



SECRETARY OF DEFENSE
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WASHINGTON, DC 20301-1000

APR 28 2008

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SENATE ARMED SERVICES
COMMITTEE

The Honorable Carl Levin
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

I am following up on the concern you raised during the April 10, 2008, hearing before your committee and in your subsequent letter over the Department's proposal to reallocate \$610 million in fiscal year 2007 funds within the Iraq Security Forces Fund (ISFF). The proposal would shift \$590 million for construction and infrastructure improvements and \$20 million for training Iraqi security forces (ISF)

I reviewed the entire reallocation request, item by item. In so doing, I have decided to not proceed with reallocation of the \$171 million identified for police station construction. As an alternative, we will seek full funding from the Government of Iraq for this purpose.

With regard to the remaining \$439 million in projects, I believe they continue to present a critical opportunity to take advantage of the improved security environment that allows increased access to previously denied areas and neighborhoods, continued development of the ISF, and the requirement for additional logistics hubs to support an Army that must be mobile to be effective. These initiatives will enhance Iraqi Army and Air Force capabilities that will, in turn, further enable our own transition of mission.

I agree with you that Iraqis should pay for an increasingly greater share of the costs related to their security. In fact, the trend line associated with these activities continues to move in that direction. Compared to a level of effort in the \$1.1-1.5 billion range for each of fiscal years 2004-07, the current program continues a decline in DoD funding for infrastructure to \$400 million in FY08, and we project significantly lower in FY09.

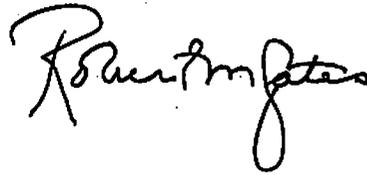
Mr. Chairman, I heard the Committee loud and clear on the need for Iraq to pay for economic reconstruction and civilian infrastructure. However, when it comes to the use of CERP and the effort, through the ISFF, to directly enhance equipment, capability and training for Iraqi security forces, execution speed and the direct correlation between



these investments and the ability to transition our troops to a different mission continues to be paramount.

As we go forward, we will work closely with you in evaluating what we think the Iraqis should pay for in the security arena.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert M. Gates". The signature is written in a cursive style with a large initial "R" and a long, sweeping tail.