

UNITED STATES DEPARTMENT OF DEFENSE

# FISCAL YEAR 2010 BUDGET REQUEST

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

MAY 2009



PHOTO: CDR BILL PAISLEY USN (RET)

# Tough Decisions and Reform



*“This is a budget crafted to reshape the priorities of America’s Defense establishment. If approved, these recommendations will profoundly reform how this Department does business.”*

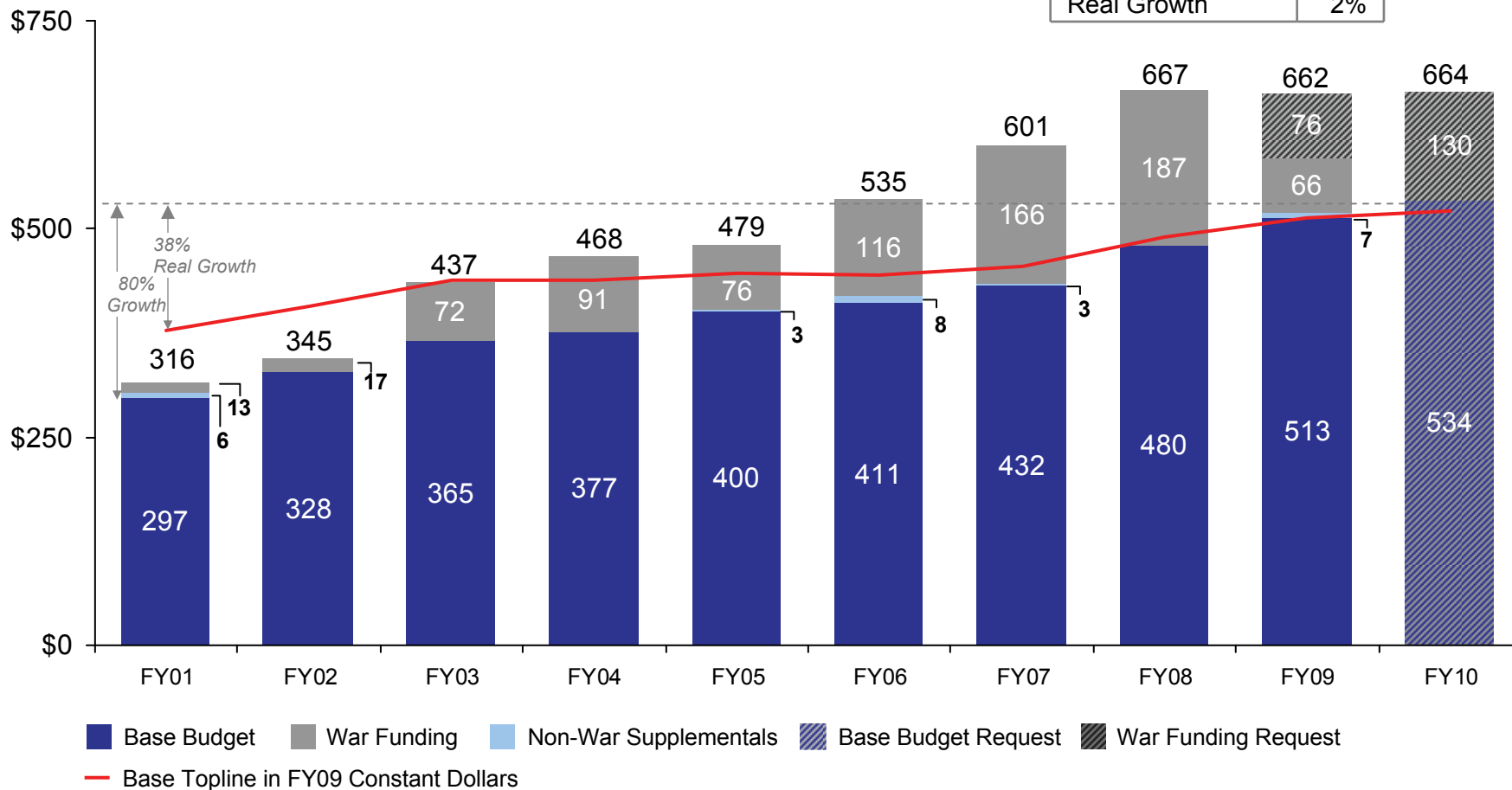
*— Secretary of Defense, Robert M. Gates*

# Department of Defense Topline

FY 2001 – FY 2010

(Dollars in Billions)

| FY 2009 – FY 2010<br>Base Growth |    |
|----------------------------------|----|
| Nominal Growth                   | 4% |
| Real Growth                      | 2% |



Note: FY 2009 Non-War Supplemental is appropriated through American Recovery and Reinvestment Act of 2009

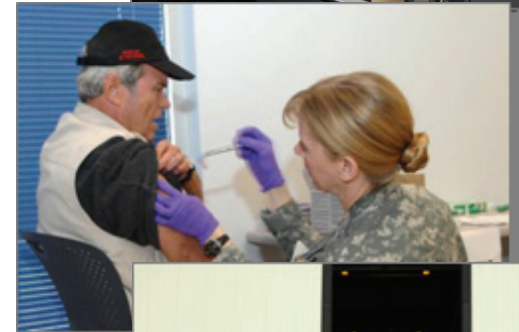
Source: Defense Appropriation Acts FY 2001 – FY 2009, National Defense Budget Estimates for FY 2009, OMB Historical Tables FY 2009

# Agenda

- **Secretary Gates' Key Themes:**
  - Take care of our people
  - Reshape and modernize the Force
  - Reform how the Department buys equipment and services
  - Support the troops in the field
- **Additional Themes**
  - Efficiencies
  - Process Reform
- **Budget Request Overview by Appropriation**

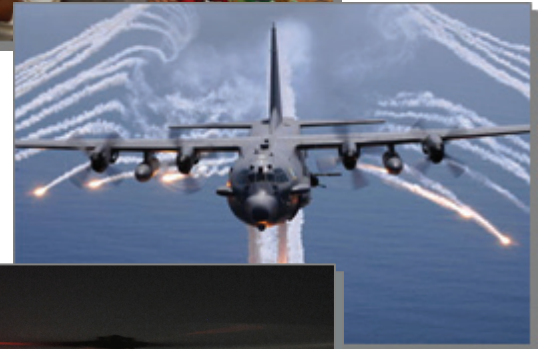
# Take Care of Our People

- **Fully fund the growth of the Army and Marine Corps**
  - Halt the reduction to the Navy and Air Force
- **Fully fund the Military Healthcare Program**
  - Address needs of wounded, ill and injured
  - Additional research for traumatic brain injury/ psychological health
- **Sustain Family Support Initiatives**
  - Additional childcare centers
  - Enhance spousal and community support initiatives
- **Provide military members with a 2.9% pay raise**
- **Provide civilian employees with a 2.0% pay raise**



# Reshape and Modernize the Force

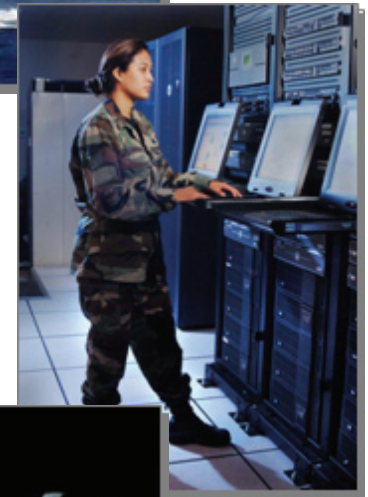
- **Build partnership capacity**
- **Grow Special Operations capabilities**
  - Additional personnel
  - Recapitalize gunships
- **Increase helicopter capacity**
- **Buy Littoral Combat Ships**
- **Charter additional High Speed Vessels**
- **Stop growth of Army Active Brigade Combat Teams at 45**



*Focus on current warfighter needs*

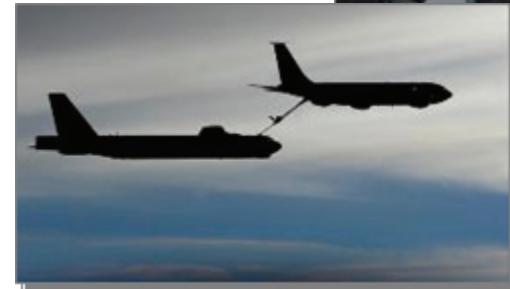
# Reshape and Modernize the Force

- **Improve theater missile defenses**
  - Includes conversion of 6 additional Aegis ships by FY 2015
  - Invest in additional THAAD/SM-3 Missiles
- **Improve cyber capability**
- **Increase Intelligence, Surveillance and Reconnaissance (ISR) capabilities**
- **Complete aircraft production**
  - End production of F-22 with 187 planned aircraft
  - End production of C-17 with 205 planned aircraft
- **Delay amphibious production**
  - San Antonio-class (LPD 17) and Mobile Landing Platform (MLP) ships deferred to FY 2011



# Reshape and Modernize the Force

- **Invest in tactical aircraft**
  - Buy Joint Strike Fighter and fully fund research and development
  - Continue buy of F/A-18E/F and EA-18G aircraft
- **Buy 9 ships in FY 2010 (8 Navy, 1 Army)**
  - Littoral Combat Ship (LCS) (3)
  - DDG-51 Destroyer (1)
  - Virginia Class Submarine (1)
  - T-AKE Auxiliary Dry Cargo Ship (2)
  - Joint High Speed Vessel (JHSV) (1 Navy, 1 Army)
- **Replace aging tanker fleet**
  - Maintain KC-X aerial refueling tanker schedule
- **Recapitalize C-130 aircraft inventory**
- **Procure additional AEHF communications satellite**



*Retain balanced capability to deter aggression*

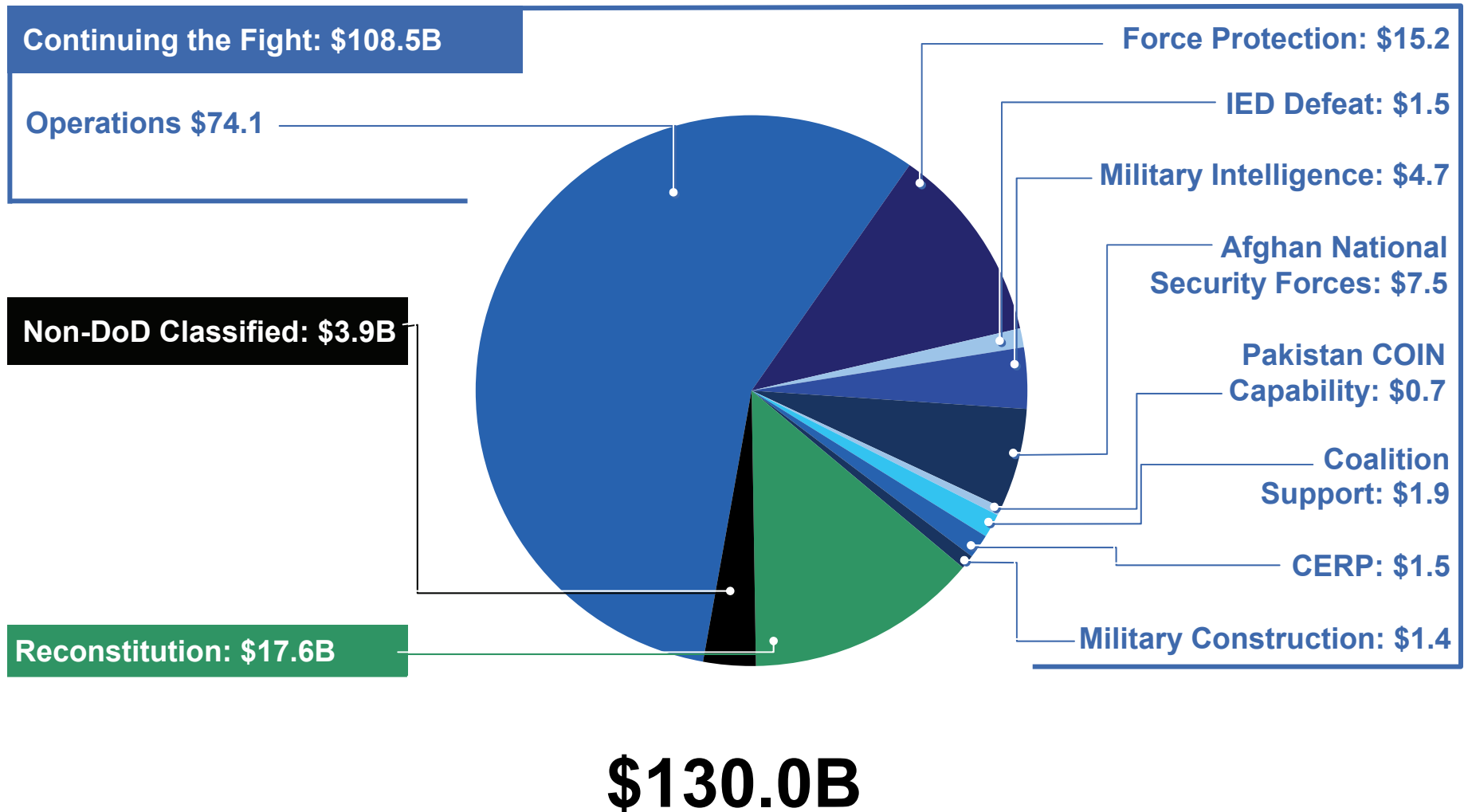
# **Reform How the Department Buys Equipment and Services**

- **Reinvigorate the acquisition workforce**
- **Reduce reliance on contractor support services**
- **Terminate troubled programs**
  - Terminate Presidential Helicopter (VH-71)
    - Immediately develop follow-on program
  - Terminate Combat Search and Rescue Replacement (CSAR-X)
  - Terminate Transformational Satellite Communication System (TSAT)
  - Focus missile defense on rogue threats
    - Terminate second Airborne Laser (ABL) aircraft and Multiple Kill Vehicle (MKV)
  - End DDG-1000 Destroyer production with third ship
  - Transition to Arleigh Burke-class Destroyer (DDG-51)
  - Restructure the Future Combat System (FCS)

# Support the Troops in the Field

## FY 2010 Overseas Contingency Operations

(Dollars in Billions)



Numbers may not add due to rounding

# **Support the Troops in the Field**

## **FY 2010 Overseas Contingency Operations**

- **Provides \$74.1 billion to fund incremental cost of military operations subsistence and logistics, to include predeployment, deployment and redeployment**
- **Supports average troop strength of 168,000 troops**
  - Iraq 100,000
  - Afghanistan 68,000
- **Funds procurement of 1,080 additional MRAP-ATVs**
- **Provides improved intelligence, surveillance and reconnaissance capabilities**
- **Provides \$7.5 billion to train and equip Afghan security forces**
- **Provides \$0.7 billion to develop Pakistan counterinsurgency capabilities**
- **Requests \$1.5 billion for the Commander's Emergency Response Program**
- **Invests \$1.4 billion in military construction infrastructure needs**
- **Provides \$21.4 billion for the procurement of equipment**

# Agenda

- **Secretary Gates' Key Themes:**
  - Take care of our people
  - Reshape and modernize the Force
  - Reform how the Department buys equipment and services
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- **Additional Themes**
  - Efficiencies
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# Efficiencies in FY 2010 Budget

## Insourcing

- Reduce reliance on contractor support services
  - 13,800 more Government employees in FY 2010
- Projected savings of \$0.9 billion

## Contracting Changes

- Reduce reliance on Time and Material (T&M) contracts
- Projected savings of \$0.3 billion

## Recruiting and Retention

- Reduce funding based on recent success
- Projected savings of \$0.8 billion

# Process Changes

- **Submit full war request with base budget**
- **Tighten definition of war costs**
  - Address only OIF/OEF costs
  - Replace only equipment lost or damaged
  - Properly fund base activities in the base
- **War budget not designated as emergency funding**

# Agenda

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# Summary By Component

## FY 2010 Base Budget

(Dollars in Billions)

| Component           | FY 2009      | FY 2010      | Δ FY 2009 –<br>FY 2010 |
|---------------------|--------------|--------------|------------------------|
| <b>Army</b>         | 139.2        | 142.1        | +2.1%                  |
| <b>Navy</b>         | 147.4        | 156.4        | +6.1%                  |
| <b>Air Force</b>    | 141.2        | 144.5        | +2.3%                  |
| <b>Defense-wide</b> | 85.5         | 90.8         | +6.1%                  |
| <b>Total</b>        | <b>513.3</b> | <b>533.8</b> | <b>+4.0%</b>           |

# Summary By Appropriation Title

## FY 2010 Base Budget

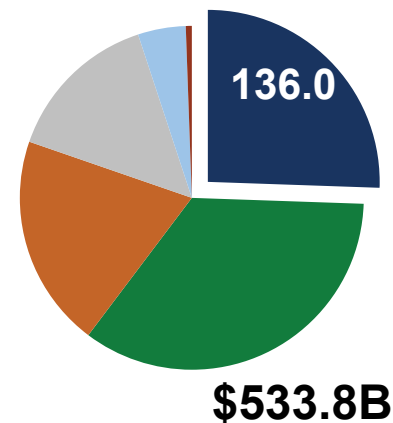
(Dollars in Billions)

| Appropriation Title                | FY 2009      | FY 2010      | Δ FY 2009 – FY 2010 |
|------------------------------------|--------------|--------------|---------------------|
| <b>Military Personnel</b>          | 124.9        | 136.0        | +8.9%               |
| <b>Operation &amp; Maintenance</b> | 179.1        | 185.7        | +3.7%               |
| <b>Procurement</b>                 | 101.7        | 107.4        | +5.6%               |
| <b>RDT&amp;E</b>                   | 79.5         | 78.6         | -1.1%               |
| <b>Military Construction</b>       | 21.9         | 21.0         | -4.1%               |
| <b>Family Housing</b>              | 3.2          | 2.0          | -38.0%              |
| <b>Other</b>                       | 3.2          | 3.1          | -1.1%               |
| <b>Total</b>                       | <b>513.3</b> | <b>533.8</b> | <b>+4.0%</b>        |

# Military Personnel

(Dollars in Billions)

|                    | FY 2009 | FY 2010 | Δ FY 2009 – FY 2010 |
|--------------------|---------|---------|---------------------|
| Military Personnel | 124.9   | 136.0   | +8.9%               |



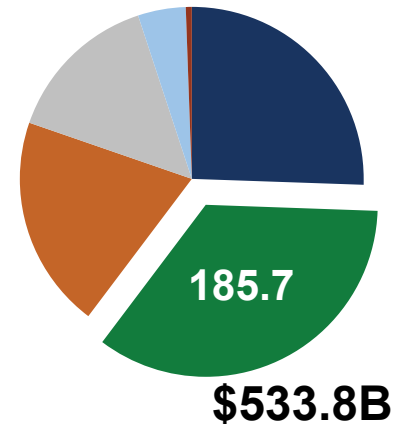
- **Highlights:**

- Funds the accelerated attainment of the ground forces grow the force initiative
- Provides for an annual military pay raise of 2.9%
  - Enlisted E-6 (Army staff sergeant) will see a pay increase of \$1,226
  - Officer O-3 (Army Captain/Navy Lieutenant) will see a pay increase of \$1,849
- Increases basic allowance for subsistence by 5.0%
- Increases basic allowance for housing on average 6.0%
- Fully funds recruiting and retention initiatives in base budget

# Operation and Maintenance

(Dollars in Billions)

|                           | FY 2009 | FY 2010 | Δ FY 2009 – FY 2010 |
|---------------------------|---------|---------|---------------------|
| Operation and Maintenance | 179.1   | 185.7   | +3.7%               |



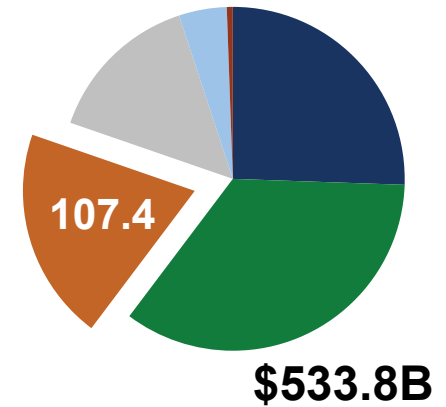
- **Highlights:**

- Sustains readiness levels at the FY 2009 level
  - 550 tank miles per year
  - 45 deployed steaming days per quarter
  - 14 Air Force fighter flying hours per crew per month
- Funds facility sustainment at 91% of requirement
- Increases funding for building partnership capacity
- Increases acquisition workforce by 4,080
- Provides increased intelligence, surveillance & reconnaissance sustainment
- Provides high quality health care for 9.3 million eligible beneficiaries
- Reflects no military health care out-of-pocket cost share increases
- Reflects savings for federal pricing of retail pharmaceuticals

# Procurement

(Dollars in Billions)

|             | FY 2009 | FY 2010 | Δ FY 2009 – FY 2010 |
|-------------|---------|---------|---------------------|
| Procurement | 101.7   | 107.4   | +5.6%               |



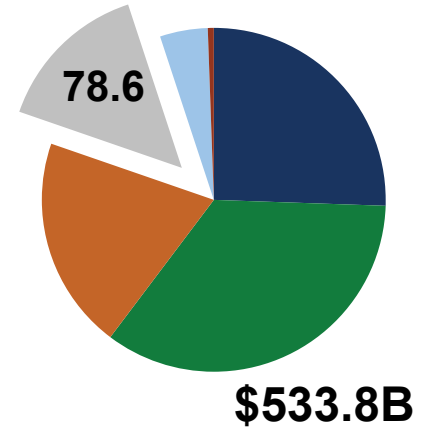
- **Highlights:**

- Procures 9 ships in FY 2010
  - 8 Navy and 1 Army
  - Includes 3 Littoral Combat ships
  - Includes Joint High Speed Vessels for both the Army and Navy
  - T-AKE auxiliary cargo ships funded in National Defense Sealift Fund
- Procures 30 Joint Strike Fighter and 31 F/A-18E/F/G aircraft
- Funds growth in inventory of unmanned aerial vehicles
- Funds enduring JIEDDO efforts in base budget
- Increases procurement of THAAD and SM-3 missiles
- Procures one AEHF satellite
- Funds additional Army helicopters

# RDT&E

(Dollars in Billions)

|       | FY 2009 | FY 2010 | Δ FY 2009 – FY 2010 |
|-------|---------|---------|---------------------|
| RDT&E | 79.5    | 78.6    | -1.1%               |



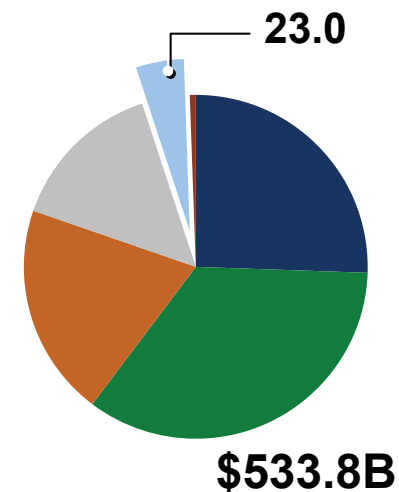
- **Highlights:**

- Funds robust science and technology program, particularly basic research (6.1)
- Fully funds Joint Strike Fighter (F-35) development
- While reducing total missile defense spending, robustly fund R&D to improve capability against long-range rogue missile threats
- Restructure the Future Combat System to retain and accelerate the spin out technology enhancements to combat brigades

# Facilities

(Dollars in Billions)

|                              | FY 2009 | FY 2010 | Δ FY 2009 – FY 2010 |
|------------------------------|---------|---------|---------------------|
| <b>Military Construction</b> | 13.1    | 13.5    | +3.1%               |
| <b>BRAC 2005</b>             | 8.8     | 7.5     | -14.8%              |
| <b>Family Housing</b>        | 3.2     | 2.0     | -38.0%              |



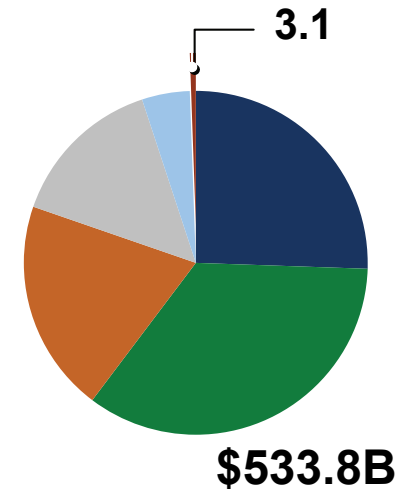
## • Highlights:

- Fully funds BRAC 2005 to meet the statutory deadline of Sep 15, 2011
  - Reduced funding because peak construction needs funded in previous years
- Provides for infrastructure investment to support:
  - Relocation of Marines from Japan to Guam
  - Recapitalization of schools and medical facilities
  - Marine Corps force growth
  - Reduced Army need for grow the force infrastructure
  - First phase of a large NSA data center project
- Reduces family housing funding due to near completion of privatization projects

# Other

(Dollars in Billions)

|                 | FY 2009 | FY 2010 | Δ FY 2009 – FY 2010 |
|-----------------|---------|---------|---------------------|
| Revolving Funds | 3.2     | 3.1     | -1.1%               |



- **Highlights:**

- Sustains commissary benefits for military members and their families
- Procures two T-AKE auxiliary cargo ships
- Fuel based on crude price of \$60.98/barrel
  - Lower than recent years
- Supports warfighter supply, depot and transportation needs at wartime optempo
- Provides transformational Global Information Grid access for increased bandwidth needs
- Supports continued progress as Pentagon Renovation project nears completion
- Enhances anti-terrorism/force protection at Pentagon Reservation

# Reshaping Defense Priorities

- **Provides the troops in the field the resources needed to succeed**
- **Reaffirms the nation's commitment to the all-volunteer force**
- **Rebalances the Department's programs between fighting the wars we are in today and preparing for future scenarios**
- **Changes the way we buy**

# 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 2010 Budget Request Summary Justification*

