

## **SUMMARY OF THE DOD FISCAL 2011 BUDGET PROPOSAL**

### **PRINCIPAL OBJECTIVES**

The fiscal 2011 budget proposal supports the Department's security strategy and begins implementing the recommendations of the Quadrennial Defense Review (QDR) that is being submitted along with this budget request. The FY 2011 request also builds on the strategic changes introduced by the FY 2010 Defense budget. As in FY 2010, the Department of Defense FY 2011 budget request is organized around four major themes:

1. The budget reaffirms and strengthens the nation's commitment to care for the all-volunteer force, our greatest strategic asset.
2. It rebalances America's defense posture, emphasizing capabilities needed to prevail in current conflicts, while enhancing the capabilities that may be needed in the future.
3. It continues the Department's commitment to reform how DoD does business, especially in the area of acquisitions.
4. It ensures that America's troops in the field have the resources to execute their missions successfully.

### **Taking Care of Our People**

The fiscal 2011 base budget proposal includes \$138.5 billion in Military Personnel funding for the pay and allowances of 2.3 million Service Members, an increase of \$3.6 billion or 2.6 percent over FY 2010 enacted levels. The request reflects the Department's highest priority, which is to care for DoD people.

The level of planned spending on Military Personnel reflects the achievement of the significant growth in ground forces announced in January 2007. Additional temporary end strength increases of 22,000 for the Active Army and 4,400 for Active Navy Individual Augmentees are funded in the Department's Overseas Contingency Operations request.

The budget request also supports personnel through Operation and Maintenance (O&M) funding for readiness, training, support for base operating costs, and administrative and headquarters costs. The FY 2011 request contains \$200.2 billion for O&M, including \$30.9 billion for the Defense Health Program.

The President's request for FY 2011 includes the following personnel-related highlights:

Pay Raise. The FY 2011 budget includes an increase of 1.4 percent for civilian salaries and military basic pay. The pay raise is equal to the full Employment Cost Index, as prescribed by law, and it will keep military and civilian pay increases in line with those in the private sector.

Basic Allowance for Housing (BAH) and Subsistence (BAS). In addition to the military pay raise, the FY 2011 budget request supports an average increase of 4.2 percent in BAH and

3.4 percent in BAS, which maintains these programs at current standards and keeps military pay very competitive with other employment sectors.

Care for Wounded Warriors. Recognizing that the Department has no greater concern than to care for wounded, ill, and injured Service Members, the FY 2010 enacted budget included a substantial increase in funding. The FY 2011 request includes continued increases for care and support. The FY 2011 request also includes \$1.1 billion for the treatment, care, and research of Traumatic Brain Injuries and Psychological Health (TBI/PH) issues.

Military Healthcare. The FY 2011 budget request includes \$50.7 billion (including \$30.9 billion for the Defense Health Program) to fully fund the military health system, which currently serves 9.5 million eligible beneficiaries -- Active Duty Service Members and their families, military retirees and their families, dependent survivors, and certain eligible Reserve Component Members and their families. The FY 2011 budget supports strong programs to prevent and treat mental illness and includes \$0.3 billion to support efforts to modernize the Department's Electronic Health Record and medical information technology infrastructure, while partnering with the Department of Veterans Affairs and the private sector to pursue the Administration's goal of building a Virtual Lifetime Electronic Record (VLER).

Military Family Support Programs. In light of the unprecedented demands that have strained the All-Volunteer Force and military families since 2001, DoD is requesting \$8.1 billion for Family Support Programs in FY 2011 to lighten the burdens of Service Members and their families during all phases of deployment. This is an increase of about \$0.5 billion over the enacted level of FY 2010. Included are funds for child care and youth programs; military spouse employment; morale, welfare and recreation; commissaries; Department of Defense Education Activity schools; financial planning assistance; spousal education and tuition aid; and a Military OneSource Call Center which currently handles 2,000 calls per day.

Build and Sustain Excellent Facilities. The FY 2011 budget requests \$16.9 billion for Military Construction and \$1.8 billion for Family Housing. This request is lower than in recent years because construction funding requirements to implement the 2005 Base Realignment and Closure (BRAC) decisions have largely been met. The FY 2011 budget does begin a five-year plan to replace and recapitalize more than half of the 194 DoD schools. Funding will address schools in poor or failing condition. In FY 2011, the Military Construction investment for DODEA is \$439 million, which will replace or modernize 10 schools.

### **Rebalancing the Force**

Guided by the 2010 Quadrennial Defense Review (QDR), the FY 2011 budget continues the effort to seek a better balance in America's defense posture -- between the risks we face and limited resources, and between capabilities needed for current conflicts and those needed for future wars. To that end, the President's request includes \$112.9 billion for Procurement and \$76.1 billion for Research, Development, Test, and Evaluation (RDT&E). A substantial portion of the requested funding focuses on improving the capability to fight today's wars. Among the highlights:

Rotary-Wing Aircraft. The FY 2010 enacted budget included additional funds to boost Army helicopter pilot training capacity and improve survivability. The FY 2011 request sustains

the FY 2010 increase and seeks an additional \$65 million to train 1,500 new pilots per year by FY 2012.

The FY 2011 request also sustains new acquisition and modernization of helicopters – such as the CH-47, UH-60, LUH, H-1, and V-22 aircraft – with more than \$9.6 billion. The FY 2011 investment request is more than \$500 million, or about 6 percent, above the level provided for in the FY 2010 enacted budget.

UAV Combat Air Patrols (CAPs). FY 2011 investment spending will continue the expanded use of Unmanned Aerial Vehicles in war zones. The request of \$2.2 billion supports the plan to increase Predator-Class CAPs from the current 37 to 65 by FY 2013.

Electronic Warfare. The FY 2011 budget request supports procurement of 12 EA-18G aircraft to recapitalize four expeditionary electronic attack squadrons.

Special Operations. The FY 2011 budget request of \$6.3 billion is an increase of 5.7 percent over FY 2010, reflecting the priority to focus on irregular warfare and to strengthen core special operations capabilities. Funds will add about 2,800 SOCOM personnel in FY 2011.

Cyber Command. The FY 2011 budget request supports the establishment of the U.S. Cyber Command (USCYBERCOM) – a new command to organize and standardize DoD cyber practices and operations in defense of the Global Information Grid (GIG). USCYBERCOM will be a sub-unified command under the U.S. Strategic Command. It will lead, integrate, and better coordinate the protection and operation of DoD networks.

Countering Weapons of Mass Destruction. The FY 2011 budget continues to support counter-WMD efforts, in particular \$74.5 million for a new Global Nuclear Lockdown initiative that supports the President's goal to secure all vulnerable weapons-usable nuclear material within four years.

The Administration's defense budget also requests substantial funding designed to improve capabilities to fight today's wars or future conflicts. Among the highlights:

KC-X Tanker. The FY 2011 budget includes \$864 million in RDT&E for developing a new generation tanker, which remains a very high priority. Initial plans call for procuring 179 commercial-derivative tanker aircraft to replace roughly a third of the current aerial refueling tanker fleet at a projected cost of \$35 billion. A draft Request for Proposals was announced in September 2009, with contract award planned for summer, 2010.

Restructure JSF. The Joint Strike Fighter (JSF) is a critical tactical air program to ensure continued air dominance over current and future battlefields. The FY 2011 budget request continues implementation of the long-term tactical aircraft acquisition plan and supports continued development and production of three variants of the F-35. Recognizing the need to complete all necessary testing while limiting concurrency, the JSF program has been restructured to add an additional year for development. The base budget requests funding for procurement of 42 aircraft in FY 2011.

Robust Shipbuilding Plan. The FY 2011 budget request includes \$25.1 billion to fund procurement and RDT&E costs (including \$15.7 billion for Navy shipbuilding and conversion). Funds requested for FY 2011 will pay all or partial costs for 10 new ships, nine for the Navy – two Virginia class submarines, two DDG-51 destroyers, two Littoral Combat Ships (LCS), one Landing Helicopter Assault Replacement (LHA-R), one Mobile Landing Platform (MLP), and one Joint High Speed Vessel (JHSV) – and a JHSV for the Army.

Rapid Ground Forces Modernization. The FY 2011 budget advances Secretary Gates' restructuring of the modernization of Army ground forces. To improve current forces more quickly, the FY 2011 budget request includes \$3.2 billion for procurement and research and development in support of Brigade Combat Team (BCT) modernization. It will provide increased intelligence, improved air and ground robotic capability, more responsive precision fires, and better situational awareness. The program will also seek to rapidly field a replacement for the Bradley fighting vehicle. As part of its overall modernization plan, the Army has terminated further Army-only buys of the High Mobility Multipurpose Wheeled Vehicles (HMMWVs) because Army needs for this vehicle have been met.

Next Generation Bomber. The FY 2011 request includes funding (\$0.2 billion in FY 2011 and \$1.7 billion in FY 2011-2015) for the next generation bomber. Near-term efforts include needed studies concerning the design of a future bomber as well as upgrades to existing bombers. To support future decisions, the bomber industrial base will be sustained.

Missile Defense. The FY 2011 budget includes \$9.9 billion to support missile defenses. The Ballistic Missile Defense Review concluded that U.S. missile defenses must be adaptive and responsive to advances in technology, and that they must be proven and cost-effective and must meet the real threat to the U.S. and its allies. The Phased Adaptive Approach (PAA) fulfills these requirements with a flexible, scalable response to BMD threats. The recent shift from ground-based interceptors in Europe to a land-based and sea-based Standard Missile-3 system is an example of the new PAA.

### **Reforming How DoD Does Business**

To make the most of the nation's resources entrusted to the Department of Defense and to carry out its mission more effectively, the Department continues striving to improve the way it does business.

Changing How We Operate. A critical effort involves reforming the processes by which we buy weapons and other important systems through implementation of the Weapons System Acquisition Reform Act. To maintain America's technological and conventional edge, we are working to achieve predictable cost, schedule, and performance outcomes, based on mature, demonstrated technologies and realistic cost/schedule estimates. To help achieve this goal, the Department is increasing the number of acquisition personnel by 20,000 – from approximately 127,000 in FY 2010 to about 147,000 by FY 2015. The FY 2011 budget request continues support for this transition and includes funds for training and retention programs that will bolster the capability and size of the acquisition workforce. Acquisition reform will provide America's warfighters with world class capability, while assuring good stewardship of taxpayer dollars.

The FY 2011 budget also includes \$261 million to manage the conversion out of the National Security Personnel System by January 1, 2012, as required by the FY 2010 National Defense Authorization Act.

The budget request supports efforts to improve financial information and attain audit readiness. Under a new approach to this long-standing issue, the Department will focus its efforts on improving those types of information (particularly budgetary information) that are most used to manage defense activities.

Ending unneeded or poorly performing programs. The FY 2010 enacted budget ended a number of major programs that were no longer needed or that were troubled by cost or execution problems. The FY 2011 budget request continues this reform agenda, saving taxpayers nearly \$3.1 billion:

C-17 Program Ended. The FY 2011 budget funds shutdown of the production line for C-17 transports. With 223 of these excellent planes already in its inventory, the U.S. has more than enough to meet current and future needs.

JSF Alternate Engine Ended. After extensive consideration, DoD has decided not to expend scarce resources to develop or deploy an alternate engine for the Joint Strike Fighter. Logistics, cost and management concerns support this decision.

Additional Programs Ended. Other programs will be ended or terminated due to a lack of need or poor performance. Cancellations include the Navy's CG(X) next generation cruiser; EP(X) Navy Intelligence Aircraft; Third Generation Infrared Surveillance (3GIRS); the Net Enabled Command Capability (NECC); and DIMHRS, the Defense Integrated Military Human Resources System which is still not operational after 10 years of development and an investment of \$500 million. DIMHRS is being replaced by individual Service variants that will support standard integrated military personnel and payroll services.

### **Supporting Our Troops in the Field**

In addition to the Department's base budget, the fiscal 2011 request includes \$159 billion to support troops engaged in overseas contingency operations (OCO) in Afghanistan and Iraq. This is not a supplemental request. It is intended to fund all currently known requirements for military operations in Afghanistan and Iraq for the entire fiscal year.

Included in the FY 2011 OCO request are:

- \$89.4 billion for operating costs, linked to the operating tempo of frontline combat and support forces in theater. This includes \$0.7 billion for additional family support initiatives in addition to those in the base budget.
- \$21.3 billion for reconstituting equipment -- repairing and replacing equipment lost and damaged as a result of ongoing operations -- including \$2.8 billion to reset equipment redeploying from Iraq and returning to inventory.

- \$2.4 billion to ensure greater ISR support for U.S. warfighters, including funds for five Enhanced Medium Altitude Reconnaissance Surveillance System aircraft and efforts to address vulnerabilities of unencrypted airborne data links.
- \$13.6 billion to train and equip Afghanistan and Iraq Security Forces -- \$11.6 billion for the training and equipping of Afghan security forces and \$2 billion for the training and equipping of Iraqi security forces.
- \$1.2 billion of military construction to expand the logistical backbone and operational foundation in Afghanistan. This will enable counterinsurgency forces to fight more effectively by increasing operational capability, providing troop housing, replacing expeditionary facilities at the end of their lifecycle, consolidating functions and facilities, and supporting Special Operations forces operating in Afghanistan.

In addition, the Administration is submitting a FY 2010 supplemental appropriation request of \$33 billion to cover the FY 2010 defense costs for the additional 30,000 troops that will be deployed to Afghanistan in support of the President's new strategy for the region.

### **Continuing the Reform Agenda**

The President's Department of Defense fiscal 2011 budget request continues the reform agenda begun in the FY 2010 budget, which Secretary Gates has termed, "the nation's first truly 21<sup>st</sup> century defense budget." The new proposed budget continues the focus on improving capabilities to fight today's wars, taking advantage of the many lessons learned in Afghanistan and Iraq. It also changes how the Department operates. The budget request invests in capability to counter the full range of potential threats the U.S. is facing today or may face in the future. Finally, this budget takes care of our people – our highest priority.

These issues have been analyzed by the Quadrennial Defense Review, the Nuclear Posture Review, and other studies. The President's Department of Defense budget request for fiscal 2011 reflects all the available conclusions from these analyses.

#### Attached Summary Charts:

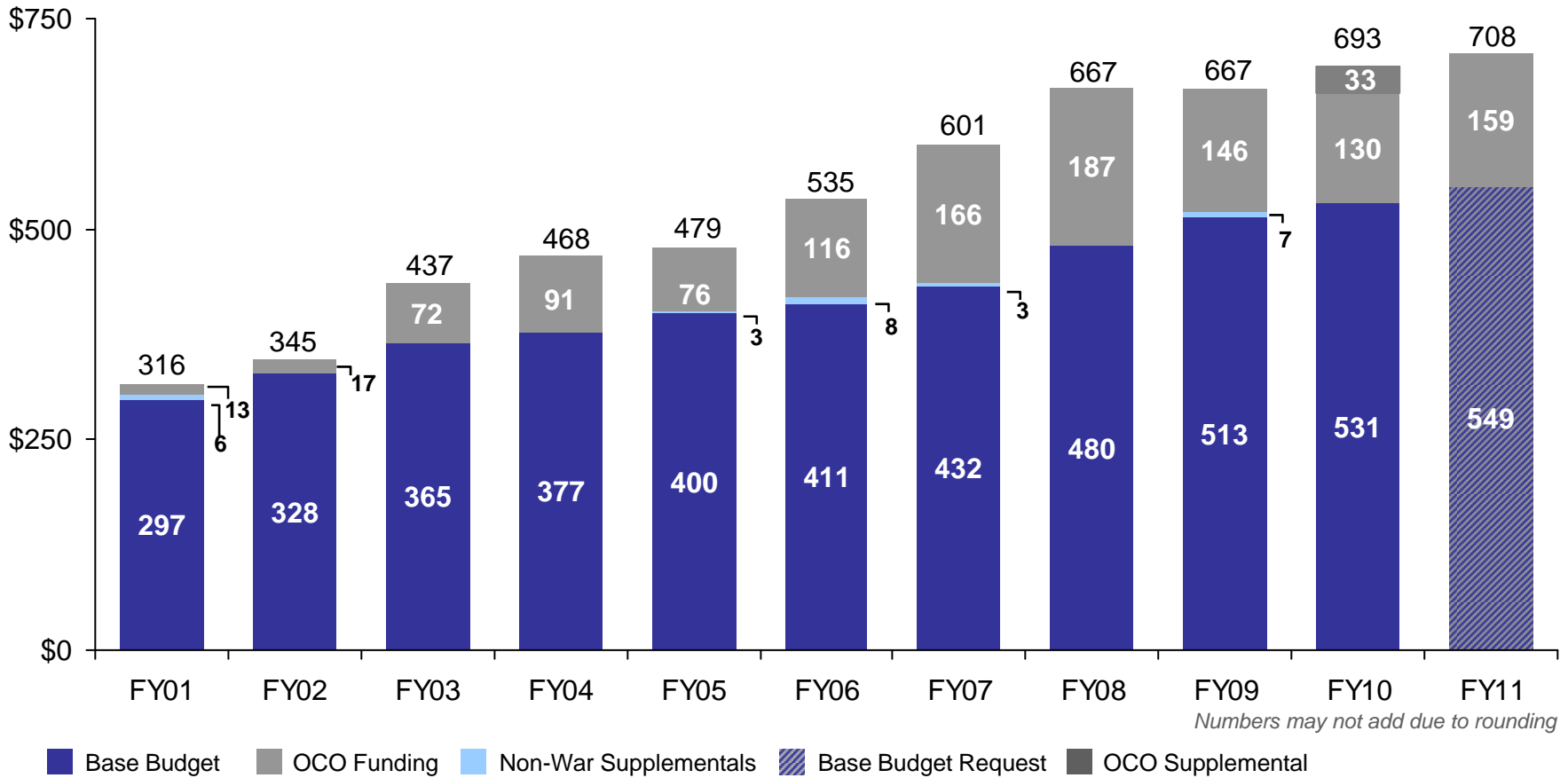
- Department of Defense Topline FY 2001 – FY 2011
- Summary By Appropriation Title
- Summary By Component
- FY 2011 OCO Budget Request
- FY 2010 OCO Supplemental Request

# Department of Defense Topline

## FY 2001 – FY 2011

(Dollars in Billions)

FY 2010 – FY 2011 Base Growth	
Nominal Growth	3.4%
Real Growth	1.8%



Note: 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; OMB Historical Tables, FY 2011

# 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*



# Summary By Component

## FY 2011 Base Budget

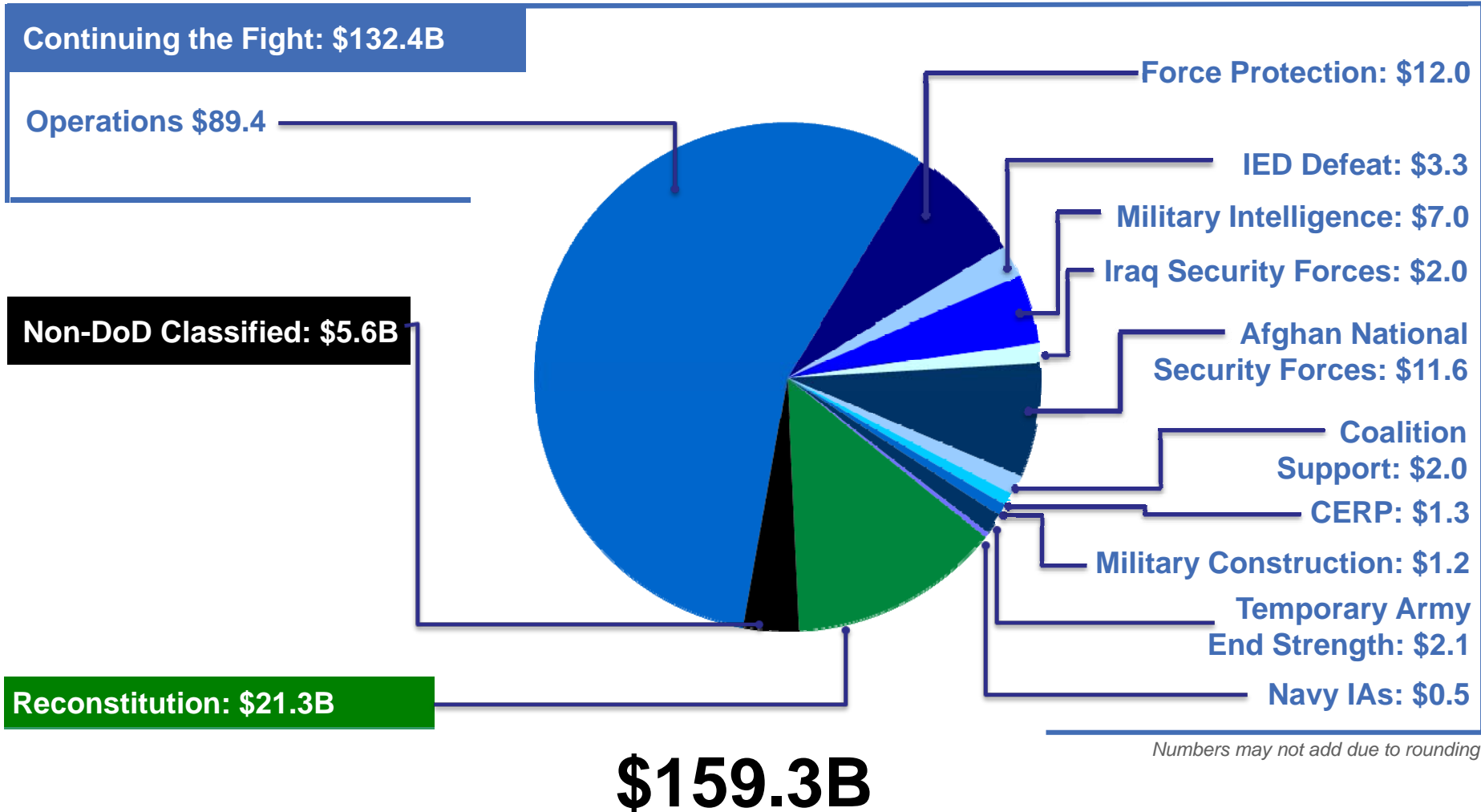
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Component	FY 2010	FY 2011	Δ FY 2010 – FY 2011
<b>Army</b>	\$139.6	\$143.4	+2.7%
<b>Navy</b>	155.8	160.6	+3.1%
<b>Air Force</b>	143.4	150.0	+4.6%
<b>Defense-wide</b>	91.9	94.9	+3.3%
<b>Total</b>	<b>\$530.7</b>	<b>\$548.9</b>	<b>+3.4%</b>

*Numbers may not add due to rounding*

# FY 2011 Overseas Contingency Operations Budget Request

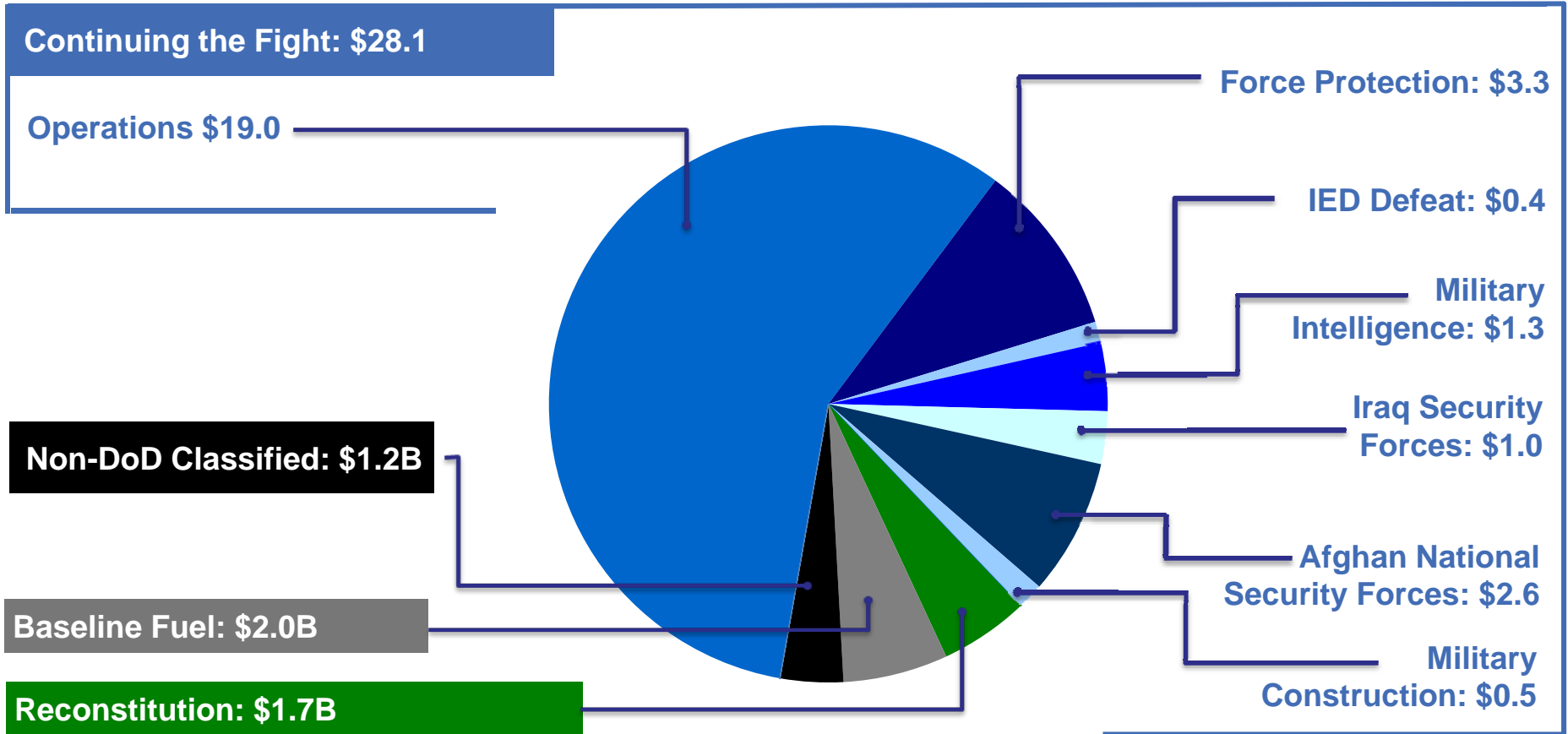
(Dollars in Billions)



*Numbers may not add due to rounding*

# FY 2010 Overseas Contingency Operations Supplemental Request

(Dollars in Billions)



*Numbers may not add due to rounding*

## \$+33.0B