



Washington



Iowa

March 29, 2012

**TO ALL GOVERNORS:**

As co-chairs of the Council of Governors (Council), we are writing to provide you an update on our negotiations with the Department of Defense (DoD) regarding the U.S. Air Force's Fiscal Year 2013 budget proposal and its disproportionate impact on the Air National Guard (ANG).

As you know, following the February 27 Council meeting with Defense Secretary Panetta, our Adjutants General (TAGs), in coordination with other TAGs and the National Guard Bureau, developed an alternative proposal. This alternative proposed decreasing operational risk by increasing surge capacity, preserving the experience and technical expertise of the ANG at a greatly reduced life-cycle cost, and exceeding \$700 million in targeted savings over a five-year period.

The alternative proposal also suggested reducing the ANG by 2,000 mostly vacant positions and rebalancing the total force structure by spreading manpower reductions more evenly across the active forces and the ANG. In addition, the alternative proposal would result in either the retention or increase of the Guard's combat and airlift capacity.

While ruling the initial alternative proposal unacceptable, the Air Force provided a counterproposal on Tuesday, March 13. The Air Force's counterproposal failed to address our concerns regarding ANG manpower, fighter aircraft and airlift needs. On March 19, we spoke with Air Force leadership regarding our continued differences. We suggested they consider cost neutral options for cross-leveling or reallocating programmed aircraft operations from the active service to the Guard. We requested that they provide us with a different proposal addressing these issues following an internal DoD meeting on March 23.

Following the meeting on March 23, all proposals to address our concerns have been elevated to an independent Department-wide management group co-chaired by Defense Deputy Secretary Ashton Carter and Joint Chiefs of Staff Vice Chairman Admiral James Winnefeld. Deputy Secretary Carter has charged this group with developing several cost neutral alternatives that would address governors' and TAGs' concerns regarding ANG manpower and aircraft needs. These alternatives are expected to be delivered to Secretary Panetta for his consideration. We have asked Deputy Secretary Carter for the timing of his analysis and recommendations.

We are cautiously optimistic that the independent review conducted by this group will produce an alternative budget for the Air Force that will better preserve the ANG's capabilities and leverage its lower life-cycle costs

and high levels of experience. We have written to Deputy Secretary Carter and offered our assistance in this review as well as our support for his efforts to develop a more collaborative process for future budget proposals affecting the National Guard (letter attached). We will continue to keep you informed as these efforts progress.

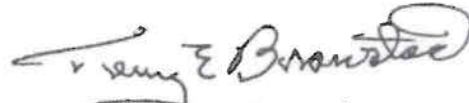
*In the interim, we encourage you to discuss these negotiations with your TAG and to contact your Congressional delegation if you have not already done so.* While the DoD review continues, we believe it is imperative that governors work with their House and Senate members, particularly members of the Armed Services and Appropriations committees (membership list attached), keeping them apprised of individual state issues and the collective concerns of all governors and National Guard leaders. We ask you to urge their support for a more balanced budget proposal that ensures our nation's National Guard can continue to fulfill its missions overseas and here at home.

We look forward to continuing to work together to address this critical national security issue.

Sincerely,



Governor Christine O. Gregoire  
Co-Chair



Governor Terry Branstad  
Co-Chair

Enclosures: Letter to Deputy Secretary Carter  
Committee membership list



Washington



Iowa

March 29, 2012

The Honorable Ashton Carter  
Deputy Secretary of Defense  
The Pentagon  
Washington, DC 20318

Dear Secretary Carter:

Thank you for your efforts to review the U.S. Air Force's budget proposal for Fiscal Year 2013 and its disproportionate impact on the Air National Guard (ANG). We recognize and appreciate the need to reduce costs while providing for a strong national defense and pledge to work with you to resolve our concerns and develop a more collaborative process for future year defense decisions.

As we expressed to the leadership of the U.S. Air Force, governors have significant concerns with the budget proposal for Fiscal Year 2013 due to its disproportionate impact on ANG manpower as well as fighter aircraft and airlift capabilities. Through our Adjutants General, we proposed a comprehensive alternative that would ensure a more appropriate and flexible approach to reductions in the active forces and the ANG and preserve the necessary personnel and aircraft needed by federal authorities to prosecute military actions overseas and by state and federal officials to protect lives and property in our states and territories.

We look forward to a dialog with you about ways to maintain the ANG's important national defense and domestic emergency response capabilities while also meeting the Defense Department's overall goals for the Fiscal Year 2013 budget of implementing the new military strategy and reducing costs. We have worked together to achieve what many considered an unattainable objective – comprehensive and sustainable agreement on how to achieve unity of effort in military support for civil authorities. We're equally committed to working with you to ensure a collaborative process for future budget and policy proposals affecting our nation's National Guard.

Given the urgency of this issue, please let us know the timing of your review and when we will have an opportunity to discuss your recommendations.

Again, thank you for your efforts to address this critical issue.

Sincerely,

Governor Christine O. Gregoire  
Co-Chair  
Council of Governors

Governor Terry Branstad  
Co-Chair  
Council of Governors

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