

UNITED STATES DEPARTMENT OF DEFENSE

FISCAL YEAR 2010 BUDGET REQUEST

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

MAY 2009



Report Documentation Page

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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.”

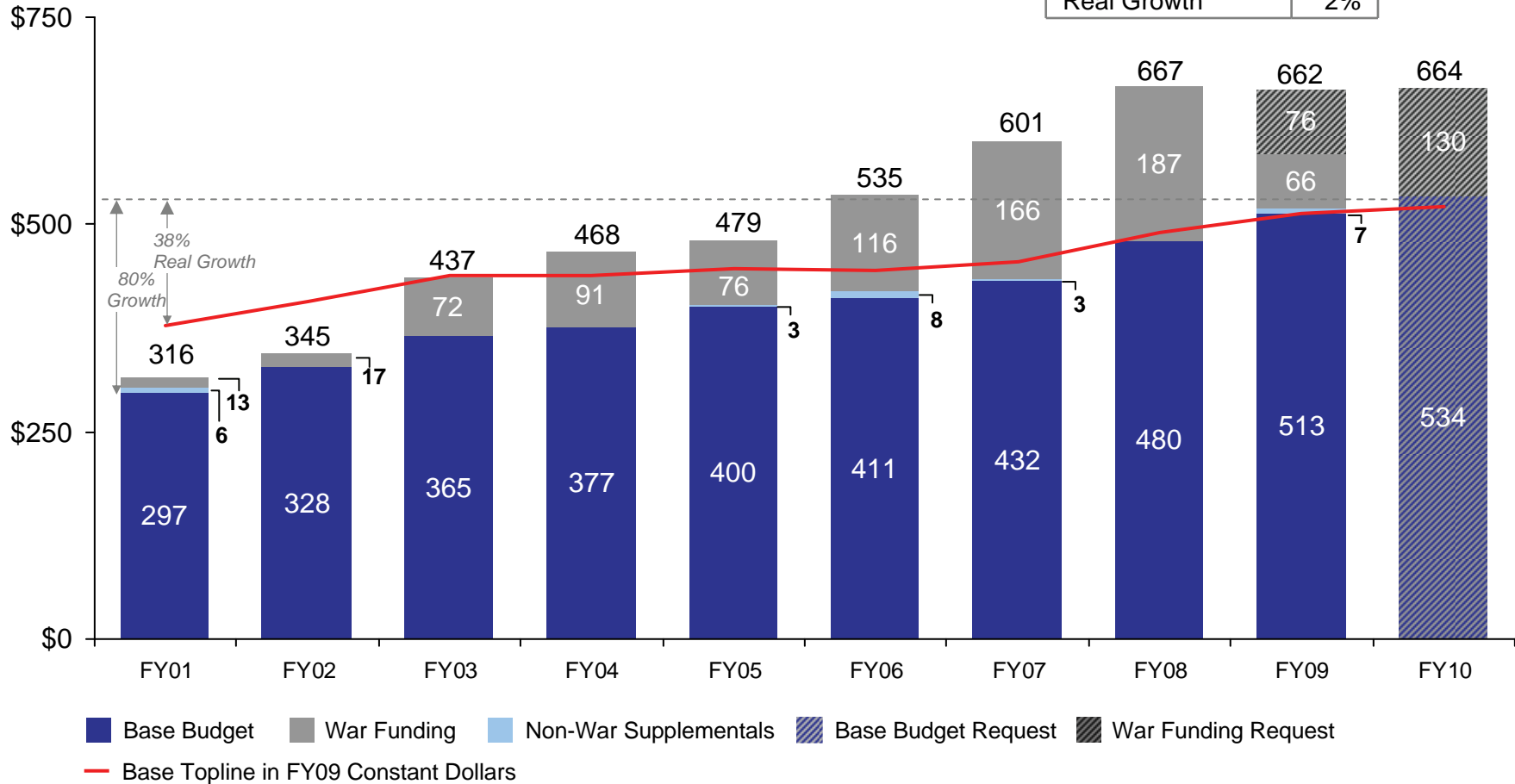
– Secretary of Defense, Robert M. Gates

Department of Defense Topline

FY 2001 – FY 2010

(Dollars in Billions)

FY 2009 – FY 2010 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

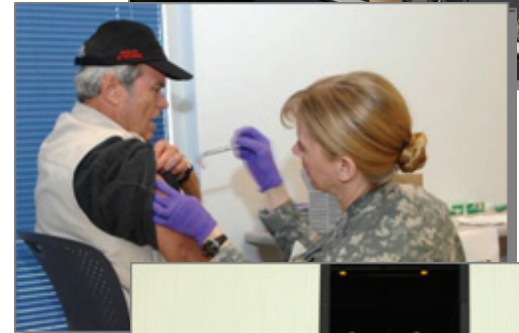
- **Secretary Gates' Key Themes:**
 - Take care of our people
 - Reshape and modernize the Force
 - Reform how the Department buys equipment and services
 - Support the troops in the field

- **Additional Themes**
 - Efficiencies
 - Process Reform

- **Budget Request Overview by Appropriation**

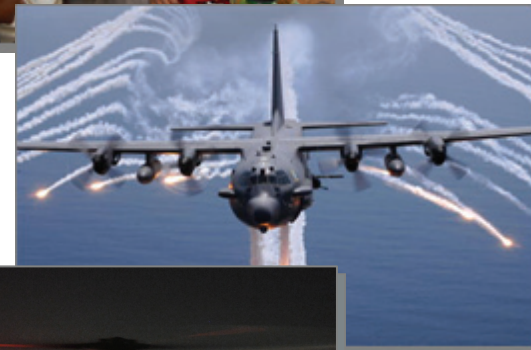
Take Care of Our People

- **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

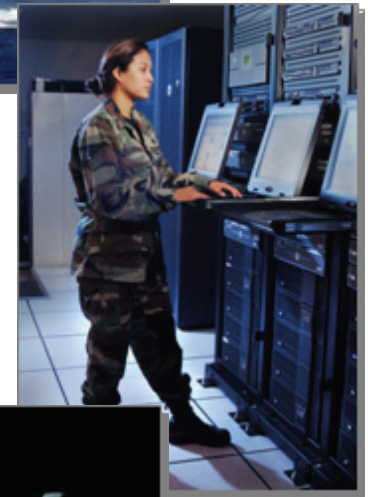
- **Build partnership capacity**
- **Grow Special Operations capabilities**
 - Additional personnel
 - Recapitalize gunships
- **Increase helicopter capacity**
- **Buy Littoral Combat Ships**
- **Charter additional High Speed Vessels**
- **Stop growth of Army Active Brigade Combat Teams at 45**



Focus on current warfighter needs

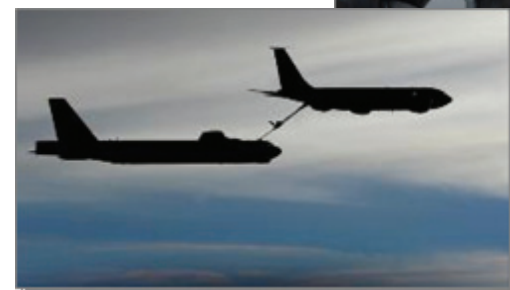
Reshape and Modernize the Force

- **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

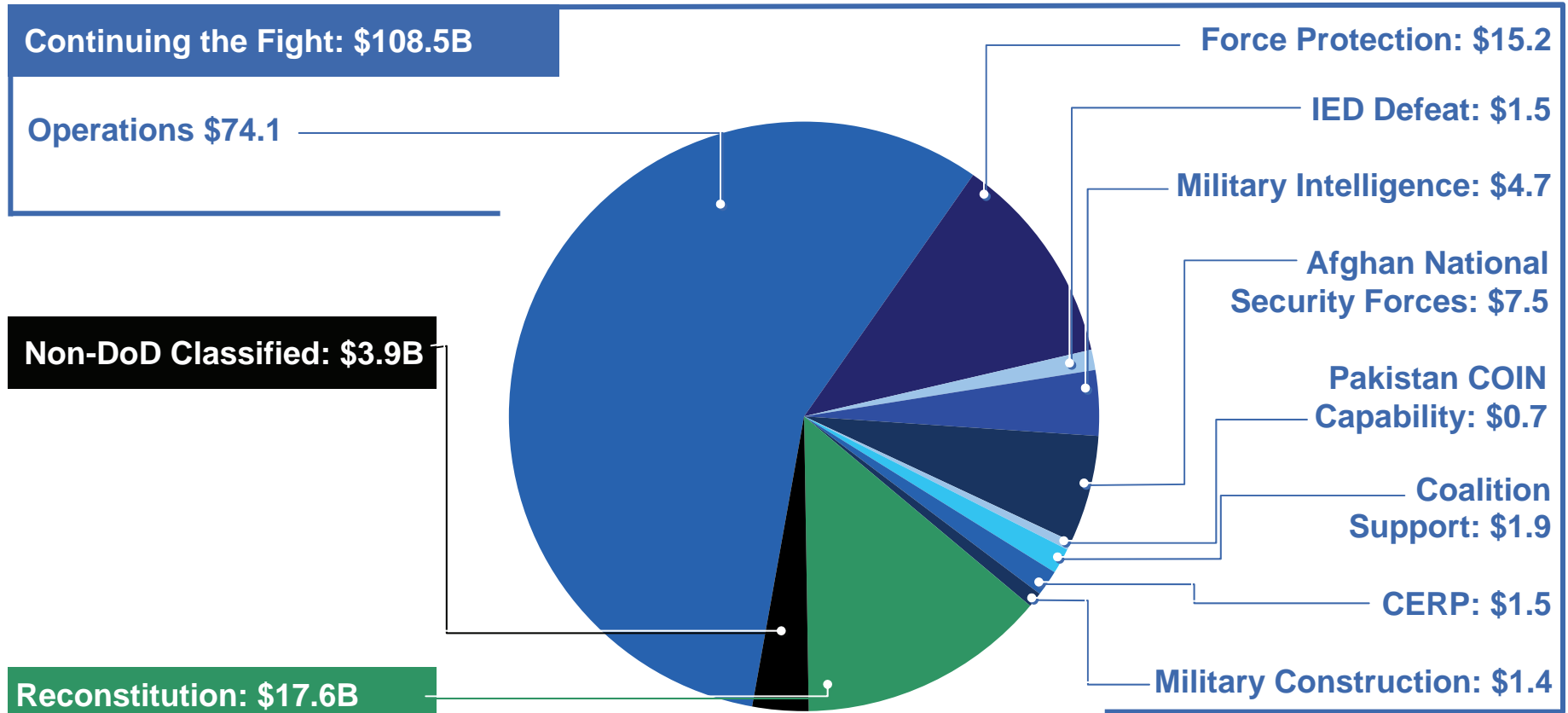
Reform How the Department Buys Equipment and Services

- **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)



\$130.0B

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
 - Support the troops in the field
- **Additional Themes**
 - Efficiencies
 - Process Reform
- **Budget Request Overview by Appropriation**

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**

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Summary By Component

FY 2010 Base Budget

(Dollars in Billions)

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

Summary By Appropriation Title

FY 2010 Base Budget

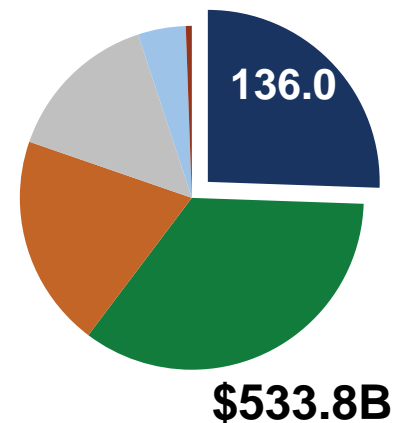
(Dollars in Billions)

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

Military Personnel

(Dollars in Billions)

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



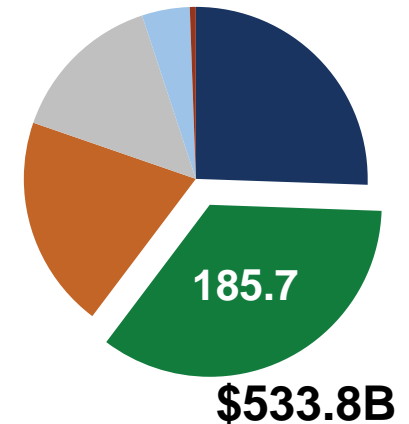
- **Highlights:**

- 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%



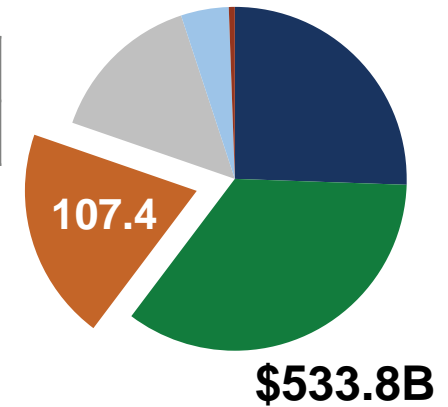
- **Highlights:**

- 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%



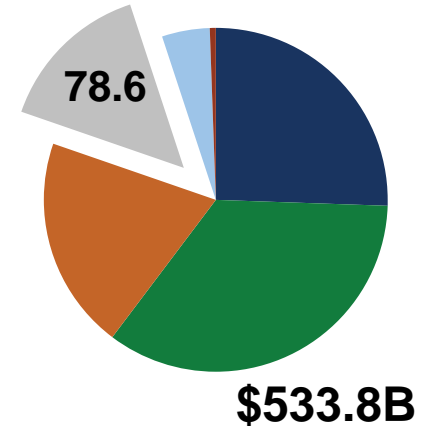
- **Highlights:**

- 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%



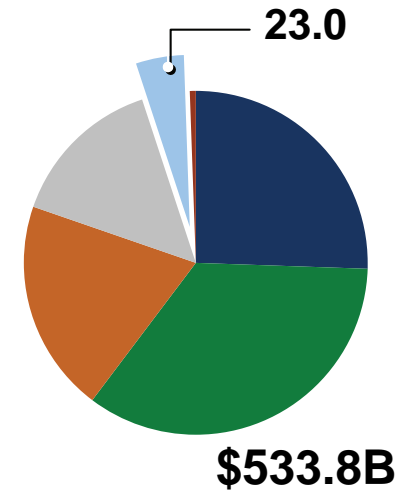
- **Highlights:**

- 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
Military Construction	13.1	13.5	+3.1%
BRAC 2005	8.8	7.5	-14.8%
Family Housing	3.2	2.0	-38.0%



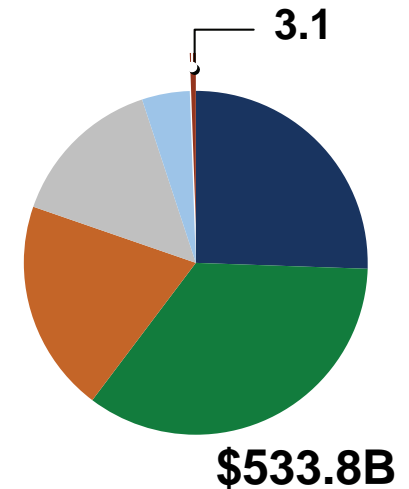
- **Highlights:**

- 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
 - Download the Department's *FY 2010 Budget Request Summary Justification*

