



Report of the Task Force on
A Unified Security Budget
for the **United States**

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Executive Summary

Somewhere on the list of 2010 milestones should be this: It was the year that unified security budgeting won the endorsement of the U.S. executive branch's top leadership. Secretary of State Hillary Clinton first made this endorsement in May, during the Q&A following her speech supporting the new National Security Strategy. Joining her in the endorsement, she said, were Defense Secretary Robert Gates and Joint Chiefs of Staff Chair Adm. Mike Mullen, who both "wrote really strong letters to the House and Senate leadership and the appropriators and the budgeteers to make the case that we have to start looking at a national security budget."¹

Clinton's explanation for why this makes sense was fairly simple: With such a unified budget "you can see the tradeoffs." Currently, the budgets for what the members of this Task Force call offense (our military forces), defense (homeland security) and prevention (non-military international engagement) are considered separately. This makes it hard to do integrated thinking about the security challenges we face and the best applications of our resources to address them.

Clinton also added this: "You cannot look at a Defense budget, a State Department budget, and a USAID budget without Defense overwhelming the combined efforts of the other two."

To their great credit, Gates and Mullen have also been making this last point. "It has become clear that America's civilian institutions of diplomacy and development have been chronically undermanned and underfunded for far too long, relative to what we spend on the military," Gates said in 2008.² In May of 2010, Mullen said, "It's time to invest in other departments, such as homeland security, intelligence and the State Department, whose budget pales compared to massive Pentagon funding. 'My fear, quite frankly, is that we aren't moving fast enough in this regard,' he said. 'U.S. foreign policy is still too dominated by the military, too dependent upon the generals and admirals who lead our major overseas commands and not enough on the State Department.'"³

What remains is for them to move from endorsement to execution: to start doing the unified security budgeting and security budget rebalancing that they all say they want to do.

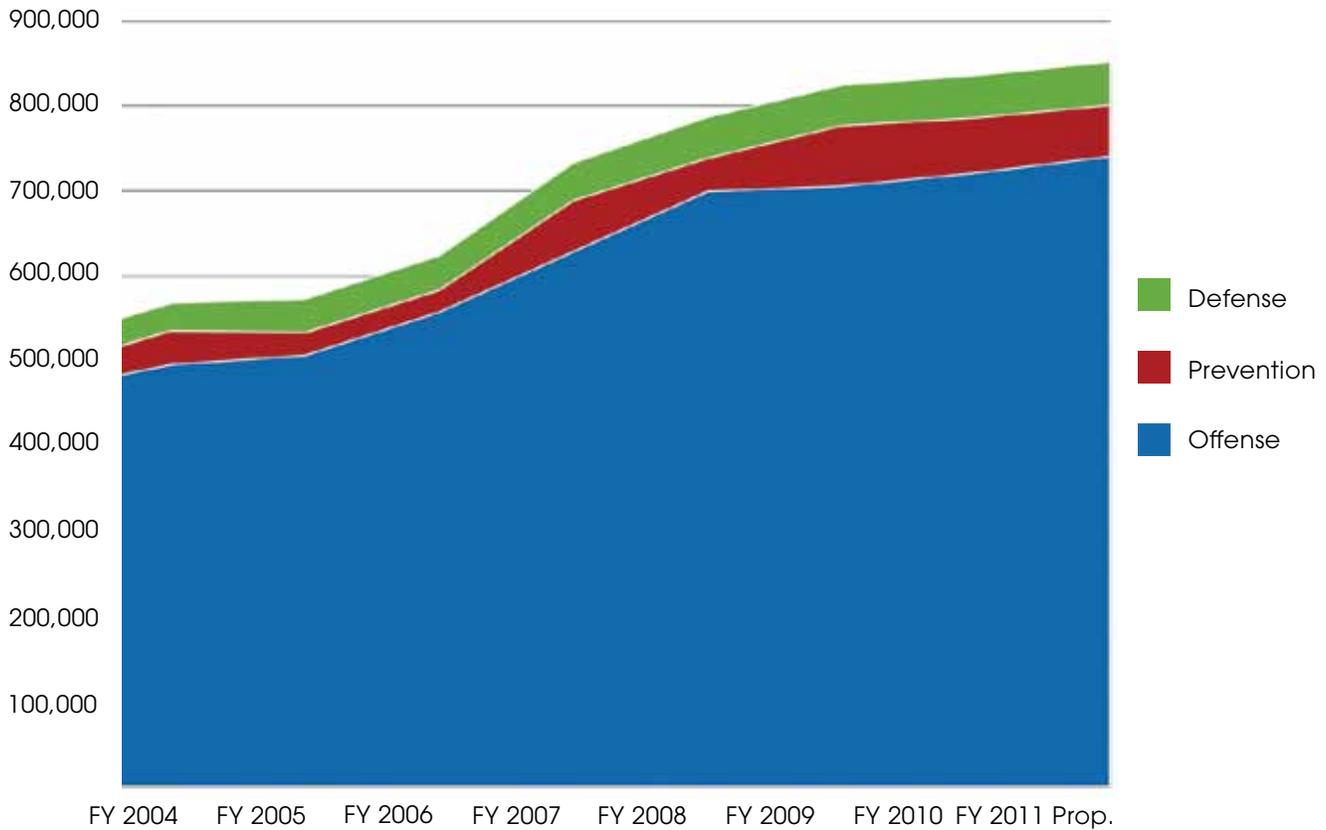
Since 2004, this Task Force has been reporting on the balance of our security budget. There is improvement to report this year. The Obama administration deserves credit for submitting a budget for FY 2011 that narrows the gap between military and non-military security spending from its FY 2010 request: from 8:1 in its budget request for FY 2010 to just under 7:1 in its request for FY 2011.

Most of this improvement is due to substantial increases in its request for international affairs: \$14.6 billion, or nearly 29 percent. While the administration increased its request for the military by a larger total amount—over twice as much, or \$35.9 billion—this represented a much smaller proportional increase, 6.6 percent, to a much larger budget. These changes narrowed the difference between the budgets for offense and prevention from 17:1 last year to 12:1 this year.

It is important to note, however, that the largest portions of the increase in the prevention budget—about 60 percent—have been directed to the war zones of Iraq and Afghanistan.⁴ This concentration of resources will continue to constrain funding for the broader mission of strengthening U.S. civilian capacity to carry out effective diplomacy and development around the world.

This year, we on the Task Force have also taken the longer view of the overall security spending balance, examining the trend in the balance since we began reporting on it. This analysis tells a disappointing story depicted in the following graph:

Figure 1: Security Spending Levels: FY 2004-FY 2011
(in millions of dollars)



Figures in millions; Calculations based on Office of Management and Budget, Budget of the U.S. Government, FY2006 through FY2011, Analytical Perspectives, Public Database, Historical Tables, Appendix - Homeland Security Mission Funding by Agency and Budget Account. Amounts are in current dollars (i.e. not adjusted for inflation).

Although the budgets for defense and prevention have both expanded during this period, the budget for offense has also kept growing, outpacing the other two. The result: Although the security balance between funding for offense and all non-military security tools (defense and prevention combined) has fluctuated over the years, it remains stuck essentially where it was when we began this exercise: at 6.9:1 in FY 2004 and 6.6:1 in FY 2011 (see Figure 2, p. 8).

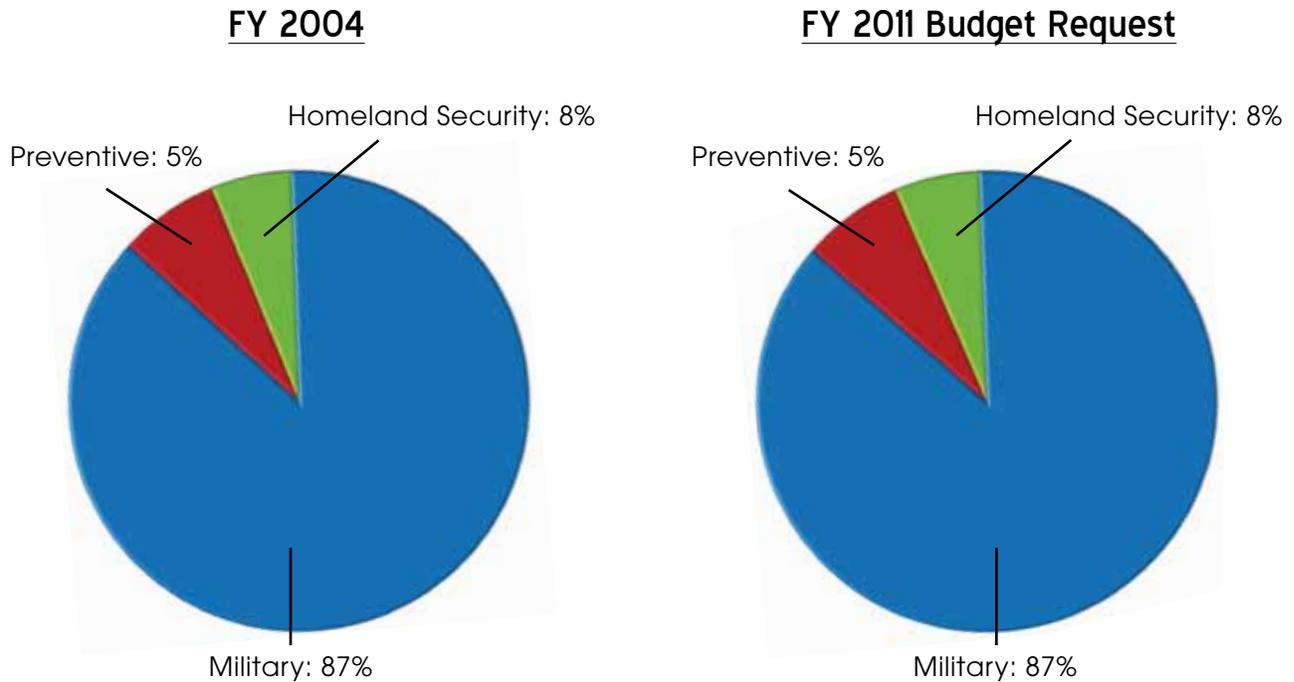
Yet 2010 should also be remembered as the year that the possibility, and the likelihood, and the necessity of restraining military spending turned into conventional wisdom. The principal agent spreading

this wisdom across the political spectrum has been the pressure to reduce the overall budget deficit, and the realization that the largest discretionary portion of that budget could not be exempt from this process.

Defense Secretary Gates has talked a great deal this year about the need for restraining his own budget. We have perceived, however, an “Aspirational Gates” in some conflict with the “Operational Gates.”

The Aspirational Gates takes note of the fact that the U.S. spends as much on its military as the rest of the world put together. He asks questions such as, “Do we really need 11 carrier strike groups for an-

Figure 2: Security Spending Balance: FY 2004 - FY 2011



Source: Unified Security Budget Task Force

other 30 years when no other country has more than one?”⁵

The Operational Gates, on the other hand, assures us that he is not crazy enough to actually cut a carrier.⁶ And he makes clear that the security budget rebalancing he intends to do will take place almost exclusively among accounts within his own budget. And that military spending, in real terms, will continue to grow, if at a slower rate.

But 2010 is also the year it became clear that the worst economic crisis since the Great Depression will not be remedied quickly, or easily. Military budget planners will need to do better than merely slowing the growth of their budgets in response; they will need to make substantial cuts.

The National Security Strategy recognizes our country’s steep economic challenges as matters of national security. This is one reason that this year we propose a unified security budget that is not in bal-

ance. We have increased our recommendations for cuts in the budget for offense—from \$51.3 billion in our USB FY 2010 report to \$75 billion this year, an increase of 50 percent.

We recommend shifts in funding in the budget for defense, but recommend that its overall level stay essentially flat. And we have recommended smaller increases in the budget for prevention than in previous years, in part reflecting the administration’s proposal to expand this account significantly. The exception to this smaller USB budget for prevention is in the accounts related to climate change, which the National Security Strategy has also identified as a major security threat.

The difference between our recommended cuts and additions is \$37.05 billion. We offer our Unified Security Budget on the following page.

We recommend that the \$75 billion in military savings be allocated in three ways:

Table 1: Unified Security Budget FY 2011
(in billions of dollars)

Table 1: Unified Security Budget FY 2011 (in billions of dollars)	
Non-Military Accounts	Adds
Diplomacy	0.47
Nonproliferation	0.26
US Contributions to International Organizations	0.35
US Contributions to Peacekeeping	0.00
UN Central Emergency Response Fund	0.00
Economic Development	7.38
Alternative Energy	15.33
Climate Change Adaptation	14.17
Homeland Security Measures	0
Total	37.95
Military Accounts	
Ballistic Missile Defense	-7
Virginia-Class Submarine	-2.55
V-22 Osprey (Navy and Air Force)	-2.7
Expeditionary Fight Vehicle (EFV)	-0.24
F-35 Joint Strike Fighter	-8
Offensive Space Weapons	-1.5
Research & Development	-10
Nuclear Forces	-20
Force Structure	-8
Waste in Procurement and Business Operations	-15
Total	75

- To our prevention budget, as outlined in Section V, p. 33.
- Over the long term to deficit reduction. Military programs are well-structured for long-term deficit reduction, since the savings usually aren't realized until a few years after the cuts are made. And since the timeframes of military production pipelines tend to be long, the savings from military reductions continue over time.
- In the near-term, to public investments that will do the most good for our struggling economy. These include investments in education and infrastructure, which work to improve the productivity of the economy as a whole.

I. Introduction

Our country has moved a few significant steps closer to unified security budgeting this year.

At her confirmation hearing last year, Secretary of State Hillary Clinton noted the remarkable fact that Robert Gates, her counterpart in the Defense Department, had been

mak[ing] the case for adding resources to the State Department and elevating the role of the diplomatic corps... As he has stated, “Our civilian institutions of diplomacy and development have been chronically undermanned and underfunded for far too long,” both relative to military spending and to “the responsibilities and challenges our nation has around the world.”⁷

In March 2010, these sentiments were echoed by the Chairman of the Joint Chiefs of Staff, Adm. Mike Mullen. Citing a speech delivered by President Barack Obama late last year, Mullen said that it’s time to invest in other departments, such as Homeland Security, intelligence, and the State Department, the budgets of which pale in comparison to massive Pentagon funding. “My fear, quite frankly, is that we aren’t moving fast enough in this regard,” he said. “U.S. foreign policy is still too dominated by the military, too dependent upon the generals and admirals who lead our major overseas commands and not enough on the State Department.”⁸

These top leaders of our national security team are in agreement, in other words, that the current imbalance in our security resource portfolio does not serve our security interests. This is clear to the team members whose budgets are “winners” in the current distribution, as well as the losers.

And now these same leaders have endorsed the solution this Task Force has been promoting for the past six years.

In May of this year, following a speech promoting the newly released National Security Strategy, Clin-

ton was asked how she planned to realize her ambitious goals in an atmosphere of budgetary restraint. Her answer: a common national security budget.

And Gates and Mullen are on board with this solution: “I was really pleased,” Clinton said, “that both Secretary Gates and Admiral Mullen wrote really strong letters to the House and Senate leadership and the appropriators and the budgeteers to make the case that we have to start looking at a national security budget.”⁹

Why?

As Clinton said, the idea is that with such a unified budget “you can see the tradeoffs.”¹⁰ Currently the budgets for what we on the Task Force call offense (our military forces), defense (homeland security) and prevention (non-military international engagement) are considered separately. This makes it hard to do integrated thinking about the security challenges we face and the best applications of our resources to address them.

Most experts, for example, believe it is far more likely that a nuclear device will approach our shores smuggled in a ship than delivered by a missile. A unified budget would allow ideas like these to come into play in decisions about whether to concentrate additional resources on missile defense, or on the Coast Guard and the inspections of container ships. It would allow the size and costs of new fighter jet programs to be weighed against the costs of expanding, say, the diplomatic corps.

And, as Clinton also said, with a unified budget “it’s not us going and making our case to our appropriators and DoD going and making their case to the appropriators”—a contest the State Department habitually loses. “You cannot look at a Defense budget, a State Department budget, and a USAID budget without Defense overwhelming the combined efforts of the other two.”¹¹

Table 2: Military and Non-military Security Funding
(in millions of dollars)

Military	FY2010 Prop	FY2010	FY2011 Prop
050 National defense	692,780	722,138	738,723
152 International security assistance (plus)	12,770	5,532	8,097
Nonproliferation (minus)	2,541	2,561	3,210
Homeland security overlap (minus)	3,733	3,553	2,644
Total	699,276	721,556	740,966
Preventive			
150 International affairs	50,684	67,388	65,318
152 International security assistance (minus)	12,770	5,532	8,097
Energy Efficiency & Renewable Energy (plus)	2,419	2,245	2,357
Nonproliferation (plus)	2,541	2,561	3,210
Homeland security overlap (minus)	1,768	1,767	2,259
Total	41,106	64,895	60,529
Homeland Security			
Homeland Security (mission area)	71,116	70,270	72,308
National defense overlap (minus)	20,607	20,337	21,326
Total	50,509	49,933	50,982
Military	699,276	721,556	740,966
Preventive	41,106	64,895	60,529
Homeland Security	50,509	49,933	50,982
Total National Security Spending	790,891	836,384	852,477
Ratios			
Military to Non-military	7.6	6.3	6.6
Military to Preventive	17.0	11.1	12.2
Military to Homeland Security	13.8	14.5	14.5

Source: Based on Office of Management and Budget, Budget of the United States Government, FY 2011 and FY 2010, and Department of Energy budget information. Numbers include spending on the wars in Iraq and Afghanistan. War-spending for the budget request for FY2010 and FY2011 is included in so far as spending was indicated in the original budget request submitted to Congress. FY2010 numbers are the estimated numbers as presented in the FY2011 budget request. Numbers may not sum to totals due to rounding.

Turning off the gusher

Gates addressed the overwhelming force of budget growth in his own department in May. “The attacks of September 11, 2001, opened a gusher of defense spending that nearly doubled the base budget over the last decade.” Speaking at the Eisenhower Library, he invoked Eisenhower’s concerns 60 years ago that the country was becoming “a muscle-bound, garrison state—militarily strong, but economically stagnant and strategically insolvent...The gusher,” Gates promised, “has been turned off, and will stay off for a good period of time.”¹²

But has it? Our task for the past six years has been to apply the metric of budgetary dollars to such words.

So how well has this commitment to rebalancing our security accounts been written into our budget? In a nutshell, Table 2, facing page, tells the story.

This analysis shows that the Obama administration deserves credit for submitting a budget for FY 2011 that narrows the gap between military and non-military security spending from 8:1 in its first budget request to 6.8: 1 in its second. Most of this improvement is due to substantial increases in the international affairs budget: \$14.6 billion, or nearly 29 percent. Though the military budget increased by a larger total amount—\$35.9 billion, over twice as much—this represented a much smaller proportional increase (6.6 percent) to a much larger budget. These changes narrowed the difference between the budgets for offense and prevention from 17:1 last year to 12:1 this year.

It is important to note, however, that the largest portions of the increase in the prevention budget have been directed to the war zones of Iraq and Afghanistan. The result is that funding to strengthen U.S. civilian capacity to carry out the broader mission of an effective diplomacy and development mission around the world will continue to be constrained.

Funding for defense—Homeland Security—received a small increase in funding of \$1.3 billion, or 2 percent, which left the offense-to-defense balance essentially unchanged, at 15:1.

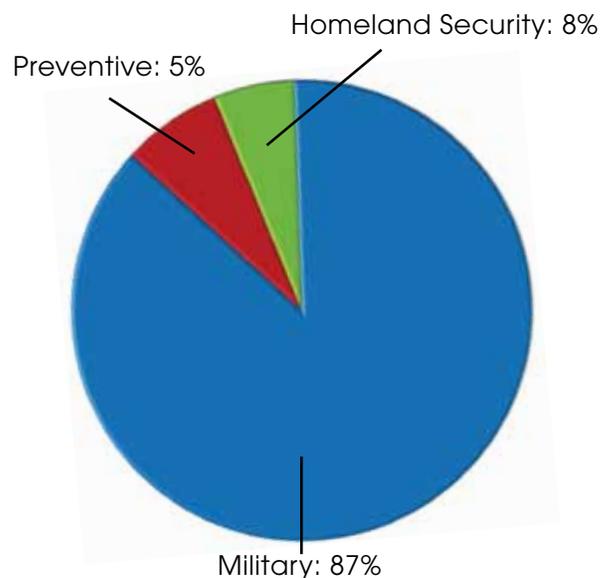
Each year our analysis adjusts the administration’s budget figures to more clearly differentiate military from non-military spending. The largest adjustments are made to reclassify State Department-funded programs of security assistance, including loans and grants to subsidize foreign governments’ purchase of U.S.-made weapons, as offense, and to reclassify DoD-funded programs to secure and dismantle stockpiles of nuclear, chemical and biological weapons as prevention. For FY 2011, those adjustments have the effect of expanding the increase in funding for prevention, to 47 percent over FY 2010, and slightly shrinking the expansion of spending on offense to 5.8 percent.¹³

Security budget rebalancing: The trend over time

Our work since 2004 allows us to track what has happened to the security balance over eight years. Page 14 gives the facts.

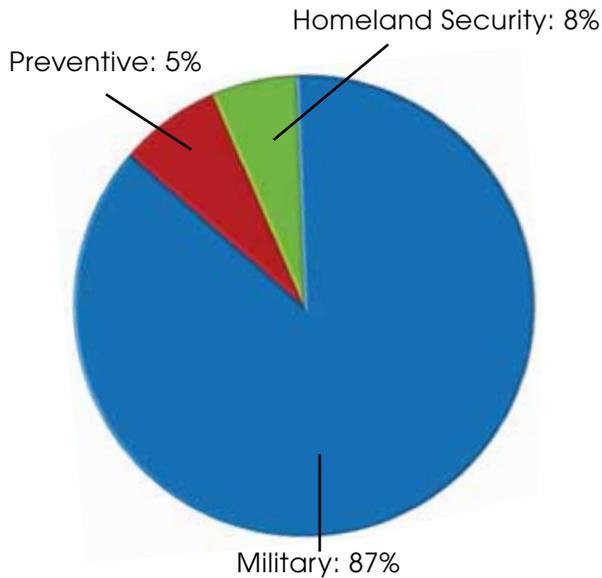
The balance between the funding request for offense, defense, and prevention has fluctuated during this period. This is what it was, though, in FY 2004:

Figure 3: FY 2004 Security Balance



And here is FY2011:

Figure 4: FY 2004 Security Balance



Not much has changed. Why?

The following page shows the trends in security spending levels during this period.

The overall balance has not improved because, since 9/11, our country has been sustaining the longest surge of military spending growth in its history. This surge is unsustainable.

And yet our budgets have gone on sustaining it.

Offense

At the beginning of the year the president declared a three-year freeze on federal spending—with one large exception: “National security” spending would be exempt from the freeze. On the one hand, this exemption helped cement the definition of security that underlies a unified security budget, as it applied to non-military international affairs, and homeland security, as well as to military forces.

On the other hand, embedded in this exemption was the assumption that military spending can’t be constrained, because doing so would endanger our security.

Something significant happened in the months that followed, however: Outside the confines of a few think tanks with strong financial ties to the defense industry, policymakers and opinion leaders began abandoning that assumption in droves. In 2010, the possibility and the necessity of restraining military spending turned into conventional wisdom. Interpretations of what “restraint” means, though, vary widely.

Most important among the adopters of this conventional wisdom is Gates himself. This year he noted that the United States “spends almost as much on its military as the entire rest of the world combined.”¹⁴

Last year he made a symbolic stab at containing what he called the “gusher.” The administration canceled several weapons programs, foremost among them the F-22 fighter, and provided no budget for more C-17 cargo planes, which Congress has in recent years continued to fund. The administration then promised to veto the entire defense bill if Congress inserted funding for these programs back into the budget. In the end they did some compromising, notably on the C-17. But it was a beginning.

Compared to the USB’s list of cuts that could be made with no sacrifice in security, though, the record was poor. See page 16, Table 4: USB Scorecard: Military Cuts.

And their rationale for these decisions did not emphasize the need for budgetary restraint. Rather their actions were “the product of a holistic assessment of capabilities, requirements, risks and needs for the purpose of shifting this department in a different strategic direction.”¹⁵

This year they are again threatening a veto, with the C-17 and a duplicate Joint Strike Fighter (JSF) engine program, as the signature fights. And the language of the veto threat has gotten stronger. “I stand squarely behind Secretary Gates’ position on the JSF second engine and C-17 programs,” the president said on May 28. “Our military does not want or need

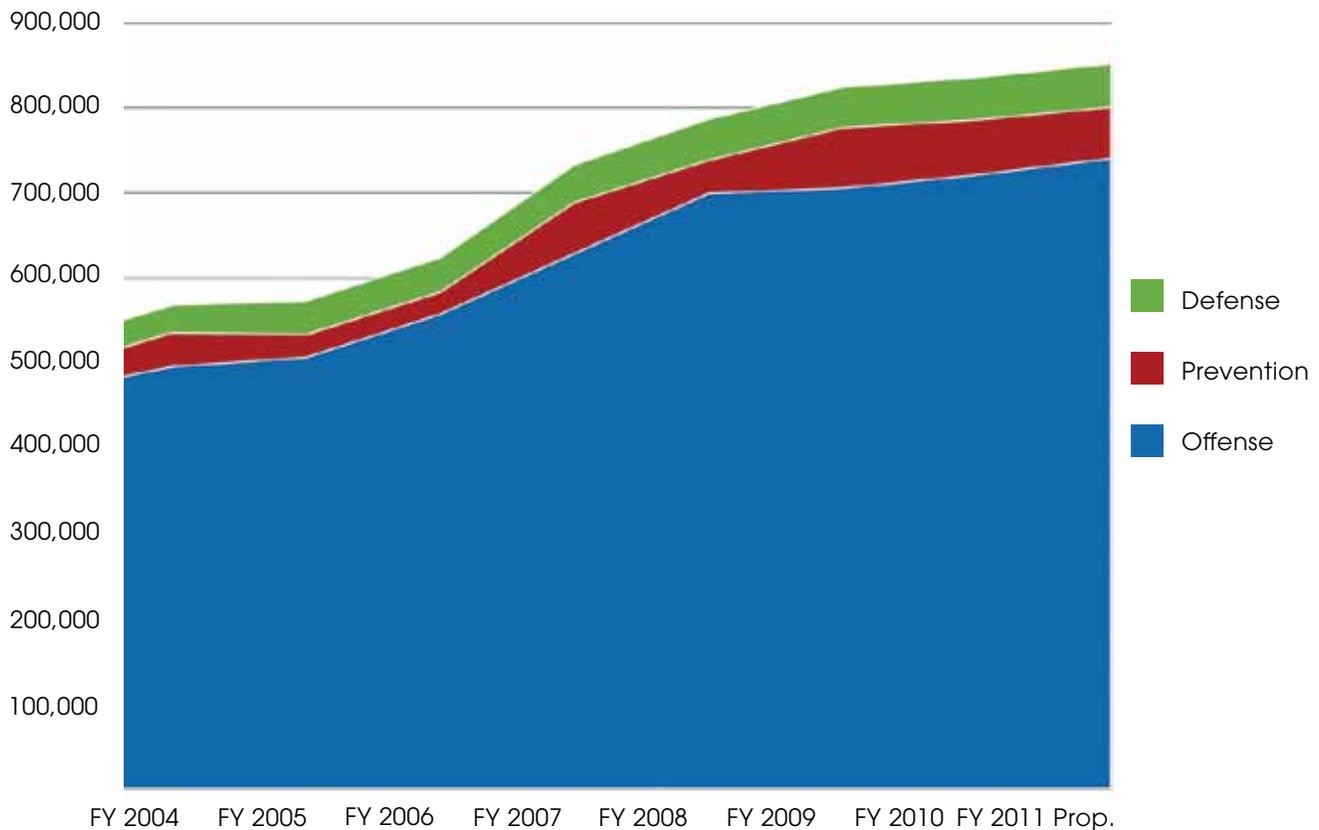
Table 3: The Security Balance: FY 2004-2011

(in millions of dollars)

Military	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011 Prop.
050 National Defense	490,546	505,769	556,277	625,835	696,244	697,763	722,138	738,723
152 Intl. Security Assistance (plus)	7,680	8,502	9,067	10,581	10,549	11,162	5,532	8,097
Nonproliferation (minus)	1,816	1,862	2,064	2,182	1,755	1,962	2,561	3,210
Homeland Security Overlap (minus)	480	5,503	5,498	5,285	5,248	888	3,553	2,644
Total	495,930	506,906	557,783	628,949	699,790	706,075	721,556	740,966
Preventive								
150 International Affairs	45,135	32,847	32,712	68,380	47,910	63,376	67,388	65,318
152 Intl. Security Assistance (minus)	7,680	8,502	9,067	10,581	10,549	11,162	5,532	8,097
Energy Efficiency & Renewable Energy (plus)	1,220	1,234	1,166	1,457	1,706	18,931	2,245	2,357
Nonproliferation (plus)	1,816	1,862	2,064	2,182	1,755	1,962	2,561	3,210
Homeland Security Overlap (minus)	697	824	1,107	1,241	1,720	1,870	1,767	2,259
Total	39,794	26,617	25,768	60,197	39,102	71,237	64,895	60,529
Homeland Security								
Homeland Security (mission area)	40,730	54,386	57,116	59,822	65,216	71,299	70,270	72,308
National defense overlap (minus)	8,560	15,078	16,559	15,425	16,863	23,572	20,337	21,326
Total	32,170	39,308	40,558	44,397	48,353	47,727	49,933	50,982
Military	495,930	506,906	557,783	628,949	699,790	706,075	721,556	740,966
Preventive	39,794	26,617	25,768	60,197	39,102	71,237	64,895	60,529
Homeland Security	32,170	39,308	40,558	44,397	48,353	47,727	49,933	50,982
Total Natl. Sec. Spending	567,894	572,831	624,108	733,543	787,245	825,039	836,384	852,477
Ratios								
Non-military to Military	6.9	7.7	8.4	6.0	8.0	5.9	6.3	6.6
Preventive to Military	12.5	19.0	21.6	10.4	17.9	9.9	11.1	12.2
Homeland Sec. to Military	15.4	12.9	13.8	14.2	14.5	14.8	14.5	14.5

Calculations based on Office of Management and Budget, Budget of the U.S. Government, FY2006 through FY2011, Analytical Perspectives, Public Database, Historical Tables, Appendix - Homeland Security Mission Funding by Agency and Budget Account. Amounts are in current dollars (i.e. not adjusted for inflation).

Figure 1: Security Spending Levels: FY 2004-FY 2011
(in millions of dollars)



Figures in millions; Calculations based on Office of Management and Budget, Budget of the U.S. Government, FY2006 through FY2011, Analytical Perspectives, Public Database, Historical Tables, Appendix - Homeland Security Mission Funding by Agency and Budget Account. Amounts are in current dollars (i.e. not adjusted for inflation).

these programs being pushed by the Congress, and should Congress ignore this fact, I will veto any such legislation so that it can be returned to me without those provisions.”¹⁶

But the rationale has shifted decisively: Cutting waste in the military budget is necessary because we can no longer afford not to. In his May 8 speech at the Eisenhower Library, Gates invoked Eisenhower’s observation that “the United States—indeed, any nation—could only be as militarily strong as it was economically dynamic and fiscally sound.”¹⁷

It is quite apparent that the National Security Strategy was written as the U.S. struggles through

its worst economic crisis since the Great Depression. The rhetoric in the document leans hard on the need to rebuild the U.S. economy and reduce the federal deficit.

In June, Gates announced that his department would be seeking spending cuts of \$102 billion.¹⁸ Greeted with some fanfare, his announcement is less impressive than it sounds, for these reasons:

- The savings will be spread over five years.
- Only \$7 billion, about 1 percent of the total, are to be made next year. Most of

Table 4: USB Scorecard: Military Cuts

(in billions of dollars)

System	FY 2010 Administration's Request	FY 2010 USB Increase or Decrease	FY 2011 Administration's Request	Differential: FY 2011 Request and FY 2010 Request	Difference between USB recommendation and actual budget request increase	FY 2011 USB
Ballistic Missile Defense	9.3	-6.0	9.9	+6	-6.6	-7
Virginia-Class Submarine	4.2	-4.2	5.3	+1.1	-5.3	-2.55
V-22 Osprey (Navy and Air Force)	2.9	-2.9	2.7	-2	-2.7	-2.7
Expeditionary Fight Vehicle (EFV)	0.3	-.3	0.2	-.06	-0.24	-0.24
F-35 Joint Strike Fighter	10.4	-7.4	10.7	+3	-7.7	-8
Offensive Space Weapons	1.6	-1.5	1.6	-	-	-1.5
Research & Development	79.0	-5.0	76.1	-2.9	-2.1	-10
Nuclear Forces	21.0	-13.1	48.0	+27.0	-40.1	-20
Force Structure	-	-5.0	-	-	-	-8
Waste in Procurement and Business Operations	-	-7.0	-	-	-	-15
Total		52.4				75

them are to be made in the “out years,” when it is unlikely the secretary will be in office to see that they really happen. And plans for the out years have an extremely poor record of becoming reality.

- Despite his expressed concern for the security budget imbalance, and despite his invocation of Eisenhower’s call for “balance in and among national programs,” this is not security budget rebalancing, but Defense Department rebalancing. The plan is to recycle the savings he manages to wring out of his department’s budget back into this budget, reprogrammed for other military purposes: “The goal,” he said, “is to cut our overhead costs and to transfer those savings to force structure and modernization within the programmed budget.”¹⁹ Nor is it rebalancing across service branches: Each branch will be able to spend what it saves on its own war-fighting capability.
- Spending restraint—saving—is defined as 1 percent real annual growth of the base budget, guaranteeing 3 percent real growth in the war-fighting budget. If the Defense Department manages to find the savings it is looking for (a big if), defense spending will continue to grow and will continue to add more to the deficit than any other item in the discretionary budget. Contributing marginally less to the deficit than in previous years is being defined as deficit reduction.

An ominous sign that even these modest aspirations for “savings” won’t be realized is embedded in the two national security framework documents the administration released this year. Both the National Security Strategy²⁰ and the Quadrennial Defense Review²¹ talk of hard choices, but largely forego them. While changing some emphases in military strategy, neither seriously examines the military’s roles and missions, to evaluate, in this era of constrained choices, which missions the United States can safely forego and what kinds and level of risk are acceptable.

As Stimson Center researchers Gordon Adams, Laura Hall, and Alexander Brozdowski have all emphasized, both documents add to the list of the military’s missions, without subtracting any, and without setting clear priorities among them. “All missions are presented as equally important, all are top priority, and DoD is largely responsible for the successful performance of all of them.”²²

Nor do these documents connect the agenda-setting to budgeting. Fully funding the force structure “requirements” for all the missions listed in the document, the Stimson team foresees, “could drive force structure and budget expectations even higher than they are now.”²³

Signposts to real budget restraint

In his Eisenhower speech, Gates did ask a set of provocative rhetorical questions suggesting a more serious approach to actually reining in military spending. Here are his last two: “Does the number of warships we have and are building really put America at risk when the U.S. battle fleet is larger than the next 13 navies combined, 11 of which belong to allies and partners? Is it a dire threat that by 2020 the United States will have only 20 times more advanced stealth fighters than China?”

These questions point the way beyond a defense of current practices, and an effort to shave budgets around the edges, to a reconsideration of actual military needs and current military overkill. If we follow this path, we can proceed then to a program of real reductions and real savings.

It appears, however, that there is an “Aspirational Secretary Gates” and an “Operational Secretary Gates.” The Aspirational Secretary came to a Navy League conference, also in May, and asked, “Do we really need 11 carrier strike groups for another 30 years when no other country has more than one?... As we learned last year, you don’t necessarily need a billion-dollar guided missile destroyer to chase down and deal with a bunch of teenage pirates wielding AK-47s and rocket-propelled grenades.” He also cited some price-tags: \$11 billion per aircraft carrier, \$7

billion for each ballistic missile submarine, and the Expeditionary Fighting Vehicle which he described as “suited only to Eisenhower’s D-Day planning.”²⁴

But it was the Operational Secretary who responded to a question about these statements a few days later: “I may want to change things,” he said, “but I’m not crazy. I’m not going to cut a carrier, OK?”²⁵

Deficit pressure

This year, though, a new force may give such “craziness” a real chance.

The new force is concerned over the economic impacts of our growing national debt. The president has responded by appointing a bipartisan National Commission on Fiscal Responsibility and Reform, which will report its recommendations on deficit-cutting measures in December.

Support for including substantial military budget cuts in this package of recommendations is now coming from voices across the political spectrum. Proceeding from left to right:

- The Campaign for America’s Future, which has persistently emphasized the dangers of deficit reduction to a fragile economic recovery, has endorsed a set of deficit reduction measures that can be taken without neglecting critical public investment. Restraining military spending figures prominently on their list, along with such items as a financial transactions tax and a higher tax bracket for millionaires.²⁶
- House Speaker Nancy Pelosi and Majority Leader Steny Hoyer have both declared that Pentagon spending must no longer be viewed as untouchable in the discussion deficit reduction measures. “Any conversation about the deficit that leaves out defense spending is seriously flawed before it begins,” Hoyer said in June. “Our defense leaders, including Secretary Gates, have repeatedly pointed out that

paying for programs we don’t need only makes our country weaker in the long run.” He cited the support of the chair of the House Defense Appropriations Subcommittee, Norm Dicks (D-WA), and the chair of the Senate Armed Services Committee, Carl Levin (D-MI), for making some defense cuts.²⁷

- A strong supporter of deficit reduction, the Committee for Fiscal Responsibility and Reform—which until now had been looking elsewhere for budget balancing measures, like entitlement reform—has now begun incorporating these defense-budget-cutting recommendations into its testimony to the Commission. Its president, Maya MacGuineas, advocated cutting \$70 billion from the defense budget in 2018.
- Rep. Walt Minnick (D-ID) asserted that the need to restrain defense spending “is increasingly becoming the dominant view of the Blue Dogs.”²⁸
- Sen. Tom Coburn (R-OK), co-chair of the deficit reduction commission’s panel on discretionary spending and one of the most conservative members of the Senate, wrote that the commission “affords us an opportunity to start some very late due diligence on national defense spending... [as well as] reduce wasteful, unnecessary, and duplicative defense spending that does nothing to make our nation safe.”²⁹
- And finally, Politico reports that “key tea party players, on and off Capitol Hill, are expressing a willingness to put the Pentagon budget on the chopping block if it will help rein in federal spending and eliminate a projected trillion-dollar-plus budget deficit.”³⁰

In addition, the most prominent driving force creating momentum for deficit reduction, principally through cuts in Social Security and Medicare, has been the Peter G. Peterson Foundation. It has funded extensive national polling on how to accomplish this

goal. Their most recent poll found support for cutting military spending at 85 percent.³¹ While poll results are frequently manipulated to achieve an intended result, no such charge can be laid here: The result did not conform to either the expectations or desires of the polling backers.

The message from across the political spectrum, and from large majorities of citizens, is clear: Any program of deficit reduction must include the largest portion of the discretionary budget.

The question is what cuts are possible, and why.

A left-right congressional coalition, led by Reps. Barney Frank (D-MA), Ron Paul (R-TX), Walter Jones (R-NC) and Sen. Ron Wyden (D-OR), has provided one set of answers. It presented to the president's deficit reduction commission the findings of a Sustainable Defense Task Force, which outlined nearly \$1 trillion in cuts over 10 years and explained why these cuts can be made with no sacrifice in our security.³² The Task Force on a Unified Security Budget contributed half of the members of this new deficit reduction Task Force. The cuts outlined in the FY 2010 USB are included in these findings, and we have incorporated some of the Sustainable Defense Task Force's additional recommendations into our FY 2011 report.

Taken together, these documents provide a set of rationales for enabling the Operational Gates to realize goals that the Aspirational Gates professes to hold. For example, in the May/June 2010 issue of *Foreign Affairs*, Gates writes that "the United States is unlikely to repeat a mission on the scale of those in Iraq and Afghanistan anytime soon—that is, forced regime change followed by nation building under fire."³³ The Sustainable Defense Task Force report points out that this course should enable us to reverse the recent growth in the size of the Army and Marine Corps. We should not, in other words, be maintaining a standing army that has been sized for conflicts we don't intend to undertake. And this Unified Security Budget explains how the secretary can in fact retire the two active Air Force wings and one carrier group he says he doesn't need.

Cuts to the military budget—a budget that has undergone the longest continuous expansion in our

history, nearly doubling in real terms since 1998; that makes up the largest component of the discretionary budget; and that nearly equals what the rest of the world spends on its militaries in total—must be a significant part of any deficit reduction package. These two blueprint documents outline the kind of cuts that could actually make a difference.

Prevention

The language of the Obama administration's first Quadrennial Defense Review prioritizes prevention as a security tool:

Whenever possible, we seek to pursue [national] interests through cooperation, diplomacy, economic development and engagement, and the power of America's ideas and values. When absolutely necessary, the United States and its allies have shown the willingness and ability to resort to force in defense of our interests and the common good.³⁴

A majority of Americans believe this emphasis on cooperation over confrontation has yielded dividends in improving our relations with the rest of the world. Gallup polls taken in each of the previous five years showed a majority of Americans believing most of the world viewed the U.S. unfavorably. In 2010, for the first time, a slight majority believes the dominant view has turned favorable. See, <http://www.gallup.com/poll/125858/Americans-Slight-Improvement-Global-Image.aspx>

These impressions of how the United States is viewed by the rest of the world are almost matched by what, according to polling, the rest of the world actually thinks. The results of 2010 polling by world-publicopinion.org and the Project on International Public Attitudes (PIPA) showed 46 percent of worldwide respondents viewing the United States favorably, up 4 percent from 2009.³⁵

This Task Force makes the case that a rebalancing of security resources plays a vital role in changing the tenor and substance of U.S. international relations. The FY 2011 budget request did improve the resource balance, primarily by increasing the budget for pre-

Table 5: Illustrative Military and Non-Military Trade-offs, FY2011

\$7 billion	Increase nuclear weapon making capacity, spending 40 percent more on what the same activities cost during the Cold War Era	or	More than triple funding for threat reduction and non-proliferation, including programs to dispose of surplus plutonium and enriched Uranium
\$191 million	Build one C-17 Globemaster, an aircraft already in surplus for current operations	or	Hire 1,100 Foreign Service Officers to help formulate and implement U.S. foreign policy
\$112 million	Double funding for DHS Office of Health Affairs, which duplicates HHS functions	or	Increase majority of Department of Homeland Security First Responder Grants
\$434 million	Maintain departmental operations deemed redundant and unnecessary by the Homeland Security Subcommittee	or	Increase state and local Capacity Hospital Preparedness Grants
\$2.7 billion	Continue the V-22 Osprey program, now 15 years behind schedule and responsible for 30 accidental deaths	or	Double U.S. contributions to peacekeeping
\$17.1 billion	Fund military R&D by 29 percent over Cold-War, Reagan-era adjusted peak spending	or	Increase investment in alternative energy by over 117 percent
\$240 billion	Continue development of Expeditionary Fighting Vehicle, an obsolete vehicle in current conflicts	or	Increase funding to UN Central Emergency Response Fund by over 50 percent
\$7 billion	Continue development of costly and unproven missile defense programs	or	Strengthen capacity of the Coast Guard to close off far-more-likely route of nuclear weapons into the country
\$1.5 billion	Advance unproven, controversial, and ineffective space-based weapons to deployment	or	Increase diplomacy budget by over 12 percent
\$20 billion	Maintain 1,968 operationally deployed warheads and the Trident II nuclear missile	or	Maintain deterrent with reduced arsenal while funding 80 percent of the Millennium Development Goal's aid increase to sub-Saharan Africa
\$2.55 billion	Construct a second Virginia-class submarine with no clear, unique function or capacity	or	Help the Coast Guard buy several new ships before large parts of its current fleet are forced into retirement

vention. It is on track to fulfill its campaign pledge to double foreign assistance by 2015. The U.S. Global Leadership Coalition has calculated that 60 percent of the increase has been allocated to the “Frontline States” of Afghanistan, Pakistan and Iraq, however.³⁶ As already noted, the concentration of resources in the prevention budget on those wars is constraining the funding base available for the broader mission of strengthening the U.S. civilian capacity to conduct effective diplomacy and development around the world.

Some key developments in funding for prevention:

- Reducing nuclear stockpiles: The administration took an important step toward the USB’s recommended cuts in nuclear warheads, to 600 deployed and 400 in reserve. The new START Treaty, signed by Obama and Russian President Dmitri

Medvedev on April 8, brings the ceiling for each country down to a total of 1,550 deployed warheads—a reduction of nearly two-thirds from the levels of the original START Treaty, and 30 percent lower than the 2002 Moscow agreement. It also sets new limits on inter-continental ballistic missiles and launchers, submarine launchers, and nuclear bombers, reducing the current total by half. And it establishes a new, strengthened inspection and verification regime.³⁷

- **The nuclear budget:** Unfortunately, as the administration pursues ratification of the treaty, it is also planning on increasing the budget for the nuclear weapons complex well into the future: In FY 2011, it increased the budget for the complex by 13 percent, or about \$7 billion, and plans on increasing it to \$9 billion by 2030. According to the Federation of American Scientists' Hans Kristensen, the price of ratification appears to be “a whopping \$175 billion over the next 20 years for new nuclear weapons factories, testing and simulation facilities, and warhead modernizations.”³⁸
- **Nonproliferation:** In April the president convened an unprecedented Nuclear Security Summit in Washington D.C. to launch “a new international effort to secure all vulnerable nuclear material around the world within four years.” The leaders of 47 nations pledged their support for this goal. Yet Obama's FY 2010 budget request did not comport with the urgency of the danger. While some threat reduction and nonproliferation programs did receive increased funding, the levels are not sufficient to meet Obama's goal. The overall funding request for threat reduction in FY 2010 was actually less than what Congress appropriated in FY 2009. Congress' appropriations closely matched the administration's meager request.
- **Arms trade controls:** Although efforts to regulate the global arms trade have been

under discussion for years, in October 2009 the UN General Assembly adopted a resolution establishing a two-year timetable for developing an Arms Trade Treaty, culminating in a UN conference on the ATT in 2012. In October 2009, the Obama administration reversed U.S. policy with its vote for the resolution.

- **Climate Change:** The National Oceanic and Atmospheric Administration reported in June that global land and ocean surface temperatures were hotter in 2010 than in any other period since 1880, when these records began to be kept. Though the Copenhagen Summit failed to produce a binding international agreement on reductions in greenhouse gas emissions, the Obama administration did take two significant steps toward putting a price on carbon. In April it set new fuel economy and auto emissions standards, which will cut our annual need for Saudi Arabian oil in half, and equal the effect of taking 21.4 million of today's vehicles off the road.

And in July it proposed a new rule, to be finalized next year, that would further restrict greenhouse gas emissions from coal-burning power plants.³⁹

In addition to regulation, major federal resources are needed to propel a transition to clean energy sources. The infusion of resources from the American Recovery and Reinvestment Act is mostly finished. As we go to press, a climate bill to provide these resources on an annual basis looks unlikely.

- **Economic Development:** According to a recent assessment by the Organization for Economic Cooperation and Development (OECD), in 2010 donor countries will fall short of their commitments to meet the United Nation's Millennium Development Goals (MDG) by \$18 billion.⁴⁰ According to the ONE Campaign's Data Report, the U.S. achieved its G8 commitment to double development assistance to sub-Saharan Africa by 2010 in 2009—albeit from a very low base-

line.⁴¹ Much of this increase was in the area of global health, specifically funding for HIV/AIDS programs through the President's Emergency Fund for AIDS Relief (PEPFAR). While PEPFAR has been successful in getting treatment for 2.4 million people, in a constrained budget environment it has also crowded out funding for other health and development priorities.

While much of the increase in the foreign assistance budget is being concentrated in the war zones of Iraq and Afghanistan, poverty-focused development has been increased from \$20.1 billion in FY 2010 to \$21.7 billion for FY 2011. The administration launched new initiatives in the areas of global hunger, food security, and global health. Progress toward policy coherence is on hold, awaiting the outcome of the Quadrennial Diplomacy and Development Review (QDDR) and the rewrite of the Foreign Assistance Act.

- **Climate Adaptation:** At the Copenhagen Climate Conference, Clinton announced U.S. support for jointly mobilizing a \$100 billion-a-year fund to tackle the needs of developing countries in relation to climate change. However, she offered the support with reservations: It would be offered only if the conference produced a strong and operational accord. The conference did not produce an accord. The UN is continuing to investigate setting up the same fund, with private and public investment.

Defense

The failed Christmas airline and Times Square bombings both underscored problems with the “no-fly” list and checkpoint screening, which last year's Unified Security Budget and other sources had flagged. The administration responded with a 2.4 percent increase in total homeland security funding in its FY 2011 request, much of it directed toward addressing the vulnerabilities in aviation security.

This concentration of resources shortchanged other key accounts in the request, including Coast Guard personnel, whose budget was cut by \$75 million; the National Cyber Security Division, cut by \$19 million; and FEMA's State and Local Program grants, cut by \$164 million. Also shortchanged were other transportation security programs beyond the airlines, including a \$101 million cut to the Coast Guard's port, waterways, and coastal security account.

The FY 2011 budget request thus appears to perpetuate the pre-and-post-9-11 pattern of an incident-driven, reactive approach.

On February 1, the administration published the first Quadrennial Homeland Security Review (QHSR). Citing the statutory directives that the QHSR was to “define the strategy, set priorities, and determine organizational and budgetary requirements for the national homeland security program,” we recommended last year that the report “focus on essential, big-picture issues, including clearly defining the roles and responsibilities of federal, state, local, and private stakeholders within the national homeland security program; addressing how federal risk management efforts will be improved; specifying how security will be integrated with other national priorities (including privacy and commerce); and detailing how homeland security programs are to be financed and sustained over time.”⁴²

Those objectives were not met. The QHSR's preface tacitly acknowledges this, saying, “The report is not a resource prioritization document, although in identifying key mission areas for priority focus, it is highly indicative of where those priorities should lie. Nor does the QHSR detail the roles and responsibilities of Federal or other institutions for each mission area.”⁴³

The more detailed guidance called for by the Unified Security Budget will presumably have to await upcoming DHS reviews. The USB called for an analysis of roles and responsibilities across the homeland security missions [that] would help resolve gaps or unnecessary redundancies between departments and agencies, and a “comprehensive examination of the Department's activities and resources” that will “systematically link strategy to program to budget.” The latter will also lead to “improved measurement of desired mission outcomes and the contribution of

programs, activities, and resources to these mission outcomes; and better cost estimating of programs and activities.”⁴⁴

Previous versions of the Unified Security Budget have recommended significant increases in funding for homeland security, (for example, \$16.35 billion for FY 2009). We did so out of a conviction that these programs, which represent the ultimate line of national defense (with a small d), were being consistently underfunded in presidential budgets and congressional appropriations.

While it remains as true as ever that there are a number of serious deficiencies in our homeland security efforts—and that some of these shortcomings require additional resources if they are to be overcome—we propose that, for FY 2011, homeland security spending not be raised above the amount recommended by the president—a \$1.62 billion increase in non-defense homeland security spending over FY 2010)—and that this level be frozen for the next two fiscal years (FY 2012-2013).⁴⁵ We have recommended cuts to this budget to accommodate increases for key priorities highlighted in last year’s USB, including

- State and local first responders
- Public health security infrastructure and workforce
- In-line checked baggage screening
- Security training for transportation workers.⁴⁶

A reallocation of savings

Our steep economic challenges—recognized by the National Security Strategy as, among other things, national security challenges—are among the reasons we propose this year a security budget that is not in balance: cuts more from the military budget than it adds to non-military tools of security. The remaining funds are available for domestic investments or long-term deficit reduction. We have increased our recommendations for military cuts: from \$51.3 billion in our USB FY 2010 report to \$75 billion this year, an increase of 33 percent. We recommend shifts

in funding in the budget for homeland security, an overall level that stays essentially flat. And we have recommended smaller increases in the budget for prevention than in previous years, in part reflecting the administration’s proposal to expand it significantly. (These funding levels will need to be protected in the congressional budget process; as we go to press, cuts to this budget are being proposed.) The exception to this smaller USB budget of prevention is in the accounts related to climate change, which the National Security Strategy has also identified as a major security threat.

The difference between our recommended cuts and additions is \$37.05 billion. We recommend that the \$75 billion in military savings be allocated in three ways:

- To our prevention budget, as outlined in Section V.
- Over the long-term, to deficit reduction. Military programs are well structured for long-term deficit reduction, since the savings usually aren’t realized until a few years after the cuts are made. And since the timeframes of military production pipelines tend to be long, savings from military reductions continue over time.
- In the near-term, to public investments that will do the most good for our economy. These include investments in education and infrastructure, which work to improve the productivity of the economy as a whole.

II. Acquisition Reform

With a tough economic climate pressuring the Defense Department from all sides, military leaders are looking to contracting as a place to shave dollars at minimal political price. Secretary of Defense Robert Gates announced an initiative in June 2010 to trim \$100 billion from DOD overhead accounts by 2016. Gates listed “arresting and reversing growth in contractor support” as one way to accomplish this, admitting that the flood of money into DOD coffers since 2001 has discouraged prudent accounting habits. The Pentagon’s acquisition office issued a memo later that month, detailing plans to squeeze savings from the \$400 billion DOD spends annually on goods and services. Tactics range from embracing oft-repeated calls to increase contract managers and fixed-price contracts to more provocative ideas, such as letting costs shape requirements on complex weapons like the SSBN nuclear missile submarine.

Congress also heralded contracting reform as a source of savings. The House of Representatives passed the Implementing Management for Performance and Related Reforms to Obtain Value in Every Acquisition (IMPROVE) Act in April, based on recommendations by the House Armed Services Committee’s Defense Acquisition Reform Panel. Lawmakers touted the Act as a companion piece to last year’s Weapons System Acquisition Reform Act (WSARA), this time addressing how DOD buys \$200 billion a year in services, ranging from catering to computer programming to battlefield security contractors.⁴⁷ Though such services now constitute the bulk of DOD’s purchases, the panel found that “the requirements process for services contracting is almost entirely ad hoc.”

IMPROVE Act sponsors claimed the reforms would produce \$135 billion in savings over five years, based on the Government Accountability Office’s (GAO) assessment of cost overruns in DOD contracting. But a cost estimate from the Congressional Budget Office (CBO) found no basis for determining whether the reforms would actually happen or pro-

duce savings that would offset implementation costs. Lawmakers were forced to concur with the CBO findings in the bill report.

Though defense contracting reforms are certainly needed, there are several reasons why you can’t take them to the bank. First of all, legislation is only as good as its implementation, and the loopholes that riddle previous reform efforts have diluted their impact. Savings from contracting reforms are also notoriously difficult to project: It’s often easier to measure the costs of past acquisition failures, for example the \$300 billion in major weapons system cost overruns documented by the Government Accountability Office. Pentagon leaders acknowledged that the timeline for implementing such widespread changes is long, with Carter warning that “it has taken years for excessive costs and unproductive overhead to creep into our business processes, and it will take years to work them out.” Finally, Gates and Carter do not plan to move any of the money saved from spending reforms out of the Defense Department but rather move it to operations, maintenance and personnel accounts.

Despite these challenges, many opportunities exist to reduce the risk of waste, fraud and abuse from defense contracting. Further recommendations include:

1. Follow through on creating an integrated, publicly available database of government contractors that will allow overseers both inside and outside government to track contractors’ performance. This will save money by preventing contracts from being awarded to poor performers and lawbreakers, including tax dodgers.
2. Incorporate resource constraints when setting requirements on major weapons systems, similar to Carter’s proposal to letting costs shape requirements on complex weapons such as the SSBN nuclear missile submarine. Failure to enforce limits on costs leads

to overly optimistic and constantly changing requirements.

3. Make all defense agencies and programs answer to DOD acquisition laws. Organizations such as the Missile Defense Agency still exist outside the Pentagon contracting laws and fail to provide basic accountability metrics such as cost baselines, despite repeated requests from Congress.
4. Reduce the number of national security exemptions to laws including the Nunn-McCurdy Act and Competition in Contracting Act. Budget-busting weapons such as the Expeditionary Fighting Vehicle survive via exemptions from Nunn-McCurdy reviews because of political support despite their dubious relevance to military needs.
5. Apply guidance about inherently governmental functions in new efforts to incorporate contractors into the military workforce. In shifting jobs back into the governmental sector, give priority to contractors performing jobs that should be handled by government—such as drafting or overseeing contracts—rather than those such as routine maintenance.

III. Budget Process Reform

Rebalancing the nation's security toolkit will require the commitment of leaders in the executive branch and Congress to establish priorities among the various tools and to press those priorities into programs and budgets. Even committed leaders can be stymied by structural obstacles embedded in the organizations and processes for strategic planning and budgeting within departments and agencies, in the White House, and on Capitol Hill. Here we consider a number of important obstacles and the changes that are underway or might be undertaken to overcome them.

Changes in the departments and agencies

Until recently, the State Department lacked processes to link its budget allocations to strategic plans.⁴⁸ The Department also lacks a sufficient cadre of trained personnel to do the work of planning, program and budget development, and program implementation.⁴⁹ Such weaknesses open the door for other agencies, including the Department of Defense, to set up programs parallel to those of the State Department, thus diluting foreign policy coherence and raising costs.⁵⁰ In recent years, State has developed a more systematic internal framework for planning and budgeting and also worked to integrate USAID into the new framework. Both State and USAID have added personnel with planning and budgeting expertise. Additional work is needed in these areas, however. One change of particular value would be to strengthen State's internal capacity for the planning and budgeting of security assistance programs.⁵¹ Another would be to expand current training programs to include a focus on strategic planning, resource allocation, program development, program implementation, and evaluation.⁵² Finally, modernizing the Foreign Assistance Act would make foreign aid more transparent, accountable and efficient.

The Department of Homeland Security, now more than seven years old, also appears to lack the

processes and people needed to link budgets to strategic priorities. An important reason for establishing the department in 2003 was that a cabinet-level secretary could shift resources among the department's operating components from low-priority or duplicative activities into high-priority areas.⁵³ Yet the department's operating components still generally set their own agendas, and their individual shares of the department's budget have changed very little from the shares they held before the department was created.⁵⁴

In 2010, DHS issued its first Quadrennial Homeland Security Review (QHSR). That review offers a strategic framework that cuts across the department's various components. It falls short of linking the department's budget into the framework, however.⁵⁵ The QHSR would be far more relevant and useful if it considered strategies, programs, and budgets in relationship to each other.⁵⁶

Changes in the Executive Office of the President

Mechanisms in the White House for top-down planning and resource allocation for security are in flux. Within the Executive Office of the President (EOP), three institutions hold much of the responsibility for security policy and budgets: the National Security Council (NSC) and the Homeland Security Council (HSC), which advise the president and coordinate on policy matters, and the Office of Management and Budget (OMB), which oversees budgets. Early in 2009, the Obama administration for the first time merged the staffs of the NSC and the HSC into a single National Security Staff, and made the Secretary of Homeland Security a regular member of the NSC. Some of the tradeoffs considered in this report lie at the intersection of domestic and international security. Under the current arrangement, a single staff at the White House level is now in a position to consider them fully—a crucial step in unifying the nation's approach to security.

Additional work remains, however, to smooth a seam between the NSC, which considers policy, and the OMB, which considers costs. No entity at the White House level currently has the capacity or the time to conduct integrated, long-term planning, risk assessment, and tradeoff studies, or to identify key long-term federal priorities constrained by realistic future fiscal guidance. Establishing across the NSC staff and OMB some small, new cohorts of specialists with the appropriate outlook and breadth of experience could allow the Executive Office of the President to consider the tradeoffs inherent in a unified security budget.⁵⁷ The new teams could explore the tradeoffs involved in shifting resources as outlined here. They should be engaged in the executive budget process all the way along: from the stage at which early directives go to the individual agencies in the spring, to the final recommendations to the president in December.

No official document currently links strategy and resources for U.S. security. The Executive Office of the President periodically prepares a national security strategy and a homeland security strategy that articulate policies at the top level, but those documents often list areas of effort with little regard to the resources involved. The strategies published in 2010 are no exception. Both of them fall short in establishing priorities and in identifying tradeoffs among the various tools in the nation's security portfolio.

A Quadrennial National Security Review (QNSR) could strengthen the links between strategies and budgets for issues that lie at the nexus of defense, international affairs, and homeland security. In other words, the review would cover all of the areas referred to in this report under the categories of offense, defense, and prevention. A QNSR, conducted jointly by the NSC and OMB, would identify top-down security priorities within budgetary constraints. A QNSR would start with the administration's overarching strategy; articulate a prioritized list of critical missions; and identify the major federal programs, infrastructure, and budget plan needed required to implement the strategy successfully.⁵⁸

The preparation of a biennial National Security Planning Guidance could facilitate the in-depth examination of the sorts of tradeoffs considered here. As recommended in the MIT Security Studies Program report, such guidance would be developed jointly

by the NSC and OMB, and would provide detailed guidance for actions and programs within the multiple departments and agencies that contribute to U.S. security.⁵⁹

Trying to conduct a single exhaustive examination of all federal security-related programs would be an extremely complex endeavor. Instead, each successive National Security Planning Guidance might focus on resource tradeoffs and constraints across a few important areas, for example, countering nuclear terrorism.

Budget documentation

The federal budget organizes spending on the military (primarily the 050 budget, also called the budget for national defense, which includes spending for nuclear weapons activities in the Department of Energy as well as the activities of the Department of Defense), international affairs (primarily the 150 budget), and homeland security (currently distributed among several categories—see below) in separate budget functions. Both the Office of Management and Budget and the Congressional Budget Office have taken initial steps to provide consolidated security budget information.

We recommend that OMB add a “Unified Security Funding Analysis” to the “Analytical Perspectives” volume, bringing together military, homeland security, and international affairs spending in one place to facilitate congressional consideration of overall security priorities among these categories.

The Congressional Budget Office should incorporate its own version of this analysis into its annual Budget and Economic Outlook report.

Changes in Congress

Narrowing the gap between resources for military and non-military security tools will require a congressional budget process that allows the members to consider all forms of security spending: offensive, defensive and preventive as a whole. This will entail putting the national interest before parochial interests, and bringing our efforts in these areas into better balance with each other. The changes in the executive branch outlined above will, by themselves, help to

propel Congress in this direction. The congressional budget process is highly reflective of executive decision making.

Here are a range of possible routes that reform of this process could take.

The Budget Process

Appropriations for national defense are currently handled by three separate subcommittees of the Appropriations Committee in each chamber. The Appropriations Committee in each chamber now has a subcommittee aligned to the Department of Homeland Security, but no appropriations subcommittee holds jurisdiction for the full panoply of federal homeland security activities. Homeland security is even more Balkanized when it comes to the authorizing committees. The Senate's Homeland Security and Governmental Affairs Committee and the House Committee on Homeland Security both hold jurisdiction for some aspects of homeland security, but scores of other committees and subcommittees retain responsibility for various activities within DHS and across the wider federal homeland security effort.

Priority setting among all the 12 subcommittees of the Appropriations Committee is supposed to be accomplished by a formal mechanism known as the 302(b) process. The committee chair recommends an allocation to the subcommittees and the full committee must consider and adopt that allocation. Unfortunately, even when the allocation proceeds on schedule, subcommittee loyalty tends to trump thoughtful weighing of competing needs.

The Appropriations Committee in each chamber could do more problem-based oversight and decision-making across subcommittee jurisdictions. With respect to security budgeting, this largely involves the Defense and Foreign Operations subcommittees. Too often they view each other as competitors rather than collaborators. But there is no reason that those problems can't be confronted and the issues resolved.

Beginning in 2010, the Obama administration made an important change that will have a positive effect on the appropriations process. Since 2001, funding for the wars in Iraq and Afghanistan has been provided through emergency supplemental ap-

propriations. Emergency supplementals have allowed the Appropriations Committees to exceed the limits to defense spending that are theoretically imposed on them by the authorizing committees. With 20 to 30 percent of the defense budget involved, these supplementals became a huge impediment to priority-setting and fiscal discipline. Last year, the Obama administration announced that it would avoid supplementals where possible. The administration's budget for 2011 denotes funds for the wars separately from the so-called base budget, but requests both categories as part of the regular budget rather than waiting to roll the bulk of war costs into a supplemental request. Even the request for a supplemental appropriation of \$33 billion for FY 2010 to cover unanticipated costs of the wars seems an improvement over previous practice.

Overcoming congressional budgetary business as usual still faces steep odds, however. Here we offer a range of options for doing so that think outside the box of existing structures.

In recent years, Congress has shown openness to shaking up, or at least reexamining, organizational structures that have more to do with traditional power bases and power struggles than logic. It has demonstrated willingness in other areas to set up temporary select committees to shed light and propel action on key problems that merit extraordinary attention and cross-traditional committee jurisdictions. The prime example is the Select Committee on Energy Independence and Global Warming.

This kind of medicine could be applied to the task of devising a way for Congress to take a unified approach to budgeting for security. **A Select Committee on National Security and International Affairs** could examine our overall security needs and the best balance of available tools to achieve them. And it could be tasked with recommending possible changes in the committee structure that could build this kind of examination into the budget process.

The Bush administration's Advisory Committee on Transformational Diplomacy recommended a version of the first of those two mandates: that the House and Senate Budget committees create a **joint national security subcommittee** whose purpose would be "to set spending targets across all major components

of the U.S. national security establishment's budget: defense, intelligence, homeland security, and foreign affairs/development/public diplomacy."⁶⁰

Select committees, however, like the regular kind, are made up of members of Congress, all of whom are subjected to the pressures of special-interest lobbyists. The most successful effort in recent memory to transcend those forces of parochialism in the service of a high-priority national purpose was the bipartisan 9/11 Commission, made up of a balance of members affiliated with both parties, but excluding current representatives and senators. In addition to producing an unusually eloquent report, its virtues included the willingness of many of its members to stay with the process to monitor and advocate for its implementation.

Congress could authorize a **Commission on Budgeting for National Security and International Affairs**, made up of similarly committed members, to examine the current balkanized budget process, and recommend a restructuring that would enable decision-making on security that more effectively considers the overall balance of security tools, and puts the national interest over parochial interests.

One other successful model for the functioning of a Commission deserves mention here. Congress authorized the Defense Base Closure and Realignment Commission (BRAC) in 1990 to manage the process of realigning and downsizing the structure of military bases for the post-Cold War environment. The concern was to devise a process that took politics and narrow economic interests out of the decision-making as much as possible. As with the 9/11 Commission, members were chosen by Congress and the president to balance party affiliations, but exclude current senators and representatives. Members from time to time have recused themselves from decisions on bases in their home states. The Commission operates according to certified data and explicit criteria, foremost among them "current and future mission capabilities and the impact on operational readiness of the total force."⁶¹

Unlike the 9/11 Commission and most others, BRAC has been authorized to reexamine its decisions and make new ones periodically, and has done so suc-

cessfully three times since its initial convening. This could be a useful additional feature of a **Commission on Budgeting for National Security and International Affairs**. It could be reconvened to evaluate how its recommendations for improvements to the budget process have been implemented, how the new processes are functioning in practice, and what further changes might be needed.

Of particular value in addressing the "constituency" problem, which favors military over other kinds of security spending, is a recommendation from the Straus Military Reform Project at the Center for Defense Information for an **independent panel to review the procurement budget every year**. Membership would exclude both current and retired military officers who have any financial ties to defense corporations or reserve the right to forge such ties in the future. Their deliberations would be guided by CBO estimates for the costs of each system, past, present and future. Gates is said to be mulling the possibility of creating such a review panel.⁶²

A former head of legislative affairs for the National Security Council, William Danvers, has offered another proposal for an ongoing structure that could help Congress work in a more unified way on overall priorities for security policy and budgeting. To alleviate the problem of "stovepiped" committees operating independently of each other, he recommended that each party set up its own **congressional national security council**, analogous to the one serving the executive branch. It would be made up of the chairs or ranking members of the armed services, international affairs, intelligence, appropriations and homeland security committees, and coordinated by a party national security advisor. The two councils could also be brought together from time to time to coordinate their work.⁶³

A 2007 report from the Stanley Foundation recommended that the foreign affairs authorizing and appropriations committees "reassert a role in the program and budget process," by holding joint hearings with their defense counterparts.⁶⁴ **A Unified Security Funding Analysis**, incorporated into the budget's Analytical Perspectives volume, would greatly facilitate their work.

To ensure that the executive branch considers broad tradeoffs of the sort inherent in a unified security budget, Congress should mandate that the executive branch conduct the Quadrennial National Security Review referenced above, p. 22, and prepare a biannual **National Security Planning Guidance**, and that the report of the QNSR be made available to Congress and the public. Legislation along these lines is now circulating in Congress among members of key committees.

While the administration conducts the QNSR, the Congressional Research Service could be called upon to provide lawmakers with a report on the issues for congressional consideration the QNSR report is likely to raise. CBO could be asked to assess the QNSR document after it is submitted to Congress. Joint hearings on the QNSR would help Congress as it considers a unified security budget.

If nothing else, the previous section should make clear that rebalanced security spending will require initiative from not just one set of actors, but many. The goal itself has become near-conventional wisdom in Washington, and we have had first steps in the right direction. Removing the remaining—formidable—structural obstacles in the way of real reform will be harder.

IV. Rebalancing Security: Offense

Below, we outline about \$75 billion in potential defense savings. They would be achieved in eliminating two kinds of weapons systems. The first are weapons systems designed to deal with threats from a bygone era—weapons and programs designed for the Cold War are not useful in defending our country from the threats we now face. The second are weapons systems experiencing so many cost and development overruns that sufficient numbers cannot be purchased, even under projected budgets or systems, which will not be more effective than the existing programs they are replacing.

These savings would be made in the following categories:

- About \$20 billion would be saved by scaling back funding increases for the nuclear weapons complex and reducing the nuclear arsenal to no more than 311 warheads which, as a recent article by faculty of the Air War College and the School of Advanced Air and Space Studies asserted, is more than enough to maintain nuclear deterrence against present and future adversaries.
- Another \$32 billion would be saved by scaling back or stopping the research, development, and construction of weapons that are not necessary to combat today's threats or ready to move into full production.
- About \$8 billion would be saved by eliminating two active Air Force wings and one carrier group that even the Secretary of Defense contends are not critical to dealing with the current geopolitical environment.
- And about \$15 billion would be saved if the giant Pentagon bureaucracy simply functioned in a more efficient manner,

eliminated many of the over 1,750 earmarks in the defense budget, and managed its programs more effectively.⁶⁵

If Congress and the president were to make these cuts, not only would they have more money to spend on other priorities, but they would also make our military stronger. Our troops could focus on the weapons, training, and tactics they need to do their jobs and defend our nation from current and likely future threats.

The FY 2011 Defense Budget Request

The Pentagon asked Congress for \$553 billion for its regular budget, excluding war spending, for FY 2011. However, the \$553 billion excludes about \$26 billion sought for nuclear weapons programs and other defense programs, managed by non-defense agencies such as the Department of Energy. Moreover, the \$553 billion request also excludes the \$159 billion the administration is seeking to fund the wars in Iraq and Afghanistan. Thus, the total defense budget request of the Obama administration for FY 2011, excluding spending on the wars in Iraq and Afghanistan, is \$579 billion.

The FY 2011 regular budget request of \$553 billion is about \$22.3 billion, or about 4.2 percent, more than the enacted level of \$530.7 billion in FY 2010, and over \$145 billion higher than the budget President George W. Bush inherited from President Bill Clinton in FY 2001.⁶⁶ More importantly, when nuclear funding is included it is more in constant dollars than at the height of the Reagan buildup, which peaked at \$538 billion in FY 1985 (as measured in FY 2011 dollars).⁶⁷

If one included the base defense budget, the cost for nuclear weapons programs and other defense programs managed by non-defense agencies, as well as the cost of the wars in Iraq and Afghanistan, the total

defense budget for FY 2011 would equal \$738.7 billion. This means we will be spending more on defense than at any time other than World War II. In FY 2011 constant dollars, defense spending in the Korean War peaked at \$477.9 billion in FY 1952 and Vietnam at \$403.8 billion in FY 1968.⁶⁸

In the 2011 base budget, \$138.5 billion (about 25 percent) will be spent on the pay and benefits (including some health care costs) of 2.38 million active duty and reserve military personnel.⁶⁹ (The salaries of the more than 600,000 reservists who were mobilized or called to active duty since 9/11 are funded in the war supplemental appropriation.)

The Pentagon will spend \$200.2 billion, or a little more than 36 percent of its budget, on routine operating and maintenance costs for its 650,000 active duty Army personnel, 334,000 active duty Navy personnel, 207,000 active duty Marine Corps personnel, and 350,000 active duty Air Force personnel.⁷⁰ Included in this Operations and Maintenance budget is the lion's share of health care costs for active duty and retired service personnel and their families, as well as pay and benefits for the approximately 785,000 civilians employed by the Department of Defense (The operations and maintenance costs of the forces

and contractors in Iraq and Afghanistan are also covered in the supplemental appropriation).⁷¹

Another \$189 billion, or 34 percent of the budget, goes for new investment. In real dollars, this is 75 percent more than a decade ago. This is broken down into \$112.9 billion for procuring equipment for the Departments of the Army, Navy, and Air Force, and \$76.1 billion for doing research and developing and testing new weapons.⁷² Another \$16.9 billion will be spent for building the facilities for the troops and their equipment.⁷³

FY 2011 defense spending also includes about \$18.8 billion for atomic energy defense activities managed by non-defense agencies, as well as substantial funding for nuclear activities in DOD. The majority of this funding will be spent by the Department of Defense on maintaining its 1,968 operationally deployed strategic nuclear warheads and over 5,100 active warheads in stockpile, and on the cleanup of contamination and pollution from past production.

As indicated in Table 6 below, defense spending can be reduced by about \$75 billion without jeopardizing national security. In addition, we will show how to save another \$6 billion by having the Pentagon

Table 6: USB Proposed Changes to FY 2011 Military Budget

(in billions of dollars)

Program	Administration's FY 11 Request	Task Force's Proposed Change
Ballistic Missile Defense	9.9	-7.0
Virginia-Class Submarine	5.3 ⁷⁴	-2.55
V-22 Osprey	2.7 ⁷⁵	-2.7
Expeditionary Fighting Vehicle	.24 ⁷⁶	-.24
F-35 Joint Strike Fighter	10.7 ⁷⁷	-8.0
Offensive Space Weapons	1.6 ⁷⁸	-1.5
Research and Development	76.1 ⁷⁹	-10.0
Nuclear Forces	48.0	-20.0
Force Structure	NA	-8.0
Waste in Procurement and Business Ops	NA	-15.0
Total		75.0

ask Congress for a rescission, or refund, on money that has been appropriated but not spent on weapons systems that we are proposing to cancel.

Our proposed reductions would primarily come from four areas: nuclear forces; Cold War-era conventional or poorly performing weapons systems; reductions in non-essential Army, Marine Corps, Air Force and Navy force structure; and reducing waste and inefficiency in the Pentagon. In making these recommendations, we are drawing on analysis done by the office of the Undersecretary of Defense (Comptroller), the Congressional Budget Office, the General Accounting Office, reports by Center for American Progress, and public statements by defense officials, including Secretary of Defense Gates.

**NATIONAL MISSILE DEFENSE—
Cease further Missile Defense development but
retain a basic technology program to determine
if NMD is technically feasible, generating \$7
billion in savings.**

The Missile Defense Agency, which manages the Defense Department's antiballistic missile defense systems, is projected to receive \$9.9 billion in FY 2011. This is an increase of nearly \$600 million over the amount that the MDA received in FY 2010, a budget which accounted for Secretary of Defense Robert Gates' cuts in the agency's budget, as well as a few cuts in costly and unproven missile defense programs administered by the individual armed services.

The FY 2010 budget scaled back or eliminated programs that have been plagued by cost overruns and technological problems, such as Ground-based Midcourse Defense, the Airborne Laser, and the Kinetic Energy Interceptor.

However, the FY 2010 budget increased funding for more reliable programs, such as the AEGIS Ballistic Missile Defense, the Thermal High Altitude Area Defense (THAAD), and the Standard Missile-3, or SM-3, programs. These programs support the Defense Department's goal of increasing capabilities against short-and medium-range missile threats for deployed forces and allies. The FY 2011 budget largely maintains these priorities.

More recently, the Obama administration adopted what it terms a Phased Adaptive Approach (PAA). Under PAA, the administration dropped Bush's plan to deploy a modified version of the land-based Ballistic Missile Defense system in Poland and the Czech Republic, instead choosing to rely upon medium-range interceptor missiles based in allied countries in Central Europe and beyond. It would also employ a system of BMD-capable Aegis ships to defend U.S. troops and allies in Europe. Missile defense critics such as Philip E. Coyle, former director of test and evaluation in the Department of Defense, had long questioned the strategic rationale for the Bush plan, arguing that due to its technical shortcomings "the U.S. BMD system proposed for Europe [was] causing strife with Russia for nothing."

The Obama administration's transition to PAA is a step in the right direction. However, questions remain about the necessity and effectiveness of key components of the Missile Defense Agency's systems. Scientists argue that simple physics makes boost-phase intercepts extraordinarily difficult—potential interceptors cannot reach target missiles fast enough to destroy them before they release their payloads. Midcourse defenses remain vulnerable to basic countermeasures and can be overwhelmed by simple numbers of targets. Finally, terminal defenses are still plagued by the problem of "hitting a bullet with a bullet." Coyle has also questioned the strategic rationale for missile defenses, arguing that they needlessly provoke Russia.

Moreover, a congressionally mandated study of the MDA's mission, roles, and structure further concluded the agency should focus on ensuring that its systems work, rather than deploying more of them. Through comprehensive research and development, the Pentagon and the MDA can ensure that future missile defense funding is directed to programs with a proven ability to meet U.S. strategic objectives.

Cancel unproven missile defense programs.

Secretary Gates was correct to cancel missile defense programs, such as the unproven Airborne Laser and the Multiple Kill Vehicle, in April 2009. The Space Tracking and Surveillance System should also be canceled. Given the uncertainty over the effectiveness of existing, less technically challenging

systems such as ground-based midcourse defense and THAAD, it is unwise to fund more advanced systems for missile defense while current ones have yet to be proven effective against their targeted threats. The Missile Defense Agency needs to prove that its existing systems work as advertised before plowing ahead with new, more exotic approaches.

Halt deployment of the ground-based missile defense system until it has proven itself in realistic operational tests.

Further deployment of the GMD system should be halted until it proves itself in realistic operational tests. The United States military would not field an aircraft that does not fly or a ship that does not float; it should not deploy a missile defense system that has not been proven to work properly.

Continue work and testing on lower-risk missile defense systems.

Lower-risk missile defense systems such as the Aegis ballistic missile defense, SM-3, and THAAD should continue in development. All of these systems protect American forces in the field from the more realistic threat of theater ballistic missiles, while Aegis BMD is also being developed to protect against longer-range missiles. Each of these systems should continue to be developed and perfected to provide the most cost-effective means of missile defense available.

VIRGINIA CLASS SUBMARINE—Cancel production of the second SSN-744 Virginia Class submarine in FY 2011 and in subsequent years, saving \$2.55 billion per year.

The Virginia class SSN-774 program is a weapon looking for a real enemy. Some administration officials, citing the methodical modernization of Beijing's military, are trying to build up the People's Republic of China as the new "superpower" that will challenge the United States. As yet there is no credible, consistent evidence supporting this view. This mission can be handled quite well and without challenge by the 12 Virginia Class submarines already built and a refurbished SSN-688 Los Angeles-class fleet.

Other missions that have been touted for the SSN-774 include covert intelligence collection, the inser-

tion and recovery of special operations teams, and the launch of tactical Tomahawk missiles. They all can be better handled by the four SSBN Ohio-class submarines being converted to SSGN configuration or by other surface ships. Should operational requirements for these missions exceed the ability of the current SSGN fleet, as many as four additional SSBNs could be converted to SSGNs, leaving 10 Ohio-class boats as part of the strategic deterrent force. This is more than enough to provide the recommended 311 operational nuclear weapons, recommended by the Air War College and School of Advanced Air and Space Studies professors previously mentioned.

V-22 OSPREY—Cancel the V-22 Osprey program for a savings of \$2.7 billion in FY 2011.

From its inception, the V-22 Osprey has been beset by safety, technical, and cost problems. The Pentagon began development of the Osprey in the mid-1980s. It is a unique aircraft, which takes off and lands like a helicopter and once airborne, flies like a plane. It was originally supposed to be a joint service program, but the Army dropped support for the program in the late 1980s. In 1991, Dick Cheney (then Secretary of Defense) called the program a turkey and canceled it because of cost concerns and continuing technical problems.

Cheney's decision was overridden by Congress, and with the support of Presidents Bill Clinton and George W. Bush, and now President Obama, the program has survived. But in the past 25 years of development, the V-22 has resulted in over 30 deaths and many accidents. Despite the expenditure of more than \$30 billion, the project is over 15 years behind schedule, and the total estimated cost of the program has risen from about \$30 billion to over \$50 billion.

Under current plans, the Pentagon intends to buy 35 of these aircraft in FY 2011 at a cost of over \$110 million for each helicopter.⁸⁰ That is nearly three times more than the original estimate and assumes that the Pentagon can get costs under control and solve the technical problems. Even if this unlikely scenario comes to pass, the Osprey would be only marginally more capable than existing helicopters in terms of speed, range and payload, yet cost at least five times

as much. Halting production of the V-22 will save \$2.7 billion in 2011 and over \$10 billion during the next five years, and would still leave the Marines with more than 150 of the V-22 hybrids. The Pentagon could save another \$5 billion by asking for a rescission on the funds appropriated but not allocated for the Osprey. Congress should evaluate whether buying an equivalent number of existing helicopters like the H-92 and CH-53 is desirable.

EXPEDITIONARY FIGHTING VEHICLE—Cancel the Expeditionary Fighting Vehicle (EFV) program.

The Obama administration requested \$240 million for the EFV in FY 2011, mainly for research and testing costs. Originally conceived in 1995, the EFV was supposed to be a high-speed amphibious assault vehicle. It was intended to speed Marines from ship to shore at 25 knots and then travel overland at 45 miles an hour. What has been produced so far is a vehicle that breaks down every eight hours on average, is unpredictable to steer in the water, and has more than doubled in price.

Events on the ground in Iraq and Afghanistan have overtaken the need for the EFV. The flat hull that enables it to skim over the water also makes it extremely vulnerable to Improvised Explosive Devices (IEDs), one of the deadliest threats facing U.S. soldiers in Iraq. To meet this threat, the United States has rapidly built an impressive fleet of Mine Resistant Ambush Protected vehicles (MRAPs) that are specifically designed to protect against IEDs. Indeed, MRAPs have proven themselves safer than not only the Humvee, but over twice as safe as the sturdy Abrams tank. With 14,000 vehicles worth \$22 billion already on order that provide this superior level of force protection, MRAPs have supplanted EFVs as the vehicle of choice for Marines operating in Iraq and Afghanistan.

With a total price-tag now topping \$12.7 billion (up from \$8.7 billion), and with the first deliveries delayed until 2015, this program should be cancelled at a savings of \$240 million in FY 2011.⁸¹

F-35 JOINT STRIKE FIGHTER—Slow down the F-35 Joint Strike Fighter program, cutting procurement from \$10.7 billion to \$2.7 billion, saving \$8 billion.

The F-35 joint strike fighter (JSF) is an ambitious program to build three related but slightly different aircraft for the Air Force, Navy, and Marine Corps. Current plans call for building 2,443 planes at a projected total cost of \$382 billion through 2036, or slightly more than \$156 million per plane, which makes the total program cost “more than double the original estimate of \$178 billion when the program was launched in 2001.”⁸² Moreover, since April of 2010, the estimate of the cost of the program has risen by \$54 billion and is likely to rise even more in the future.⁸³

This aircraft should be built, especially since production of the F/A 22 Raptor will stop at 187 planes. It is more cost-effective to produce the new Joint Strike Fighter platform than to upgrade older systems, which by 2010 needed to be replaced. Moreover, since all of these variants are meant to use common parts and are manufactured on a single and large-scale production line, it should be more affordable than allowing each of the services to develop its own unique aircraft. Finally, since so many allied countries are willing to purchase the fighter, the joint strike fighter will improve the ability of the United States to use military power in conjunction with allied forces, and will lower the unit cost of these fighter jets for the U.S. military.

The FY 2011 budget provides for a total of \$10.7 billion for the program, an increase of more than \$400 million over FY 2010.

However, given the technological problems caused by trying to build three fairly different planes from one design, which led Gates to fire the program manager and withhold \$614 million in payments from the plane’s prime contractor, Lockheed Martin, the program should not be rushed. The Pentagon should iron out all its technological problems before it goes into full-scale production. This country’s overwhelming numerical and qualitative advantage in tactical aircraft will not soon be challenged. Therefore, the Joint Strike Fighter program should be slowed down, and

funding reduced from the requested \$10.7 billion in FY 2010 to \$2.7 billion, saving \$8 billion.

OFFENSIVE SPACE-BASED WEAPONS—Keep these unproven, controversial, and ineffective systems in the research and development phase to yield \$1.5 billion in savings.

On June 28, 2010, the Obama administration modified the national security directive promulgated by the Bush administration on August 21, 2006 and released a formal National Space Strategy. According to the Bush-era document, the development and deployment of space-based weaponry was a high priority, as it was believed that their development would significantly expand U.S. military superiority. However, our conventional and nuclear weapons are already capable of destroying many of the ground targets that space-based weapons would, and at a fraction of the cost. Moreover, the Bush policy invited escalation of the global arms race to a new level. Since the Obama administration has broken with its predecessor's emphasis on offensive military space-based technology, keeping the program in the research and development phase would make sense. Therefore the estimated \$1.6 billion in funding suggested in FY 2011 should be pared to \$100 million.⁸⁴

NUCLEAR FORCES—Reduce nuclear weapons arsenal to 292 deployed weapons and 19 in reserve and eliminate the Trident II nuclear missile, generating \$20 billion in savings.

The total amount of funding allocated to maintain the nation's strategic nuclear arsenal is not publicly known, and is by its very nature secretive. Adding to the complicated nature of determining the cost of maintaining the nation's nuclear weapons capability is the fact that its funding is spread across several federal government departments and agencies, including the departments of Defense, Energy, Homeland Security, Health and Human Services, Justice, Labor, State, and Commerce.

However, the Obama administration recently revealed publicly that the United States possesses 1,968 operationally deployed strategic nuclear warheads and over 5,100 active warheads total in its stockpile.

Determining the cost of maintaining this stockpile of weapons includes more than the cost of operating, maintaining, and modernizing the nuclear warheads. This includes the cost of operating delivery systems, long-range bombers that can carry both nuclear and conventional weapons, environmental cleanup and nuclear waste disposal, nonproliferation activities, and homeland defense, among others.

While a comprehensive overview of the cost of maintaining the nation's stockpile and other elements of U.S. nuclear policy outlined above is not publically known, the most accurate estimate was produced by Stephen Schwartz and Deepti Choubey of the Carnegie Endowment for International Peace for the FY 2008 budget. That year, Schwartz and Choubey estimated the nuclear weapons budget—encompassing nuclear forces and operational support, deferred environmental and health costs, nuclear threat reduction, and nuclear incident management—to be \$43.2 billion. The majority of this funding (\$29 billion) was directed to nuclear forces and operational support. Adjusted for the average increase in the defense budget since FY 2008, total nuclear weapons-related appropriations would be approximately \$48.5 billion this fiscal year. Unfortunately, this figure is an estimate, due to the fact that any effective oversight of the nation's nuclear arsenal is made impossible by the secretive nature of the program.

The United States can maintain an effective nuclear deterrent with a much smaller nuclear force at a fraction of the current cost. Air War College and School of Advanced Air and Space Studies faculty members Gary Schaub and James Forsyth Jr. recently noted in *The New York Times* that an arsenal of 292 operational warheads, with another 19 in reserve for a total of 311, is more than capable of deterring known threats and hedging against unforeseen contingencies. In addition, we can cut the proposed 13 percent increase in the nuclear weapons complex. We estimate that reducing our nuclear arsenal to 311 and maintaining funding for the nuclear weapons complex at 2010 levels would generate \$20 billion in savings in FY 2011 alone.⁸⁵ Eliminating funding in this year's budget for the Trident II nuclear missile—an unnecessary weapon, given the availability of other strategic delivery vehicles—would save an additional \$1 billion.⁸⁶

RESEARCH, DEVELOPMENT, TEST AND EVALUATION—Reduce RDT&E from \$76.1 to \$66.1 billion, saving \$10 billion.

In today's dollars, the Pentagon spent \$50 billion on research, development, test and evaluation (RDT&E) in the 2001 fiscal year. For FY 2011 this budget requests \$76.1 billion, an increase of more than 50 percent. We recommend cutting \$10 billion in RTD&E funding across the board. This reduction could be made by reducing all existing programs proportionally. But it would still leave U.S. RDT&E funding for FY 2011 significantly above Reagan's peak FY 1987 level (\$59 billion in today's dollars).

Allocating such a large amount of funding for developing sophisticated futuristic weapons is hard to justify while the U.S. armed forces are primarily engaged in counterinsurgency campaigns combating radical extremists. The \$10 billion figure is in addition to the cuts in the specific systems listed above.

FORCE STRUCTURE—Cut two active component air wings and two carrier battle groups and their associated air wings from the Air Force for an annual savings of \$8 billion.

The so-called "war on terrorism" has been waged primarily by the ground forces of the Army and Marines, which have increased in size by nearly 92,000 since 2001. In the more than seven years since our military has been in Iraq and the nearly nine years in Afghanistan, the Air Force and Navy have played relatively minor roles. There are relatively few fixed targets in Afghanistan, and the bombing campaign in Iraq lasted only three weeks.

At the present time the Air Force, Navy and Marine Corps have more than 5,000 tactical combat planes and 1,800 armed helicopters, the same number they had in the Clinton administration. These aircraft are supported by 11 carrier battle groups, a number that drew criticism from Gates in his speech to the Navy League earlier this year. It is hard to imagine a scenario that would require such large numbers of aircraft. Therefore, two active Air Force wings and two carrier battle groups and their associated air wings can be eliminated without straining our forces. The annual costs of operating and maintaining the two

wings and the two carrier battle groups amount to at least \$8 billion.

WASTE, REDUNDANCY, AND MIS-MANAGEMENT—Reduce waste, redundancy, and mismanagement, saving \$15 billion.

Gates noted during an appearance at the Eisenhower Library in May 2010 that he intended to seek \$10 - \$15 billion in overhead costs that could be eliminated from the Pentagon's budget each year.⁸⁷ Moreover GAO found in 2009 that cost estimates for 10 of the Pentagon's 96 largest weapons programs have grown by 32 percent, rising to \$177 billion.⁸⁸ For 2008 programs, research and development costs are now 42 percent higher than originally estimated, and the average delay in delivering initial capabilities has increased to 22 months. Our realistic Unified Security Budget would ask the Pentagon to save \$15 billion a year by reducing waste and duplication and improving management.

V. Rebalancing Security: Prevention

Below is the scorecard of modest improvement in the funding for prevention relative to our recommendations last year:

Our economic struggles—recognized by the National Security Strategy as national security challenges—are among the reasons we propose this year smaller increases in the budget for prevention than in previous years. In part this reflects the fact that the administration’s budget request would already expand this account significantly. The exception to this smaller USB budget for prevention is in the accounts related to climate change—also identified by the National Security Strategy as a major security threat.

On the following page is the summary of our recommendations for FY 2011.

Diplomacy

The FY 2011 budget request for core diplomatic functions was \$11.2 billion, a nominal increase of about \$500 million over the FY 2010 request.

In October 2008, the American Academy of Diplomacy and the Stimson Center released “A Foreign Affairs Budget for the Future: Fixing the Crisis in Diplomatic Readiness.” Here we review some of its key recommendations, and report on the progress to date on implementing them.⁸⁹

- State should hire 1,099 additional staff members by FY 2014 for core diplomatic functions; equals additional \$510.5 million in FY 2014 above the CBO baseline.

Table 7: USB Scorecard: Prevention

(in billions of dollars)

	FY 2010 Budget Request	FY 2010 USB Recommended Budget Increase	FY 2011 Budget Request Increase/Decrease from FY 2010	Difference Between FY2010 USB Recommendation and FY2011 Actual Budget Request Increase
Diplomacy	10.70	+0.10	1.16	-1.06
Nonproliferation	2.13	+0.42	0.37	0.05
US Contributions to International Organizations	1.79	+0.21	-0.20	0.41
US Contributions to Peacekeeping	2.26	+0.24	-0.08	0.32
UN Central Emergency Response Fund	0.50	+0.50	-0.49	0.99
Economic Development	34.80	+19.42	4.60	14.82
Alternative Energy	8.31	+10.28	-0.45	10.73
Climate Change Adaptation	0.20	+14.50	0.13	14.37

Table 8: USB Proposed Changes to Non-Military Security Accounts
(in billions of dollars)

	Administration's FY 2011 Request	Task Force's Proposed Change
Diplomacy	11.86	+0.467
Nonproliferation	1.709	+0.26
U.S. Contributions to International Organizations	1.595	+0.35
U.S. Contributions to Peacekeeping	2.182	+0
UN Central Emergency Response Fund	0.01	+0
Economic Development	14.248	+7.38
Alternative Energy	7.86	+15.33
Climate Change Adaptation	0.334	+14.166
Homeland Security Measures		0

- USAID staffing should be increased by 1,050 foreign service officers and 200 civil servants, for a total U.S. direct-hire staffing increase of 1,250 by 2014.

Both State and USAID hires increased significantly in FY 2009 and FY 2010. The U.S. Global Leadership Coalition budget analysis reported that the increases in the budget request would fund an additional 528 State Department positions, including 369 Foreign Service Officers.⁹⁰ Funding for additional State/USAID hires for FY 2011, however, does not look to continue this trend due to deficit concerns, as indicated by the House Subcommittee markup.

In 2009, the State Department filled approximately 500 vacancies in the Foreign and Civil service, and hired more than 700 new Foreign Service personnel in FY 2010. As part of the Development Leadership Initiative, USAID hired 300 Foreign Service Officers in both FY 2009 and FY 2010.

In order to keep on pace, the FY 2011 request would need to propose roughly 300-350 new hires for USAID, but the administration request for FY 2011 is 200. The State Department is requesting 369 new hires for FY 2011.

- Reconstruction and stabilization staffing should be increased by 562 U.S. direct-hire staff by 2014; cost of increase: additional \$286 million in FY 2014.

The State Department is on the right trajectory for reconstruction and stabilization staffing. For FY 2010, the State Department has the budget authority, funding, and personnel authorities for the Office of Stabilization and Reconstruction (S/CRS) headquarters staffing at a higher level (100+) than the report recommends. S/CRS has the authority and funding for the 250 Civilian Response Corps-Active (CRC-A), but has not yet filled all the positions (S/CRS has hired roughly 110 of the 250 authorized). S/CRS has not hired anyone for the Reserve home office because the reserves have not been funded.

For FY 2011, the budget request would support continuing at the 100+/- and 250 levels. No one has proposed more than 250 for the CRC-A.

- Fund ambassadors to respond effectively to humanitarian and political emergencies. Increase central account by \$125 million in FY 2010 and \$75 million annually thereafter.

There has been no movement on this issue.

- Shift 493 Consular positions from fee to appropriated funded status, at a cost over baseline of \$160.6 million.

Through FY 2010, there has been no movement on this issue. For FY 2011, the administration requested an opposite shift: move more Consular officers from appropriated to fee status. The FY 2011 House Subcommittee markup did not follow suit.

- Certain existing programs in the area of public diplomacy should also be expanded. The total cost for these additional programs in FY 2014 is estimated at \$455.2 million. Increases for public diplomacy total \$610.4 million.

During the transition, many had hoped that public diplomacy would regain prominence over the next four years. To date, not much has changed. For FY 2009 and FY 2010, funding levels remain relatively constant. Like other areas, this trend may change for FY 2011.

The Task Force recommends an additional \$467 million in funding for diplomacy above the presi-

dent's request, in order to meet the benchmarks set for FY 2014 in the programs listed below.

Nonproliferation and Threat Reduction

In his historic Prague speech on nuclear weapons on April 5, 2009, President Obama noted that nuclear terrorism “is the most immediate and extreme threat to global security.” Recognizing that the best way to combat this threat is by limiting access to vulnerable nuclear weapons-usable materials, Obama stated that the United States would lead “a new international effort to secure all vulnerable nuclear material around the world within four years.” In April 2010, the president convened an unprecedented Nuclear Security Summit in Washington D.C., in which the leaders of 47 nations pledged their support for this goal.

While significant increases in funding both in the U.S. and abroad are required to reduce the threat of nuclear terrorism, the president's FY 2010 budget request did not comport with the urgency of the danger. The overall funding request for threat reduction in FY

Table 9: USB Recommended Increases in FY 2011 Diplomacy Budget
(in millions of dollars)

Recommended Increase	2014
Transfer of Security Assistance programs from DOD to DOS staff	0.785
Increase reconstruction and stabilization staffing	0.286
Staff core diplomatic functions	0.5105
Shift consular positions to appropriated fund status	0.1606
Expand public diplomacy programs	0.6104
Total divided by 6	0.392083333
Fund ambassadors to respond effectively, per year	0.075
Total recommended increase for 2011	0.467083333
President's Budget Request FY 2011	11.86

Sources: The American Academy of Diplomacy. *A Foreign Affairs Budget for the Future Fixing the Crisis in Diplomatic Readiness*. Rep. 2008. Print. The Task Force on A Unified Security Budget. *Report of the Task Force on A Unified Security Budget FY2008*. Rep. Washington, D.C., 2008. Print.

2010 was actually less than what Congress appropriated in FY 2009. Congress did not fare much better than the administration, as appropriations more or less matched the administration’s meager request.

The administration’s FY 2011 request includes significant increases for many key threat reduction and nonproliferation programs. However, this budget is still not likely to be enough to meet the president’s lofty goal. As Harvard University’s Matt Bunn notes, “at least these amounts—and probably more—will be needed to have any hope of achieving the four-year goal.”⁹¹ Funding will need to be augmented even further in the coming years, a difficult task given the current economic climate.

Funding for Threat Reduction and Non-Proliferation Programs

The Departments of Defense, Energy and State receive funding for non-proliferation and threat reduction programs.

Note that the above figure for the Department of Energy’s Defense Nuclear Nonproliferation budget does not include the request for the Fissile Materi-

Funding for threat reduction

The threat of nuclear terrorism is a low-probability, high-consequence event. Because the consequences of even one attack would be so calamitous, governments must go to great lengths to ensure that terrorists can never get their hands on materials that could be used in a nuclear device. Great progress has been made in improving nuclear security throughout the world, particularly in Russia and former Soviet Union states. However, significant vulnerabilities remain. For example, 20 countries are believed to possess bomb-grade nuclear material that is not secure.⁹²

The most effective strategy to reduce the risk of nuclear terrorism is to focus on safeguarding and eliminating dangerous materials at the source. Two Department of Energy threat reduction programs are especially critical to carrying out this objective: the Global Threat Reduction Initiative (GTRI) and the International Material Protection and Cooperation Program (INMPC).

The FY 2011 request includes \$558.8 million for GTRI, an important program to reduce and protect vulnerable nuclear and radiological materials located

at civilian sites worldwide. This is a significant increase of \$205.3 million over last year’s request and \$225.3 million above what Congress appropriated in FY 2010. GTRI provides for the conversion of research reactor cores using weapons-usable HEU to the use of non-weapons usable low-enriched uranium (LEU)

fuel, for the return of U.S. and Russian-origin HEU, for radiological threat reduction, for safe and secure storage of plutonium in Kazakhstan, and for the identification of gap material (material not covered by other existing programs). According to the National Nuclear Security Administration (NNSA), 67 HEU-fueled research reactors out of the 129 targeted by the GTRI program have been converted or shut down.

The request for the INMPC program, which aims to enhance the security and accounting of vulnerable stockpiles of nuclear weapons and weapons-usable nuclear material in Russia, is \$590.1 million, an increase of about \$37.8 million over last year’s request

Agency	FY 2010 appropriations	FY 2011 funding request
Department of Defense	\$433.2 million	\$524 million
Department of Energy	\$1.43 billion	\$1.66 billion
Department of State	\$296 million	\$317.9 million

als Disposition program (about \$1.03 billion), of which the majority of funding is dedicated to disposing surplus U.S. plutonium and highly enriched uranium (HEU) (including about \$612.8 million for construction of the Mixed Oxide [MOX] Fuel Fabrication Facility and the Waste Solidification Building at the Savannah River Site, SC). The numbers addressed in the table are focused on threat reduction programs in other countries, not the U.S. preference for downblending excess fissile material to produce MOX.

and \$18 million over the FY 2010 appropriation. However, \$265.3 million of the INMPC budget is for Second Line of Defense, which is focused on deterring and detecting illicit trafficking of nuclear materials across international borders. If current budget projections hold, Second Line of Defense will account for nearly the entirety of the INMPC budget by FY 2013. The budget profile assumes that the funding in the INMPC program devoted to securing nuclear material at the source (first line of defense) will not be needed by 2012, though some experts worry that this is wishful thinking.

The FY 2011 request also includes a large increase for the Department of Defense's Cooperative Threat Reduction (CTR) program, which enables the removal and shipment of nuclear warheads from former Soviet countries to Russia, buttresses security at Russian nuclear weapons storage sites, and assists in the dismantlement and destruction of Russian nuclear silos and delivery vehicles. The request is \$524 million, \$120 million above last year's funding request and about \$90.8 million above the FY 2009 appropriation. This includes \$74 million for the new Global Nuclear Lockdown Program, which will establish regional centers of excellence for nuclear security around the world.

Funding for non-proliferation programs

The total FY 2010 budget request for the Department of State for non-proliferation programs is \$317.9 million, an increase of \$26.3 million over last year's request and \$21.9 million above FY 2010 appropriations. This includes funding for the Non-Proliferation and Disarmament Fund, Export Control and Border Security Assistance, Global Threat Reduction, voluntary contributions to the IAEA, contributions to the CTBT International Monitoring System, and Weapons of Mass Destruction Terrorism programs. These programs complement the Department of Energy's non-proliferation programs.

The State Department's budget request increased funding for U.S. voluntary contributions to the IAEA and the CTBT International Monitoring System. The FY 2011 budget request for the IAEA is \$79.5 million (\$14.5 million above last year's appropriation) and the request for the CTBT International Monitoring System is \$33 million (\$3 million above

last year's appropriation). However, it's disconcerting that this year's request for the Nonproliferation and Disarmament Fund is \$18 million below last year's appropriation. This fund is a particularly important threat reduction and nonproliferation tool because it has special authority to "respond rapidly to nonproliferation and disarmament opportunities, circumstances or conditions that are unanticipated or unusually difficult, but of high priority."⁹³

The non-proliferation programs at the Department of Energy include the Non-Proliferation and Verification Research and Development program, for which the FY 2011 funding request is about \$351.6 million (about \$34.3 million more than last year's appropriation), and the Non-Proliferation and International Security program, for which the request is \$155.9 million (about \$31.3 million below last year's appropriation).

Non-proliferation and threat reduction still requires more funding and attention

The FY 2011 budget request for threat reduction and nonproliferation is an improvement over last year's request, but it is still not enough to meet the necessary and ambitious goals that Obama laid out in his Prague speech and reaffirmed at the recent Global Nuclear Security Summit.

Nuclear security experts have noted that the budget includes only one new initiative: CTR's \$74 million Global Nuclear Lockdown Program. In addition, the out-year budget profile for the GTRI program is unbalanced, as the largest increase is slated to come in FY 2014. More funding must be provided sooner to ensure that a disproportionate amount of work is not left until the final year of the four-year goal. Another concern is that due to congressional restrictions on nuclear security spending in Russia and the former Soviet states, the INMPC program is slated to become a Second Line of Defense-only effort after 2012. However, INMPC's first line of defense activities will be necessary beyond 2012, and it is important that the U.S. continue to protect the significant investment that it has made to these activities in Russia. At the very minimum, the budgets for the GTRI and INMPC programs should increase to about \$700-\$750 million per year in fiscal years 2012, 2013, and 2014, and the restrictions on nuclear security spend-

ing in the former Soviet Union after 2012 should be relaxed.⁹⁴

It's also important to keep in mind that nuclear security requires much more than increased funding. As a recent Congressional Research Service report on threat reduction points out:

It should be noted that looking simply at whether budget amounts are increased or decreased may not provide a full picture of the U.S. commitment to nuclear security. As more nuclear materials are secured are removed in countries open to cooperation, programs will spend more effort on securing agreement from countries resistant to such measures... This will require U.S. persuasion and diplomacy, which more difficult to budget. In addition, as cooperative threat reduction work generally shifts from capital intensive projects such as building a material storage site to sustainability and training related work, the funding necessary will likely eventually decrease while the work could still provide significant benefits.⁹⁵

The Nuclear Security Summit was an important step in raising awareness about the importance of securing loose nuclear materials within four years. More than just promising to work towards this ambitious goal, the leaders in attendance made promises to take concrete measures toward achieving it. Nuclear security will require a global effort, but U.S. leadership

is critical. Despite the tough economic environment, the Obama administration and Congress must ensure that future budget requests for threat reduction and non-proliferation programs are large enough to meet the high priority the President has placed on safeguarding and eliminating dangerous nuclear weapons-usable materials worldwide within four years.

Economic Development

In September 2010, the international community will hold a special summit at the United Nations to take stock of its progress toward achieving the Millennium Development Goals (MDGs). With only five years remaining before the 2015 deadline set at the UN Millennium Summit in 2000, the stock-taking exercise will have urgency to it. In recent years the global food, fuel and financial crises have resulted in tremendous hardship for the world's poorest people, including a dramatic rise in hunger and malnutrition, unraveling hard fought gains in many parts of the world. Today, over a billion people suffer from hunger and 1.4 billion live on less than \$1.25 a day.

The UN Millennium Project's 2005 report "Investing in Development" estimated that additional official development assistance (ODA) needed to meet the MDGs was about \$152 billion in 2010, rising to \$195 billion in 2015.¹⁰⁰ At the Gleneagles G8

Table 11: Recommended Non-proliferation and Threat Reduction Funding Increases

Programs	FY 2011 Request	Recommended Increase
Department of Energy International Material Protection and Cooperation (excluding Second Line of Defense)	\$324.8 million	+\$20-30 million ⁹⁶
Department of Energy Global Threat Reduction Initiative	\$558.8 million	+\$150 million ⁹⁷
Department of Energy Non-Proliferation and Verification R&D and Non-Proliferation and International Security	\$507.5 million	+\$50 million ⁹⁸
Department of State Non-Proliferation programs	\$317.9 million	+\$34 million ⁹⁹

Summit in 2005 G8 countries, including the United States, pledged to double aid to sub-Saharan Africa from \$25 billion in 2004 to \$50 billion in 2010, and increase aid globally from \$80 billion in 2004 to \$130 billion by 2010 to accelerate progress toward achieving the MDGs. According to a recent assessment by the Organization for Economic Cooperation and Development (OECD),¹⁰¹ donors will fall short of this commitment by \$18 billion in 2004 dollars. Aid to sub-Saharan Africa increased by only \$11 billion, significantly below donor pledges. According to the ONE Campaign's Data Report, the United States achieved its G8 commitment to double development assistance to sub-Saharan Africa by 2010 in 2009—albeit from a very low baseline of \$4.4 billion in 2004, to \$9.17 billion in 2009.¹⁰² Much of this increase was in the area of global health, specifically funding for HIV/AIDS programs through PEPFAR.

In 2009 according to the OECD, the United States spent \$28.67 billion or 0.20 percent of its gross national income on official development assistance, up from \$19.7 billion in 2004.¹⁰³ During that period, there has been a significant increase in funding for HIV/AIDS funding through PEPFAR, from \$488 million in FY 2004 to \$5.2 billion in FY 2009. The Millennium Challenge Account (MCA) and the president's Malaria Initiative were also launched during that period. PEPFAR has been successful in getting 2.4 million people onto anti-retroviral treatment. It has also provided counseling and care for millions more. The MCA launched the U.S. government's first development program that supported country-owned and country-led development strategies. It also has the authority to provide funding over three years—recognizing that development takes time and that the most meaningful and difficult task is helping countries build their internal capacity to address their own challenges. This was an important shift in U.S. development policy. In a constrained budget environment, however, over the years funding for PEPFAR has crowded out funding for other health and development priorities.

On the campaign trail, Obama made a commitment to double aid to \$50 billion by 2015. The administration's FY 2011 budget requests \$39.4 billion for Foreign Operations, which funds the bilateral and multilateral programs that respond to humanitarian emergencies and reduce poverty by providing support

health, education and economic development activities. The foreign operations funding figure also includes aid for political or security purposes, including assistance to Afghanistan and Pakistan, anti narcotics activities and military training assistance. This request puts the administration on track to meet Obama's campaign pledge. Bread for the World estimates that about \$21.73 billion of the Foreign Operations budget is poverty-focused development assistance, up from \$20.1 billion in FY 2010. From a very meager \$6.72 billion in 2000, U.S. poverty-focused development assistance has tripled in the last decade.

Bilateral programs in the FY 2011 budget request

In the area of global health, the budget request increases funding for global health and child survival programs from \$2.42 billion in FY 2010 to \$3.013 billion in FY 2011, and global HIV/AIDS (PEPFAR) from \$5.3 billion in FY 2010 to \$5.5 billion. In global development funding, the administration's budget request increases funding for the Development Assistance Account from \$2.52 billion to \$2.98 billion (for programs such as basic education, agriculture, democracy and governance, and capacity building) and the Millennium Challenge Account from \$1.1 billion to \$1.28 billion. It also increases funding for the Peace Corps from \$400 million to \$446 million. For the most part, this budget request increases funding for the administration's focus on food security (see below), including agriculture and rural development through the increase in the Development Assistance account and on maternal and child health and health systems, while holding PEPFAR funding relatively close to FY 2010 levels.

Multilateral programs in the FY 2011 budget request

The budget request reflects the administration's belief that effective multilateral institutions and partners are needed to address global challenges. It increases funding for key multilateral accounts that have been instrumental in supporting developing countries during the global food, fuel and financial crises. This includes the World Bank's concessional lending program, the International Development Association, from \$1.263 billion to \$1.285 billion, to cover the U.S. contribution plus \$50 million in arrears; and the Asian Development Fund, from

\$105 million to \$115.3 million. In the area of climate change, it also increases funding for the Global Environmental Facility, from \$86.5 million to \$175 million to meet the new level of U.S. commitment under the 5th Replenishment of the GEF—\$170 million plus \$5 million to cover arrears. The budget request reduces the U.S. contribution to Global Fund to fight AIDS, Tuberculosis and Malaria from \$750 million to \$700 million.

Recommendations

The development advocacy community is very diverse and has a diverse set of interests. InterAction, a broad coalition of development organizations, created a set of recommendations for the FY 2011 budget based on an assessment of need. Below are recommendations for some of the bilateral global health and development accounts.

New Initiatives

With the FY 2011 budget request, the Obama administration boosts funding for the implementation of its two new initiatives, the global hunger and food security initiative, Feed the Future,¹⁰⁴ and the Global Health Initiative (GHI).¹⁰⁵

In 2009, at the L'Aquila G8 Summit, President Obama garnered the support of G8 leaders to launch a \$22 billion food security initiative to increase investments in improving the productivity of small-holder farmers and food security. The U.S. pledged \$3.5 billion towards this initiative. The launch of the Feed the Future Initiative and the budget request of

\$1.169 billion in the Development Assistance account for agricultural development programs; \$200 million for maternal and child nutrition in the Global Health and Child Survival account; and \$408 million for the multilateral Global Hunger and Food Security Program Trust Fund administered by the World Bank, (at the launch of the Trust Fund in April the administration increased its pledge to \$475 million) begin to fulfill the L'Aquila commitment.

This increase in funding for agricultural development begins to reverse 25 years of neglect by the United States and other donors of the agriculture sector in developing countries, which is vitally important for the 75 percent of the world's poor who live in rural areas. In 1984, the U.S. allocated 18 percent of its aid budget to agriculture. That allocation fell dramatically in the 1990s and reached a low of 3 percent in recent years. The food-price crisis helped raise awareness of the importance of this sector to food security and poverty reduction in developing countries.

The Global Health Initiative incorporates all U.S. spending on global health, including PEPFAR. It will invest \$63 billion over six years to build on existing global health programs and strengthen health systems in developing countries. It will focus on improving health outcomes for women and children through investments in maternal and child health and nutrition.

Foreign Aid Reform

Both Feed the Future and the GHI aim to improve the effectiveness of U.S. development assistance

Table 12: Recommended Increases for Global Development

(in millions of dollars)

Account	Recommendations	Difference from FY 2011 Request (\$ in millions)	FY 2010 level
Global Health and Child Survival	5,359	2,346	2,420
Development Assistance	5,015	2,035	2,520
Millennium Challenge Account	2,100	821	1,100
PEPFAR	7,150	1,650	5,300
USAID Operating Expenses	2,000	524	1,388.8

by supporting country-led strategies, investing in long-term sustainable approaches, fostering strategic coordination among donors and aid programs, and promoting transparency and accountability through measuring results and leveraging other partners. These initiatives coincide with efforts to reform U.S. foreign assistance and reauthorize the Foreign Assistance Act of 1961.

The Modernizing Foreign Assistance Network (MFAN), a reform coalition composed of international development and foreign policy practitioners, policy advocates and experts, concerned citizens and private sector organizations, has put forward some core principles:

- Elevate global development as a national interest priority in actions as well as in rhetoric.
- Align foreign assistance policies, operations, budgets and statutory authorities.
- Rebuild and rationalize organizational structures.
- Commit sufficient and flexible resources with accountability for results.
- Partner with others to produce results.

MFAN also developed priority actions:

- Develop a national strategy for global development.
- Reach a “grand bargain” between the Executive branch and Congress on management authorities and plan, design and enact a new Foreign Assistance Act.
- Streamline the organizational structure and improve organizational capacity by rebuilding human resource capacity and by strengthening monitoring and evaluation.
- Increase funding for and accountability of foreign assistance.

The Obama administration has undertaken two separate reviews of U.S. development policy, recognizing the need to have effective development tools in the foreign policy toolbox. Last summer, Obama issued a Presidential Study Directive (PSD) on Global Development Policy. The study is being led by the National Security Council. The State Department has also launched a Quadrennial Diplomacy and Development Review (QDDR). These efforts are likely to be completed in 2010 and will outline the administration’s approach to global development. In Congress, the House Foreign Affairs Committee is working on a rewrite of the Foreign Assistance Act and the Senate Foreign Relations is also considering reform legislation.

The administration’s National Security Strategy lifts up development as a foreign policy priority:

Development is a strategic, economic, and moral imperative. We are focusing on assisting developing countries and their people to manage security threats, reap the benefits of global economic expansion, and set in place accountable and democratic institutions that serve basic human needs. Through an aggressive and affirmative development agenda and commensurate resources, we can strengthen the regional partners we need to help us stop conflicts and counter global criminal networks; build a stable, inclusive global economy with new sources of prosperity; advance democracy and human rights; and ultimately position ourselves to better address key global challenges by growing the ranks of prosperous, capable, and democratic states that can be our partners in the decades ahead. To do this, we are expanding our civilian development capability; engaging with international financial institutions that leverage our resources and advance our objectives; pursuing a development budget that more deliberately reflects our policies and our strategy, not sector earmarks; and ensuring that our policy instruments are aligned in support of development objectives.¹⁰⁶

The budget request, and the launch of Feed the Future and the Global Health Initiative, point to the administration’s commitment to elevating development as a foreign policy priority.

The new initiatives focus on reducing poverty and improving health and development outcomes in low-

income developing countries through strengthening institutions and capacity. They aim to improve aid effectiveness and support country-owned development strategies. While the initiatives have led to greater coordination between USAID, State, and USDA, they do not address the fragmentation of the overall aid system. The reviews provide an opportunity for the administration to outline how it plans to ensure coordination, coherence and an “all of government” approach to development. The administration has yet to articulate an overarching global development strategy—this may come after the release of the PSD and QDDR.

While these reviews are taking place, a diverse set of voices are speaking up in support of increasing the resources and capacity of U.S. development agencies. The U.S. Global Leadership Campaign, a broad-based influential network of 400 businesses and NGOs; national security and foreign policy experts; and business, faith-based, academic and community leaders, have recently launched an initiative, Veterans for Smart Power, to bring military voices into the discussion about the importance of diplomacy and development.¹⁰⁷

U.S. contributions to international organizations

The Contributions to International Organizations (CIO) Account pays the dues assessed to the United States by international organizations, including the World Health Organization, NATO, the International Atomic Energy Agency, the Organization for Economic Cooperation and Development, and the United Nations.

In 2008, there was a \$167 million shortfall in U.S. contributions to international organizations. The FY 2009 request, despite a 13 percent increase, did not address previous arrears. The United States finally paid the remaining \$88 million in uncontested arrears at the beginning of 2009. The FY 2010 budget increased funding for the CIO account to \$1.682 billion, higher than the FY 2009 level of \$1.53 billion. The FY 2011 president’s budget request for CIO is \$1.595 billion.

The United States’ full payment of its assessed contribution to the United Nations is a very important development. Nothing symbolizes the U.S. relationship to the rest of the world better than its commitment to engage fully with this institution, and no professed commitment can be taken seriously while our failure to underwrite it financially says otherwise.

Table 13: Contributions to International Organizations

	FY 2011 President’s Budget Request	FY 2011 CGS Request	Total Proposed Increase from President’s FY2011 Budget Request
Contributions to International Organizations	\$1.595 billion	\$1.945 billion (including additional \$300 million each year for five years to catch up on back UN dues, and \$50 million for FSO multilateral training)	\$350 million
Contributions for International Peacekeeping Activities	\$2.182 billion	\$2.182 billion	\$0
Central Emergency Response Fund	\$10 million	\$10 million	\$0

As U.S. Ambassador to the United Nations Susan Rice has said, “In the past, our failure to pay all of our dues and to pay them on a timely basis has constrained the UN’s performance and deprived us of the ability to use our influence most effectively to promote reform. Obama believes the U.S. should pay our dues to the UN in full and on time.” Now that the United States has paid all of its dues to the United Nations through the FY 2009 supplemental in full, it must begin to pay the dues on time. This begins with resynchronization.

Due to the United States fiscal cycle, the U.S. currently pays all of its dues to international organizations one calendar year late. These payments need to be resynchronized, so that assessments to the United Nations and other international organizations can be appropriated over a multiyear period, enabling the United States to resume paying its dues at the beginning of each calendar year. This would help ensure that the United Nations has sufficient funding throughout the year without having to engage in unsound budgetary practices. In order to resynchronize our UN dues payments, an additional \$300 million in funding for the CIO account should be added to the U.S. budget each year for the next five years.

Other international organizations funded through this account deserve special mention, and increased funding. The International Atomic Energy Agency (IAEA) is responsible for monitoring stockpiles of nuclear materials across the globe. The World Health Organization takes the lead in preventing global pandemics like the H1N1 virus. These organizations, whose missions could not be more important to the safety of U.S. citizens, are underfunded.

Additionally, in order to enhance the careers of Foreign Service Officers (FSOs) who work in multilateral organizations, a program should be developed to provide better training for them and also for the ambassadors who serve in multilateral agencies. We believe \$50 million in funding should be provided for such a training program, and a requirement should be instituted that all FSOs who want to join the Senior Foreign Service must serve for a time in a multilateral organization.

Recommendation: Fully fund the president’s FY 2011 budget request for the Contributions to Interna-

tional Organizations account (CIO) of \$1.595 billion, and resynchronize U.S. payments to international institutions. Also, add an additional \$300 million in CIO funding each year for the next five years to enable the U.S. to catch up in its dues payments. Additionally, provide \$50 million for a new training program for FSOs and ambassadors working in multilateral organizations.

U.S. Contributions to United Nations Peacekeeping

As a permanent member of the United Nations Security Council, the United States approves all UN peacekeeping operations. The United Nations Department of Peacekeeping Operations (DPKO) currently has more than 100,000 troops and personnel, deployed in 15 peacekeeping operations and one political mission around the world. The General Accounting Office of the UN estimates that UN peacekeeping is eight times less expensive than a traditional U.S. military force. A RAND report from 2005 looked at eight missions being conducted by the UN and eight by the U.S. Of the UN peacekeeping missions, seven remained at peace after the mission had ended, while only four of the U.S. operations could say the same.

For FY 2011, the Obama administration has requested \$2.182 billion for the Contributions for International Peacekeeping Account (CIPA). In FY 2008, the United States allocated \$2.06 billion to this account. In FY 2009, the United States allocated \$1.66 billion initially and \$836 million in the 2009 supplemental. In FY 2010, the U.S. allocated \$2.125 billion to the CIPA account.

Recommendation: Permanently lift the peacekeeping cap.

The United States is assessed approximately 27 percent of UN peacekeeping costs. However, the U.S. government has placed a cap on what the United States will pay toward peacekeeping, at 25 percent of UN peacekeeping costs. This difference accumulates significant arrears for the United States and puts all UN peacekeeping missions at a disadvantage. While

the peacekeeping cap has been raised recently on a year-by-year basis, it needs to be permanently eliminated so this issue need not be dealt with every year. For missions deemed to be crucial in protecting U.S. security interests, a lack of funding could inhibit the mission's success.

Not a single UN peacekeeping mission is undertaken without U.S. approval. UN peacekeeping has bolstered successful government transitions in Namibia, El Salvador, Nicaragua, and Guatemala. Currently, the UN has peacekeeping forces in Darfur, Sudan, the Democratic Republic of Congo (DRC), Central African Republic and Chad, Haiti, Afghanistan, India and Pakistan, Cyprus, and Kosovo, among others. In the countries where they are deployed, UN peacekeepers play a critical role in protecting the local civilian populations and maintaining peace. Without the presence of these UN forces, the safety of individuals and the stability of nations are threatened.

Recommendation : Fully fund the FY 2011 president's budget request of \$2.182 billion for the CIPA account to support United Nations peacekeeping. Also, permanently raise the cap on U.S. contributions to these missions to the assessed level.

UN Central Emergency Response Fund

In 2006, the UN established a Central Emergency Response Fund (CERF) to enhance its capability to provide a truly rapid response to life-threatening emergencies. CERF strives to provide predictable and equitable funding within 72 hours of when an emergency strikes. The CERF in turn disburses money to UN operating agencies, as deemed necessary. In 2006, the United States contributed to the CERF, but has not contributed since. Fiscal years 2007 through 2009 did not include any requests for funding the CERF. For 2010, the United States has promised to provide \$10 million in funding for CERF, but has not yet paid it.

In just the few years it has existed, CERF has helped save countless lives in dozens of nations like Haiti, Sri Lanka, Afghanistan, and Sudan. It has

played a critical role in providing humanitarian assistance to Haiti following the devastating earthquake in January, distributing a total of \$36.5 million in aid as of June 2010. In addition to its work in Haiti, CERF provided money to UN operating agencies working in the horn of Africa after a severe drought in 2006. In August 2009, CERF provided \$1.2 million for the care of 25,000 persons internally displaced by severe floods in Sa'ada, Yemen. In late July 2009, CERF allocated \$5.2 million to care for those displaced by conflict in Mindanao, Philippines. After a warning in July 2008 from the World Food Program that 40 percent of North Koreans were in urgent need of food aid, CERF designated \$2 million to go to North Korea.

The CERF fund currently contains up to \$500 million. It depends upon voluntary contributions from governments and nongovernmental actors, and its efforts in Haiti have used up a significant portion of its resources. The United States should support an organization that works to help millions recover from natural disasters and prevent further destabilization.

Recommendation: The United States should pay the \$10 million it has promised to CERF this year, and continue to make appropriate yearly contributions to this fund.

Funding for Genocide Prevention

Despite frequent cries of "never again" from the U.S. government and the world community after the Holocaust during World War II, the reality is that genocide and mass atrocities continue to occur. The past 20 years alone have been marked by several incidents of genocide committed against innocent civilians. In the 1990s in Bosnia, up to 200,000 people were murdered; in Rwanda, up to 1 million people were killed in just 100 days in 1994.

According to the U.S. government, over the last three years alone mass killings have occurred in Sudan, the Democratic Republic of Congo, and Sri Lanka. In his recent testimony to Congress, Director of National Intelligence Dennis Blair stated that

Sudan is the country in which genocide is most likely to occur in the near future.

In 2008, former Secretary of State Madeleine Albright and former Secretary of Defense William S. Cohen issued a report entitled “Preventing Genocide: A Blueprint for U.S. Policymakers,” the culmination of efforts by former senior government officials and civil society. This Genocide Prevention Task Force (GPTF) Report lays out a framework with step-by-step recommendations on how Congress, the administration and American citizens can contribute to the prevention of future genocides.

The U.S. government should immediately adopt the recommendations of the Genocide Prevention Task Force, including its recommendations that 1) Congress must increase by \$200 million annually State Department, foreign assistance and foreign operations funding for activities to help de-escalate crises, and prevent genocide and atrocities; and 2) Congress must authorize an additional \$100 million for the Complex Crises Fund to enable the Secretary of State and Administrator of USAID to enable rapid response capabilities on countries, regions or populations that present an unexpected threat to stability, for post-crisis stabilization or reconstruction.

Recommendation: The U.S. government should adopt the recommendations of the GPTF Report. Specifically, Congress should increase funding for genocide prevention by providing an additional \$200 million annually in State Department, foreign assistance and foreign operations funding for activities to help de-escalate crises and prevent genocide and atrocities, and authorizing an additional \$100 million for the Complex Crises Fund to enable rapid response to genocides.

Renewable Energy

On June 15, 2010, Obama gave his first speech from the Oval Office, addressing the Deepwater Horizon oil spill. “The tragedy unfolding on our coast is the most painful and powerful reminder yet that the time to embrace a clean energy future is now... As we recover from this recession, the transition to clean energy has the potential to grow our economy

and create millions of jobs—but only if we accelerate that transition.”¹⁰⁸

The urgency was underscored by new data from the National Oceanic and Atmospheric Administration showing that during the first half of 2010, combined global land and ocean surface temperatures were the highest they have been since scientists began measuring them, in 1880.¹⁰⁹

Former CENTCOM commander Anthony Zinni put this urgency in a security context: “We will pay for this one way or another. We will pay to reduce greenhouse gas emissions today...or we will pay the price later in military terms. And that will involve human lives. There will be a human toll.”¹¹⁰

The 2011 Quadrennial Defense Review elaborates on climate change as a security threat:

Assessments conducted by the intelligence community indicate that climate change could have significant geopolitical impacts around the world, contributing to poverty, environmental degradation, and the further weakening of fragile governments. Climate change will contribute to food and water scarcity, will increase the spread of disease, and may spur or exacerbate mass migration. While climate change alone does not cause conflict, it may act as an accelerant of instability or conflict.

While the Recovery Act provided substantial funds to underwrite a clean energy transition, the FY 2011 budget request was far more constrained. It falls short of what is needed in every category: research and development, the commercialization of this R&D, and tax incentives for the private sector to embrace the same vision of the future.

Research and Development

Research and development funding is appropriated through the Department of Energy’s Energy Efficiency and Renewable Energy (EERE) programs. The FY EERE Budget for 2009 was \$1.722 billion, and \$2.31 billion in 2010. In 2011 the request was \$2.36 billion. A group of Republican congressmen asked the Congressional Research Service to compare current levels of federal spending on energy R&D to

the funding for the Manhattan and Apollo Projects during the 1940s and 1960s, respectively.¹¹¹ The report found that to match the Manhattan Project, clean energy funding would have to be increased to \$4 billion per year (2007 dollars, \$4.28 billion in 2010). To match the Apollo program's funding, the budget would have to be increased to \$7 billion per year (2007 dollars; \$7.49 billion in 2010).

Commercialization

Commercialization of R&D efforts is extremely important: It is the primary way society is paid back for supporting basic R&D, and it is the way to drive the price of renewable energy lower over time.¹¹² The Energy Policy Act of 2005, Title XVII, required DOE to select new technologies not previously commercially deployed, and select projects to receive a loan guarantee for up to 80 percent of the total installed cost of the project. No loan guarantees were made under that program. The Recovery Act moved to remedy that primarily by providing an appropriation of \$6 billion to offset the "subsidy cost" of loan guarantees made to innovative technologies. It is assumed that the \$6 billion will support \$60 billion of loan guarantees, which in turn will support \$75 billion in total investments in technology commercialization projects. This assumes the projects are developed with 80 percent debt (loan guarantees) and 20 percent equity.

A reasonable target for a commercialization program would require supporting 1,850 megawatts per

year of new technologies (10 percent of the target goal of 18,500 MW). If successful, this would turn over renewable technologies every 10 years. The average capital cost of present renewable generation is between \$2 and \$4 million per MW. Since first-time installed costs are double fully commercialized technologies, a reasonable estimate of the capital expenditures for the 1,850 MW would be \$7.4 and \$14.8 billion per year. Conservatively, the Stimulus Loan Guarantee program can support five years of partial commercialization efforts.

The Loan Guarantee support in the stimulus bill should be made permanent, at \$1.2 billion per year. In addition, the Loan Guarantee should be married to the traditional cost share effort for commercializing innovative technologies. Under traditional commercialization practice, this initial capital expenditure would be shared 50/50 between the private and public parties. A budget outlay for this program would be \$3.7 billion per year.

Tax incentives

For renewable electric technologies already in the marketplace, federal energy policy has relied on investment and production tax credits to leverage private investment. For wind and photovoltaic technologies, the tax credit leverages \$2 for every dollar of credits. Using that 2:1 leverage ratio a stabilization wedge, which requires on average \$37 billion per year of total investment, could be obtained

Table 14: Recommended Increases in Funding for Alternative Energy

Program Area	Budget Required	2010 Budget	2011 Budget Request	Increase Recommended
Basic R&D	\$7.49 billion	\$2.31 billion	\$2.36 billion	\$5.13 billion
Commercialization	\$3.7 billion plus existing loan guarantee of \$6 billion	\$6 billion (in ARRA budget for multiple years)	\$0.5 billion (plus \$6 billion in ARRA budget for multiple years)	\$3.2 billion
Deployment Incentives	\$12 billion	ARRA estimated tax credits through cash grants are \$6 billion	\$5 billion	\$7 billion
Total	\$23.19	8.31 billion	\$7.86 billion	\$15.33 billion

with tax credits of \$12 billion per year. These tax credits, or equivalent incentives, must be made a permanent part of our national energy policy. They provide a public return for technologies that add to energy security and address climate stabilization challenges.

Climate Change Adaptation

Unrestrained fossil fuel burning over the last century by the developed world has already created problems that will be felt disproportionately by the developing world. Developed countries must, obviously, stop exacerbating these problems by dramatically reducing their own emissions by 25-40 percent below 1990 levels by 2020. As the country that has done the most to create the problem the rest of the world is now dealing with, the United States should reduce its emissions by at least 80 percent below 1990 levels by 2050. Rich countries should also provide assistance to help poor countries to access clean technologies.

But there is also a growing international consensus on the need for rich countries, including the United States, to provide compensatory funding to developing countries to help them adapt to the impacts of climate change that are already underway. These include reductions in food production caused by increases in droughts and flooding, greater climate variability leads to increased disease, decreased access to water and, in some cases, a need to relocate entire communities. These funds must be added to traditional streams of development assistance.

The United Nations Framework Convention on Climate Change (UNFCCC) estimates that \$67 billion a year is needed to for adaptation funding. It is important to consider the quality of those funds as well as the quantity. Any adaptation funds should be directed primarily through multilateral channels (especially the Adaptation Fund set up under the UNFCCC) and must meet basic principle of democratic governance, civil society participation, sustainable and compensatory funding levels, no economic policy conditionality and access for the most vulnerable.

Based on historic emissions levels and capacity to pay, Action Aid has estimated the U.S. share of the global cost at \$29 billion. We recommend that the United States fund at least half of the \$29 billion dollars Action Aid has estimated is its share of the UNFCCC funding, or \$14.5 billion dollars. Between FY 2010 and FY 2011, the U.S. budget request for climate change adaptation funding increased from \$200 million to \$334 million. While this is a positive improvement, it is still only a tiny fraction (2.3 percent) of this year's USB recommendation.

VI. Rebalancing Security: Defense

Homeland Security in 2009 and 2010

Since the publication of the last Unified Security Budget in November 2009, media and policy attention with respect to homeland security has been dominated by the response to three incidents: the November 5, 2009 shootings at Fort Hood in Texas;¹¹³ the failed December 25, 2009 attempt to detonate an explosive device onboard Northwest flight 253 from Amsterdam to Detroit;¹¹⁴ and the May 1, 2010 incident, in which an SUV packed with explosive material was left in Times Square in New York City.¹¹⁵

These plots appear to be signaling a move by al Qaeda and its allies away from “spectacular” 9/11-style mass casualty events “for which the U.S. homeland security apparatus became attuned” after 2001, toward simpler, more familiar forms of terrorist attack “that may be harder to thwart.”¹¹⁶ The last two events in particular have raised serious questions about the progress of federal homeland security efforts since 2001.

In the case of the Northwest Airlines flight, concerns have been raised because the suspect was allowed to board a U.S.-bound passenger aircraft in spite of the U.S. government having “sufficient information prior to the attempted December 25 attack to have potentially disrupted the AQAP (Al Qaeda in the Arabian Peninsula) plot—i.e., by identifying Mr. Abdulmutallab as a likely operative of AQAP and potentially preventing him from boarding flight 253.”¹¹⁷ And there were further worries about the inability of the airport checkpoint screening in Amsterdam to discover the explosives that were apparently sewn into the suspect’s clothing.¹¹⁸ The Times Square plot revealed a lag in the time between when U.S. authorities placed the suspect’s name on the “no-fly” list, and when that information was conveyed and received by airlines, resulting in the suspect being initially allowed to board a Dubai-bound flight in New York on May 3 before being removed by authorities prior to the plane’s takeoff.¹¹⁹

Problems with both the “no-fly” list and checkpoint screening have been long noted by independent observers, including in last year’s Unified Security Budget.¹²⁰

The *FY 2010 Unified Security Budget* proposed \$5.4 billion in additions to the Obama administration’s homeland security budget, but Congress subsequently made few changes to the administration proposal in its final appropriations action. (See Table 15.)

The FY 2011 Budget Request

The initial administration budget for FY 2010 had projected, for the first time, declining Homeland Security funding over the ensuing four years, beginning with a \$300 million reduction in FY 2011, followed by further cuts of \$500 million per year in FY 2012–2014.¹²¹

However, in large part to address the significant vulnerabilities in aviation security, revealed by the attempted December 2009 attack on Northwest Flight 253, the president’s FY 2011 budget instead called for a 2.4 percent increase, over FY 2010 (to \$72.5 billion) in total homeland security funding and a 3.1 percent raise (to \$53.4 billion) for the non-DOD portion.¹²² The following table displays proposed funding levels for major agencies involved in homeland security programs within the Departments of Homeland Security and Health and Human Services.

Virtually all of the proposed increase for TSA was in the field of passenger aviation security and, more specifically, was in response to the attempted December attack. An extra \$529 million was sought to purchase, install, staff, and support an additional 500 “Advanced Imaging Technology” (whole-body imaging) units for airport checkpoints, and an additional \$290 million was requested for other efforts to beef up passenger aviation security against improvised explosive devices (IEDs), including additional portable explosives trace detectors (ETD) systems, explosives

Table 15: FY 2010 USB Homeland Security Recommendations vs. Final Appropriations

(in millions of dollars)

	FY2009 (Final)	FY2010 Admin	FY2010 USB	FY2010 (Final)	Final vs.USB
DHS First Responder Grants ¹	2.26	2.25	4.00	2.28	-1.72
HHS public health infrastructure/ workforce capacity ²	1.81	1.90	4.00	1.91	-2.09
CDC infectious disease control/ global health ³	0.53	0.56	1.00	0.58	-0.42
In-line airport checked bag screening ⁴	0.87	1.46	2.46	1.37	-1.09
Transportation security training (DHS)	NA	NA	0.10	NA	-0.10
Total	5.47	6.17	11.56	6.14	-5.42

Sources: A Unified Security Budget for the United States, FY2010 (Washington, DC, November 2009); Office of Management and Budget, Budget of the United States Government Fiscal Year 2011: Appendix (Washington, DC, February 2010); Department of Health and Human Services, “FY2011 Budget In Brief,” (Washington, DC, February 2010); Department of Homeland Security, “Budget-in-Brief Fiscal Year 2011,” (Washington, DC, February 2010).

1. Includes State Homeland Security Grant Program, Emergency Management Performance Grant Program, Metropolitan Medical Response System, Citizen Corps Program, Urban Area Security Initiative, Interoperable Communications Grants and Regional Catastrophic Preparedness Grants
2. Includes CDC State and Local Capacity grants, HHS Hospital Preparedness grants and HRSA Health Professions programs
3. Includes CDC Prevention, Detection and Control of Infectious Diseases program; Zoonotic, Vector-Borne and Enteric Diseases program; and Global Health program
4. TSA EDS/ETD Systems program. Each entry includes \$250 million from Aviation Security Capital Fund

detection canine teams, behavior detection officers and Federal Air Marshals (FAMs).¹²³

Most of the proposed increase for DHS Departmental Operations would go to continue construction of the new DHS headquarters facility at the St. Elizabeth’s location (\$288 million) and to consolidate DHS data centers (\$192 million). Among other homeland security programs designated for significant additions in the administration budget were FEMA’s Disaster Relief Fund (\$350 million); the Office of Health Affairs BioWatch program, which monitors for biological or chemical weapons attacks (\$84 million); and DHS radiological and nuclear

detection systems (\$41 million).¹²⁴ The latter two each experienced serious setbacks over the past year, with a pilot program to deploy more advanced BioWatch sensors in New York City discontinued because of technical problems,¹²⁵ and the Advanced Spectroscopic Portal machines for screening cargo and vehicles for nuclear materials dropped because of cost and effectiveness concerns.¹²⁶

Even though there was an overall increase for homeland security, because of the heavy concentration on passenger aviation, the administration proposed some homeland security program reductions. Though relatively small, many have already come

Table 16: President's FY 2011 Homeland Security Budget: Change in Total Budget Authority for Select Agencies

(in millions of dollars)

Agency	FY2010	FY2011	Change
DHS Inspector General	113.9	129.8	+ 15.9
Customs and Border Protection	11,449.3	11,180.0	-269.3
Transportation Security Administration	7,656.1	8,164.8	+508.7
U.S. Coast Guard	10,123.0	10,078.3	-44.6
Natl. Protection & Programs Directorate	2,432.8	2,361.7	-71.0
DHS Office of Health Affairs	139.3	212.7	+73.5
FEMA	10,359.5	10,528.0	+168.5
DHS Science and Technology	1,006.5	1,018.3	+11.8
Domestic Nuclear Detection Office	383.0	305.8	-77.2
Centers for Disease Control/Prevention	6,475.0	6,342.0	-133.0
HHS PHSSEF	936.0	1,110.0	+182.0

Totals may not add up due to rounding.

PHSSEF=Public Health and Social Services Emergency Fund

Sources: Department of Homeland Security, "Budget-in-Brief Fiscal Year 2011," (Washington, DC, February 2010), pp. 147-148; Department of Health and Human Services, "FY2011 Budget in Brief," (Washington, DC, February 2011), pp. 31, 109.

under criticism in Congress. For example, Senators Joe Lieberman (I-CT) and Susan Collins (R-ME) of the Senate Committee on Homeland Security and Governmental Affairs voiced opposition to proposed cuts in Coast Guard personnel and funding (-\$75 million, or 0.9 percent), the National Cyber Security Division (-\$19 million, or 4.8 percent), and FEMA's State and Local Program grants (-\$164.6 million, or 4. percent). The senators maintain that the latter reduction would actually amount to \$200 million more (totaling 8 percent) because of the administration's inclusion of new funding of that amount for local security for the trials in the United States of terrorist suspects now held at Guantánamo Bay.¹²⁷

Transportation modes other than passenger aviation did not fare particularly well either. For example, though the New York subway system was threatened with a bombing plot in September 2009,¹²⁸ TSA's land transportation programs are to receive only a slight (\$27 million) increase, to a total of only \$138 million. In the maritime sector (which has not been the subject of a recent high-profile plot in the United States), the Coast Guard's port, waterways and coastal security account is to be cut by \$101 million (to \$1.7 billion) under the administration's proposal, with the latter reductions resulting from decommissioning five Maritime Safety and Security Teams.¹²⁹ Thus, the FY 2011 budget appears to represent a continuation of the pattern (existing before, during, and after the 9/11 hijackings) of incident-driven, reactive security.

Homeland Security planning and priority-setting

On February 1 of this year, DHS issued the first Quadrennial Homeland Security Review (QHSR),¹³⁰ as called for by the Implementing the Recommendations of the 9/11 Commission Act of 2007 (PL 110-53). While some outside analysts praised the document as representing “an incredible achievement” that gives DHS “a road map for how they are going to think through tough problems,” others noted that, though the review raised important questions, “what I don’t think it did is answer those questions in terms of brass-tacks priorities.”¹³¹

Citing the statutory directives that the QHSR was to “define the strategy, set priorities, and determine organizational and budgetary requirements for the national homeland security program,” the *Unified Security Budget for FY 2010* recommended that the report

focus on essential, big-picture issues, including clearly defining the roles and responsibilities of federal, state, local, and private stakeholders within the national homeland security program; addressing how federal risk management efforts will be improved; specifying how security will be integrated with other national priorities (including privacy and commerce); and detailing how homeland security programs are to be financed and sustained over time.¹³²

Clearly, those objectives were not met in the recently released document, whose preface indicates, “The report is not a resource prioritization document, although in identifying key mission areas for priority focus, it is highly indicative of where those priorities should lie. Nor does the QHSR detail the roles and responsibilities of Federal or other institutions for each mission area.”¹³³

The more detailed guidance called for by the Unified Security Budget will presumably have to await upcoming DHS reviews, including “an analysis of roles and responsibilities across the homeland security missions [that] would help resolve gaps or unnecessary redundancies between departments and agencies,” and a “comprehensive examination of

the Department’s activities and resources” that will “systematically link strategy to program to budget.” The latter will also lead to “improved measurement of desired mission outcomes and the contribution of programs, activities, and resources to these mission outcomes; and better cost estimating of programs and activities.”¹³⁴

Homeland Security Recommendations

In earlier years, the Unified Security Budget recommended significant increases (for example, \$16.35 billion for FY 2009) in funding for homeland security. We did so out of a conviction that these programs, which represent the ultimate line of national defense (with a small d), were being consistently underfunded in presidential budgets as well as congressional appropriations.

While it remains as true as ever that there are a number of serious deficiencies in our homeland security efforts—and that some of these shortcomings require additional resources if they are to be overcome—last year’s USB limited the proposed boosts to \$5.4 billion, primarily in deference to the hoped for direction-setting of the Quadrennial Homeland Security Review.¹³⁵

As just discussed, the QHSR has proven to be something of a disappointment in setting priorities, but more importantly, the nation’s overall budgetary situation has deteriorated further, leading President Obama to propose a three-year freeze in “non-security discretionary funding,” beginning with the FY 2011 budget.¹³⁶ Thus Department of Defense and homeland security activities were excluded from the freeze.

In earlier portions of this document, we have, as in the past, identified billions of dollars in potential savings within the Department of Defense that could be achieved without compromising our national security.

Recommendation: In that same spirit, and with the recognition that economic strength is every bit as vital to our country’s security as are national defense and homeland security programs, we propose that, for FY 2011, homeland security spending not be raised above the amount recommended by the president (a \$1.62 billion

increase in non-defense homeland security spending over FY 2010), and that this level be frozen for the next two fiscal years (FY 2012-2013).

Recommendation: Though we propose that the president's overall request serve as the ceiling for homeland security funding, we believe that some changes need to be made within the president's budget in order to accommodate increases for the following priorities highlighted in last year's USB, including:

- State and local first responders
- Public health security infrastructure and workforce
- In-line checked baggage screening, and
- Security training for transportation workers.¹³⁷

We suggest that a minimum of \$1 billion be shifted from other, lower-priority and/or non-performing homeland security programs to finance these augmentations. (See Table 17.) This will necessarily involve some careful analysis and priority-setting by both the executive and legislative branches. And indeed, part of our motivation in recommending a limitation on homeland security funding is to force just such an exercise in full awareness of the numerous previous occasions (including the QHSR) on which DHS in particular has deferred making hard choices and setting actual priorities.

Recommendation: To assist in this decision-making process, we propose that the following actions be taken:

1. As called for in last year's USB, "DHS and the Congress need to improve their oversight and measurement of security performance. For DHS, this means more resources for, and greater attention to, the Office of Inspector General... We reiterate the recommendation made by the FY 2008 Unified Security Budget that 'Congress should fulfill the 9/11 Commission's call for consolidation of oversight of homeland security programs into single authorization committees in each

chamber.' Furthermore, the Congress should provide GAO with the necessary resources and authorities to expand its already highly useful analyses of homeland security programs."¹³⁸

2. Slow down the administration plan for deployments of the Advanced Imaging Technology airport screening equipment. As mentioned above, these deployments (representing a \$529 million increase in FY 2011) were designed to improve the ability of checkpoint screening to detect dangerous materials, especially explosives. While many experts believe the new scanners will "marginally" improve screening performance, they note that they "will also increase the pressures on an already over-burdened system" through longer processing times.¹³⁹ GAO testified to a congressional committee in March that "it remains unclear whether the [new technology] would have detected the weapon used in the December 2009 incident [on Northwest flight 253]," and that TSA had not conducted a cost-benefit analysis of the revised deployment strategy, which GAO estimates could add up to \$2.4 billion in staffing costs alone over the expected service life of the equipment. As GAO noted, "A cost-benefit analysis is important as it would help inform TSA's judgment about the optimal deployment strategy...and how best to address this vulnerability considering all elements of the screening system."¹⁴⁰ When continuing resistance by privacy groups to the new technology is factored in, it seems clear to us that a delay in the proposed deployment schedule, which would produce significant cost savings, at least in the short-term, is in order.¹⁴¹
3. The Congressional Budget Office, which for many years has been a useful source for identifying potential spending cuts in national defense, entitlements, and various domestic discretionary programs, should be encouraged to turn greater attention to the homeland security arena. In the most

Table 17: Illustrative Examples of \$1 Billion Shift in Homeland Security Priorities (vs. President's FY 2011 Budget)

(in millions of dollars)

Proposed Program Changes	
Subtractions	
Eliminate proposed increase for DHS Office of Health Affairs	74
Fund only half of proposed increases for TSA Advanced Imaging Technology	265
Eliminate DHS state minimum allocation for State Homeland Security Grant Program	31
Eliminate proposed increases in funding for Federal Air Marshals, pending completion of "right sizing" study called for by USB	90
Accept House Appropriations Subcommittee on Homeland Security recommendations for cuts in DHS departmental operations	434
Impose 0.2 percent cut in remaining DHS discretionary programs, to be taken from lower priority and/or underperforming programs	106
Total subtractions	1,000
Additions	
Increase DHS First Responder Grants	500
Increase CDC State and Local Capacity Grants and HHS Hospital Preparedness Grants	500
Total additions	1,000
Net change	0

recent CBO Budget Options document, out of a large number of potential deficit-reducing changes across the government, only two (increasing fees for passenger aviation security and eliminating the minimum state allocations for the State Homeland Security Grant Program, or SHSGP) dealt with homeland security.¹⁴²

Recommendation: To assist in the effort to identify cost savings that can be undertaken without reducing homeland security preparedness, we offer the following preliminary options as illustrative examples:

1. Adopt the CBO proposal to eliminate the SHSGP state minimum allocation, which would cut out 18.5 percent (totaling \$31 million in FY 2011 and \$1.2 billion over five years) of program appropriations.¹⁴³
2. Slow down the administration plan for deployments of the Advanced Imaging Technology airport screening equipment. As mentioned above, these deployments (which represent a \$529 million increase in FY 2011) were designed to improve the ability of checkpoint screening to detect dangerous materials, especially explosives. While many

experts believe the new scanners will “marginally” improve screening performance, they note that they “will also increase the pressures on an already over-burdened system” through longer processing times.¹⁴⁴ GAO testified to a congressional committee in March that “it remains unclear whether the [new technology] would have detected the weapon used in the December 2009 incident [on Northwest flight 253]” and that TSA had not conducted a cost-benefit analysis of the revised deployment strategy, which GAO estimates could add up to \$2.4 billion in staffing costs alone over the expected service life of the equipment. As GAO noted, “A cost-benefit analysis is important as it would help inform TSA’s judgment about the optimal deployment strategy...and how best to address this vulnerability considering all elements of the screening system.”¹⁴⁵ When continuing resistance by privacy groups to the new technology is factored in, it seems clear to us that a delay in the proposed deployment schedule, which would produce significant short-term cost savings, is in order.¹⁴⁶

3. Given the labor-intensity of many homeland security activities, and the difficulties that DHS and its component agencies have encountered (including in the QHSR) in addressing the “right-sizing” of its workforce, we recommend that an outside group (perhaps the National Research Council) be commissioned to undertake such an evaluation, with particular attention to the optimal force sizes of airport screeners (checkpoint and checked bag), federal air marshals, transportation security inspectors, and other major components of the homeland security workforce.
4. Consideration should be given to how much additional security value is being provided by the DHS Office of Health Affairs (OHA), which is slated to receive a 53 percent increase, to a total of \$212.7 million, in the president’s FY 2011 budget. Questions have been raised about the confusion in federal leadership roles during public health emergencies between OHA, which has chief

responsibility within DHS for medical emergencies, and the Department of Health and Human Services, which is responsible for coordinating the national public health system’s response to health emergencies and other disasters.¹⁴⁷

Furthermore, BioWatch, the bio-surveillance program that accounts for the major portion of the OHA budget, has experienced a number of problems (including the discontinuation of the purportedly more advanced sensors in New York City discussed above), and some analysts have concluded that scarce federal resources might be better directed toward other public health security needs than to a BioWatch program that is not producing “actionable” information.¹⁴⁸

The federal budget crunch will (and should) demand more rigorous justifications for homeland security expenditures than has previously been the case. To date, we believe that homeland security programs have lacked adequate performance measurement, priority-setting and congressional oversight, which have each contributed to the numerous documented problems that have plagued these programs since their inception.

We intend that this year’s USB homeland security recommendations, taken together, will address these deficiencies and will lead to a future in which the Executive Branch, Congress and the American people will have better information with which to produce an improved and more cost-effective, defense of our country.

VII. Conclusion

We end with a word on integration.

The Obama administration's security strategy has emphasized integration of policy: getting the instruments of offense, defense and prevention to work better in concert, achieving common objectives. Some administration officials have questioned the value of preserving these categories for comparative purposes. Why not simply combine accounts to fund joint operations conducted by, for example, military and civilian aid workers?

Our answer is this: Coordination among military and civilian agencies is often good and necessary. But the civilian agencies also need to set their own missions and define their own objectives as lead representatives of U.S. foreign policy. The severe resource imbalance we have been documenting since 2004 has entailed that military objectives have taken precedence. Admiral Mullen's and Secretary Clinton's laments about our over-militarized foreign policy attest to this fact. Where the military has transferred funds to the State Department, the purposes of these funds have been defined primarily by the military.

We continue to shine a light on the overall imbalance between these three accounts because the United States needs to build its capacity to reach out beyond the current conflicts to develop effective strategies for long-term diplomatic engagement and economic development. We need to show a different, less militarized, more cooperative face to the world. And without a rebalancing of security resources, the rhetorical embrace of such change will be just talk. The rebalancing itself, on the other hand, will send a powerful message on its own.

It is often said, in policy discussions both inside and outside the government, that the civilian agencies lack the capacity to use substantially expanded resources well. There is some truth in this, but it is also a convenient excuse for maintaining a status quo

that, again, nearly everyone agrees is not in our security interest. We say: Give them the resources and they will develop the capacity.

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97. This increase would allow the GTRI program to convert additional reactors that use HEU and adjust the budget profile of the program to ensure that more funding is provided earlier on.
98. This additional funding would strengthen non-proliferation efforts and cooperation, including increased money for the CTBTO for enhancing verification, and for increased safeguards and verification R&D at the national laboratories.
99. This additional funding would allow increased funding for the Non-Proliferation and Disarmament Fund.
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110. Kerry, John. "Climate Change: The New National Security Challenge." *The Hill*, 20 May 2010. Web. 23 July 2010.
111. Stine, Deborah D. The Manhattan Project, the Apollo Program, and Federal Energy Technology R&D Programs: A Comparative Analysis. Rep. Washington, D.C., 2009. Print.
112. Industrial Competitiveness and Technological Advancement: Debate Over Government Policy. Updated August 3, 2006, Wendy H. Schacht Specialist in Science and Technology Resources, Science, and Industry Division, Congressional Research Service, Wash. D.C.
113. U.S. Army Major Nidal Malik Hasan has been charged with the shootings, which resulted in 13 dead and 30 wounded. Although evidence has been uncovered of Hasan's "tendencies toward radical Islam," no information has yet surfaced of any co-conspirators or of a broader terrorist plot in this case. "Investigators Say Fort Hood Suspect Acted Alone," Associated Press, November 9, 2009.
114. Umar Farouk Abdulmutallab of Nigeria has been indicted for the crime. Approximately 20 minutes before the plane was to land, Abdulmutallab ignited a small device composed of plastic explosives but the device failed to detonate. The plane received little damage, and none of the 290 passengers and crew onboard was killed, though Abdulmutallab and two other passengers (including Jasper Schuringa from the Netherlands, who helped subdue the perpetrator) were injured. After the plane landed, Abdulmutallab was taken into custody by Customs and Border Protection, questioned by the FBI and treated for his wounds. The U.S. Government subsequently obtained information linking al-Qaeda in the Arabian Peninsula (AQAP) to the plot. U.S. District Court, Eastern District of Michigan, U.S. v. Umar Farouk Abdulmutallab, Criminal Complaint, <http://www.graphics8.nytimes.com/packages/pdf/national/20091226ComplaintAffidavit.pdf>; Anahad O'Connor, "U.S. Says Plane Passenger Tried To Detonate Device," *New York Times*, December 26, 2009 (<http://query.nytimes.com/gst/fullpage.html?res=9E01E7D61731F935A15751C1A96F9C8B63>); and The White House, Summary of the White House Review of the December 25, 2009 Attempted Terrorist Attack (Washington, DC, January 7, 2010) (http://www.whitehouse.gov/sites/default/files/summary_of_wh_review_12-25-09.pdf).
115. Faisal Shahzad, a naturalized U.S. citizen born in Pakistan, was arrested on May 3, on charges of terrorism and attempted use of weapons of mass destruction. Police were alerted about the presence of the vehicle by a street vendor who noticed it was "smoking." The SUV contained fireworks, gas cans, propane tanks, and fertilizer, and authorities indicated that, if detonated, it could have resulted in serious injuries or even deaths to nearby pedestrians. Attorney General Eric Holder has stated that federal investigators have evidence that the plot was facilitated and financed by the Pakistani Taliban. Msnbc.com, "Times Square suspect charged in terror plot," May 4, 2010, http://www.msnbc.com/id/36892505/ns/us_news-security/print/1/displaymode/1098/; and Tom Hays, "NYPD commissioner: NYC bomb suspect 'homegrown,'" Associated Press, May 11, 2010, http://news.yahoo.com/s/ap/us_times_square_car_bomb/print.
116. Steven Simon and Jonathan Stevenson, "Combating simple, yet deadly, forms of terrorism," *Washington Post*, May 4, 2010, p. A23.
117. The White House, Summary of the White House Review of the December 25, 2009 Attempted Terrorist Attack, p. 2.
118. The White House, "Remarks by the President on Strengthening Intelligence and Aviation Security," news release, January 7, 2010.
119. Eileen Sullivan, "Feds didn't call all airlines to warn of suspect," Associated Press, May 5, 2010.
120. *A Unified Security Budget for the United States, FY 2010* (Washington, DC, November 2009), p. 57.
121. Office of Management and Budget, *A New Era of Responsibility: Renewing America's Promise* (Washington, DC, February 2009), p. 130.
122. Department of Homeland Security, "Budget-in-Brief Fiscal Year 2011," (Washington, DC, February 2010), p. 17.
123. Department of Homeland Security, "Budget-in-Brief Fiscal Year 2011," pp. 73-74.
124. Department of Homeland Security, "Budget-in-Brief Fiscal Year 2011," pp. 7, 10-11.
125. *A Unified Security Budget for the United States, FY2010* (Washington, DC, November 2009), p. 57.
126. Robert O'Harrow, Jr., "Homeland Security Dept. says it will drop plans for Bush-era nuclear detectors," *Washington Post*, February 27, 2010, p. A05.
127. U.S. Senate, Committee on Homeland Security and Governmental Affairs, Statements of Senators Joseph Lieberman and Susan N. Collins on "The Homeland Security Department's Budget Submission for Fiscal Year 2011," February 24, 2010.
128. In February 2010, Afghanistan native Najibullah Zazi pleaded guilty to conspiring to detonate explosives in the New York City subway system around the September 11, 2009 anniversary of the 9/11 hijackings. In his plea, Zazi indicated he had had contact with the Taliban and al Qaeda. He also stated that the plot was aborted when he and his two co-conspirators (who were also arrested in September) became aware they were under police investigation. John Cummings, "Najibullah Zazi pleads guilty in New York terrorism plot," CNN, February 22, 2010, <http://www.cnn.com/2010/CRIME/02/22/najibullah.zazi.plea/index.html>.
129. Department of Homeland Security, "Budget-in-Brief Fiscal Year 2011," pp. 72, 81, 86-87.
130. Department of Homeland Security, *Quadrennial Homeland Security Review Report* (Washington, DC, February 2010).
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132. *A Unified Security Budget for the United States, FY 2010*, November 2009, pp. 59-60.
133. Department of Homeland Security, *Quadrennial Homeland Security Review Report* (Washington, DC, February 2010), p. vi.
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135. See, for example, *A Unified Security Budget for the United States, FY 2010*, pp. 57-59.
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