to expand those missions, building on the experience of the past decade, with serious implications for the FY 2011 budget and-year defense funding.

Some have suggested that the QDR shifts the center of gravity in defense planning away from long-term threats and challenges and a force planning algorithm of “two Major Regional Contingencies, near simultaneously (2 MRCs).” That does not appear to be the case. The defense strategy, and the force planning construct that follows from it seem to accept those missions and more, providing a basis for force expansion, and budget growth for years to come.

A careful reading of the QDR and the Secretary’s statements supports this conclusion. Excerpts from the QDR and the Secretary’s briefing of February 1, 2010 illustrate the point. Far from rejecting the notion that 2 MRCs should be included in DOD missions and planning, the Department seeks to build on those requirements and expand missions broadly, including activities that historically have been civilian responsibilities in the US government.

Secretary Gates made the goal of broadening U.S. military missions clear in his press briefing on release of the QDR and the FY 2011 budget February 1, 2010:

...I felt for some time, the two-major-theater or operations construct was out of date [;]...we are already in two major operations...” “[W]hat I wanted to convey was a much more complex environment, in which you may have to do not just two major conflicts, but a broad range of other things, as well, or, perhaps in the future, one of those conflicts and then a number of other contingencies. So I just felt that construct was too confining and did not represent the real world that our country and our military forces are going to face in the future.

The QDR is equally explicit:

In short, U.S. forces today and in the years to come can be plausibly challenged by a range of threats that extend far beyond the familiar ‘major regional conflicts’ that have dominated U.S. planning since the end of the Cold War....[I]t is no longer appropriate to speak of ‘major regional conflicts as the sole or even the primary template for sizing, shaping, and evaluating U.S. forces. Rather, U.S. forces must be prepared to conduct a wide variety of missions under a range of different circumstances....

The QDR and the Budget describe this broad and demanding set of missions in two types of statements, one described as “Objectives,” and the other as “Missions.” While these two lists are somewhat confusing and overlap in several ways, together they make it clear that the range of missions, and therefore of budget requirements, is very broad. The “Objectives” include: “prevail in today’s wars,” “prevent and deter conflict,” “prepare for

a wide range of contingencies,” and “preserve and enhance the All-Volunteer force.”³ The “missions” include: “defend the United States and support civil authorities at home,” “succeed in counterinsurgency, stability, and counterterrorism operations,” “build partnership capacity,” “deter and defeat aggression in anti-access environments,” “prevent proliferation and counter weapons of mass destruction,” and “operate efficiently in cyberspace.”⁴

While the QDR asserts somewhat indirectly that some of these objectives and missions may be more important than others, there is no concrete indication of which these are, what program choices have followed such an assessment, or how the FY 2011 budget request reflects such a prioritization.⁵

All defense planning reflects a calculation of risk. Some risks are greater than others, and the military may not be the best tool for some contingencies. Inevitably, there are never enough resources to contend with all risks and all defense planning needs to assess the acceptable level of risk. In the QDR, however, there is not such an assessment. Rather, the discussion of risk in the document seems implicitly to support the idea that defense planning and budgeting need to lower every risk, without priorities or tradeoffs.⁶

Mission expansion is particularly noticeable with respect to the QDR’s focus on counterinsurgency (COIN), counter-terrorism, and stability operations. I have commented on this trend, which began in the previous administration, in other testimony.⁷ There is a growing tendency for the Defense Department to expand into missions and activities where the military-civilian interface is increasingly gray, both inside the U.S. government and in field operations.

The increasing DOD focus on COIN and stability missions is pronounced in this QDR and in the budget request. The QDR gives high visibility and standing to the mission of “Building the Security Capacity of Partner States.”⁸ Based on experience in Iraq and Afghanistan, the Department and the services are rapidly expanding these activities, with significant implications for force structure, civilian operations, and, consequently budgets. According to the QDR, this includes expanding current efforts to assist other

³ Note that, in reality, the all-volunteer force is a capability designed to achieve the other three objectives, not a separate objective. Note also that the third objective – contingencies – overlaps with the first two objectives – prevailing in today’s wars and deterring future ones.

⁴ There is also some overlap in these missions with the objectives described above, particularly the COIN, CT, stability mission, and the mission to deter and defeat aggression.

⁵ The relevant texts are: “Not all challenges pose the same degree of threat to national interests, rely on U.S. military capabilities, equally, or have the same chance of occurring.” (QDR p.42) “A tailored defense posture...also recognizes that augmenting our overseas presence is not always the most effective method to achieve our strategic objectives.” (p.63)

⁶ Quadrennial Defense Review, pp.89-95.

⁷ Dr. Gordon Adams, “Rebalancing and Integrating the National Security Toolkit,” Testimony before the Senate Committee on Foreign Relations Hearing on “Implementing Smart Power: An Agenda for National Security Reform” 24 April 2008, and Dr. Gordon Adams, “The Role of Civilian and Military Agencies in the Advancement of America’s Diplomatic and Development Objectives,” Testimony before the House Subcommittee on State and Foreign Operations, 05 March 2009.

⁸ See Quadrennial Defense Review 2010, pp.26-31 and 73-75.

countries in strengthening their security sectors, training and advising security forces, and working with civilian agencies on security assistance and police training.

A number of DOD capabilities have already been created or are proposed for this mission, at growing cost. These programs include the on-going training and equipping efforts in Afghanistan and Iraq (\$13.6 billion in the FY 2011 OCO request), the Commanders Emergency Response Program (CERP) in those two countries (\$1.3 billion), a global train and equip program for security forces (\$500 million), an expanded Civilian Expeditionary Work force (CEW) to deploy with military forces in such contingencies, and two training programs to support defense ministries in partner countries.⁹ The QDR makes it clear that DOD intends to continue to carry out such programs, expand the training and exercising of the US military to carry out such activities, and push for a broad interagency agenda of security assistance initiatives.¹⁰

There are important implications of this trend for the authorities and responsibilities of our civilian foreign policy institutions. Many of these activities are not core to the capabilities of the military, but they have been and should be core to our civilian institutions, which we have underfunded for these tasks. Expanding these missions at DOD runs the risk of further undermining civilian capabilities in this area.

More broadly, there are likely to be consequences of this mission expansion for US national security interests, as the US military becomes increasingly involved in the security, governance, and economic institutions of other countries. As the QDR itself notes in its risk evaluation: “[T]here are political risks:...[P]olitical risk derives from the perceived legitimacy of our actions and the resulting impact on the ability and will or allies and partners to support shared goals.”¹¹

The QDR does not make clear where, besides Iraq and Afghanistan, this broad range of authorities and programs should be carried out. To the degree such programs are part of strengthening the counter-terror capabilities of other countries, they may make sense, but these are not likely to be force-intensive operations. It is not clear from the QDR where the US is likely to encounter insurgencies that require the deployment of significant US military forces in counter-insurgency or stability operations. The expectation that such missions are in the future for the US military may be a case of basing planning on the last two operations, which were regime-changing exercises in pursuit of US policy interests. It is far from clear that many more such missions are in our future. This is an area that Congress should examine carefully, as the missions have major implications for the expansion of the US military role, the size and composition of our armed forces, future defense budgets, and the role, capabilities, and funding of our civilian foreign policy institutions.

⁹ These are the Defense Institution Reform Initiative (DIRI), and the Ministry of Defense Advisor (MODA) programs. Quadrennial Defense Review 2010, p.30.

¹⁰ See, for example, the proposal for three joint DOD/State Department funds, at a potential total cost of \$2 billion, for security assistance, post-conflict reconstruction, and conflict prevention, made by Secretary Gates to Secretary of State Hillary Clinton December 15, 2010, published in the *Washington Post*, December 23, 2009.

¹¹ Quadrennial Defense Review, p.95.

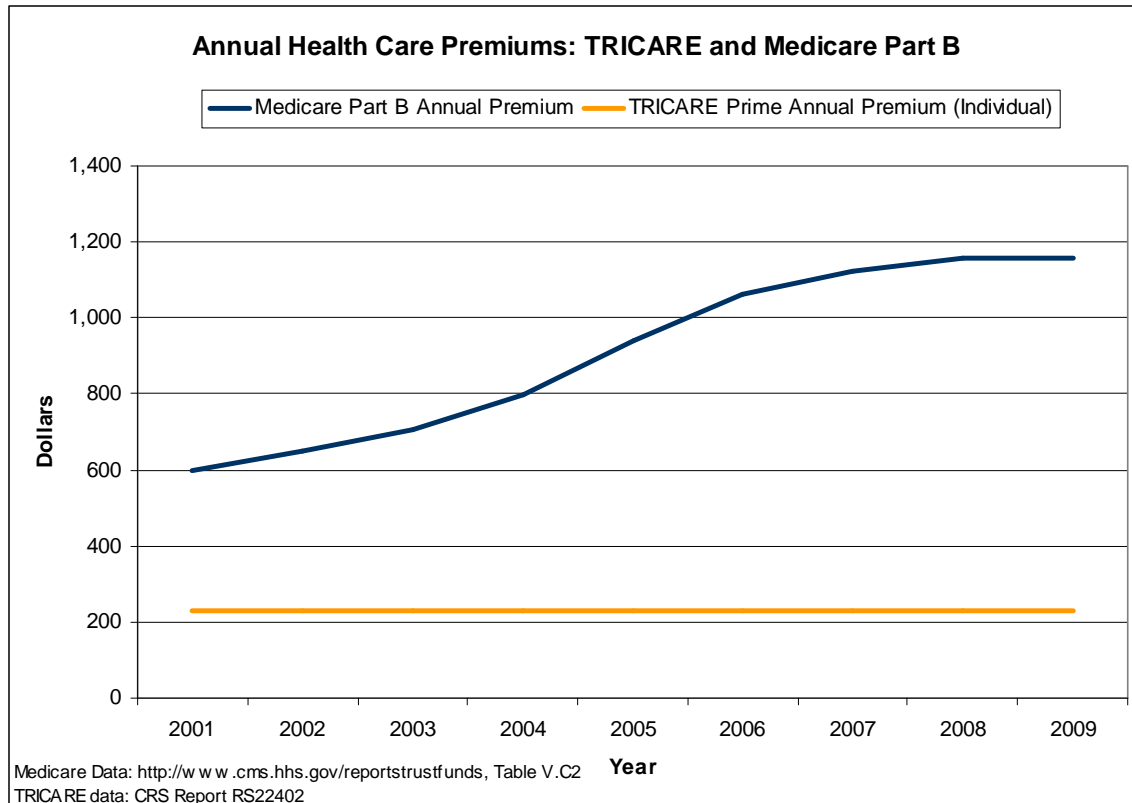
Future Pressures on Defense Budgets

The defense budget does not make major tradeoff decisions and the QDR suggests significant mission expansion. The result will be growing internal pressures to continue to increase defense resources. It will become more difficult and challenging to restrain future defense budget growth if Congress does not impose some discipline today. What are these pressures?

First, COIN, counter-terrorism and stability operations, including the security assistance activities I described, create such pressure. Add to that the “anti-access” challenge described in the QDR, which responds to the reality that other nations may be building capabilities that make it harder for the US to operate overseas. The budget supports a next wave of programs for littoral operations, long-range strike, and missile defense, among others, that are intended to cope with this interplay between our global role, and the responses and ambitions of other countries.

Second there are several internal budget pressures that grow out of the absence of discipline in the budget process:

- Without attention, Operations and Maintenance spending will continue to rise above the rate of inflation. Adding 20,000 to the civilian acquisition work force, as proposed in the FY 2011 budget, will increase this pressure, even if it benefits DOD contract management capabilities.
- DOD health care costs are rising rapidly. The DOD Unified Medical Budget is experiencing cost growth above the rate of inflation, even above the cost growth experienced by Medicare. Secretary Gates noted in his February 1st press conference that DOD’s costs have grown from \$19 billion to \$50.7 billion, or 166% in the period between FY01 and FY10. This increase outpaces Medicare costs by 53% over the same period. Several times in the last decade, DOD has proposed increasing fees for TRICARE beneficiaries to compensate for some of this growing cost, but this proposal has not survived congressional scrutiny. Consequently, and despite DOD’s quicker rise in costs, TRICARE Prime premiums have remained constant from FY01 – FY10 even as Medicare Part B premiums have nearly doubled. Even more than the economy as a whole, health care costs are creating fiscal stress for DOD.



- Mission expansion is creating pressure for force expansion. DOD has already added 92,000 to the ground forces and Congress is being asked to fund an additional 22,000 temporary ground forces in this budget. As forces grow, so does the entire budget, for only research and development is spared from this pressure for more overall resources.
- Costs for the wars in Iraq and Afghanistan will add to out-year pressure. Instead of estimating the out-year budgetary consequences of these wars, the administration has simply moved the \$50 billion place-holder to the right. We have a future policy for the two conflicts; it should be possible to estimate the future costs. The budget seeks \$159.3 billion for the war effort, scarcely different from the average costs of these wars in recent years. This number is unlikely to fall to \$50 billion in FY 2012, which means the budget understates the projected deficit by some amount.

Third, DOD's estimates for out-year defense spending are seriously undermined by the limited transparency the Department has on its budgets and spending.

- Secretary Gates stated in his press briefing that roughly half of the procurement budget "goes for conventional modernization, unrelated to the current wars," while current war programs consumed 7-10 percent, and "dual-capable capabilities" about 40%. While it is worthy to try to parse the

procurement budget in this way, one wonders how the Secretary can be sure of the data, since, as the FY 2011 budget *Overview* notes:

“The Department remains hindered by budget and accounting systems that were not designed to accumulate ‘total costs’ in any manner other than along appropriations lines. It is a labor-intensive effort to update the Department’s budget among its 6,500 program elements in order to present a budget display by strategic goal and objective....This precludes the Department from being able to provide a budget display of resources by DOD’s strategic goal and objective in the President’s budget.”¹²

Equally important, as the FY 2011 budget notes, DOD is “one of a very few cabinet level agencies without a ‘clean’ financial audit opinion.” It is difficult to know exactly how much DOD is spending, and whether it is spending wisely and appropriately, when it has not yet unified or standardized its many financial systems and cannot pass a standard audit consistent with the requirement set out in the Federal Financial Manager Act of 1996. Unfortunately, this problem has been pointed out for more than ten years by the Government Accountability Office and, despite repeated statements of the desire to conform by successive Secretaries of Defense, the Department still cannot do so.

Defense budgets remain high and continue to grow not only because of policy and mission-driven decisions and plans, but also because the Department lacks the ability to carry out a fundamental review of its programs and spending, array its resources by mission, audit its performance, and use that information to provide feedback for future budget planning.

Options for the Congress

This committee, the Congress, and the White House face daunting fiscal and economic challenges: sharp declines in federal revenues driven by the continuing recession and high unemployment, combined with rapidly rising mandatory expenditures, particularly in health care, leading to historically unprecedented peacetime deficits and rapid growth in the nation’s debt.

These challenges pose a sufficiently severe threat to our security that no part of federal spending, including defense, should be exempt from budget discipline. Defense budgets were not exempt from this effort during the Cold War. They were included in the original Gramm-Rudman-Hollings act, making it possible to create a congressional consensus to support deficit reduction. They were not exempt from the Budget Enforcement Act provisions of the Omnibus Budget Reconciliation Act of 1990. Both the Bush and Clinton administrations made major reductions in the defense top line at the end of the Cold War, which provided the incentive for significant priority-setting and management discipline in the Defense Department. A disciplined defense budget contributed to falling

¹² DOD Overview, p. 7-17. The Performance measurements part of the Overview Budget (p.7-36) notes that DOD can validate as “audit ready” less than 10% of its Treasury funding balances and less than 15% of its Statement of Budgetary Resources.

deficits in the 1990s, under caps on discretionary spending. Today's challenges are even more severe.

It is my view that the DOD budget (excluding clearly war-related spending) should be included in an overall freeze for FY 2011. Applying such a freeze to discretionary budget authority (BA), the Congress would need to find \$9.7 billion in defense BA savings below the FY 2011 defense budget request. Applied to defense outlays, a freeze would require reducing DOD outlays by \$18.2 billion, which could require reducing BA by \$29.8 billion, or 5.2% below the requested level for the base budget.¹³

What options might the Congress consider to reach these targets?

- **Overall freeze:** The first, and in some ways, most important limit Congress could set is to include a BA or an Outlay freeze in this Committee's budget resolution. Priority-setting and tradeoffs at DOD are incentivized by knowing resources will be more limited. The administration chose not to impose such discipline, leaving the responsibility to the Congress. The Department should be asked how it might adjust to such a freeze.
- **Military Personnel:** The FY 2011 OCO budget requests \$2.6 billion in funds to support the "temporary" increase in Army and Marine Corps end strength. This request could be offset in the base Army budget through force management, deferring an equivalent level of recruitment for the Army base force budget, saving \$2.6 billion in BA and \$2.5 billion in Outlays. The strategic and mission basis for continuing to expand the ground force is not persuasive. Forces deployed in Iraq are currently declining; forces in Afghanistan are due to begin to fall in FY 2011. There is no scenario in the predictable future which would require a major deployment of US military forces for counter-insurgency or stabilization missions. Future COIN and CT missions, such as the Horn of Africa or Yemen, are unlikely to require major deployments of US ground forces. Future force planning should examine the opportunities to limit force growth or even reduce numbers to reflect this declining requirement for ground forces. DOD should also examine the prospects for rebalancing the ground forces between support billets and combat billets, to increase the number available for combat missions.
- **Operations and Maintenance:** Providing growth for base budget O&M at 3%, still above the rate of inflation, rather than the 8.5% rate in the budget request could provide more than \$10 billion in BA reductions and roughly \$7 billion in outlay reductions from the request level.

¹³ Defense outlays are projected to surpass the BA request in FY 2011 because of high prior year appropriations. An \$18.2 billion target for outlay reductions from the FY 2011 defense spending projection could require \$29.8 billion in BA savings, based on using the average 051 outlay rate of 64%. The necessary BA reduction could vary widely, depending on the outlay rate of the accounts in which BA reductions were made.

- **Procurement.** Limiting growth in procurement funding to the rate of inflation could provide savings of \$6 billion in BA and \$1.6 billion in Outlays. There are additional systems in the procurement pipeline which should be scrutinized to achieve such a reduction, either because they are tied to lower-priority missions or are troubled. These include the Virginia class submarine program, the F-35 fighter, and the Expeditionary Fighting Vehicle. A more thorough scrub of the procurement budget request could yield even more savings.
- **Research and Development.** Reducing Research and Development budgets by another \$6 billion from the DOD request, would yield \$6 billion in BA and \$3.3 billion in Outlays. Particular attention could be paid to the follow-on Army program to design a vehicle to replace the FCS vehicle program terminated last year – the Brigade Combat Team Modernization program. The new budget request contains \$3.2 billion for this follow-on program, virtually the same level of funding as was provided the terminated program in prior years. The level of funding for national missile defense – nearly \$10 billion in FY 2011 R&D – could also be examined; the program has yet to prove it can perform successfully.
- **OCO Funding.** While I have suggested that war-related budgets be spared from a freeze, the OCO supplemental requests for FY 2010 and FY 2011 should not be spared scrutiny to ensure they contain only spending related directly to war requirements. Over the past three years, the services have already received sizeable appropriations on the front end of reconstitution, through budget requests that were not so tightly defined. In particular, the \$21.3 billion “reconstitution” budget request for FY 2011 merits close scrutiny, especially the \$2.8 billion requested for “long-term reconstitution.” Long-term acquisition planning and funding should be done in the context of the base budget, not a supplemental or war-related title. Congress should take a hard look, for example, at the \$200 million request for an F-35 fighter included in the FY 2011 OCO budget.

Conclusion

The options I have suggested here affect only the margin of an unprecedentedly high budget request for the Department of Defense. The weakness of this budget request is that it reveals very little effort to provide the “dose of realism” the Secretary promised. The base budget does not make choices or set priorities consistent with such discipline, nor does it reflect priority-setting driven by the new QDR. The Congress faces broad budgetary and economic challenges and should consider how it might include defense in dealing this challenge, at no sacrifice to our national security. Moreover, given the historic growth in defense spending over the past decade, a freeze at this point, combined with clear out-year caps on discretionary spending, could provide the incentives for more disciplined planning and budgeting at DOD.