

EMBARGOED UNTIL 2 p.m. EST, Feb. 6

-----President Bush's FY 2007 Defense Budget

President George W. Bush today sent to Congress his defense budget for fiscal year 2007. The budget requests \$439.3 billion in discretionary budget authority for the Department of Defense, a 7 percent increase over enacted fiscal year 2006 funding levels. The budget was accompanied by the Report of the 2006 Quadrennial Defense Review (QDR).

Informed by the 2006 Quadrennial Defense Review (QDR), the FY 2007 Budget reflects the Department's continued shift in emphasis, away from the static posture and forces of the last century toward the highly mobile and expeditionary forces, and accompanying warfighting capabilities, needed in the century ahead.

The requested level of resources sustains the President's commitment to defend the United States, especially against the threat of catastrophic terrorism, and provide for the security of the American people; prevail in irregular warfare operations, especially wars of long duration like the Global War on Terror; maintain traditional U.S. superiority against potential threats from other nation-states; and continue the Department's strong support for Servicemembers and their families.

Shifting Emphasis in an Era of Surprise

The Department of Defense has made great strides since 2001 in refocusing America's forces and capabilities away from the conventional military campaigns of the last century toward the kind of irregular warfare operations in which we are now engaged – and which are likely to be predominate in the years ahead.

The Nation has gone from a time of reasonable predictability and a single major adversary to an era of surprise and complex challenges; from fighting major, conventional combat campaigns to multiple irregular warfare operations in various countries around the globe; from large standing forces to powerful expeditionary capabilities.

These changes, as well as advances in equipment and technology, have enabled America's armed forces to react quickly, apply force precisely, and generate more combat power and capability, with fewer numbers of weapon platforms and lower force levels than ever before.

Looking forward, the Department will take these shifts even further – shifting, for example, from defending the homeland with a one-size-fits-all system of deterrence centered around massive nuclear retaliation, to a system of tailored deterrence designed to defend against rogue powers, terrorist networks, and rising states; from static forces in obsolete Cold War garrisons, to a new system of basing that will allow U.S. forces to surge as needed to trouble spots around the globe.

The FY 2007 budget funds the Department's continued shift in emphasis by taking the decisions of the QDR and beginning the task of implementing them. While the QDR will not be fully implemented until FY 2008 and beyond, investments in several key areas are initiated in the FY 2007 budget.

Prevail in Irregular Warfare Operations

In the shift away from size, predictability and mass that characterized U.S. forces in the last century toward the speed, agility and precision required for irregular warfare operations, including wars of long duration like the Global War on Terror, the FY 2007 budget substantially increases the size and capabilities of Special Operations Forces (SOF), including the addition of a new Marine Special Operations Command, to ensure that the United States is able to apply a skilled and flexible force wherever and whenever needed.

The FY 2007 budget increases the number of active duty SOF Battalions by 33 percent, and expands Psychological Operations and Civil Affairs personnel by 33 percent to provide support for SOF and the Army's modular force.

The budget funds a new Marine Corps Special Operations component to conduct special reconnaissance and other missions; establishes a SOF Unmanned Aerial Vehicle Squadron; and increases the number of Navy SEAL teams to provide added maritime capability. The total amount in FY 2007-FY 2011 is \$28.7 billion.

To equip U.S. forces with language and cultural skills appropriate to the areas and missions in which they will be employed in the 21st century, the budget includes \$181 million in FY 2007, and \$760 million in FY 2007-2011, to increase language training, pay and recruitment of specialized personnel, and expand language training for special operations and intelligence units.

The FY 2007 budget program provides \$40.6 billion from FY 2007 to FY 2011 to complete the conversion of 48 Army regular combat brigades to 70 modular Brigade Combat Teams (BCTs). The number of Active Army Brigade Combat Teams will increase from 33 to 42. The number of National Guard Brigade Combat Teams will increase from 15 to 28 by FY 2011.

This conversion of brigades to BCTs will make the Army more flexible, effective, and deployable against a wide variety of adversaries, will reduce the frequency of deployments and will provide greater stability for soldiers and their families.

The budget provides \$3.7 billion in funding in FY 2007 for the Army's Future Combat System and \$22.4 billion in FY 2007- 2011. Major areas of investment include unmanned aerial vehicles, unmanned ground vehicles, and battlefield command and communications systems. The Future Combat System continues the process of modernizing and integrating ground forces and also increases the lethality of the individual soldier.

To increase U.S. intelligence-gathering capabilities and enable persistent, real-time intelligence, 24 hours a day, seven days a week, the budget provides \$11.6 billion in FY 2007-2011 to procure 322 unmanned aerial reconnaissance vehicles, which will increase the missions available to Combatant Commanders from 12 to 21, an increase of 75 percent.

Defend the Homeland

In the shift from a one-size-fits-all deterrence centered around massive retaliation and a single superpower adversary to tailored deterrence designed for a variety of 21st century threats, the FY 2007 budget invests in improved Missile Defense capabilities, improved strategic command and control, improved satellite communications for deployed U.S. forces around the world, and new measures to counter the threat of catastrophic weapons.

To improve Missile Defense capabilities, the budget provides \$10.4 billion in FY 2007 to produce and field additional ground- and sea-based interceptors, and acquire two additional forward-deployed mobile radars. The budget also includes \$4.0 billion for FY 2007-FY 2011 to enhance spaced-based early warning systems.

To defend the homeland, especially against terrorists with catastrophic weapons, the budget invests \$1.7 billion in FY 2007, and \$9.3 billion in FY 2007-2011, to develop countermeasures against advanced biological and other weapons, and to track, locate and render-safe nuclear weapons.

To improve worldwide communications, the budget provides \$9.3 billion in FY 2007-FY 2011 for the Transformational Satellite (TSAT) that will extend high-bandwidth satellite capabilities to deployed troops worldwide and deliver eight times the speed and amount of data that the military can now transmit and receive.

To improve deterrence and flexibility, the budget provides \$384 million in FY 2007 and \$2.5 billion in FY 2007 to 2011 to deliver and deploy an initial precision-guided conventional Trident missile capability, and dramatically enhance the Nation's command and control communications.

Maintain U.S. Traditional Superiority

While the traditional realm is not the only, nor even the most likely, one in which the United States will be challenged in the years ahead, the United States must maintain its significant advantages in conventional war capabilities.

To improve Joint Air Support, the budget provides \$27.1 billion in FY 2007-FY 2011 for acquisition of the Osprey (V-22), and Apache (AH-64), Chinook (CH-47), and Black Hawk (UH-60) helicopters.

To improve Joint Air Dominance, which permits freedom of maneuver for air, land and sea forces, the budget provides \$10.4 billion in FY 2007 to fund acquisition of F-22 and F/A-18 E/F aircraft, as well as continued development and the first procurement of the Joint Strike Fighter (F-35).

To improve Joint Maritime Capabilities, the budget invests \$11.2 billion in FY 2007 in more capable and multi-mission ships. In FY 2007, the budget funds two DD(X) Destroyers, two Littoral Combat Ships (LCS), one Virginia class submarine, one LHA (R) amphibious assault ship, and one T-AKE logistics ship.

Support Servicemembers and their Families

Recognizing that success in everything we do depends upon the dedication and skill of the men and women who willingly sacrifice their own comfort and safety to safeguard the freedom we enjoy every day, the FY 2007 budget continues the Department's commitment to provide a high quality of life for those who serve and their families.

The FY 2007 Budget increases military base pay by 2.2 percent over FY 2006. Since 2001, military pay has increased by 29 percent. For example, this year (FY 2006) an E-6 (Sergeant) with 14 years of service will earn \$779 more than in FY 2006, and \$8,893 more than in 2001. The typical O-3 (Army and Air Force captain, Navy lieutenant) will earn \$1,188 more in FY 2007 and \$11,347 more than in FY 2001.

In addition to basic pay, the FY 2007 budget provides \$263 million in expanded pay increases for certain warrant officers and mid-grade and senior enlisted personnel with high-demand skills and experience, and \$1.9 billion for retention bonuses and incentives.

Active duty military members will see an increase of 5.9 percent in basic allowance for housing. This keeps the Department of Defense's commitment to no out-of-pocket costs for off-base housing. The FY 2007 budget provides \$1.3 billion to increase the basic housing allowance for off-base or privatized family housing, and provides funds to eliminate all inadequate housing in the continental United States.

In addition, the FY 2007 budget provides \$1.5 billion for construction of 48 new barracks projects for enlisted personnel, \$68 million for eight new child development centers, and \$77 million for four dependent education school projects.

The Department of Defense provides one of the best health care benefit programs in the nation, TRICARE, and our goal is to maintain exceptional benefits for those who serve. The budget provides \$39 billion in FY 2007 for health care for military personnel and their families.

Summary

The FY 2007 budget is the result of an extensive, year-long review of U.S. military forces and capabilities, and the 2006 Quadrennial Defense Review. The QDR identified strategic priorities for added investment, and the FY 2007 budget initiates the process of funding those priorities.

The FY 2007 budget sustains the President's commitment to defend the United States, especially against catastrophic terrorism, and provide for the security of the American people.

The FY 2007 budget continues the Department's strong support of Servicemembers and their families and, together with the QDR, the FY 2007 budget supports the Department of Defense's continued shift in emphasis, away from the static posture and forces of the last century, toward the highly mobile and expeditionary forces needed to prevail against any adversary in the years ahead.

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**Department of Defense Topline (Function 051)
(Discretionary budget authority, \$ in billions)**



Department of Defense Topline

(Discretionary budget authority, \$ in billions)

	<u>FY 06</u>	<u>FY 07</u>	<u>Change</u>
DoD Budget	410.8	439.3	+28.5

FY 2007 Budget provides:

- 7 percent increase over FY 2006 enacted budget
- Capabilities for future challenges
- Advanced technology for greater operational capability and combat power
- Robust pay & incentives for recruitment and retention
- Superior health care coverage

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Department of Defense Budget by Title
(Discretionary budget authority, \$ in billions)



FY 2007 Budget by Title

(Discretionary budget authority, \$ in billions)

	Enacted		
	<u>FY 06</u>	<u>FY 07</u>	<u>Increase</u>
Military Personnel	106.8	110.8	+4.0
O&M	142.6	152.0	+9.4
Procurement	76.2	84.2	+8.0
RDT&E	71.0	73.2	+2.2
Military Construction	8.0	12.6	+4.6
Family Housing	4.0	4.1	+0.1
Working Capital Funds	2.2	2.4	+0.2
Total	410.8	439.3	+28.5

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DoD Budget by Component
(Discretionary budget authority, \$ in billions)



FY 2007 Budget by Service
(Discretionary budget authority, \$ in billions)

	Enacted		
	<u>FY 06</u>	<u>FY 07</u>	<u>Increase</u>
Army	99.1	111.8	+12.7
Navy	106.5	110.6	+4.1
Marine Corps	16.0	16.8	+0.8
Air Force	124.1	130.4	+6.3
Defense Wide	65.1	69.7	+4.6
Total	410.8	439.3	+28.5

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