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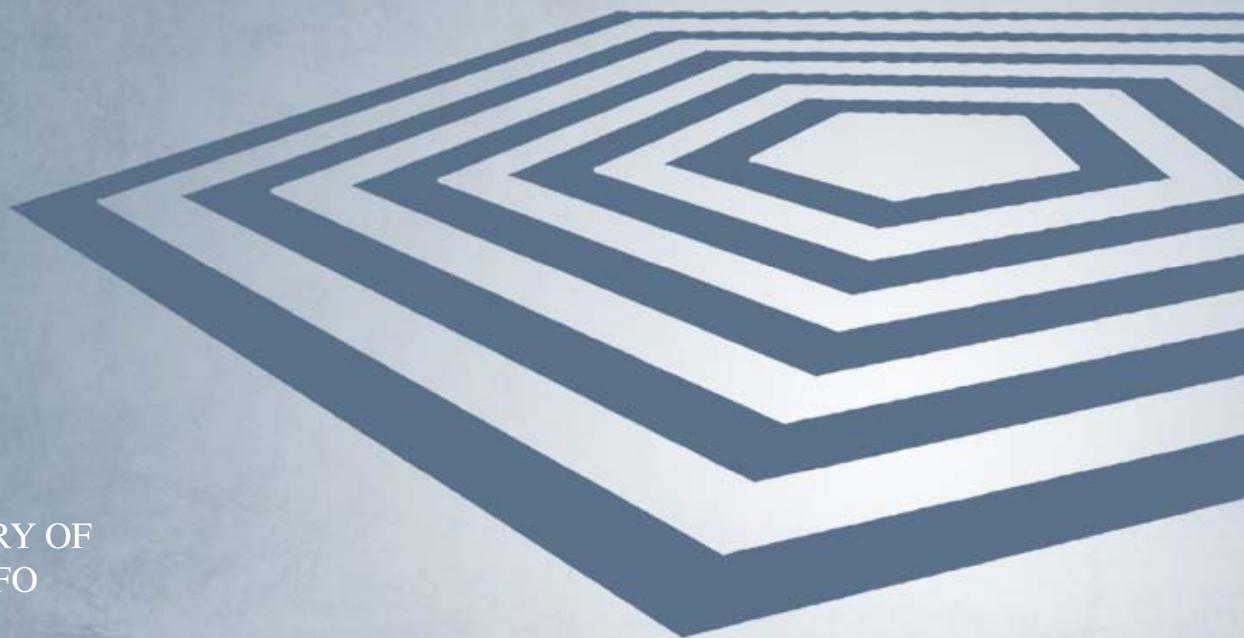
UNITED STATES DEPARTMENT OF DEFENSE

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# Fiscal Year 2011 BUDGET REQUEST

February 2010

OFFICE OF THE UNDER SECRETARY OF  
DEFENSE (COMPTROLLER) / CFO



# Continuing the Reform Agenda

*This budget provides the resources to sustain a military at war. It takes care of our people, rebalances military capabilities, reforms what and how we buy, and supports our troops in the field.*



# Agenda

- **Funding Overview**

- **Key Themes:**

- Taking Care of People
- Rebalancing Military
  - Current Wars
  - Current/Future Conflicts
- Reforming What and How We Buy
- Supporting Our Troops in the Field

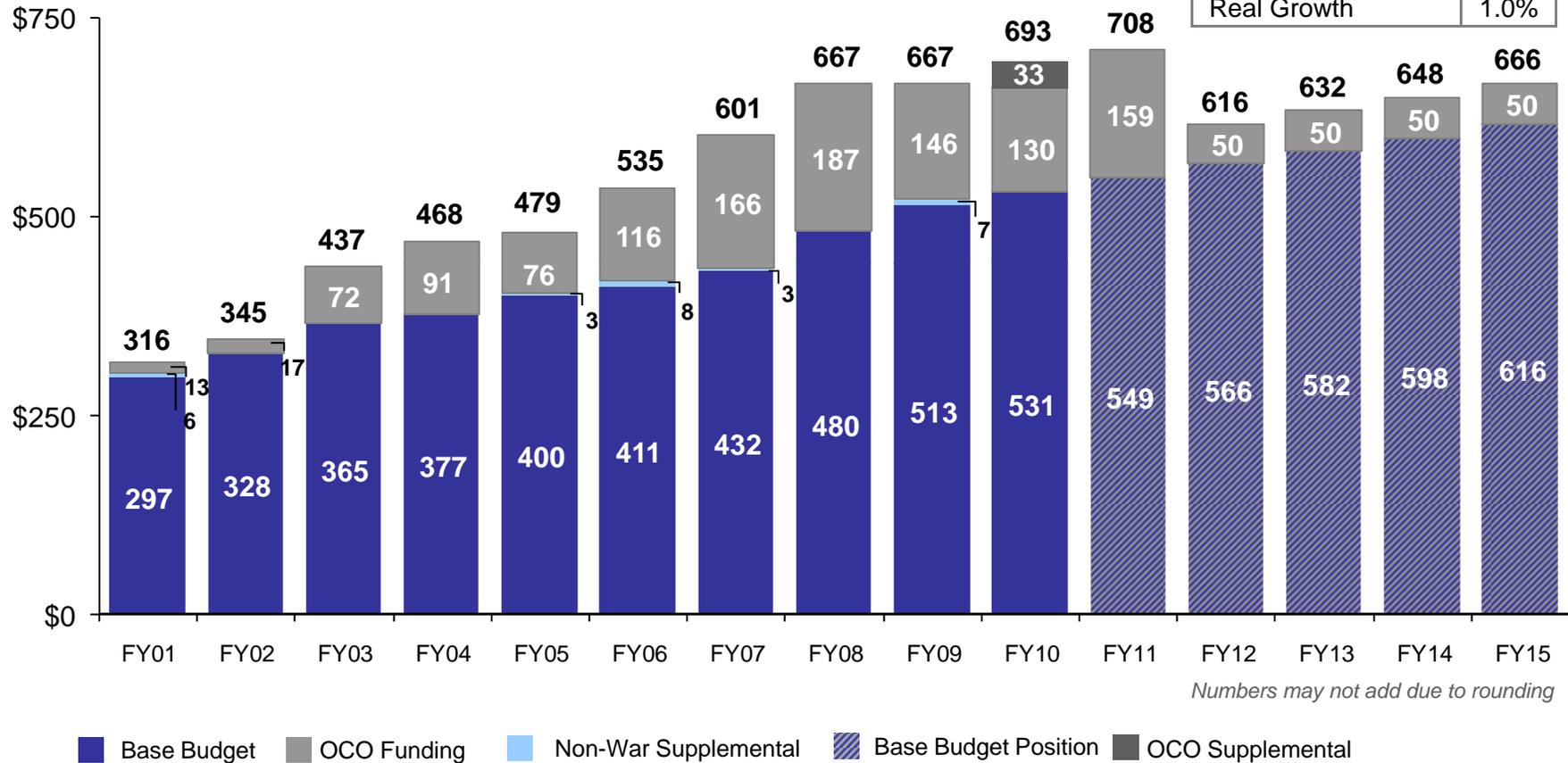
- **Budget Request Overview by Component/Appropriation**

# Department of Defense Topline

## FY 2001 – FY 2015

(Current Dollars in Billions)

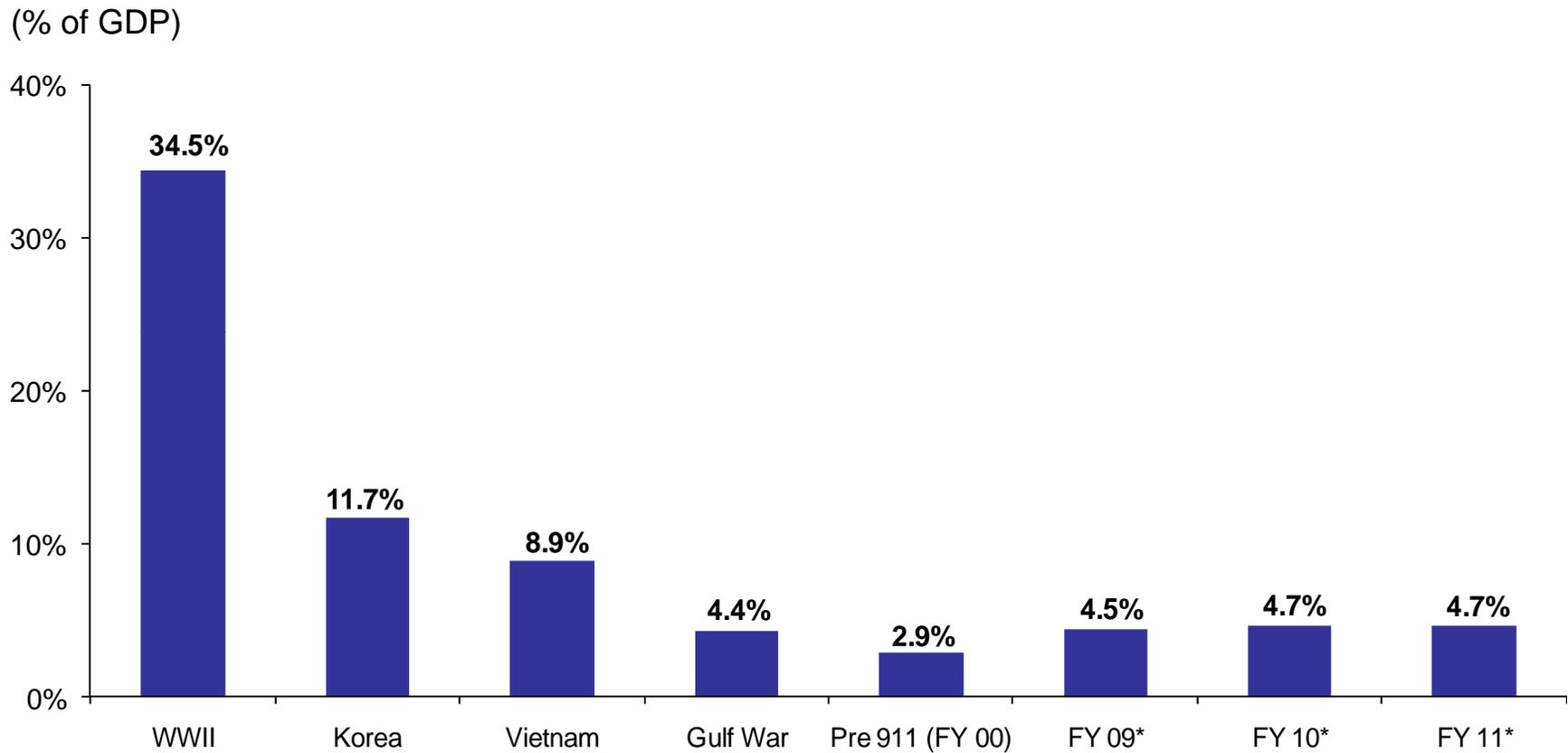
FY 2010 – FY 2015 Base Growth	
Nominal Growth	3.0%
Real Growth	1.0%



Note: FY 2011 – FY 2015 reflects levels included in the President's FY 2011 Budget Request; FY 2009 Non-War Supplemental was appropriated through the American Recovery and Reinvestment Act of 2009

Source: Department of Defense Appropriation Acts FY 2001 – FY 2010, FY 2011 President's Budget documents

# Defense as Percent of GDP



\* Assumes GDP projections reflected in the President's FY 2011 Budget Request, February 2010

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- Budget Request Overview by Component/Appropriation

# Taking Care of People

- Pay raises for both military and civilians (1.4%, full ECI)
- Fully fund Defense Health Program (DHP)
  - Sustain health benefits for 9.5 million eligible beneficiaries
  - Wounded Warriors program
- Develop Virtual Lifetime Electronic Records (VLER)/ Electronic Health Records (EHR)
  - Closer integration with Veterans Administration (VA)
- Sustain family support initiatives
  - Spousal/Community support
  - Counseling, child care
  - Replace/renovate 103 DoDEA schools by 2015
- Implement Phase I of Korea tour normalization
- Terminate NSPS



***All Volunteer Force a National Asset***

# Rebalancing for Current Wars

- Increase rotary wing capacity
  - Increase Army air crew training by 9%
  - Add 2 active Army Combat Aviation Brigades (CABs) by FY 2014
  - Sustain production of V-22, H-1, and H-60 aircraft
- Increase Intelligence, Surveillance, and Reconnaissance (ISR) capacity
  - Increase Predator-Class Combat Air Patrols (CAPs)
    - From current 37 to 65 by FY 2013
- Increase in-theater electronic warfare capability
  - Buy 12 EA-18G aircraft
  - Recapitalize 4 EA-18G squadrons
    - 40% increase (70 combat aircraft vs. 50)



# Rebalancing for Current Wars (Continued)

- Expand Special Operations capacity and institutionalize
  - Increase gunship fleet
  - Increase Civil Affairs/PSYOPS personnel (+3,651 by FY 2015)
  - Add combat support/combat service support (+4,027 personnel by FY 2015)
- Homeland defense changes
  - Revamp Consequence Mgmt Response Force infrastructure
  - Improved response time through regional Homeland Response Forces
- Counter weapons of mass destruction
  - Increased resources for WMD-related technical/analytical support
  - Support President's 4-year initiative for Global Nuclear lockdown
- Stand up CYBERCOM



***Focus on Current War Needs***

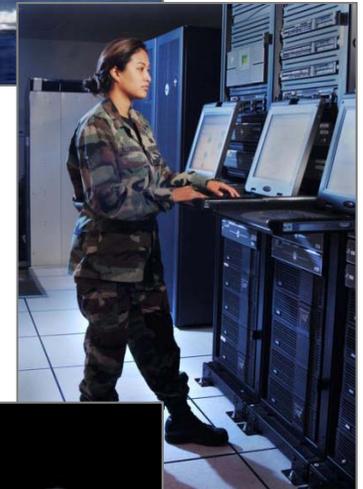
# Rebalancing for Current/Future Conflicts

- Restructure Joint Strike Fighter (JSF)
  - Stabilize schedule and cost (buy 42 in FY 2011)
- Sustainable shipbuilding plan
  - 10 ships in FY 2011; 52 ships in FY 2011-2015
  - FY 2011 first year 2 VA-Class SSN submarines are funded
- Accelerate Army BCT modernization/mix
  - End Army production of HMMWVs
- Expand and enhance long-range strike capability
  - Sustain bomber industrial base
- Modernize existing nuclear weapons and infrastructure
  - Support increased funding for NNSA
  - Support START



# Rebalancing for Current/Future Conflicts (Continued)

- Reprioritize missile defense
  - Phased Adaptive Approach for European missile defense
  - Increase interceptor production
  - Airborne Laser (ABL) -- technology development effort
- Execute KC-X tanker program
- Support study of GMTI
  - Sustain JSTARS re-engining
- NPOESS satellite restructure
- Changes to security assistance (1206/1207)
  - Section 1207 security and stabilization funding transferred to State (\$100M/year)
  - Section 1206 global train and equip increased (to \$500M in FY 2011)



***Substantial Investment in Current/Future Conflicts***

# Reform What and How We Buy

- End unneeded programs
  - C-17 aircraft procurement
  - JSF Alternate Engine
  - CG(X) Cruiser
  - EP(X) Aircraft
  - Third Generation Infra-red Surveillance System (3GIRS)
- Terminate poorly performing programs
  - Defense Integrated Military Human Resources System (DIMHRS)
  - Net Enabled Command and Control (NECC)
- Reform how we buy and operate
  - Acquisition reform
    - Implement Weapon Systems Acquisition Reform Act
  - Continue in-sourcing initiative
  - Financial management improvements

***Achieving True Savings Frees Up Funds for Rebalancing***

# Support Our Troops in the Field (Overseas Contingency Operations)

- Provide troops all the resources they need
  - \$33.0B in FY 2010 supplemental
  - \$159.3B in FY 2011 request
  - Support Afghan buildup
  - Support responsible Iraq drawdown
- Fully fund enablers
  - Intelligence, Surveillance, and Reconnaissance (ISR)
  - Mine Resistant Ambush Protected (MRAP) vehicles
  - Joint IED Defeat Organization (JIEDDO)
- Fund Commander's Emergency Response Program (CERP)
  - \$1.3 billion in FY 2011



***Provide Troops in the Field Resources Needed to Succeed***

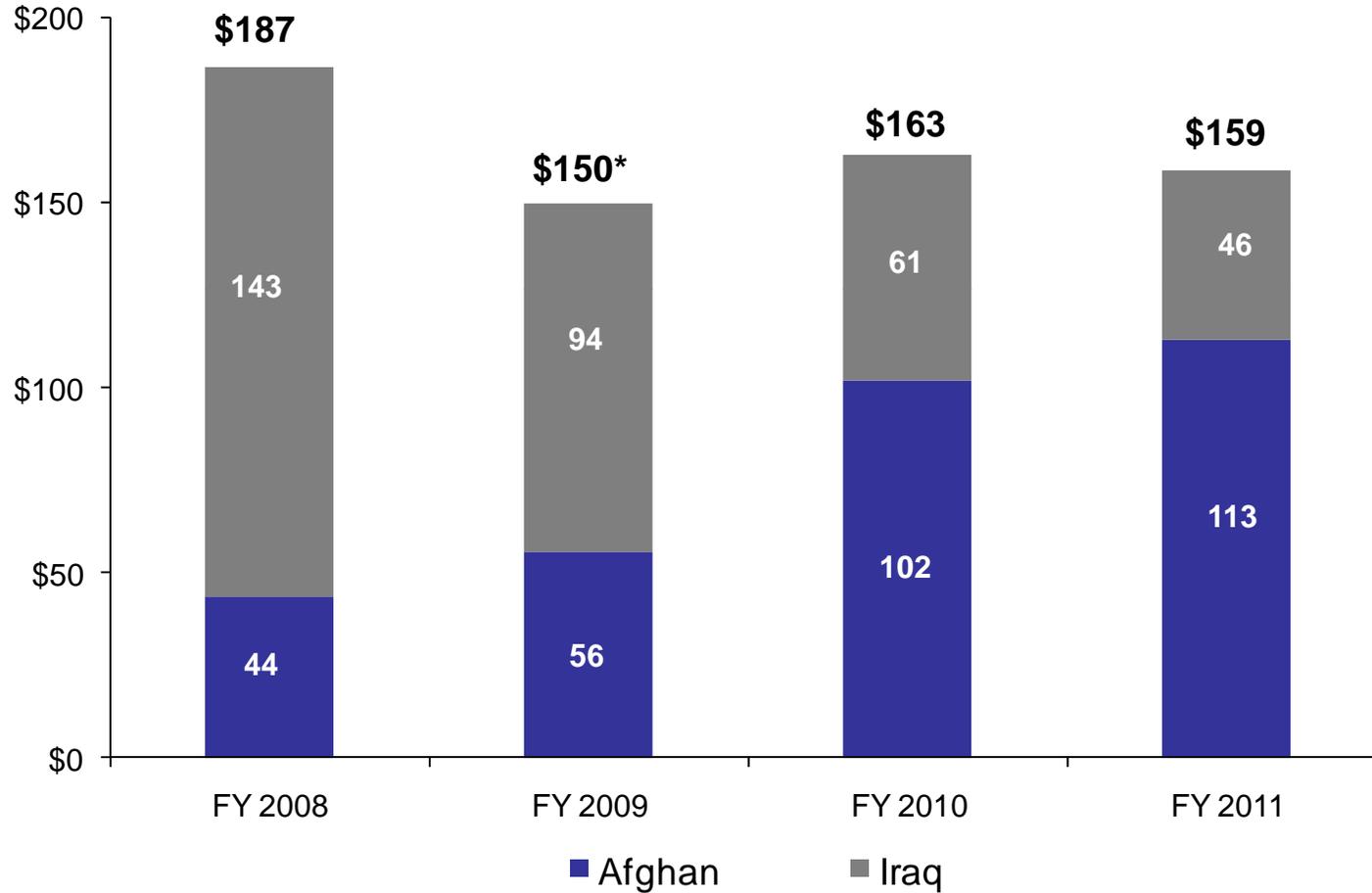
# Support Our Troops in the Field

## (Continued)

- Fund the training and equipping of Afghan security forces
  - \$9.2B in FY 2010; \$11.6B in FY 2011
- Provide infrastructure improvements in Afghanistan
- Fund the training and equipping of Iraq security forces
  - \$1B in FY 2010; \$2B in FY 2011
- Support President's decision on Guantanamo detainee operations
- Provide FY 2010 Supplemental funds to partially cover projected base fuel cost increases (\$2 billion)

# Trends in OCO Funding

(Dollars in Billions)



\* This level does not reflect the \$4.5B rescission included in the FY 2009 Supplemental Appropriation Act for baseline fuel and other items.

# Summary

- DoD needs modest real growth
  - Recruit, train, and equip the military we need
  - Support QDR themes
- Must continue focus on today's wars
  - While investing for current/future conflicts
- “Continuing reform agenda” means hard decisions
  - End C-17 production
  - No alternate engine
- Need timely enactment of FY 2010 Supplemental (Spring)
  - Supplemental appropriate because of 30K troop increase

***Continuing the Reform Agenda***

## For More Information

- For more information, visit the website for the Office of the Undersecretary of Defense (Comptroller) at
  - [www.budget.mil](http://www.budget.mil)
  - Download the Department's *FY 2011 Budget Request*



# Agenda

- **Funding Overview**
- **Key Themes:**
  - Taking Care of People
  - Rebalancing Military
    - Current Wars
    - Current/Future Conflicts
  - Reforming What and How We Buy
  - Supporting Our Troops in the Field
- **Budget Request Overview by Component/Appropriation**

# Summary By Component

## FY 2011 Base Budget

(Dollars in Billions)

Component	FY 2010	FY 2011	Δ FY 2010 – FY 2011
<b>Army</b>	\$139.6	\$143.4	+2.7%
<b>Navy</b>	155.8	160.6	+3.1%
<b>Air Force</b>	143.4	150.0	+4.6%
<b>Defense-wide</b>	91.9	94.9	+3.3%
<b>Total</b>	<b>\$530.7</b>	<b>\$548.9</b>	<b>+3.4%</b>

*Numbers may not add due to rounding*

# Summary By Appropriation Title

## FY 2011 Base Budget

(Dollars in Billions)

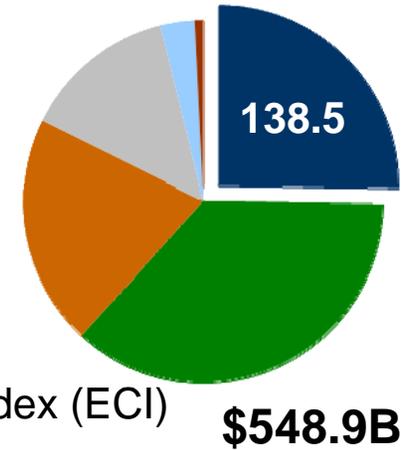
Appropriation Title	FY 2010	FY 2011	Δ FY 2010 – FY 2011
<b>Military Personnel</b>	\$135.0	\$138.5	+2.6%
<b>Operation and Maintenance</b>	184.5	200.2	+8.5%
<b>Procurement</b>	104.8	112.9	+7.7%
<b>RDT&amp;E</b>	80.1	76.1	-5.0%
<b>Military Construction</b>	21.0	16.9	-19.5%
<b>Family Housing</b>	2.3	1.8	-19.3%
<b>Revolving and Management Funds</b>	3.1	2.4	-23.7%
<b>Total</b>	<b>\$530.7</b>	<b>\$548.9</b>	<b>+3.4%</b>

*Numbers may not add due to rounding*

# Military Personnel

(Dollars in Billions)

	FY 2010	FY 2011	Δ FY 2010 – FY 2011
<b>Military Personnel</b>	\$135.0	\$138.5	+2.6%



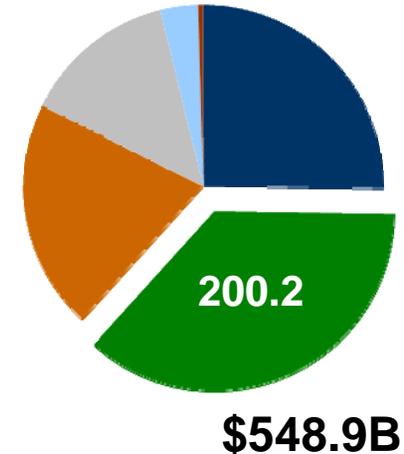
## • Highlights:

- Provides for 1.4% military pay raise, equal to Employment Cost Index (ECI)
  - Keeps military pay increase in-line with private sector
  - Enlisted E-6 (Army staff sergeant) will see a pay increase of \$762
  - Officer O-3 (Army Captain/Navy Lieutenant) will see a pay increase of \$1,149
- Increases basic allowance for subsistence by 3.4%
- Increases basic allowance for housing on-average 4.2%
- Fully funds accelerated achievement of growth in Army and Marine Corps force levels originally announced by the President in January 2007
- Reduces recruiting and retention by \$0.3 billion -- reflects the Department's efforts to offer optimal incentives to achieve manning goals and anticipates continuation of a strong recruiting and retention environment

# Operation and Maintenance

(Dollars in Billions)

	FY 2010	FY 2011	Δ FY 2010 – FY 2011
<b>Operation and Maintenance</b>	\$184.5	\$200.2	+8.5%
<i>Defense Health Program</i>	29.2	30.9	+5.8%



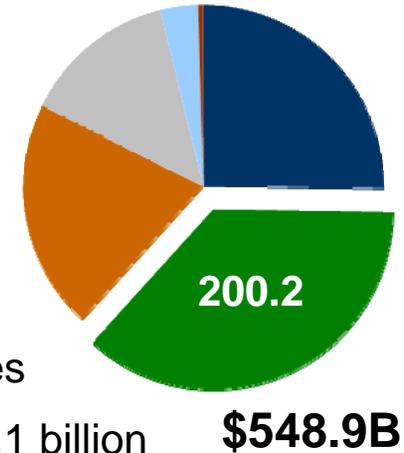
## • Highlights – Operation and Maintenance:

- Provides necessary program growth to sustain our military forces, training, base operating support, and equipment maintenance
- Sustains readiness levels of the Military Services – tank miles, flying hours, ship operations, and other readiness-related programs
  - Supports new and existing weapons systems such as unmanned aerial systems and the F-22
  - Increased use of long haul communication and improved interoperability of information technology systems
  - Increased demand for specialized training
  - Achieves an effective funding balance between base and Overseas Contingency Operations by increasing the O&M request for enduring programs

# Operation and Maintenance - DHP

(Dollars in Billions)

	FY 2010	FY 2011	Δ FY 2010 – FY 2011
<b>Operation and Maintenance</b>	\$184.5	\$200.2	+8.5%
<b><i>Defense Health Program</i></b>	29.2	30.9	+5.8%



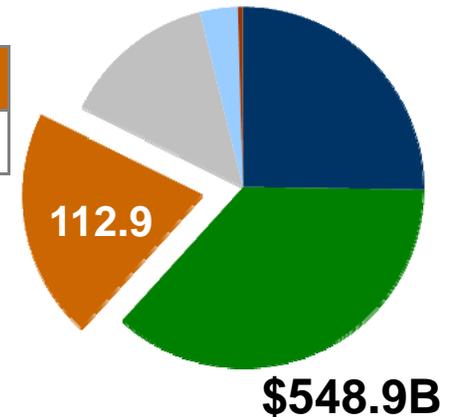
- **Highlights – Defense Health Program:**

- Provides high quality health care for 9.5 million eligible beneficiaries
- Fully funds Wounded, Ill, and Injured (WII) programs to include \$1.1 billion for the treatment, care, and research of Traumatic Brain Injuries and Psychological Health (TBI/PH) issues such as the development of tools to detect and treat PTSD and enhancements to suicide prevention measures
- Adds \$0.3 billion to support efforts to modernize the Department’s Electronic Health Record and medical IT infrastructure, while partnering with the VA and private sector to pursue the Administration’s goal of building a Virtual Lifetime Electronic Record (VLER)
- Reflects continued growth in the number of users and health care utilization
- Reflects savings for federal pricing for retail pharmaceuticals and initiatives to streamline the medical supply chain and reduce fraud, waste, and abuse of the TRICARE benefit

# Procurement

(Dollars in Billions)

	FY 2010	FY 2011	Δ FY 2010 – FY 2011
<b>Procurement</b>	\$104.8	\$112.9	+7.7%



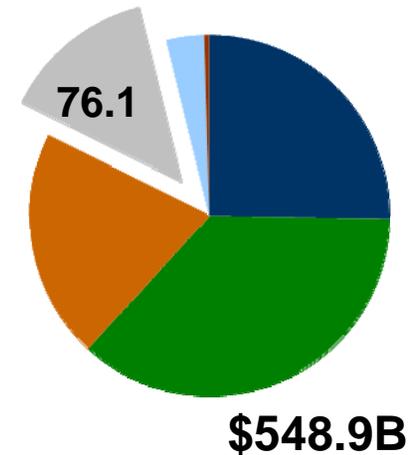
- **Highlights:**

- Procures 10 ships in FY 2011
  - 9 Navy and 1 Army
  - Includes:
    - 2 VA-Class SSN Submarines
    - 2 DDG-51 destroyers
    - 2 Littoral Combat ships
    - Joint High Speed Vessels for both the Army and Navy
    - 1 LHA (R) ship
    - 1 MPF MLP ship
- Procures 42 Joint Strike Fighter and 34 F/A-18E/F/G aircraft
- Funds growth in inventory of unmanned aerial vehicles
- Increases procurement of THAAD and SM-3 missiles
- Funds additional Army helicopters (UH-60/CH-47/AH-64)
- Continues acquisition of 35 V-22 aircraft

# RDT&E

(Dollars in Billions)

	FY 2010	FY 2011	Δ FY 2010 – FY 2011
RDT&E	\$80.1	\$76.1	-5.0%



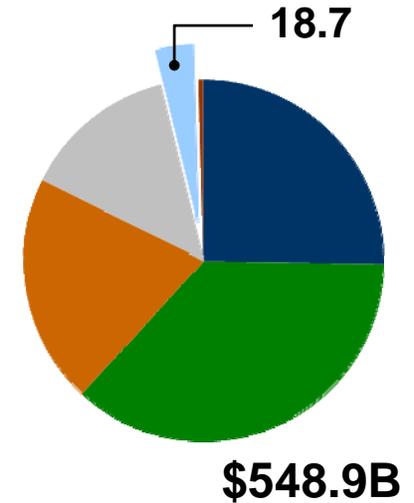
- **Highlights:**

- Funds robust science and technology program, particularly basic research (6.1) and applied research (6.2)
- Fully funds Joint Strike Fighter (F-35) development
- Restructures the BCT Modernization Program to retain and accelerate the spin out technology enhancements to combat brigades
- Funds rotary wing survivability improvements
- Continues research into Ballistic Missile Defense technologies
- Invests in next generation long-range strike capability
- Continues investment in next generation SSBN submarine
- Funds development of tanker aircraft

# Facilities

(Dollars in Billions)

	FY 2010	FY 2011	Δ FY 2010 – FY 2011
<b>Military Construction</b>	\$13.1	\$14.2	+8.3%
<b>BRAC</b>	7.9	2.7	-65.8%
<b>Family Housing</b>	2.3	1.8	-19.3%



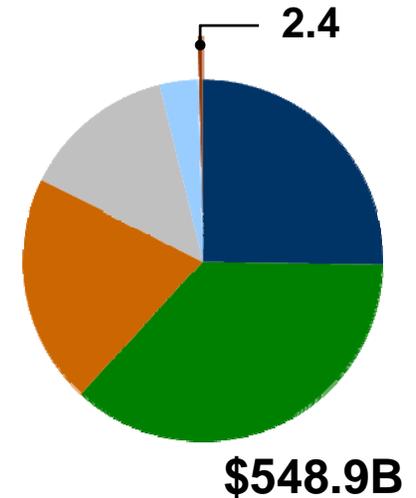
- **Highlights:**

- Funds BRAC 2005 to meet the statutory deadline of Sep 15, 2011
  - Final year of BRAC implementation
  - Major construction requirements funded in previous years
- Provides for infrastructure investments to support:
  - Relocation of Marines from Japan to Guam
  - Recapitalization of schools and medical facilities
  - Army and Marine Corps force growth
- Family housing decreases as more units in the inventory are privatized

# Revolving and Management Funds

(Dollars in Billions)

	FY 2010	FY 2011	Δ FY 2010 – FY 2011
Revolving Funds	\$3.1	\$2.4	-23.7%



- **Highlights:**

- Sustains commissary benefits for military members and their families
- Fuel based on crude price of \$85/barrel
  - Higher than recent years
- Supports warfighter supply, depot and transportation needs at wartime OPTEMPO
- Supports Pentagon Renovation project as it nears completion

# FY 2010/FY 2011 OCO by Functional Category

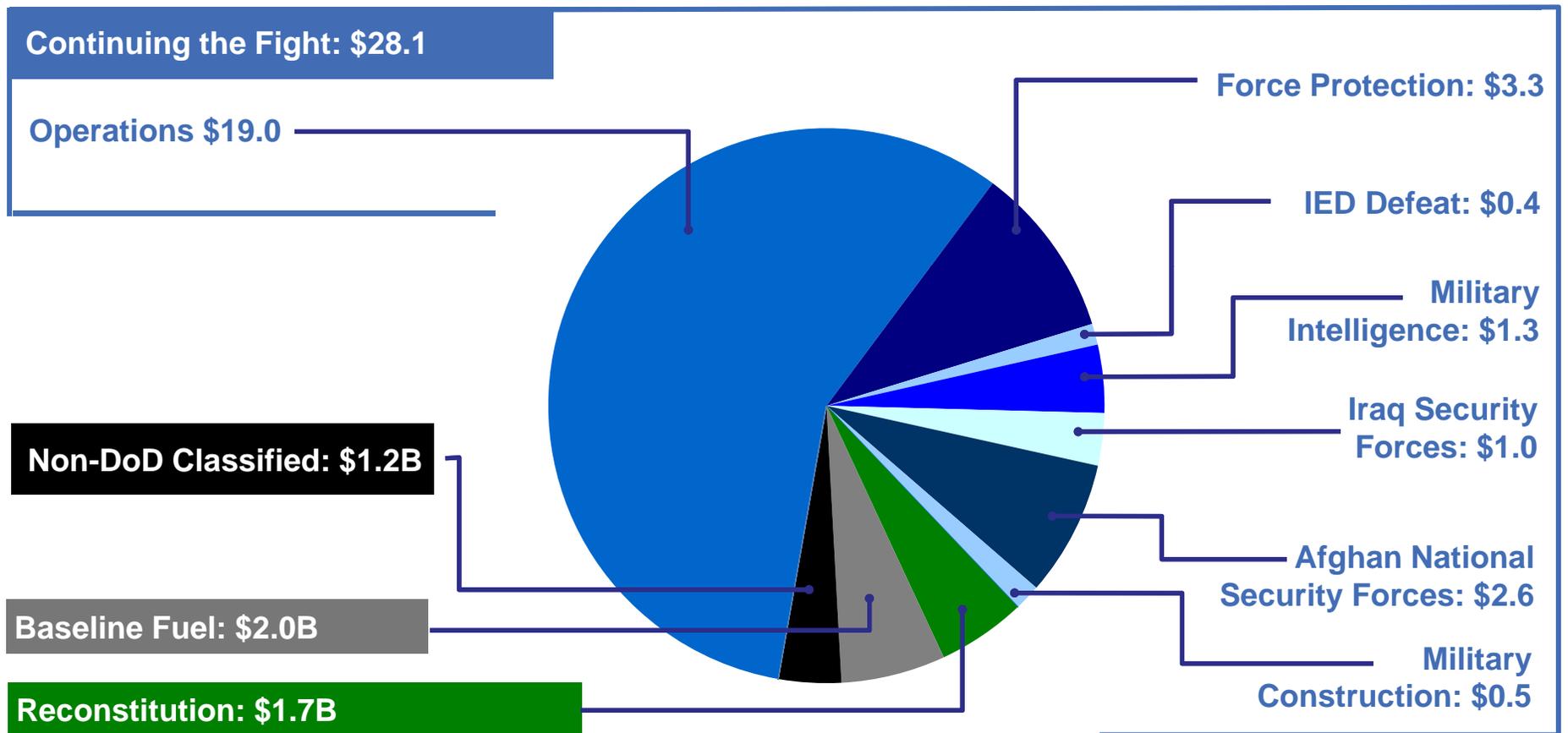
(Dollars in Billions)

	FY 2010 Enacted	FY 2010 Supplemental	FY 2010 OCO Total		FY 2011 OCO Request
Operations	74.5	19.0	93.5		89.4
Force Protection	15.2	3.3	18.5		12.0
IED Defeat	1.8	0.4	2.2		3.3
Military Intelligence Program (Incl ISR)	4.6	1.3	5.9		7.0
Iraq Security Forces	--	1.0	1.0		2.0
Afghanistan Security Forces	6.6	2.6	9.2		11.6
Coalition Support	1.9	--	1.9		2.0
CERP	1.2	--	1.2		1.3
Military Construction	1.4	0.5	1.9		1.2
Reconstitution	17.0	1.7	18.7		21.3
Army End Strength	1.0	--	1.0		2.1
Navy End Strength	0.4	--	0.4		0.5
Baseline Fuel	--	2.0	2.0		--
Non-DoD Classified	4.1	1.2	5.3		5.6
<b>Total</b>	<b>129.6</b>	<b>33.0</b>	<b>162.6</b>		<b>159.3</b>

*Numbers may not add due to rounding*

# FY 2010 Overseas Contingency Operations Supplemental Request

(Dollars in Billions)

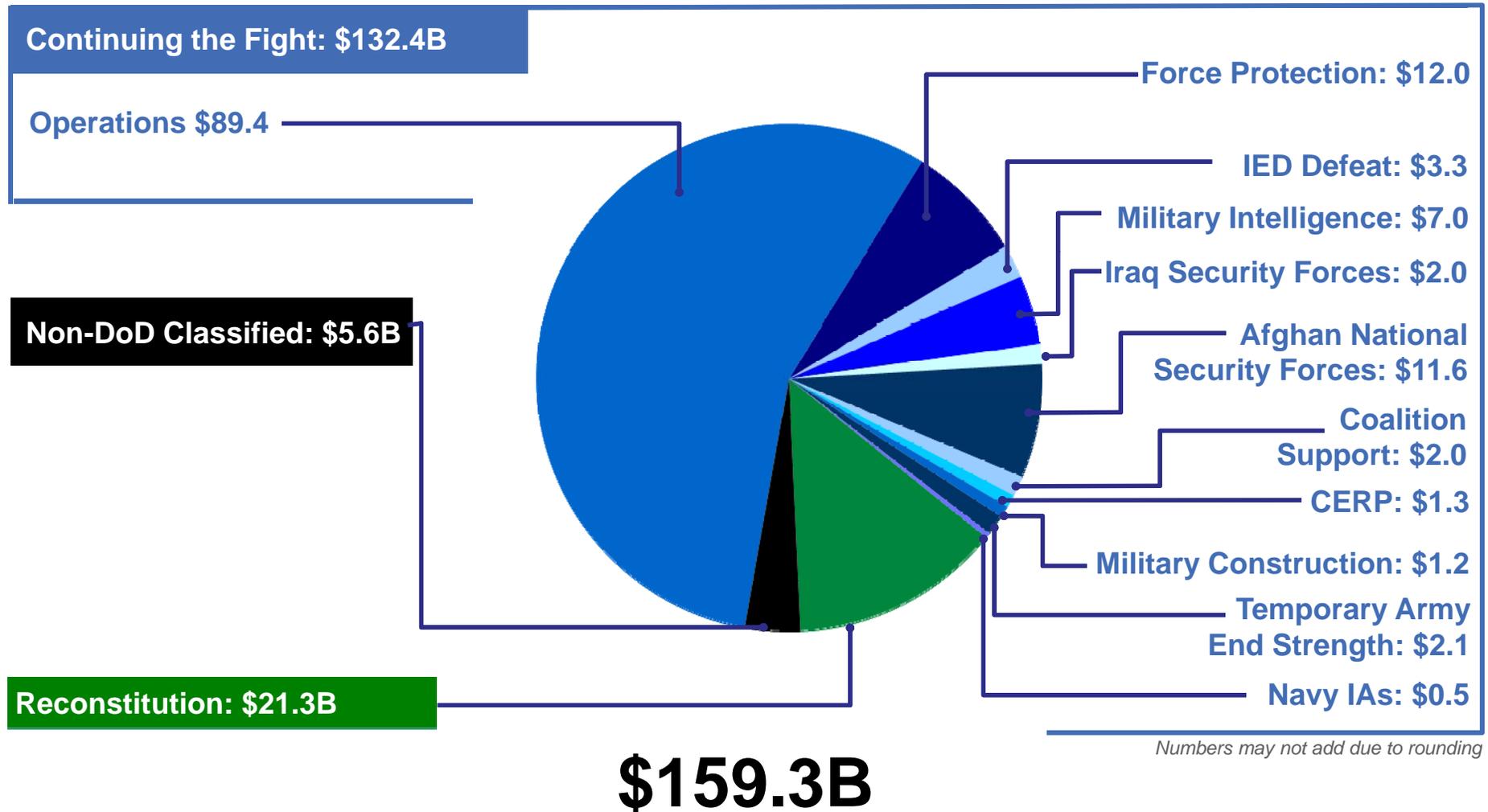


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## \$+33.0B

# FY 2011 Overseas Contingency Operations Budget Request

(Dollars in Billions)



# FY 2010/2011 Overseas Contingency Operations Force Level Assumptions (OIF/OEF)

(Average Strength)

	FY 2009	FY 2010	FY 2011
Iraq	140,700	100,000	43,000
Afghanistan	44,300	68,000	68,000
Afghanistan Increase	--	16,000	30,000
Additional enablers subject to operational needs (max)	--	--	4,000 *
<b>Iraq and Afghanistan</b>	<b>185,000</b>	<b>184,000</b>	<b>145,000</b>
In-Theater Support	48,200	48,200	48,200
<b>Subtotal OIF/OEF</b>	<b>233,200</b>	<b>232,200</b>	<b>193,200</b>
<b>In CONUS Mobilization</b>	<b>63,800</b>	<b>62,500</b>	<b>55,000</b>
<b>Total Force Levels</b>	<b>297,000</b>	<b>294,700</b>	<b>248,200</b>

*Numbers may not add due to rounding*

\* Forecasting only; Assumes enablers above 30K; actual number will be determined by operational requirements

