



THE SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

JUL 24 2006

The Honorable John W. Warner
Chairman
Committee on Armed Services
United States Senate
Washington, D.C. 20510-6050

Dear Mr. Chairman:

As your committee begins the conference on the National Defense Authorization Act for FY 2007, I would like to once again call your attention to provisions that critically impact on the Department of Defense's ability to transform the military and effectively wage the Global War on Terror.

Authorities Needed for the Global War on Terror. The Department supports the Senate's expansion of the \$200 million global train and equip authorities contained in section 1206 of the National Defense Authorization Act for Fiscal Year 2006, and requests that they be made permanent. The Department opposes the Senate's additional restrictions on existing authority and prefers that the conference include the Administration-requested modifications to increase flexibility to train and equip partner nations operating with, or instead of, U.S. forces for critical counter-terrorism and stabilization operations. Additionally, the Department prefers that the conference include the requested Support for Local Populations proposal relating to humanitarian relief and reconstruction. Finally, the Department supports the House's extension of contract security guard authority to September 30, 2008. The Department needs the extended authority because the current threat and security needs at DoD installations and facilities are anticipated to continue.

Transforming and Managing the Armed Forces. The Department supports the Senate's across-the-board pay raise as proposed in the President's Budget. The House bill provides for a larger across-the-board raise than proposed in the Budget, which would cost the Department an additional \$210 million in FY 2007 and \$1.3 billion over the next five years, and omits the targeted pay increases for those serving over thirty years. The across-the-board increase proposed in the President's Budget, when combined with the overall military benefit package, will continue to provide an excellent quality of life for Service members and their families. The Department opposes increases in minimum active Army and Marine Corps end strength, as well as the requirement that all end strength be funded through the regular budgeting process. In addition, the use of Supplemental appropriations to fund increases in end strength that are temporary and due to



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emergency wartime requirements remains necessary. The Department supports the House's increase in the maximum number of days the President could involuntarily order Selected Reserve members and certain Individual Ready Reserve members to active duty. This provision would facilitate implementation of the Army force generation model, allow reservists to provide assistance in serious natural or manmade disasters, accidents, or catastrophes, and help us meet the challenges of the 21st century. Lastly, the Department supports the Senate's authorities to allow targeted shaping of the Armed Forces.

Transforming Retiree and Health Benefits. The Department regrets that neither the House nor the Senate enacted the Department's plan to adjust TRICARE health fees and payments for retired military beneficiaries under age 65; the Department encourages conferees to reconsider. The Department's plan would help sustain our current high-quality military healthcare system and provide the needed flexibility to adjust fees. Failure to allow these changes will create a significant shortfall that will exceed \$11 billion by FY 2011. The Department opposes unwarranted and unnecessary expansions of entitlement benefits for retired military members and their survivors that duplicate existing benefits, cost billions of dollars, and do not contribute to recruiting, retention, or readiness. The Department also opposes a House provision on accrual liability for retiree health care which undermines principles of fiscal accountability and transparency. Finally, the Department opposes the expansion of the TRICARE Reserve Select program in section 709 of the House bill and section 653 of the Senate bill that would cost \$4 billion over the next five years.

Restrictions on Transforming the Force. The Department supports the Senate's elimination of the requirement to maintain 12 aircraft carriers (which would cost \$280 million to maintain in FY 2007 and \$2.9 billion through FY 2011), pursuant to a recommendation of the recently completed Quadrennial Defense Review. The Department opposes other provisions that would keep us from transforming our forces and restrict management of our programs, including restrictions on retiring U-2 (with a cost to maintain over the Future Years Defense Program of \$1.0 billion), KC-135E, C-130E/H, and B-52 (with a cost to maintain over the FYDP of \$700 million) aircraft and the requirement to maintain 48 operational submarines. In addition, the Department opposes provisions that would hinder programs we need to meet future challenges in the Global War on Terror, including language in the House bill that would disrupt the acquisition strategy for dual lead ship detail design and construction of the DD(X), restrictions and funding limitations on, a \$326 million reduction in funding for, the Future Combat System (FCS) program, funding limitations on the Transformational Satellite (TSAT) program, funding cuts to the Conventional Trident Modification (CTM) program, the Senate's proposed \$109 million reduction in funding for the Joint Cargo Aircraft program, and the Senate's proposed \$1.2 billion reduction in the Joint Strike Fighter International program.

Buy American Provisions. The Department opposes provisions in both the House and Senate bills that would undermine the longstanding U.S. policy – affirmed repeatedly by Congress – to open our procurement markets to suppliers from allied and friendly countries that open their markets to U.S. suppliers. If enacted, these sections could jeopardize our military readiness instead of enhancing our ability to get the best capability for the warfighter at the best value for the taxpayer. Such provisions could also restrict U.S. suppliers' access to foreign markets, decrease competition, increase costs for U.S. taxpayers, and add unnecessary restrictions to the procurement process. If the President is presented a bill that includes such provisions, his senior advisors will recommend that he veto the bill.

Missile Defense. In light of current world events, the Department strongly opposes the proposed reductions in the missile defense program which would delay the fielding of critical defensive capabilities. One proposed reduction that is particularly damaging is the elimination of \$56 million in funding for a U.S. missile defense site in Europe, which will cause a 12 – 18 month delay in deploying a defensive capability for the United States against longer range ballistic missile threats from Iran, as well as protect our European friends and allies, and our U.S. forward deployed forces, from Iranian medium and intermediate range ballistic missile threats.

Classified Program Reduction. The Department opposes section 1036 in the Senate bill that would make a major cut in a compartmented classified program. The Department opposes this reduction and will address its concerns in a separate classified letter.

Forced Retirements for Senior Intelligence Directors. The Department opposes section 530 in the Senate bill that would require military officers appointed as either the Director of National Intelligence or the Director of the Central Intelligence Agency to retire from military service at the end of those appointments. This provision would restrict the pool of officers from which the President can make such appointments and drive an unnecessary wedge between the Department and the rest of the intelligence community.

China/Taiwan-Related Issues. The Department opposes sections 1205-1206 of the House bill, which relate to U.S. exchanges with Taiwan officials and field studies trips to the People's Republic of China and Taiwan. These provisions inappropriately interfere with the President's authority to conduct diplomatic, intelligence, and military activities. These provisions not only raise national security concerns, but they also raise Constitutional concerns because they could

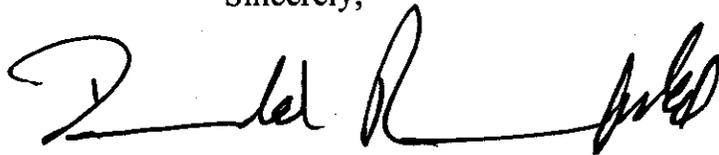
interfere with the President's constitutional authority with respect to foreign relations, diplomacy, and the recognition of foreign states.

Chemical Demilitarization. The Department opposes section 922 of the House bill, which would delay shipment and destruction of Newport hydrolysate pending completion of a Comptroller General review. If enacted, this provision will delay the elimination of the chemical weapons stockpile at Newport Chemical Depot as a terrorist target and greatly jeopardize our ability to fulfill the deadline set by the Chemical Weapons Convention Treaty for the destruction of 45 percent of the U.S. Chemical Weapons Stockpile.

Defense Coalition Support Account. The Department supports the Senate's expansion of the global train and equip authorities contained in section 1206 of the National Defense Authorization Act for Fiscal Year 2006, but opposes the absence of a separate provision to establish an account for advance purchases of equipment to be used by coalition partners in the Global War on Terror. The Department supports an amendment of the Arms Export Control Act to authorize the establishment of such an account, which is an important component of DoD's ability to train and equip our coalition partners. Currently, even when authority and funding are available, it can take months or years to procure vital equipment for coalition countries.

Thank you for your consideration of these views. I look forward to working with you to resolve these concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald Rumsfeld". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

Copy to:
The Honorable Carl Levin
Ranking Member



THE SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

JUL 24 2006

The Honorable Duncan Hunter
Chairman
Committee on Armed Services
United States House of Representatives
Washington, D.C. 20515-6035

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Copy to:
The Honorable Ike Skelton
Ranking Member