



FY 2005 Defense Budget

Department of Defense Topline

(Discretionary budget authority \$ in Billions)



	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>
DoD Budget	381.4	401.7	422.7	443.9	465.7	487.7
Rescissions	<u>-6.1</u>					
TOTAL	375.3	401.7	422.7	443.9	465.7	487.7

7% change from FY 04 to FY 05

FY 2005 Budget by Title

(Discretionary budget authority \$ in Billions)



	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>
Military Personnel	97.9	104.8	109.4	113.1	116.8	120.4
O&M	127.6*	140.6	146.1	151.2	156.3	163.9
Procurement	75.3	74.9	80.4	90.6	105.1	114.0
RDT&E	64.3	68.9	71.0	70.7	71.6	70.7
Military Construction	5.5	5.3	8.8	12.1	10.8	10.2
Family Housing	3.8	4.2	4.6	4.5	3.6	3.5
Other	<u>0.8**</u>	<u>3.0</u>	<u>2.3</u>	<u>1.6</u>	<u>1.4</u>	<u>4.9</u>
TOTAL	375.3***	401.7	422.7	443.9	465.7	487.7

* Includes \$3.5B rescission to FY03 Iraq Freedom Fund; 2-year spending account rescinded in FY04

** Includes \$1.8B rescission to DoD appropriations in the FY04 Omnibus Appropriations Act

*** Also includes \$0.8B in prior-year program rescissions to Procurement, RDT&E, Military Construction, Family Housing, and National Defense Sealift Fund. Totals may not add due to rounding.

DoD Budget by Service

(Discretionary budget authority, \$ in Billions)



	<u>FY 04</u>	<u>FY 05</u>	<u>Change</u>
• Army	95.4	97.2	+1.8
• Navy/Marine Corps	115.1	119.3	+4.2
• Air Force	110.9	120.5	+9.6
• Defense Wide	<u>53.9*</u>	<u>64.7</u>	<u>+10.8</u>
Total	375.3**	401.7	+26.4

* Includes \$3.5B rescission to the FY03 Iraq Freedom Fund and \$1.8B rescission to DoD appropriations in the FY04 Omnibus Appropriations Act

** Also Includes \$0.8B in prior-year program rescissions

Totals may not add due to rounding

Successfully Pursue the Global War on Terrorism



FY 2005 budget:

- Robustly funds force readiness requirements
- Funds immediate acquisition needs, e.g., missile defense, UAVs, up-armored Humvees, Stryker vehicles, advanced ships
- Funds future acquisition, e.g., laser satellite system, space based radar, joint tactical radio, cruise missile defense
- Requests legislative authorities for support to other nations fighting terrorism and helping US operations
- Supports improvement/integration of intelligence capabilities

Operation & Maintenance (O&M)

(Discretionary budget authority \$ in Billions)



	<u>*FY 04</u>	<u>FY 05</u>
Operation & Maintenance	127.6	140.6

- All FY 05 readiness indicators meet DoD goals:
 - Army tank miles: 899
 - Army flying hours: 13.1 hours/crew/month
 - Navy flying hours: 19.2 hours/crew/month
 - Navy ship operations/deployed: 51 days/quarter
 - AF flying hours: 16.8 hours/crew/month
- Facilities sustainment: 95% of requirements (up from 94%)
- Defense Readiness Reporting System will adopt new metrics

*Excludes supplemental appropriations

Critical Legislative Authorities



- Train and equip support: Up to \$500M to military and security forces in Iraq, Afghanistan, and friendly nearby regional nations
- Commanders Emergency Response Program: Up to \$300M for urgent humanitarian/reconstruction needs in Iraq and Afghanistan
- Increased drawdown authority: \$200M under Afghanistan Freedom Support Act

FY 04 Supplemental Appropriations



DoD: \$65.1B Iraq assistance: \$18.4B Afghan assistance: \$1.2B

- Upcoming operational challenges affecting execution of FY 04 supplemental:
 - Rotate troops & equipment in and out of theater
 - Reconstitute forces at home station
 - Increase reconstruction progress in Iraq and Afghanistan
 - Return the governing of Iraq to Iraqi people
- DoD does not anticipate another supplemental in CY 2004
- For FY 05, DoD expects to need a supplemental to finance its incremental costs for operations in Iraq and Afghanistan

Doing Right by our Military People

(Discretionary budget authority \$ in Billions)



Military Personnel

(excluding FY 04 supplemental)

FY 04
97.9

FY 05
104.8

- Base pay raise: 3.5% (Employment cost index plus 0.5%)
- Average out-of-pocket housing costs drop to 0 from 3.5% for military personnel living in private housing

Active military personnel (in thousands)

	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>
End strength*	1,390	1,391	1,383
Actual strength	<u>1,434</u>	** <u>1,423</u>	
Emergency authorities	44	**32	

*Budgeted level excluding supplementals; does not include reserve mobilization

**As of January 1, 2004

Managing Demand on the Force



- Expanding capabilities: Fulfilling missions with smaller forces
- Rebalancing forces: Reducing need for Reserve mobilization
- Personnel management: Flexibility to retain critical skills
- Temporary authorities: Higher personnel levels for peak demands
- Military-to-civilian conversion:
 - FY 04: 10,000 positions
 - FY 05: 10,070 positions

Rebalancing Forces



- Reduce need for Reserve mobilization in first 15 days of operations
- Limit involuntary Reserve mobilization
- Active: Increase early response support functions, such as logistics, transportation, and medical
- Reserve: Phase out some artillery/air defense/other units –
Add military police/transportation/medical/civil affairs
- Progress in rebalancing within/between Active & Reserve
 - FY 03: 10,000 military positions
 - FY 04: 20,000 military positions
 - FY 05: 20,000 military positions

Reshaping US Global Posture and Basing



2005 Base Realignment and Closure (BRAC) Commission

- Streamline facilities to be more efficient
- Will help DoD facilities stay modernized and productive
- Commission meets in FY 05, implementation begins in FY 06

Global Defense Posture Review

- Global analysis of personnel, infrastructure, equipment, surge capabilities, and how forces are provided
- Full participation of U.S. allies and global partners
- Consultation with Congress
- Changes will be considered in conjunction with 2005 BRAC

Missile Defense Agency

(Total obligational authority \$ in billions)



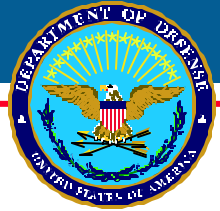
	<u>FY 04</u>	<u>FY 05</u>
Missile Defense Agency	7.7	9.2

Ballistic Missile Defense System (BMDS)

- Initial capability operational by the end of 2004
- By the end of 2005:
 - 20 Ground-based interceptors
 - Up to 10 sea-based interceptors
 - Upgraded radars and command and control
- Follow-on enhancements to be fielded as soon as available
- Focus on most promising technologies, e.g., kinetic & directed energy

Land Forces Programs

(Procurement and RDT&E total obligational authority \$ in billions)



Highlights

FY 05

<u>Future Combat Systems</u> -- Increased funding On track to initial operational capability in 2010	3.2
<u>Stryker Brigade Combat Teams:</u> Procure vehicles for 5 th SBCT and RDT&E	1.0
<u>V-22:</u> Ongoing development & procurement of 11 aircraft	1.7

Shipbuilding

(Total obligational authority \$ in millions)



	<u>FY 2004</u>		<u>FY 2005</u>	
	<u>Qty</u>	<u>\$</u>	<u>Qty</u>	<u>\$</u>
Carrier Replacement	-	1,177	-	626
Virginia Class Submarine	1	2,370	1	2,453
SSGN Conversions (SCN portion)	-	1,158	-	517
DDG-51	3	3,193	3	3,445
LHD-1 Amphibious Assault Ship	-	352	-	236
LPD-17	1	1,317	1	967
Completion of Prior Year ships	-	636	-	484
Refuelings, Outfitting & Other	-	1,199	-	1,234
T-AKE Dry Cargo Ship*	2	722	2	768
DD(X)**	-	-	1	221
Littoral Combat Ship**	-	-	1	108
Total	7	12,124	9	11,059

Programs are budgeted in Shipbuilding & Conversion, Navy (SCN), except:

*National Defense Sealift Fund

**RDT&E, Navy

Tactical and Mobility Aircraft

(Procurement and RDT&E total obligational authority \$ in billions)



Highlights

	<u>Qty</u>	<u>\$</u>
F/A-22: Continue program stability	24	4.7
JSF: Restructure to cover cost growth	-	4.6
C-17: Sustain multi-year procurement contract	14	4.1
F/A-18E/F: Production stable at 42/yr	42	3.1
E-2C Advanced Hawkeye: Sustain development	-	0.6
EA-18G: Advanced electronic capabilities	-	0.4
Precision munitions*	**	1.6

*Includes non-aircraft systems such as Tactical Tomahawk

**Over 46,000 including nearly 15,000 laser guided bombs and 30,000 JDAMs

Transforming Systems

(Procurement and RDT&E total obligational authority \$ in millions)



FY 05

- Joint-Unmanned Combat Air Systems (J-UCAS) 710
- Other Unmanned Aerial Vehicles (UAVs) 1,153
- Transformational Satellite Communications (TSAT) 775
- Joint Tactical Radio System (JTRS) 600
- Space-Based Radar 408
- SSGN Conversions 658
- Cruise Missile Defense – accelerated development 239

Transforming Operations



- Army: Restructure to create a more agile, deployable modular force
 - More brigades – convert to brigade combat teams
- Navy/USMC: Fleet Response Plan
 - Increased range of tasks--more ships & power projection force
- USAF: Capabilities-based air & space expeditionary force
- Special Ops Forces. Expanded SOCOM role
- Joint Forces Command: Operationalizing jointness

Science & Technology (S&T)

(RDT&E total obligational authority \$ in billions)



	<u>FY 04 Request</u>	<u>FY 04 Enacted</u>	<u>FY 05 Request*</u>
S&T funding	10.2	12.1	10.5

\$1.3 Basic Research

\$3.8 Applied Research

\$5.3 Advanced Technology Development

- \$650M National Aerospace Initiative – hypersonic & space systems
- \$560M Future Combat Systems technologies
- \$492M Future Naval Capabilities – e.g., advanced propulsion
- \$80M High efficiency, lightweight power sources for frontline troops
- \$168M Joint Forces Command's Joint Experimentation program

*1.6% real growth over FY 04 request. Totals may not add due to rounding.

Further Streamline DoD Management Processes



- National Security Personnel System implementation
- Business Management Modernization Program (BMMP)
 - Overhaul DoD management processes
 - Consolidate and integrate information systems
 - Facilitate auditable financial statements
- Better budget execution
 - Increase General Transfer Authority to \$4 billion
 - O&M funds available for 2 years
- Metrics: to measure and improve performance
- Two-year internal DoD budget process
 - Greater focus on joint capabilities and metrics

Defense Health Program

(Discretionary budget authority \$ Billions)



	<u>*FY 03</u>	<u>*FY 04</u>	<u>FY 05</u>
Defense Health Program (DHP)	14.8	16.6	17.6
DoD payment into Accrual Fund**	8.0	8.1	10.3

- Funding for military treatment facility seeks optimum balance between direct care and private sector health care
- DHP increase from FY 03 to FY 04 includes \$400 M for expanded TRICARE benefit for reservists and their families
- DoD Accrual payment is based on projected costs for future retirees
- Accrual Fund supports the 1.7 million currently eligible military retirees

*Excludes supplemental appropriations

**Medicare-Eligible Retiree Accrual Fund

Military Construction/Family Housing

(Discretionary budget authority \$ in Billions)

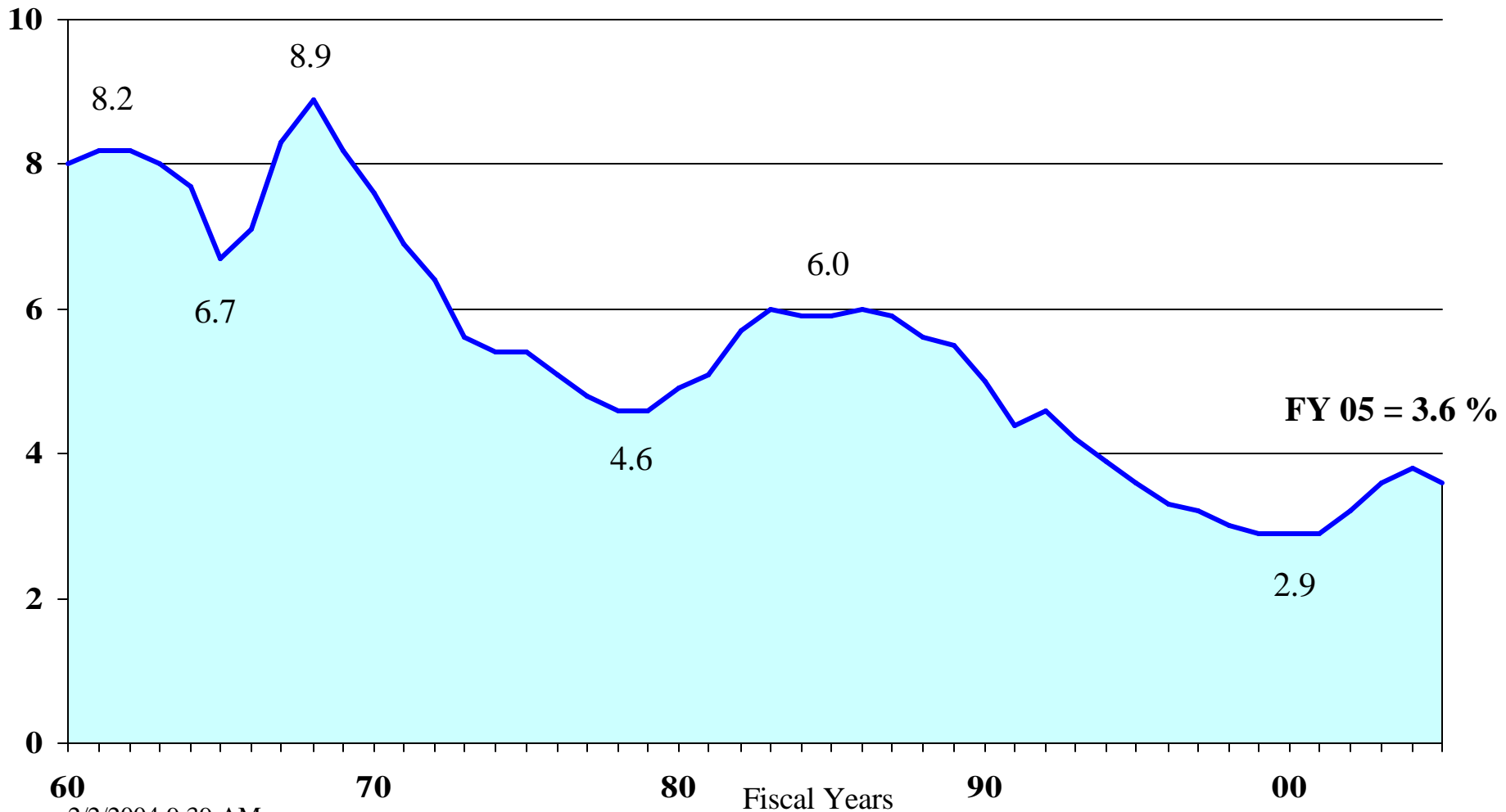


	<u>Request</u> <u>FY 04</u>	<u>*Enacted</u> <u>FY 04</u>	<u>Request</u> <u>FY 05</u>
Military Construction	5.2	5.5	5.3
Family Housing	4.0	3.8	4.2
Total	9.2	9.3	9.5

- Global Posture Review may affect future budgets
- Facilities recapitalization: 107 years in FY 05, 138 years in FY 04
Achieve 67 years by FY 08
- Budget eliminates nearly all inadequate family housing by FY 07 --
Complete elimination by FY 09
- Family Housing privatization: FY 04: \$241 million for 13,800 units
FY 05: \$275 million for 21,200 units
- BRAC 2005 implementation funding starts in FY 06

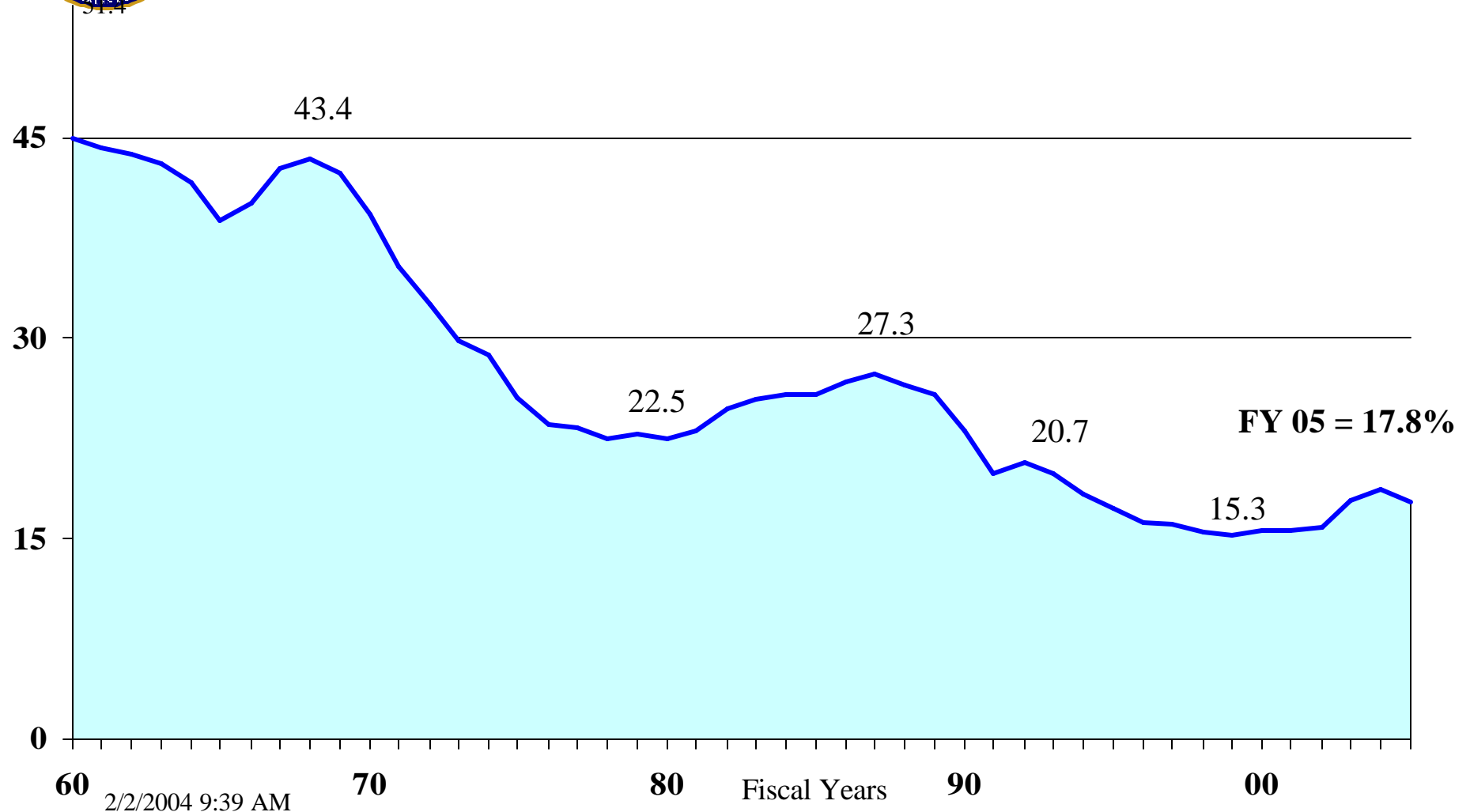
*Excludes supplemental appropriations

DoD Outlays as Percent of GDP



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DoD Outlays as Percent of Federal Budget



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FY 2005 Defense Budget Themes



- Successfully pursue the global war on terrorism
- Doing right by our military people
- Managing demand on the force
- Transforming military capabilities
- Improve and integrate intelligence capabilities
- Further streamline DoD management processes

Shipbuilding FY 2004-2009

(Total obligational authority \$ in billions)



	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>
SCN	11.4	10.0	8.4	12.7	16.1	16.5
NDSF	.7	.8	.8	.5	.1	4.0
RDT&E construction	=	<u>.3</u>	<u>.9</u>	<u>1.1</u>	<u>1.1</u>	<u>.5</u>
Total Shipbuilding	12.1	11.1	10.1	14.3	17.3	21.0
Quantity of ships	7	9	6	8	8	17

- Battle force ships: 296 at end of FY 03
- FY 05-09 average of 9.6 ships/year will maintain a 300-ship force
- Key: Superior, efficient ships replacing older, expensive ships

FY 2005 RDT&E includes \$1.6 billion for new ship classes: DD(X) destroyer, littoral combat ship, CG(X) cruiser, and Maritime Preposition Force (Future) ship.

Improve and Integrate Intelligence Capabilities



- Improve information sharing and horizontal integration of organizations producing and using intelligence
- Improve human intelligence collection worldwide
- Increase the development and use of promising technologies
- Enhance the effectiveness and coherence of signal intelligence systems' focus on terrorism