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Pentagon Told to Save Billions for Use in War

By **THOM SHANKER**

WASHINGTON — Defense Secretary **Robert M. Gates** has ordered the military and the Pentagon's civilian bureaucracy to find tens of billions of dollars in annual savings to pay for war-fighting operations, senior officials said Thursday.

His goal is \$7 billion in spending cuts and efficiencies for 2012, growing to \$37 billion annually by 2016.

Every modern defense secretary has declared war on Pentagon waste and redundancy. And there have been notable, but relatively narrow successes, in closing and consolidating military bases or in canceling a handful of weapons systems.

But if Mr. Gates's sweeping plan is fully enacted, none of the armed services or Pentagon civilian agencies and directorates would be immune from the pain of annual cost-cutting, which would become institutionalized across the Defense Department.

The spending guidelines were delivered orally to senior military officers and civilian officials before Mr. Gates's departure this week for an Asian security conference in Singapore, and the official signed guidance will be issued over coming days.

The goal is to force all of the Defense Department agencies and organizations, and all of the armed services, to save enough money in their management, personnel policies and logistics to guarantee 3 percent real growth each year, beyond inflation, in the accounts that pay for combat operations.

Current budget plans project growth of only 1 percent in the Pentagon budget, after inflation, over the next five years.

“Given the nation’s fiscal situation, there is an urgency to doing this, rather than shifting more of the nation’s resources toward national defense,” William J. Lynn III, the deputy defense secretary, said in an interview.

Mr. Gates’s spending orders offer a considerable incentive to the armed services. Each dollar in spending cuts found by a military department would be reinvested in the combat force of that branch, and not siphoned away for other purposes.

Senior officials acknowledge that powerful constituencies are expected to line up in opposition to cuts of favorite programs — with criticism anticipated from the defense industry, Congress, military headquarters, Pentagon personnel and retirees.

“We will need to address the reasons things are in the budget in order to be able to reduce overhead,” Mr. Lynn said. “We are going to have to be engaged in dialogue with industry, with Congress, with other agencies, with the White House and inside the Pentagon — all the stakeholders.”

The new directives are aimed at three distinct areas of spending.

The first is management and personnel, overhead, logistics and base operations, and support missions.

The second is the war-fighting accounts themselves. Major targets for the next fiscal year already identified by the Pentagon leadership, and supported by the White House, include canceling a program to buy an alternative engine for the F-35 warplane and ending production of the C-17 cargo aircraft. Officials said a range of lower-priority programs would also be under review.

The third area is Mr. Gates’s own Defense Department staff and agencies.

Pentagon agencies that handle specialized tasks like missile defense and commissaries, as well as Mr. Gates’s directorates for such matters as personnel and readiness, policy, intelligence and public affairs, will be ordered to reduce costs by trimming personnel and streamlining business

practices.

Mr. Gates set a deadline of July 31 for receiving details on programs and personnel to be cut and a description of savings in management practices to be included in the budget proposal for the next fiscal year, 2012. Two-thirds of the ordered savings must be an actual money transfer from noncombat accounts to the war-fighting budget, while one-third can be found in efficiencies and eliminating redundancies and overhead.

The specific instructions are included in three unclassified guidance documents signed by Mr. Gates — one to the armed services, one to the Pentagon's primary agencies and directorates, and one to the global combatant commands.

For fiscal year 2012, the departments of the Army, [Air Force](#) and Navy — which includes the Marine Corps — must each find \$2 billion in savings, while the rest of the Defense Department must find \$1 billion in savings. By 2016, each military department must have \$10 billion in savings, with \$7 billion across the rest of the Pentagon.

“You are not going to be able to do it just on pure efficiencies,” Mr. Lynn said. “You are going to have to eliminate lower-priority programs. You are going to have to find headquarters that you don't think you need. You are going to have to find staffs that you think you can cut.”

The drive for finding savings to guarantee real growth in spending on combat missions was first laid out by Mr. Gates in a speech in early May at the Eisenhower Presidential Library and Museum in Kansas.

Among the vexing spending problems identified by Mr. Gates was the continuously rising cost of health care. Mr. Gates said the nation owed quality health care to those in uniform, their families and veterans, but pointed out that members of the military health care system had not been charged increases in premiums for 15 years — even though the program's annual cost had risen to \$50 billion from \$19 billion a decade ago.

“Health care costs are eating the Defense Department alive,” Mr. Gates said. Officials said that changes to the military health care program would be considered, but that no decisions had been made.

