



DOD budget cuts target contractors, IT programs

Secretary Gates details cuts, consolidations to better use DOD funds

- By [Amber Corrin](#)
- Jan 06, 2011

Editors' note: This article was revised on Jan. 7 to correct erroneous information: Gates' plan will slash more than \$1 billion from IT expenditures, and plans to reduce the number of contractors pertain only to staff-support roles.

Defense Secretary Robert Gates today updated his proposal to shift \$100 billion in the Defense Department budget to help fund the dual-front war, identifying an additional \$78 billion in cuts that will be put toward the federal deficit, including some from IT.

Gates' plan is the first stage of a three-year effort to carve away 10 percent of the staff-support contractors that DOD employs, slash \$10 billion from IT expenditures and cancel some expensive weapons systems. The moves come as the Pentagon faces \$13 billion less than initially planned for in the fiscal 2012 budget.

Related coverage:

[Gates prepares more details on cuts to the defense budget](#)

[Panel urges cutting federal employment as part of major spending cuts](#)

[DOD officials face Senate ire over budgetary measures](#)

Gates hopes to compensate for some of the cuts with organizational changes so that services can be delivered for lower costs. For example, Gates, who detailed the plan in a briefing today, said

the Army expects to achieve \$500 million in savings by consolidating data centers and moving to an enterprise e-mail system. Gates also said that IT costs DOD about \$37 billion with all bases and headquarters having their own IT infrastructures, which will be consolidated to enterprise systems to save more than \$1 billion per year.

Still, Gates will have to swing an axe to achieve some of his goals. He said 270 contractor positions will be eliminated from the Office of Secretary of Defense's policy arm and the acquisition, technology and logistics office; 780 contractor positions from the Army TRICARE military health program; and 360 contractor positions from the Missile Defense Agency.

Those cuts will be part of a 10 percent annual reduction in the use of contractors in staff support positions over the next three years and will save more than \$6 billion, he said.

As expected, Gates said he is canceling the Marine Corp's Expeditionary Fighting Vehicle program and the Army's non-line-of-sight surface-launched missile system, which was part of the previously closed Future Combat Systems program. The Marines' variant of the F-35 joint strike fighter program, which Gates said has had trouble in testing, will be put on a two-year probation period after which it could face cancellation if it doesn't prove to be efficient and cost-effective. The Air Force F-35 variant will not face cancellation.

Gates also said the Navy 2nd Fleet headquarters, located in Norfolk, Va., will have its primary training and preparation responsibilities transferred to Fleet Forces Command. Joint Forces Command, also headquartered in Norfolk, will face closing despite significant pushback from Capitol Hill since the move was initially announced.

Gates said that in identifying areas that could yield savings, special attention was paid to support elements outside the four services. He announced a DOD-wide freeze on civilian positions, and projected roughly \$54 billion would be saved in personnel cuts when combined with the recent federal pay freeze.

Within OSD, Gates said 80 billets would be eliminated or downgraded, and roughly 200 civilian executive positions face similar fate.

"The savings here will be relatively modest, but will create fewer, flatter and more efficient organizations," he said.

Additionally, force structure will shrink under the budgetary measures, with up to 47,000 troops potentially being cut beginning in 2015.

U.S. intelligence operations won't escape the cuts, either.

"Since [the terrorist attacks of] Sept. 11, we have seen a proliferation of intelligence operations," Gates said, noting that new intelligence offices centered around combatant commands would be downsized, and in place of a large, organic intelligence apparatus would come smaller-level capabilities to surge intelligence operations on an ad-hoc basis.

The Defense Intelligence Agency will see consolidation of two redundant task forces as well, Gates added.

However, increased investment will go toward certain capabilities, according to the secretary. Intelligence, surveillance and reconnaissance programs will be moved from the temporary war budget to the permanent DOD budget, and some investments will include modified radar capabilities for the Air Force's F-15 tactical fighter aircraft and more simulators for the F-35 joint strike fighter.

A new long-range, nuclear-capable, remotely piloted bomber will also be developed, Gates added.

Gates rejected previous reports that said \$100 billion would be removed from the DOD budget over the next five years. "We're not cutting the defense budget, we're moving [wasteful] spending. The budget will be bigger in dollars than it was in years before," he said.

Today's announcements, like those related and similar that have preceded them, will likely continue to face controversy throughout Washington.

"There are two ends to this – one end says that we've gone too far, the other says we haven't gone nearly far enough. My view is we got it about right," Gates said.

Joint Chiefs of Staff Chairman Navy Adm. Mike Mullen, also speaking at briefing, backed Gates' proposed budget measures.

"The chiefs and I are in great support of these decisions," he said.

The decisions were announced following a day of meetings at the Capitol with prominent members of the House and Senate armed forces committees. When asked to characterize the Capitol Hill meeting, Gates said, "There were a number of questions, but very little editorial comment."