

OVERVIEW OF THE DOD FISCAL 2010 BUDGET PROPOSAL

PRINCIPAL OBJECTIVES

The fiscal 2010 budget proposal was crafted to achieve four principal objectives:

1. Reaffirming and strengthening the nation's commitment to care for the all-volunteer force, America's greatest strategic asset.
2. Reshaping DoD programs to institutionalize and enhance capabilities to fight the wars the U.S. is engaged in today and the scenarios the nation will most likely face in the years ahead, while also providing a hedge against other risks and contingencies.
3. Beginning a fundamental overhaul of the DoD's approach to procurement, acquisition, and contracting.
4. Providing the necessary resources to support the troops in the field.

Support for the Troops and Their Families

The fiscal 2010 base budget proposal includes \$177.5 billion to directly compensate and support America's military professionals and their families. This represents one-third of the department's base budget and reflects the strong commitment to caring for our troops with an increase of more than \$13 billion from the fiscal 2009 request.

Military Healthcare. Within this request, the department fully funds military healthcare, which will cost more than \$47 billion in fiscal 2010. The Department expects to continue to work with the Congress to look for ways to slow the growth of medical costs while continuing to provide high-quality care.

Pay. The fiscal 2010 budget includes a 2.9 percent military pay raise effective January 1, 2010. This pay raise, coupled with an average increase of 6.0 percent in Basic Allowance for Housing (BAH) rates and a 5.0 percent increase to Basic Allowance for Subsistence (BAS), maintains these programs at current standards and keeps military pay very competitive with other employment sectors. The budget also includes a 2.0 percent pay raise for civilian employees.

Ground Force Increase. The proposed budget will fully protect and properly fund the ongoing growth in military ground force end strength, and it will do so in the base budget. Growth in the Army and Marines will be sustained, and reductions will be halted in the Air Force and Navy. Accomplishing this will require an increase of approximately \$2.3 billion in military personnel costs above the fiscal 2009 enacted level.

Family Support and Housing. The budget request provides \$11 billion to fund military housing and support programs for single and married service members and their families. In addition to constructing new barracks and family housing and maintaining current units, this includes funding for child care centers and youth programs; morale, welfare, and recreation

activities; warfighter and family services; commissaries; DoD schools; and military spouse employment programs.

Caring for Our Wounded, Ill, and Injured. The department has no greater priority than providing the highest quality support to wounded, ill, and injured soldiers, sailors, airmen, Marines, and their families. The fiscal 2010 budget recognizes this responsibility and provides \$3.3 billion to support injured service members in their recovery, rehabilitation, and reintegration. This funding provides additional case managers and mental health providers, an expedited Disability Evaluation System, construction of 12 additional Army Warrior in Transition complexes, and continued implementation of Walter Reed National Military Medical Center and Fort Belvoir hospital BRAC projects within the National Capital Region. The budget also includes \$0.4 billion for medical research and development for traumatic brain injury, psychological health, and other casualty care issues.

Reshape the Force

Efforts to put defense bureaucracies on a war footing in recent years have revealed flaws in the way the department operates. Its institutions were created and organized to prepare for conventional conflicts with modern armies, navies, and air forces. The existing organization has not provided adequate institutional support for today's warfighters and their needs. Today's warfighters require steady, long-term funding and a bureaucratic constituency similar to conventional modernization programs. The fiscal 2010 budget will begin a process of change needed to fully support today's warfighters.

ISR. The budget will increase intelligence, surveillance, and reconnaissance (ISR) support for today's warfighter by adding nearly \$2 billion to the base budget. This will include:

- 50 Predator-class unmanned aerial orbits by 2011. This capability, which has been in high demand in Iraq and Afghanistan, will now be permanently funded in the base budget. It will eventually result in a 62 percent increase in capability over the current level and 127 percent compared to a year ago.
- An increase in manned ISR capabilities, such as the turbo-prop aircraft deployed so successfully as part of Task Force Odin in Iraq.
- Research and development on a number of ISR enhancements and experimental platforms optimized for today's battlefield.

Helicopters. The fiscal 2010 base budget will include an increase of \$500 million to field and sustain more helicopters, a capability that is in urgent demand in Afghanistan. Because the principal limitation on helicopter capacity is a shortage in maintenance crews and pilots rather than a lack of airframes, the focus will be on recruiting and training more Army helicopter crews.

Global Partnerships. To boost global partnership capacity, the department will spend \$550 million for training and equipping foreign militaries (in addition to those in Iraq and Afghanistan) to undertake counterterrorism and stability operations and to conduct security and stabilization activities.

Special Operations. To grow Special Operations capabilities, the DoD will increase personnel by more than 2,400 or 4 percent. The budget will also buy more special forces-optimized mobility aircraft.

Littoral Combat Ships. Plans call for increasing the buy of Littoral Combat Ships (LCS) from two to three in fiscal 2010. LCS provide a key capability for operations in coastal regions. The goal is eventually to acquire 55 of these ships.

Joint High Speed Vessels. The fiscal 2010 budget will enable the Department to improve its intra-theater lift capacity by increasing the charter of Joint High Speed Vessels (JHSV) from two to four. This arrangement will continue until the DoD's own production program begins deliveries in 2011.

Brigade Combat Teams. The proposed budget will cap the growth of Army Brigade Combat Teams at 45 instead of the previously planned 48, while maintaining the planned increase in Army end strength at 547,400. This will ensure that better-manned units are ready to deploy; it will help to end the routine use of stop loss in the Army; and it will lower the risk of a hollowed force.

Modernize Capabilities

As the DoD shifts resources to support current wars and other potential irregular campaigns, it must still contend with the security challenges posed by the military forces of other countries. To deter potential aggression, project power when necessary, and protect U.S. interests and allies around the globe, the fiscal 2010 budget includes new or additional investments in key areas. It also includes carefully chosen program terminations and delays designed to make funds available for higher priority initiatives.

Air Superiority. To sustain U.S. air superiority, the department is committed to building a fifth generation tactical fighter capability that can be produced in quantity at sustainable cost. The fiscal 2010 budget includes \$6.8 billion to buy 30 F-35s, an increase from fiscal 2009 levels of \$3.1 billion and 14 aircraft. The research and development program is fully funded at \$3.6 billion. DoD plans to acquire 513 F-35s over the course of the current five-year plan, with an ultimate goal of 2,443 aircraft. In addition, the fiscal 2010 budget includes \$2.9 billion to acquire 31 F/A-18 and E/A-18G aircraft. In fiscal 2010, the Air Force plans to retire about 250 of its oldest tactical fighter aircraft. Production of the F-22 will also end, with a total force of 187 planes. The fiscal 2009 supplemental budget included funds for four F-22 fighters, which will complete production.

Aerial Tankers. To replace the Air Force's aging tanker fleet, DoD will maintain the KC-X aerial refueling tanker schedule and funding. Solicitations are planned for this summer.

Airlift. No additional production of the C-17 airlifter program will be requested in fiscal 2010 or beyond. Analysis has concluded that the U.S. has sufficient C-17s with the 205 already in the force or in production.

Cyberspace. To improve cyberspace defense capabilities, the budget continues to support the program initiated in fiscal 2009 and increases funding for a broad range of improvements to Information Assurance capabilities that improve our ability to ensure that information is secure and trusted as it is generated, stored, processed, and transported throughout the lifecycles of information and IT systems. In addition, the budget includes funding to increase training of cyber experts and to establish a cyber test range.

Nuclear and Strategic Forces. In fiscal 2010, the department will begin the replacement program for the Ohio class ballistic missile submarine. A development program for a follow-on Air Force bomber will not be pursued until the DoD has a better understanding of the need, the requirements, and the technology. All strategic requirements will be examined during the ongoing Quadrennial Defense Review and the Nuclear Posture Review, and in light of Post-START arms control negotiations.

Naval Power. The healthy margin of dominance at sea provided by America's existing battle fleet makes it possible and prudent to slow production of several shipbuilding programs. Accordingly, the fiscal 2010 budget will shift the Navy Aircraft Carrier Program to a five-year build cycle, placing it on a more fiscally sustainable path. This plan will result in a fleet of 10 carriers after 2040. The Navy CG-X next generation cruiser program will be delayed to reconsider the requirements and acquisition strategy. Amphibious ship and sea-basing programs such as the 11th Landing Platform Dock ship and the Mobile Landing Platform Ship will be delayed in order to assess costs and to analyze the need for these capabilities.

Destroyers. Funds from fiscal 2010 will be used to complete the third DDG 1000 Destroyer and build one DDG 51 Destroyer. Current plans call for building all three DDG 1000 class ships at Bath Iron Works in Maine. The DDG 51 class ship will be restarted at Ingalls shipyard in Mississippi, and this type ship will eventually be built at both yards.

Future Combat Systems. The Army's Future Combat Systems (FCS) program will be significantly restructured. It will change from a core program with spinouts of mature technologies to an incremental program focused on improving Infantry Brigade Combat Teams with FCS technologies and replacing the most vulnerable platforms in the Heavy Brigade Combat Teams. Meanwhile, the fiscal 2010 budget will continue development of three unmanned ground vehicles, two unmanned aerial vehicles, non-line-of-sight launch system, unattended ground sensors, and an information network.

Change How We Buy

To maintain America's technological and conventional edge, DoD must make a dramatic change in the way military equipment is acquired. Reform involves the following:

1. Consistently demonstrating the commitment and leadership to cancel programs that significantly exceed their budget or which spend limited tax dollars to buy more capability than the nation needs.

2. Tying goals to the actual and prospective capabilities of known future adversaries, not by what might be technologically feasible for a potential adversary given unlimited time and resources.
3. Ensuring that requirements are reasonable and technology is adequately mature to allow the Department to successfully execute the programs.
4. Realistically estimating program costs and providing budget stability for the programs DoD initiates.
5. Adequately staffing the government acquisition team and providing disciplined and constant oversight.

The proposed budget for fiscal 2010 will aggressively support these goals:

Presidential Helicopter. The fiscal 2010 budget will terminate the VH-71 Presidential helicopter, which involved design and production of 23 helicopters. The program is behind schedule and the original cost of \$6.5 billion has ballooned to more than \$13 billion. Plans will proceed for an alternative solution in fiscal 2011.

CSAR-X Helicopter. The Air Force Combat Search and Rescue helicopter program will be terminated. The program has had a troubled contracting history and is an example of a single-Service aircraft with a single purpose. The department will review the CSAR mission in the context of multi-Service requirements.

Transformational Satellite. The \$19 billion Transformational (TSAT) program will be terminated. Instead, DoD will purchase two more Advanced Extremely High Frequency satellites.

Missile Defense. The fiscal 2010 budget will reduce the Missile Defense Agency (MDA) program by \$1.2 billion, leaving a fiscal 2010 request of \$7.8 billion for MDA:

- The program will be restructured to focus on the rogue state and theater missile threat.
- Ground-based interceptors in Alaska will not be increased as planned, but research and development will be funded to improve existing capabilities to defend against long-range rogue missile threats.
- The second airborne laser prototype aircraft will be canceled due to affordability and technology problems, keeping the existing aircraft as a technology demonstration effort.
- The Multiple Kill Vehicle (MKV) program will be terminated because of significant technical challenges.

Insourcing and Acquisition Workforce. Under the fiscal 2010 budget request, the department will begin reducing its reliance on support service contractors from the current 39 percent of the workforce performing administrative and advisory services to the pre-2001 level of 26 percent. Contract personnel will be replaced with approximately 13,800 government employees, including 2,500 acquisition specialists. In addition, the department will increase the acquisition workforce by another 1,580 government employees, for a total of 4,080 in fiscal 2010. By 2015, the acquisition workforce will grow by about 20,000 people.

Support Troops in the Field

In addition to the department's base budget, the fiscal 2010 request includes \$130 billion to support troops involved in overseas contingency operations in Iraq and Afghanistan. This is not a supplemental request. It is intended to fund all currently known requirements for military operations in Iraq and Afghanistan for the entire fiscal year.

The requested amount of \$130 billion is the administration's best estimate of needs at this time. Although the goal is not to submit a supplemental request in fiscal 2010, the administration reserves the right to seek additional funds in the event that there are significant changes in the security situation in theater or changes in force levels or other operations in Iraq or Afghanistan.

A Reform Budget

The President's Department of Defense fiscal 2010 budget request is a reform budget. It reflects lessons learned in Iraq and Afghanistan, and it addresses the range of potential threats around the world, both now and for the foreseeable future.

This budget acknowledges that every taxpayer dollar spent to over-insure against a remote or diminishing risk is a dollar that is not available to care for America's service men and women, to reset the force, to win the wars the nation is in, or to improve capabilities in areas where the U.S. is underinvested and potentially vulnerable.

As Secretary of Defense Robert Gates said in remarks at the Air War College on April 15, "These recommendations are less about budget numbers than they are about how the U.S. military thinks about and prepares for the future. Fundamentally, the proposals are about how we think about the nature of warfare. About how we take care of our people. About how we institutionalize support for the warfighter for the long term. About the role of the services, how we can buy weapons as jointly as we fight. About reforming our requirements and acquisition processes."

These issues will be analyzed further in the Quadrennial Defense Review, the Nuclear Posture Review, and other studies. The President's Department of Defense budget request for fiscal 2010 is an integral part of this effort.

Attached Summary Charts:

- Department of Defense Topline FY2001 – FY2010
- Summary By Appropriation Title
- Summary By Component
- Support the Troops in the Field