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The FY2008 National Security Program

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Introduction

The President's FY2008 budget request is one of the most complex in recent years, marking a major transition from a request that largely ignored wartime costs, and focused on baseline expenditures, to one with a far more detailed breakout of projected expenditures.

This briefing is not a critique or an attempt at original analysis. It rather brings together the summary data provided by the Office of the Secretary of Defense, OMB, and the White House to summarize the overall trends in the President's request.

In addition, the brief also provides a comparative perspective on the differences between the presidential request and the House Armed Services Committee FY2008 Defense Appropriations Bill (in its current form as of May 2007), as they have been highlighted by a Congressional Research Service report. The brief also refers to a number of various budgetary estimates from the Congressional Budget Office and the Government Accountability Office, as well as to recent newspaper reports detailing the current budgetary debates on Capitol Hill.

Lastly, this brief also contains summary data on the overall war on terror request affecting non-defense departments and agencies, on all requested homeland defense expenditures, and on related State Department aid activities.

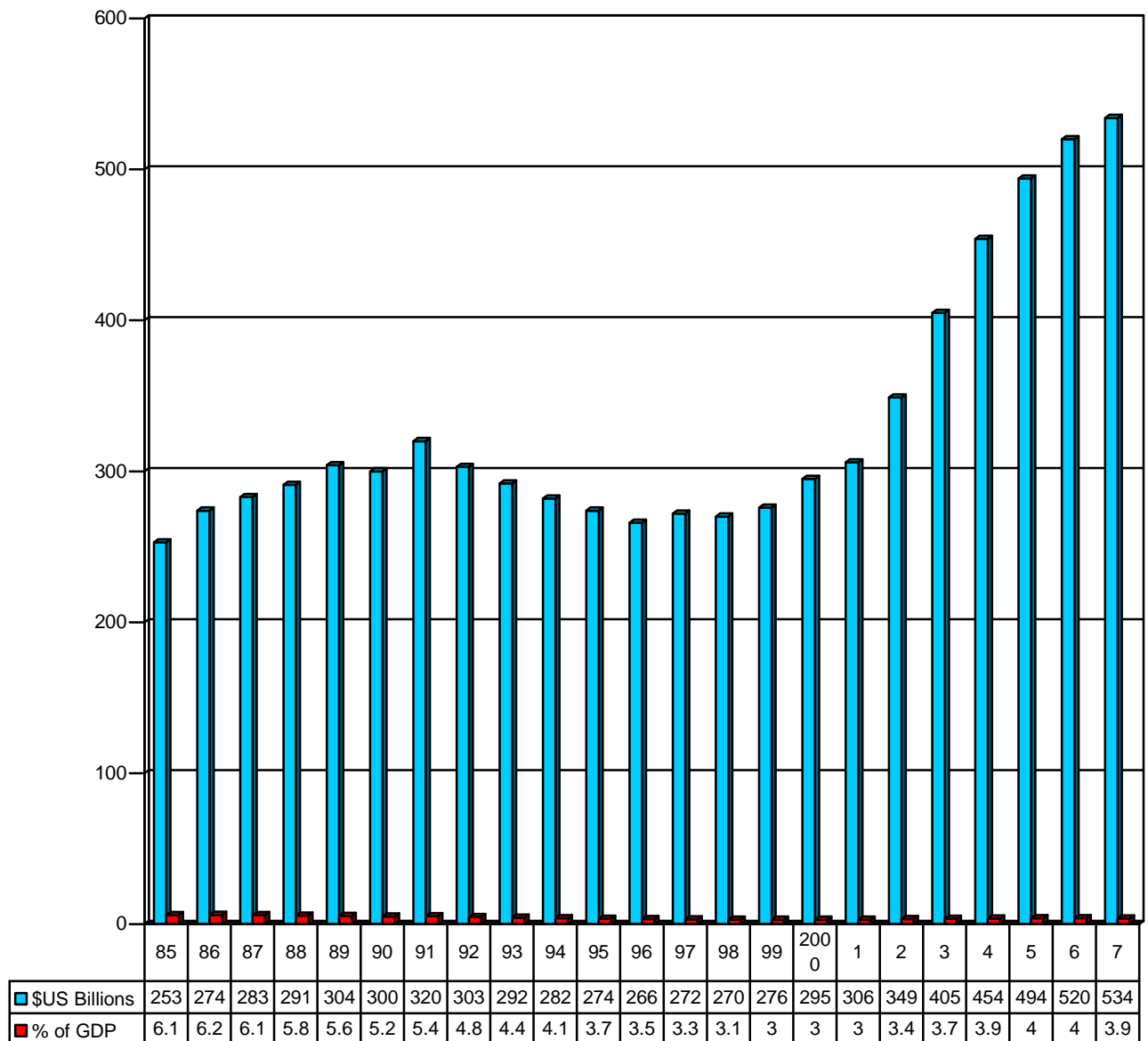
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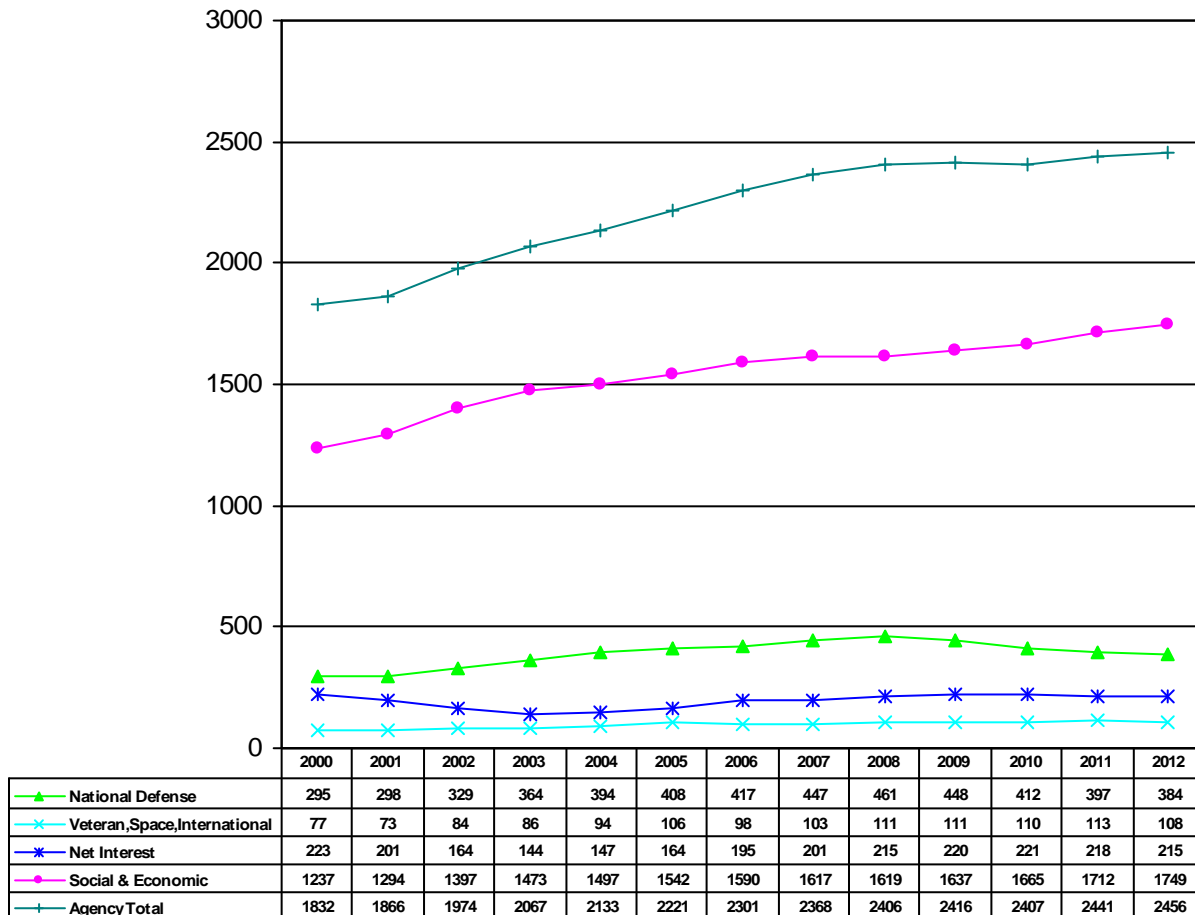
RIISING US DEFENCE OUTLAYS AND CONSTANT GNP BURDEN: FY1985- FY2007

(In Current Dollars; FY2007 Total is Before New FY2007 Supplemental)



Source: CBO, February 7, 2007. The Budget and Economic Outlook: Fiscal 2008 to FY2017, January 2007, p. 68.

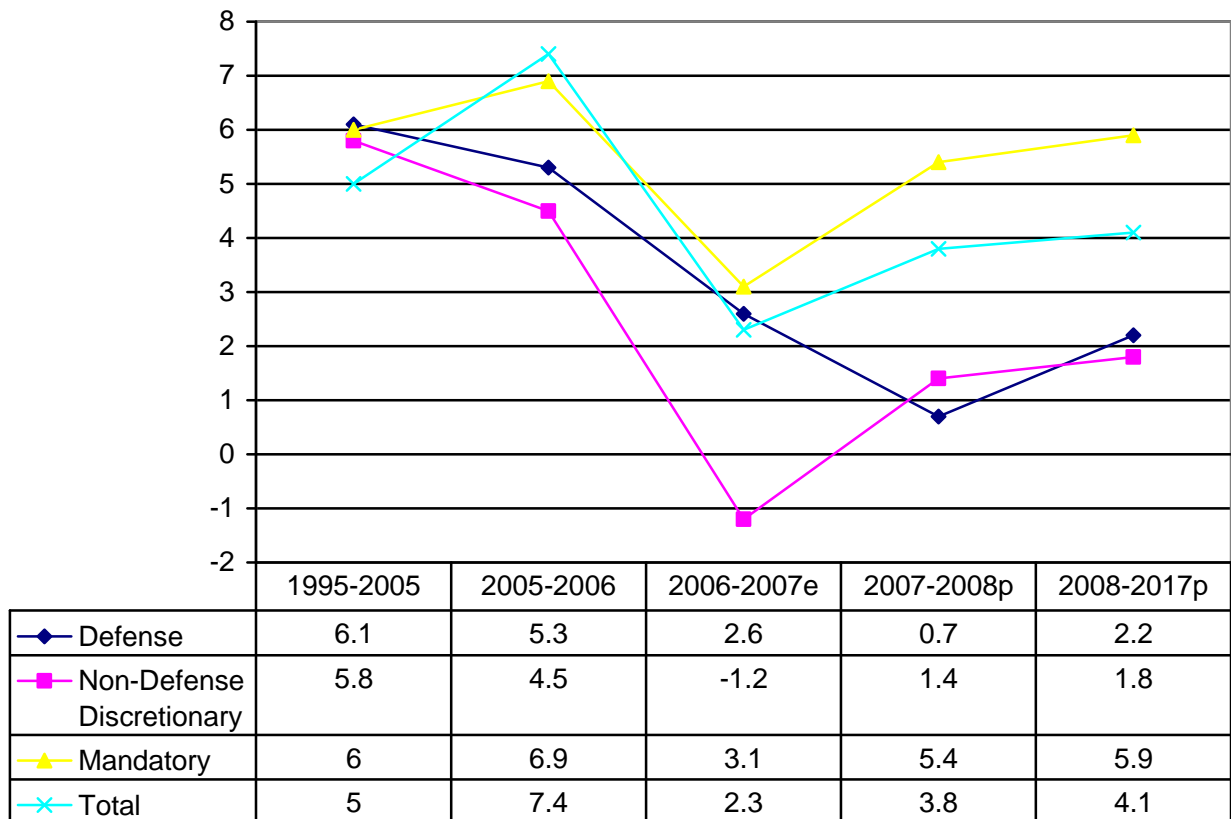
**FEDERAL OUTLAYS PROJECTED IN THE PRESIDENT'S FY2008 BASELINE
BUDGET REQUEST
(FY 2000 \$Billions)**



Source: Department of Defense, National Defense Budget for FY2008, March 2007, p.207

COMPARATIVE ANNUAL RATES OF GROWTH IN OUTLAYS BY TYPE OF FEDERAL SPENDING: MANDATORY SPENDING STILL DRIVES GROWTH

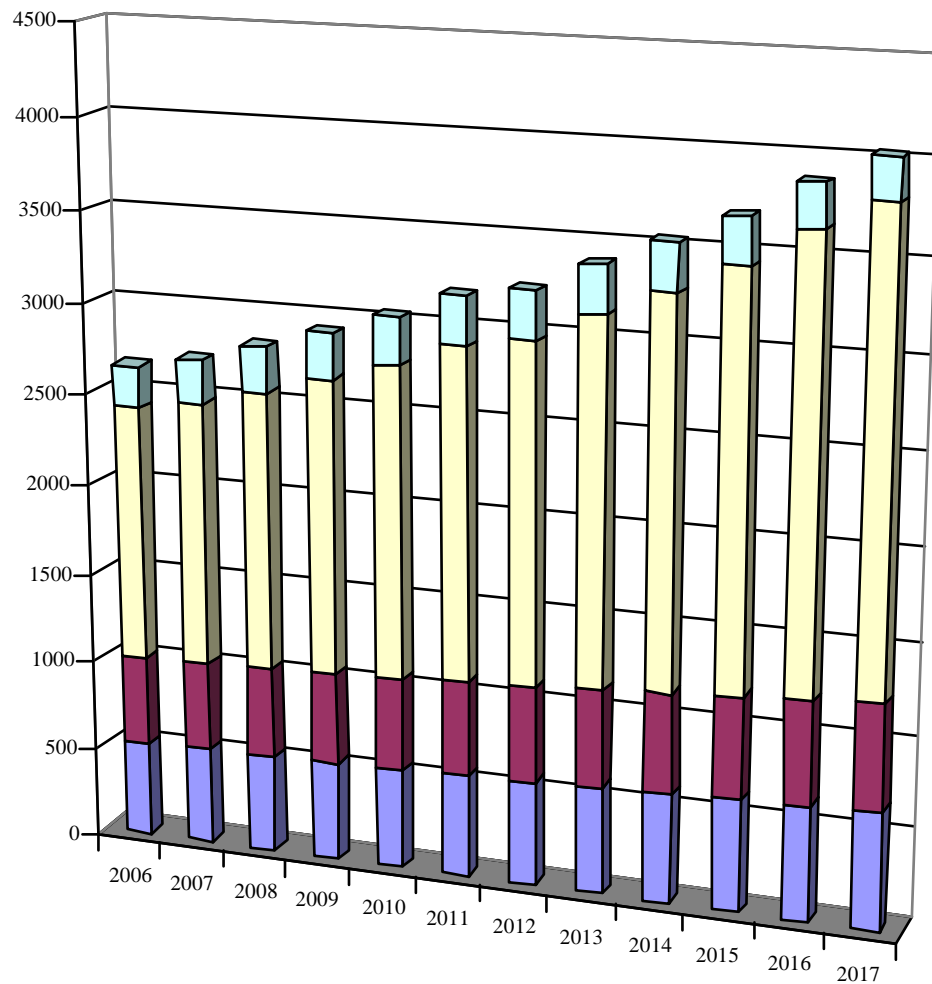
(In Percent; Baseline Projections for 2007-2008 and 2008-2017)



Source: Department of Defense, February 7, 2007

**THE PROJECTED “SQUEEZE” FROM RISING MANADATORY SPENDING:
CBO ESTIMATE OF DEFENSE AS A SHARE OF TOTAL OF FEDERAL
SPENDING: FY2006-FY2017**

(In US \$Billions Defense Projection is Before New FY2007 Supplemental)

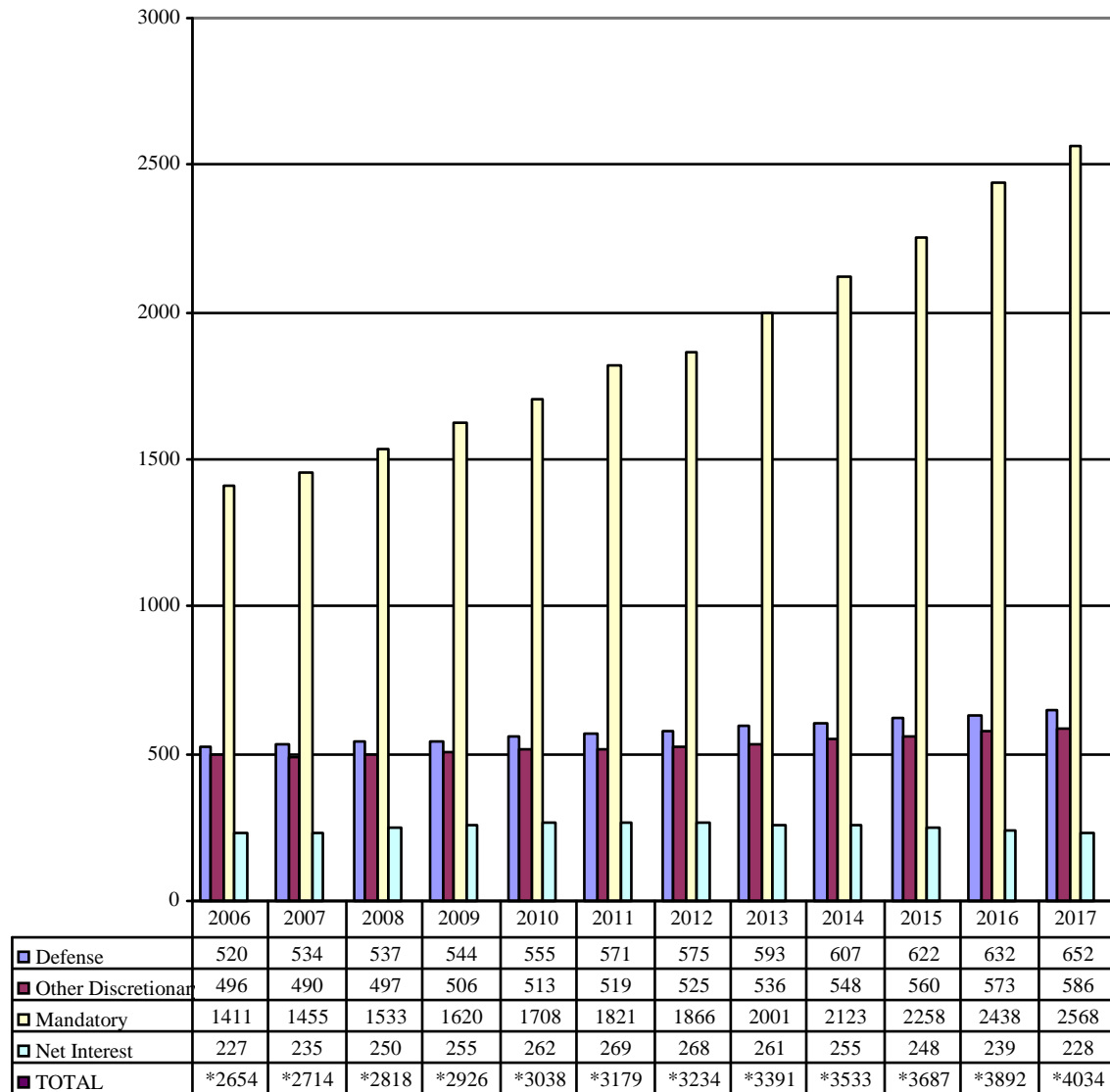


	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
■ TOTAL	*2654	*2714	*2818	*2926	*3038	*3179	*3234	*3391	*3533	*3687	*3892	*4034
□ Net Interest	227	235	250	255	262	269	268	261	255	248	239	228
□ Mandatory	1411	1455	1533	1620	1708	1821	1866	2001	2123	2258	2438	2568
■ Other Discretionary	496	490	497	506	513	519	525	536	548	560	573	586
■ Defense	520	534	537	544	555	571	575	593	607	622	632	652

Source: CBO, February 7, 2007. The Budget and Economic Outlook: Fiscal 2008 to FY2017, January 2007, p. 50.

CBO ESTIMATE OF COMPARATIVE BURDEN OF DEFENSE, MANDATORY, AND OTHER FEDERAL SPENDING: FY2006-FY2017

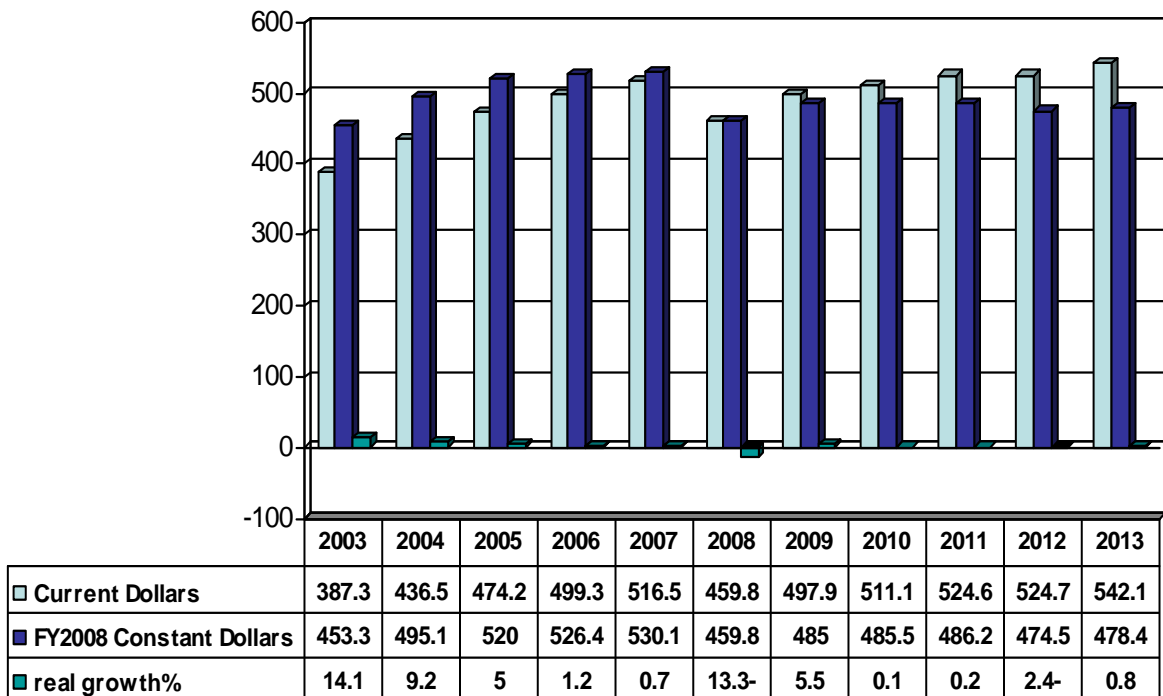
(In US \$Billions. Defense Projection is Before New FY2007 Supplemental)



Source: CBO, February 7, 2007. The Budget and Economic Outlook: Fiscal 2008 to FY2017, January 2007, p. 50.

DEPARTMENT OF DEFENSE OUTLAYS

(Dollars in \$US Billions)



DEPARTMENT OF DEFENSE OUTLAYS by SERVICE

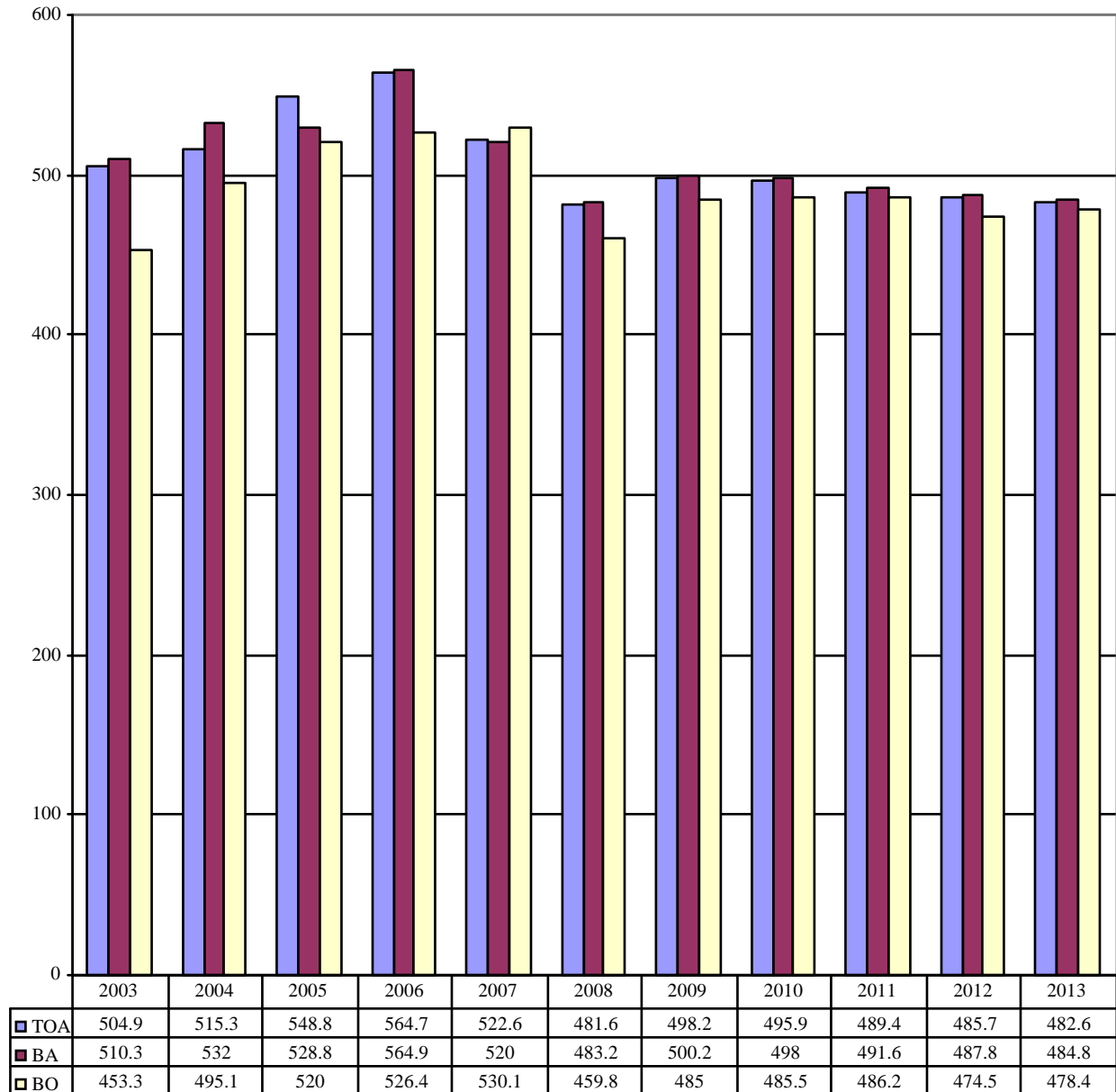
(Dollars in Millions)

	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
CURRENT DOLLARS											
Army	105,248	129,034	152,098	163,336	164,357	127,662	135,870	140,143	142,829	142,272	143,263
Navy	112,017	120,381	126,088	132,267	135,995	128,733	140,183	146,108	151,818	151,387	156,796
Air Force	111,559	122,162	127,939	132,706	131,615	127,589	138,755	140,549	144,327	145,375	150,305
Defense-wide	58,517	64,940	68,029	70,967	84,541	75,770	83,038	84,257	85,603	85,655	91,752
TOTAL, CURRENT \$	387,340	436,517	474,154	499,277	516,508	459,754	497,846	511,057	524,576	524,689	542,115
CONSTANT FY2008 DOLLARS											
Army	121,938	145,031	165,524	171,916	168,647	127,662	132,397	133,143	132,353	128,609	126,316
Navy	130,753	136,288	137,966	139,049	139,338	128,733	136,750	139,155	141,288	137,717	139,436
Air Force	130,529	138,699	140,742	139,398	134,628	127,589	135,464	134,113	134,725	132,810	134,330
Defense-wide	70,085	75,122	75,757	76,056	87,466	75,770	80,400	79,092	77,868	75,389	78,308
TOTAL, CONSTANT \$	453,305	495,139	519,990	526,418	530,079	459,754	485,010	485,502	486,235	474,525	478,390
% REAL GROWTH											
Army	23.3	18.9	14.1	3.9	-1.9	-24.3	3.7	0.6	-0.6	-2.8	-1.8
Navy	11.7	4.2	1.2	0.8	0.2	-7.6	6.2	1.8	1.5	-2.5	1.2
Air Force	14.9	6.3	1.5	-1.0	-3.4	-5.2	6.2	-1.0	0.5	-1.4	1.1
TOTAL	14.1	9.2	5.0	1.2	0.7	-13.3	5.5	0.1	0.2	-2.4	0.8

Source: Department of Defense, National Defense Budget for FY2008, March 2007, p.145

**THE PRESIDENT'S FY2008 BASELINE REQUEST ASSUMES MAJOR CUTS
IN THE TOTAL REAL COST OF DEFENSE AFTER FY2006 IN WAYS THAT
ARE UNREALISTIC**

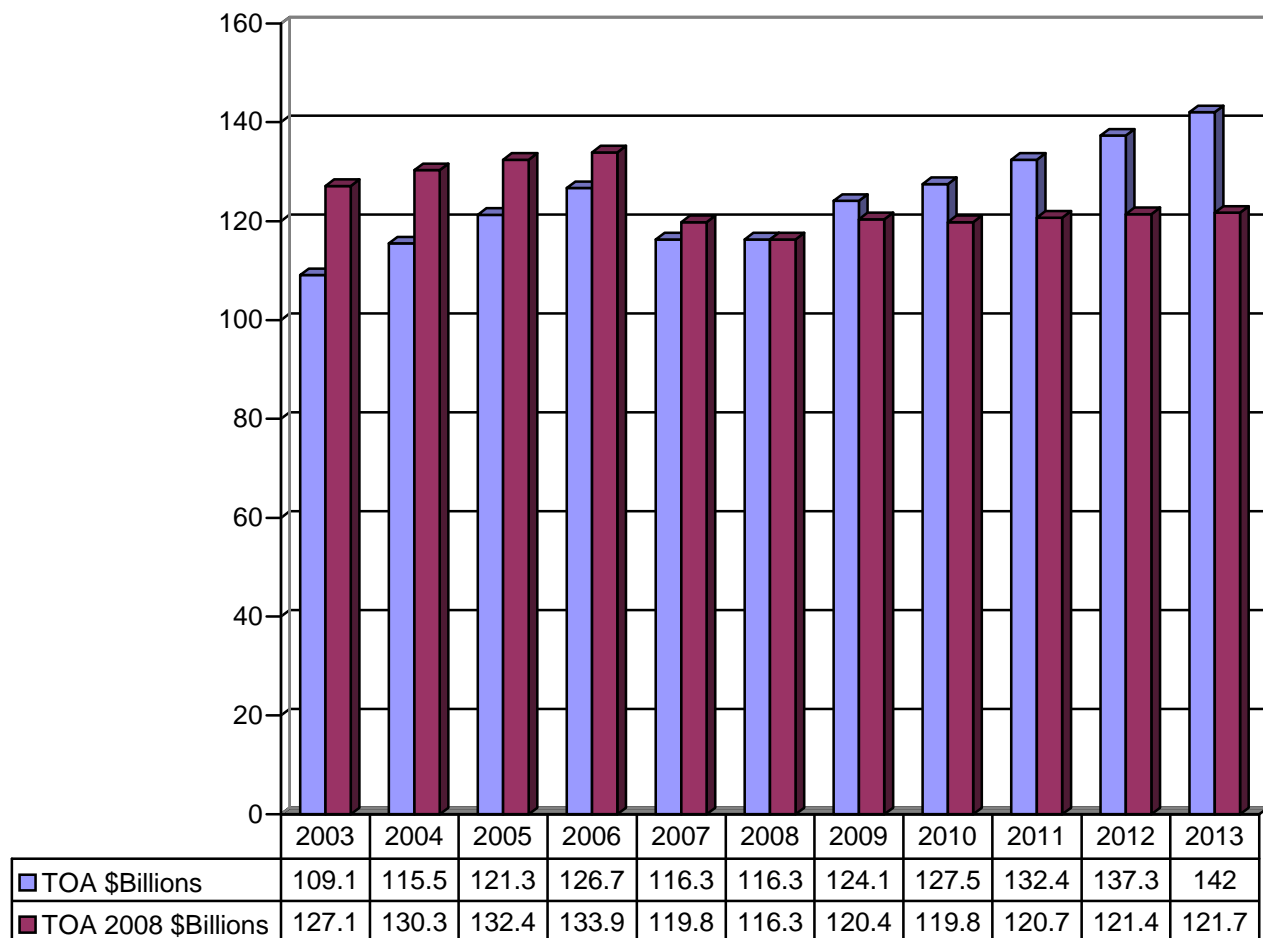
(Total Funding in \$US 2008 Billions in the FY2008 FYDP)



Source: Department of Defense. National Defense Budget Estimates for FY2008, March 2007, p. 67, 115, 133.

**THE PRESIDENT'S FY2008 BASELINE REQUEST DOES NOT FUND
CURRENT MILITARY MANPOWER, MUCH LESS THE NEW INCREASE IN
MILITARY END STRENGTH**

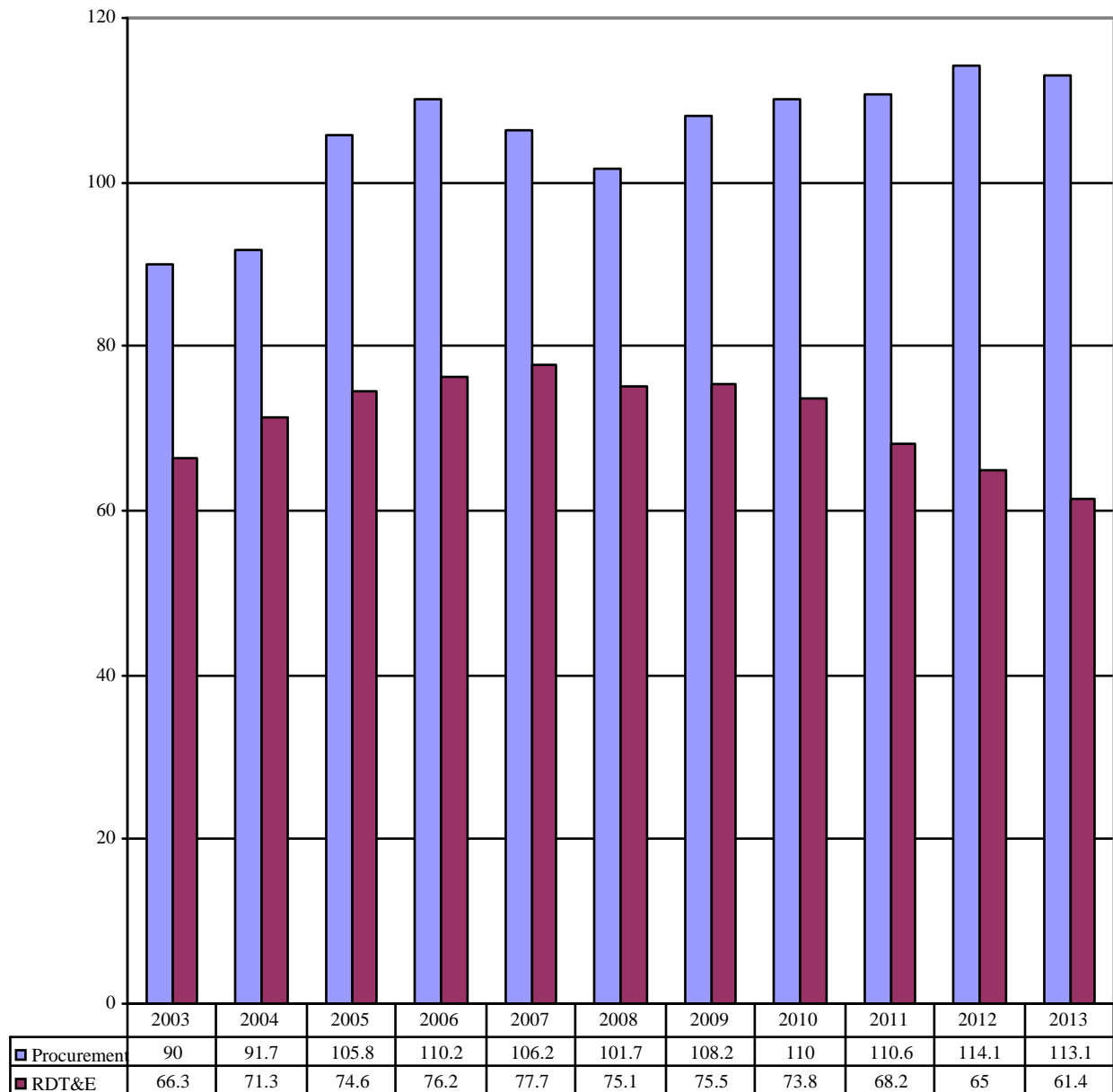
(Military Personnel Funding in \$US Billions in TOA in the FY2008 FYDP)



Source: Department of Defense. National Defense Budget Estimates for FY2008, March 2007, p. 67.

**THE PRESIDENT'S BASELINE FY2008 REQUEST PROVIDES AN INCREASE
IN MILITARY PROCUREMENT FUNDING FROM FY2009 ONWARDS AT
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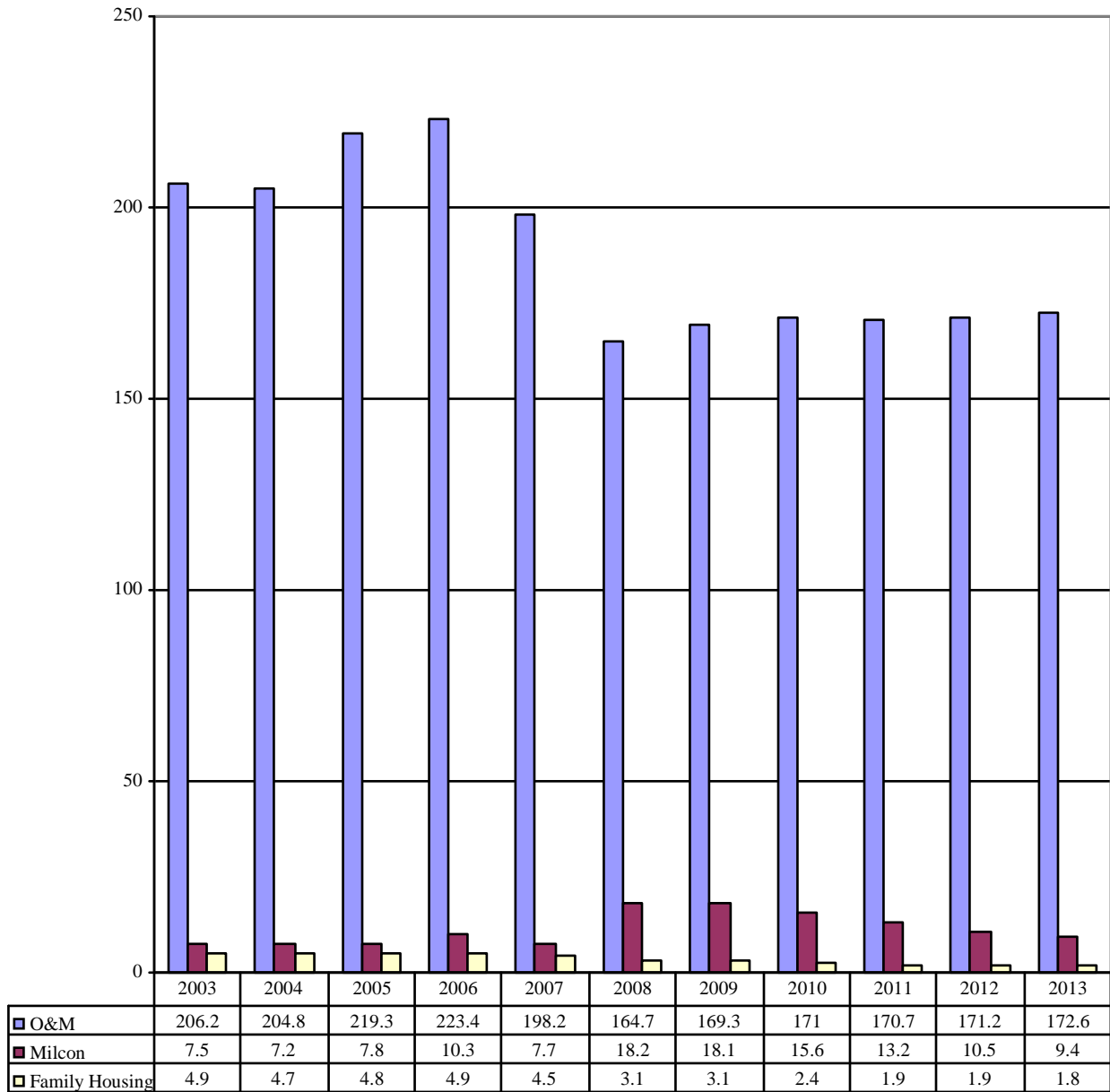
(Procurement and RDT&E Funding in \$US 2008 Billions in TOA in the FY2008
FYDP)



Source: Department of Defense. National Defense Budget Estimates for FY2008, March 2007, p. 67.

**THE PRESIDENT’S FY2008 BASELINE REQUEST ASSUMED THAT
“VICTORY” IN 2008 WOULD ALLOW MAJOR O&M CUTS, PROVIDE SOME
“GET WELL” IN MILITARY CONSTRUCTION, BUT NOT FUND ANYTHING
APPROACHING ADEQUATE FAMILY HOUSING**

(O&M, Military Construction, and Family Housing Funding in \$US 2008 Billions in
TOA in the FY2008 FYDP)



Source: Department of Defense. National Defense Budget Estimates for FY2008, March 2007, p. 67.

FISCAL 2008 DEPARTMENT OF DEFENSE BUDGET REQUEST: BASELINE AND SUPPLEMENTALS

- **The President's 2008 Budget provides \$481.4 billion in discretionary authority for the Department of Defense's base budget**
 - 62 percent increase over 2001.
 - 11.3 percent increase over the projected enacted level for fiscal 2007, for real growth of 8.6 percent;
- **In addition to base funding, the request includes \$93.4 billion in supplemental appropriations for 2007, and an additional \$141.7 billion in 2008.**
 - *Accompanying the fiscal 2008 Defense base budget and the President's GWOT request is a request for \$93.4 billion in emergency supplemental funding to cover equipment reconstitution and the cost of operations in the Global War on Terror for the remainder of fiscal 2007.*
 - *Requests \$141.7 billion to continue the fight in the Global War on Terror (GWOT) in fiscal 2008.*
 - Funds urgent needs associated with Operations Enduring Freedom and Iraqi Freedom and other costs of the Global War on Terror; including the costs of repairing, replacing or replenishing equipment lost in combat by both the Active and Reserve Components.
 - Consistent with the direction of Congress to include the cost of ongoing operations in the Global War on Terror with the fiscal 2008 Department of Defense Base Budget.
- **It also includes a \$50 billion allowance for 2009. This combined request will ensure a high level of military readiness, enabling the Department to respond to evolving and adaptive enemies, while sustaining traditional advantages in U.S. conventional warfighting capabilities**
- **To date, \$426.8 billion has been provided in supplemental appropriations for the War on Terror; the 2007 and 2008 request would increase this amount to \$ 661.9 billion.**

(In billions of dollars)										
Enacted							Enacted To Date	Request	Total	
2001	2002	2003	2004	2005	2006	2007	2007	2007	2008	
9.3	8.3	62.2	62.0	100.5	114.5	70.0	426.8	93.4	141.7	661.9

CRS ANALYSIS OF AFFORDABILITY AND BALANCE IN FY2008 BUDGET REQUEST AND OUTYEAR PLANS

1) DoD estimates a fairly robust baseline budget for the next several years, but the share of federal funds allocated to Defense in coming years may have to be significantly reduced due to the rising costs of entitlement programs.

- DOD's funding plan for FY2008-13, excluding the cost of military operations in Iraq and Afghanistan, projects that the department's base budget will increase in real purchasing power, after adjusting for inflation, by 8.0% between FY2007 and FY2008 and by another 3.5% in FY2009 before declining slightly over each of the following four years.
- But the tightening **fiscal squeeze on the federal government may put strong downward pressure on the defense budget**; and the unbudgeted funds needed for ongoing military operations abroad may compound the problem.
- If total federal outlays continue to account for about 20% of the GDP and federal revenues remain at about their current level, total federal spending on discretionary programs, in terms of real purchasing power, would have to be sharply reduced to meet the goal of a balanced federal budget by 2012 and then to cover the rising costs of **Medicare, Medicaid and Social Security** resulting partly from the retirement of baby boomers.

2) *Since DOD does not include the forecast cost of ongoing operations in its projections of defense budget requests in future years, except for a \$50 billion placeholder for FY2009 included in the FY2008 request, Congress has not been given a clear sense of how severely the federal government's overall fiscal squeeze may constrain future defense budgets.*

3) *DOD projects that its total budget will remain approximately constant, in real terms, from FY2009 through FY2013. But for years, most of the major components of the defense budget have shown a steady cost growth, in excess of the cost of inflation.*

There are three types of costs that are likely to escalate in the near future:

- **the rising cost of health care** for personnel still on active service, retirees and their dependents,
- **operations and maintenance costs** that have been increasing since the Korean War at an average of 2.5% per year above the cost of inflation, and
- **new weapons** that are expected to dramatically enhance the effectiveness of U.S. forces, but which carry high price tags to begin with and then, all too often, substantially overrun their initial cost-estimates.

4) *One of the most powerful drivers of DOD's internal cost squeeze, the steady increase in the cost of military personnel, would be compounded by the President's recommendation — in line with congressional proposals — to increase active-duty Army and Marine Corps end-strength.*

- Between FY1999 and FY2005, the cost of active-duty military personnel, measured per-service-member, **grew by 33% above inflation**, largely because of congressional initiatives

to increase pay and benefits. A large fraction of the increased cost is due to increases in retired pay and greatly expanded medical benefits for military retirees.

- This year, the Administration has proposed (and the congressional defense committees have urged for years) an increase in active-duty end-strength that would add **92,000 soldiers and Marines** to the rolls, thus increasing the services' fixed costs by at least **\$12 billion annually** (once the start-up costs of the policy have been absorbed).

5) The Navy's ability to sustain a fleet of the current size within realistically foreseeable budgets may be especially problematic.

- The service released in February a long-range shipbuilding plan that would fall just short of the Navy's current goal of maintaining a fleet of 313 ships. But the plan assumes that the Defense Department, which bought seven ships in FY2007 and is requesting the same number in FY2008, would buy between 11 and 13 ships in each of the following five years. **The plan assumes that amount appropriated for new ship construction would rise from a requested \$12.5 billion in FY2008 to \$17.5 billion in FY2013 (in current-year dollars).**
- Even if the Navy got the annual shipbuilding budgets it plans to request, it might not be able to buy all the ships it plans as quickly as it plans to do so, because of **escalating costs and delays in some of the new types of ships slated to comprise the future fleet.**
- In the past, Navy cost and schedule forecasts later proven to be overly optimistic have **led to long-range shipbuilding plans that promised increases in shipbuilding budgets in the "out-years" that have not been realized.** Unachievable shipbuilding plans may discourage the Navy and Congress from weighing potential tradeoffs between, on the one hand, construction of promising new designs and, on the other hand, building additional ships of types already in service and upgrading existing vessels.

6) The services' plans to modernize their tactical air forces suffer from the type of excessive budgetary and technological optimism that also afflicts the shipbuilding plan.

- Roughly midway through a 40-year, \$400 million effort to replace the post-Vietnam generation of Air Force, Navy and Marine Corps fighter planes with versions of the Air Force's F-22A, the Navy's F/A-18E/F, and the tri-service F-35 (or Joint Strike Fighter), **the services' plans have been buffeted by escalating costs, slipping schedules and external budget pressures.** In the case of the F-22A, this produced a current budget plan that will buy only 183 planes rather than the 381 the Air Force says it needs. Similarly, the Navy and Marine Corps have reduced the total number of F-35s they plan to buy from 1,089 to 680.

Source: CRS Report for Congress "Defense: FY2008 Authorizations and Appropriations", May 11, 2007 pp.8-11

KEY GOALS OF THE FY2008 DEFENSE REQUEST – PART ONE*

Developing capabilities to meet future threats: Even as DoD focuses on military operations in Iraq and Afghanistan, it must prepare for future challenges and conflicts through organizational and technological transformations.

- *Additional permanent forces:* Increase the size of the Army from 482,400 to 547,400 by 2012 and Marine Corps from 175,000 to 202,000 by 2011 to reduce stress on active duty and reserve forces.
- *Reorganizing the Army:* \$7.6 billion in 2008 to continue the Army's transformation from a division centric force to a modular, flexible force, including the deployment of new Stryker vehicles and upgrades to existing aircraft.
- *Expanding Special Operations Command:* \$6.2 billion, which will strengthen and expand the Special Operations Command (SOCOM) by adding 3,000 special operators in 2008 and 10,000 special operators over the next five years without compromising training standards.
- *Building partnership capacity:* \$500 million for building international partnerships and enhancing the military's ability to train and equip allies and provide humanitarian assistance.
- *Aligning infrastructure and requirements:* \$8.2 billion for DoD to continue its efforts to meet the recommendations accepted by the Base Realignment and Closure Commission.
- *Adjusting global posture:* \$1.0 billion in 2008 and \$5.3 billion by 2012 to continue to fund an overall restructuring of the military by shifting Cold War bases to new areas of strategic importance.
- *Improving technology to support our troops:*

The President's 2008 Defense Budget will support our men and women in uniform and transform the military for 21 century threats:

- Supporting operations in the War on Terror
- Developing capabilities to meet future threats;
- Defending the homeland;
- Supporting the all-volunteer force and their families; and
- Strengthening the U.S. intelligence community.
 - o Increase the Predator Unmanned Aerial Vehicle force to 170 aircraft.
 - o Provide \$14.2 billion for Navy shipbuilding, including the first of a new class of aircraft carriers and three Littoral Combat Ships.
 - o Support new global capabilities by providing \$315 million for a new Air Force tanker, \$175 million for conventional Trident missiles, and \$310 million for a missile defense site in Europe.

Defending the Homeland: Provides the resources necessary to deter, detect and defeat attacks against the U.S., its citizens and its infrastructure.

- *Cooperative Threat Reduction Program:* \$348 million will fund the completion of a chemical weapons destruction facility, provide security upgrades at a Russian warhead storage site and improve nuclear detection capabilities at borders and ports in the former Soviet Union.
- *Missile Defense Agency:* \$8.9 billion to develop new systems and improve upon existing land and sea based missile defense systems that protect the United States.
- *National Guard and Reserve:* \$43 billion to recruit, man, train, operate, and equip National Guard and Reserve forces that provide critical military capabilities both at home and abroad.

KEY GOALS OF THE FY2008 DEFENSE REQUEST – PART TWO*

Supporting the all-volunteer force and their families: Continues to ensure service members have the best training and equipment while maintaining a high quality of life for service members and their families and providing the finest treatment, rehabilitation, and future opportunity for personnel wounded in action.

- **Compensating service members:** Includes a three percent pay raise, bringing the total basic pay increases since 2001 to nearly 32 percent. In addition the Administration has added retention bonuses for service members deployed in support of Operations Iraqi Freedom and Enduring Freedom, and enhanced pay, commissary, education and health benefits are made available for all reservists activated for war.
- **Supporting the Severely Injured Support Center:** \$45 million for counseling, assistance and advocacy for wounded service members.
- **Providing access to health care:** \$20.6 billion plus \$1.9 billion in revenue proposals for the Defense Health Program to provide service members and their families with high quality medical care.

Strengthening the U.S. Intelligence Community: Continues robust funding of the Intelligence Community, focusing on human and signals intelligence, data processing, and analytic capabilities.

- **Central Intelligence Agency:** Make progress towards the goal of increasing the number of case officers 50 percent and achieves that goal for analysts.
- **Office of the Director of National Intelligence:** Sustain implementation of the Intelligence Reform and Terrorism Prevention Act and the Residentially-approved recommendations of the 9-11 and Weapons of Mass Destruction Commissions.
- **Information sharing environment:** Improve coordination among agencies that support the War on Terror including information sharing between Federal, State and local authorities.

*Adapted from the OMB Summary provided in February 2007.

TOTAL FY2007 AND FY2008 BASELINE EXPENDITURES

(Discretionary Budget Authority, Dollars in Billions)

	FY07*	FY08	Increase
FY 2008 Title Breakout:			
Military Personnel	111.1	116.3	+5.2
O&M	149.2	164.7	+15.5
Procurement	81.3	101.7	+20.4
RDT&E	75.1	75.1	—
Military Construction	9.3	18.2	+8.9
Family Housing	4.0	2.9	-1.1
Working Capital Funds	2.4	2.5	+0.1
Total	432.4	481.4	+49.0

*Note: FY07 excludes Title IX and includes projected Military Construction/Quality of Life programs

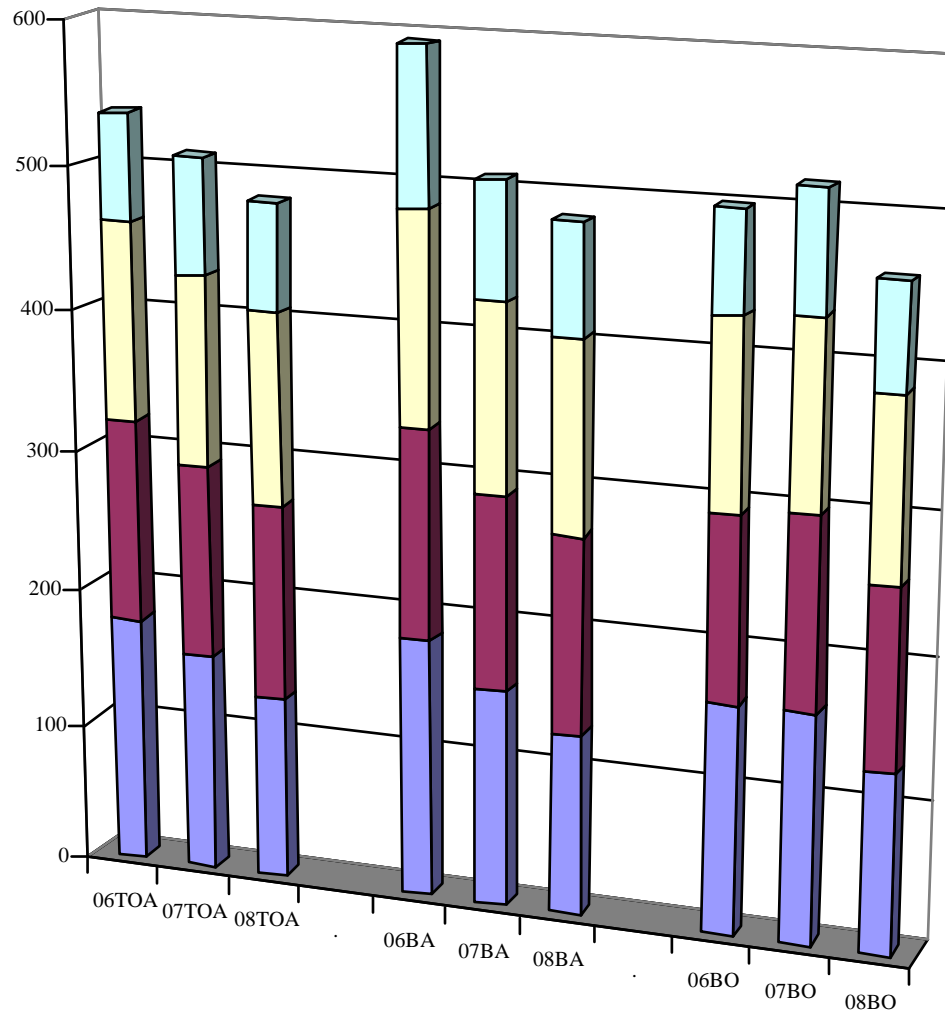
FY 2008 Budget by Service

Army	109.7	130.1	+20.4
Navy	110.3	119.3	+9.0
Marine Corps	16.2	20.5	+4.3
Air Force	128.4	136.6	+8.2
Defense Wide	70.9	74.9	+4.0
BRAC	-3.1	N/A	+3.1
Total	432.4	481.4	+49.0

*Note: FY07 excludes Title IX and includes projected Military Construction/Quality of Life programs

**DEFENSE SPENDING BY SERVICE IN DIRECT BUDGET PLAN (TOA),
BUDGET AUTHORITY (BA) AND OUTLAYS (BO): FY2006-FY2008**

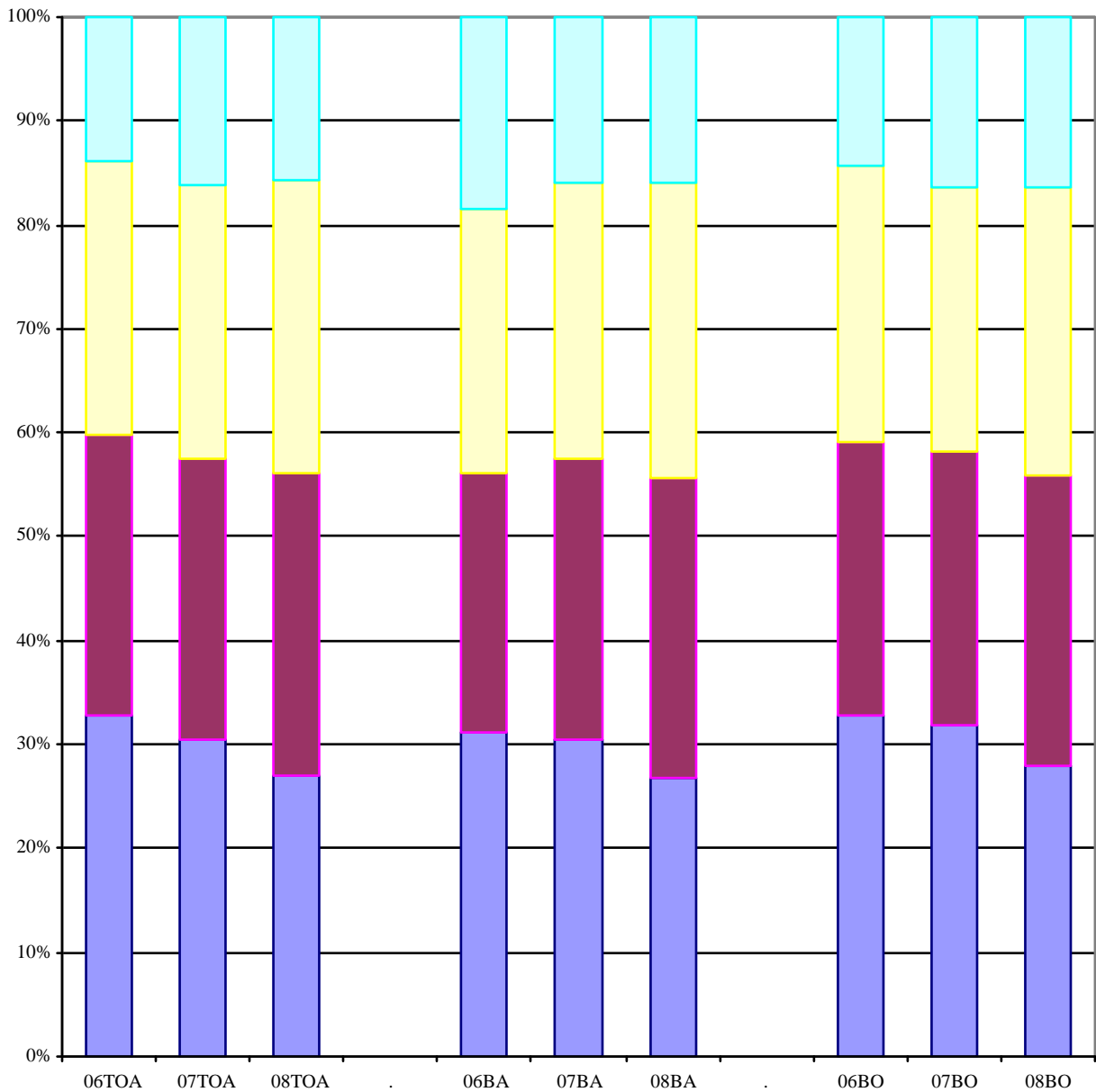
(In US \$Billions)



	06TOA	07TOA	08TOA	.	06BA	07BA	08BA	.	06BO	07BO	08BO
Defense Wide	74.4	82	75.1		109.5	81.1	77.3		71	84.5	74.9
Air Force	140.9	134.8	136.6		150.6	134.1	136.4		132.7	131.6	127.6
Navy	144.6	137.2	139.9		148.7	136.7	139.5		132.3	136	128.7
Army	176.5	155.7	130.1		184.9	155.1	129.6		163.3	164.4	128.5

Source: Department of Defense February 7, 2007, FAD-792/2008 p. 2.

PERCENT OF TOTAL DEFENSE SPENDING BY SERVICE: FY2006-FY2008
(In US \$Billions)



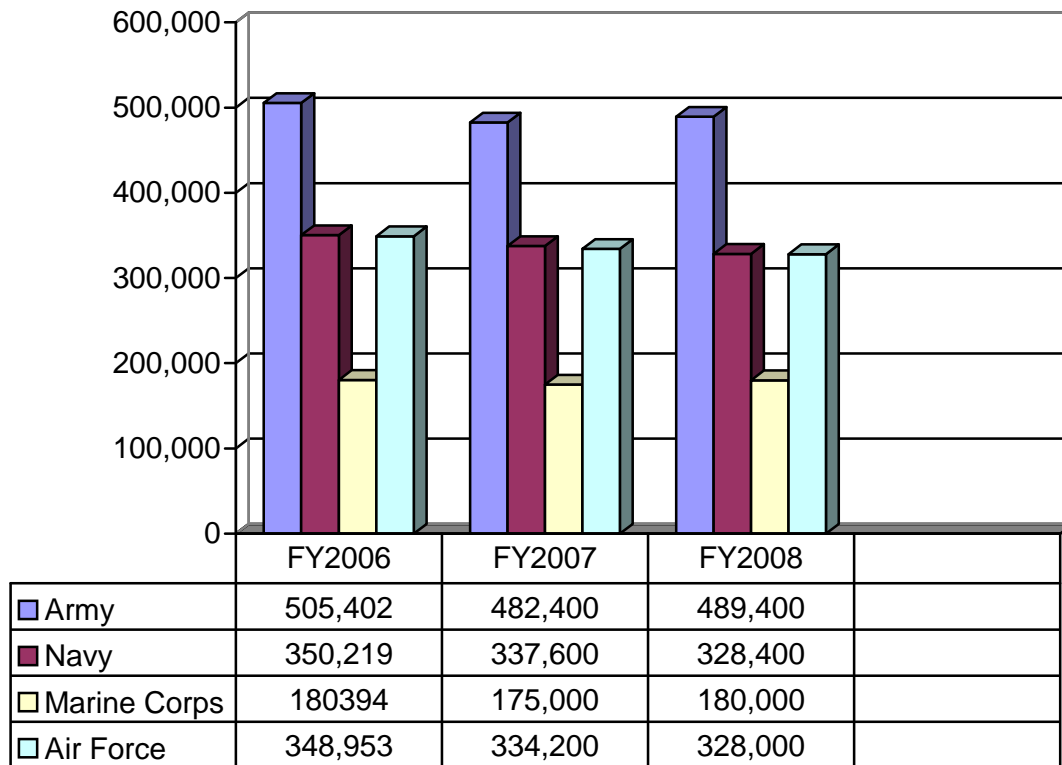
Source: Department of Defense February 7, 2007, FAD-792/2008 p. 2.

INCREASING GROUND FORCE STRENGTH AND CAPABILITY

- Includes funding to increase force structure in both the Army and Marine Corps.
 - Army Active Duty permanent end strength will grow by 7,000 annually starting in FY 2008 until reaching the increase of 65,000 by FY 2012 for a total of 547 thousand.
 - The number of Active Army Brigade Combat Teams (BCTs) will increase from 42 to 48 by FY 2012.
 - Marine Corps end strength will grow annually by 5,000 starting in FY2008 until reaching 27,000 by FY 2011 for a total of 202 thousand.
 - The combined total increase in permanent end strength for Army and Marines will be 92,000 troops by 2012.
 - Marine Expeditionary Forces (MEF) will also rise, growing from 2.5 to 3 balanced MEFs.
 - To accomplish this, the Budget provides \$12.1 billion in FY 2008.
 - The administration is also recommending a combined 9,200 Army Reserve and National Guard personnel and is planning to reallocate additional military personnel from overhead functions to the operational force.
 - CBO estimates that over the period 2007-2013, the additional costs would be about \$70 billion to the Army and about \$32 billion to the Marine Corps. The Army Reserve and National Guard would incur additional costs of about 7 billion, bringing the total costs of the Administration's plan to approximately \$108 billion.¹
- Army time at home will double -- from the current one year at home station for every year deployed, to two years at home station for every one year deployed. Time at home for Marines will also double -- from the present rotation of 7 months at home and 7 months deployed, to 14 months at home station for each deployment of 7 months duration.
- In addition, the Army's continuing conversion to Brigade Combat Teams will reduce the frequency of deployments, again providing more time at home for soldiers and, while also making the Army combat force more flexible, effective, and deployable against a wide variety of adversaries.

¹ CBO, "Estimated Cost of the Administrations Proposal to Increase the Army's and the Marine Corps's Personnel Levels", April 16, 2007

**US AUTHORIZED ACTIVE MILITARY AND CIVILIAN ENDSTRENGTH:
FY2006-FY2008**



Source: Department of Defense, February 7, 2007.

IMPROVING FORCE READINESS AND SUPPORT

The FY 2008 Defense base budget request provides increases to operations and procurement accounts of almost \$36 billion over the projected enacted level in FY 2007.

About \$16.8 billion in these accounts will go to improve readiness.

This additional funding will enable the Department to increase full spectrum training operations on land, at sea, and in the air.

Training operations include increased Combat Training Center rotations, sustained air crew training, and increased ship-deployed steaming days.

The House Armed Services Committee Bill would authorize an additional \$250 million for training not covered by the budget request. The committee warned that the readiness of ground combat forces in particular was suffering because their training was focused heavily on the type of mission they would perform in Iraq and Afghanistan, rather than on the full spectrum of missions they might have to execute.

The House FY2008 Defense Authorization bill would add to the budget request \$165 million for additional major overhauls of ships, planes, vehicles and electronic equipment beyond what the budget would cover. It also would create a \$1 billion Strategic Readiness Fund to allow the services to address equipment shortages that resulted in critical readiness shortfalls. To better focus attention on readiness problems, the bill would create a Defense Readiness Production Board to identify shortages of equipment or supplies anticipated to last for two years or longer.²

² CRS Report for Congress - Defense: FY 2008 Appropriations and Appropriations, p.30 May 11, 2007

IMPROVING JOINT GROUND CAPABILITIES

- Base budget provides \$3.7 billion, a \$0.3 billion increase over the FY 2007 projected enacted budget for the Army's Future Combat System.
- Major areas of investment include unmanned aerial vehicles, manned and unmanned ground vehicles, non-line of sight launch systems, and battlefield command and communications systems.
- The Future Combat System continues the process of modernizing and integrating ground forces, while increasing the lethality and effectiveness of the individual soldier.

JOINT GROUND CAPABILITIES – COMBAT AND TACTICAL SYSTEMS (\$US BILLIONS)

Change FY 08

	<u>FY 07</u>	<u>FY 08</u>	<u>FY 07/08</u>	<u>Qty</u>
FCS Future Combat System	3.4	3.7	+0.3	-

Note: Dollar figures are RDT&E only. FCS has no procurement.

- The House FY2008 Defense Appropriations bill would cut \$867 million from the 3.66 billion requested for the Future Combat System. Specifically, the HASC cut \$566 million from FCS systems engineering accounts, \$233 to delay development of Manned Ground Vehicles, \$46 million from development of robots and unmanned ground vehicles and \$21 million to end the class IV unmanned aerial vehicle platform.³
- The House bill would also approve the request for \$4 billion to upgrade M-1 tanks and Bradley armored troop carriers. It would also authorize only \$88 million of the \$288 million requested for the Marine's Expeditionary Fighting Vehicle.

³ Jen DiMascio, "HASC Cuts \$867 Million from Army Future Combat System", Defense Daily, May 3rd, 2007

IMPROVING JOINT MARITIME CAPABILITIES

- Defense base budget provides \$14.4 billion for ship building. This is an increase of about \$3.2 billion over the FY 2007 projected enacted budget to continue the modernization and recapitalization of the fleet.
- In FY 2008, the Defense base budget funds one aircraft carrier (CVN-21), one Virginia class submarine (SSN), one Amphibious Assault Ship (LPD), one Logistics Ship (T-AKE), and three Littoral Combat Ships (LCS),
- Continues building the two lead Destroyers of the DDG-1000 class and LHA(R) amphibious assault ship.
- In addition, the Army contributes one Joint High Speed Vessel (JHSV).

JOINT MARITIME CAPABILITIES – COMBAT AND TACTICAL SYSTEMS (\$US BILLIONS)

	Change FY 08			
	<u>FY 07</u>	<u>FY 08</u>	<u>FY 07/08</u>	<u>Qty</u>
DDG-1000* Destroyer	2.6	3.0	+0.4	0
CVN-21 * Carrier Replacement Program	1.1	2.8	+1.7	1
LPD-17 San Antonio Class Amphib Ship	0.4	1.4	+1.0	1
LHA * LHA Replacement	1.1	1.4	+0.3	-
LCS Littoral Combat Ship	0.5	0.9	+0.4	3
T-AKE Auxiliary Dry Cargo Ship	0.5	0.5	-	1
RCOH CVN Refueling Complex Overhaul	1.1	0.3	-0.8	-
DDG-51 Destroyer	0.4	0.1	-0.3	-
JHSV Joint High Speed Vessel (Army)	0.0	0.2	+0.2	1
SSN 774 Virginia Class Submarine	2.6	2.5	-0.1	1
Auxiliaries, Craft, and Prior Year	0.9	1.3	+0.4	-
Total	11.2	14.4	+3.2	8

- The FY2008 House Defense Appropriations bill added to the budget request \$1.7 billion for a San Antonio-class amphibious landing transport (in addition to the \$1.4 billion requested for one of the ships), \$400 million for a T-AKE class supply ship (in addition to the \$456 million requested for one), and \$588 million to buy the nuclear power plant and other components of an additional Virginia-class submarine, for which the bulk of the funds would have to be provided in a future budget (in addition to the \$1.8 billion approved as requested for one sub and the \$703 million requested for another set of long-leadtime sub components.)⁴
- In Congressional testimonies, Admiral Michael Mullen, Chief of Naval Operations, argued against funding any extra ships in addition to the seven already present in the presidential request. He stated that shipyards would be

⁴ CRS Report for Congress- Defense: FY 2008 Authorizations and Appropriations, p.32 May 11, 2007

unable to increase production, and Navy Secretary Donald Winter told the Senate Armed Services Committee that adding more ships would be “destabilizing.” Concerns about the spiraling costs of major new programs like the LCS and DDG 1000 also contributed to Navy’s decision to reject the lawmaker’s offer of more ships.⁵

- CBO estimated that the Navy’s FY2008 Shipbuilding Plan would cost significantly more than the Navy estimated. Buying a total of 293 ships over the 2008-2037 period would require an average shipbuilding budget of \$20.6 billion for new construction alone. This is about one third more than the Navy’s 15.4 billion estimate and more than double the \$9.6 billion per year that the Navy spent on new ship construction between 2002 and 2007. Including the costs of refueling nuclear-powered aircraft carriers and submarines would raise CBO’s estimate to \$21.7 billion a year on average for the next 30 years, \$5.2 billion more per-year than the Navy’s estimate.⁶

⁵ Defense News, April 2, 2007 “USN Waves Off Lawmakers’ Offer”

⁶ CBO, Resource Implications of the Navy’s Fiscal Year 2008 Shipbuilding Plan, pp 6-8, March 23, 2007

IMPROVING JOINT AIR CAPABILITIES

- FY 2008 Defense base budget provides \$27.0 billion, increase of about \$4.1 billion over the FY 2007 projected enacted budget
- Funds acquisition of 20 F-22As, 18 EA-18Gs, 24 F/A-18 aircraft, 26 V-22 aircraft, 33 Unmanned Aerial Vehicles
- Continues development and procurement of 12 Joint Strike Fighter (F-35) aircraft, as well as enhancements to existing aircraft.

JOINT AIR CAPABILITIES – COMBAT AND TACTICAL SYSTEMS (\$US BILLIONS)

Change FY 08

	<u>FY 07</u>	<u>FY 08</u>	<u>FY 07/08</u>	<u>Qty</u>
F-35 Joint Strike Fighter	5.0	6.1	+1.1	12
F-22 Raptor	4.0	4.6	+0.6	20
F/A-18E/F Hornet	3.0	2.6	-0.4	24
E/A-18G Growler	1.0	1.6	+0.6	18
V-22 Osprey	2.1	2.6	+0.5	26
UAV Global Hawk	0.7	0.9	+0.2	5
UAV Predator	0.5	0.7	+0.2	28
Aircraft Enhancements	6.6	7.9	+1.3	-
Total	22.9	27.0	+4.1	

- The House Appropriations Bill would authorize production 11 of the 12 F-35 tri-service fighters requested. It would use the \$230 million thus saved from the \$2.7 billion F-35 procurement request plus \$250 million diverted from the \$3.5 billion R&D request to continue development of an alternative jet engine, a project the budget would terminate.

IMPROVING SPACE-BASED AND MISSILE DEFENSE CAPABILITIES

- Provide continued space-based command and control, navigation, strategic/tactical communications, and meteorological information,
- Defense base budget provides \$6.0 billion, an increase of about \$1.2 billion more than the enacted budget in FY 2007.
- FY 2008 Defense base budget continues development of the Space Based Infrared System – High (SBIRS-H) satellite, the Transformational Communications Satellite (TSAT), the Advanced Extremely High Frequency Satellite, Environmental Satellites, and the next generation NAVSTAR Global Positioning System (GPS) satellite.

SPACE AND MISSILE DEFENSE CAPABILITIES – (\$US BILLIONS)

	Change FY 08			Qty
	<u>FY 07</u>	<u>FY 08</u>	<u>FY 07/08</u>	
EELV Evolved Expendable Launch Vehicle	0.9	1.2	+0.3	5
SBIRS-H Space Based Infrared System	0.7	1.1	+0.4	
TSAT Transformational Satellite	0.7	1.0	+0.3	-
GPS Global Positioning System	0.6	0.9	+0.3	-
MUOS Mobile User Objective System	0.7	0.8	+0.1	-
AEHF Advanced EHF Satellite	0.6	0.6	-	-
WGS Wideband Gapfiller System	0.4	0.3	-0.1	1
MLV Medium Launch Vehicles	0.2	0.1	-0.1	-
Total	4.8	6.0	+1.2	
MD Missile Defense **	9.4	8.9	-0.5	70
PM CAP Patriot Meads CAP	0.9	0.9	-	108
JTAMDO	0.1	0.1	-	0.5
Total	10.4	9.9	-0.5	

- The House Appropriations bill would cut a total of \$764 million from the \$8.8 billion requested for the Missile Defense Agency. The largest cut in a single missile defense program was \$250 million cut from the \$548 million requested to continue development of an airborne laser (ABL). The bill also would cut \$160 million from the \$300 million requested to field in Eastern Europe a third cluster of anti-missile interceptor rockets, of the type already deployed in Alaska and California to intercept intercontinental range missiles. The bill also would authorize a total of \$2.5 billion, slightly more than was requested, for Patriot and Aegis systems designed to protect U.S. forces and allies against short-range and medium-range missiles currently deployed by North Korea, Iran and many other countries. It would deny \$10 million requested to begin development of space-based anti-missile interceptor missiles. (CRS, "Defense: FY 2008 Appropriations")

IMPROVING THE QUALITY OF MILITARY LIFE

- The 2008 Defense base budget increases military pay by 3 percent over FY 2007.
 - Since 2001, military pay has increased by an average of 32 percent.
 - In FY 2008, the average enlisted E-6 (Sergeant) will see his or her pay increase by \$1,099. The average O-3 (Air Force Captain or Navy Lieutenant) will see a pay increase of \$1,657 in FY 2008.
- FY 2008 Defense base budget provides \$15.0 billion and an additional \$1.6 billion over the FY 2007 projected enacted budget to increase the basic housing allowance by 4.2 percent, to ensure no out-of-pocket housing costs for service personnel, and to continue the privatization of housing units for military families.
- Defense Base Budget also provides \$38.7 billion in FY 2008 for health care for military personnel and their families.
- Department of Defense will seek legislative support to maintain exceptional benefits for those who serve by placing the TRICARE program on a fiscally sound foundation for the long-term.
- Other areas of investment include:
 - An increase of \$1.9 billion over the FY 2007 projected enacted budget to improve the quality of life at military installations worldwide, and
 - Additional \$5.7 billion to continue the strategic realignment of our forces through the BRAC process.

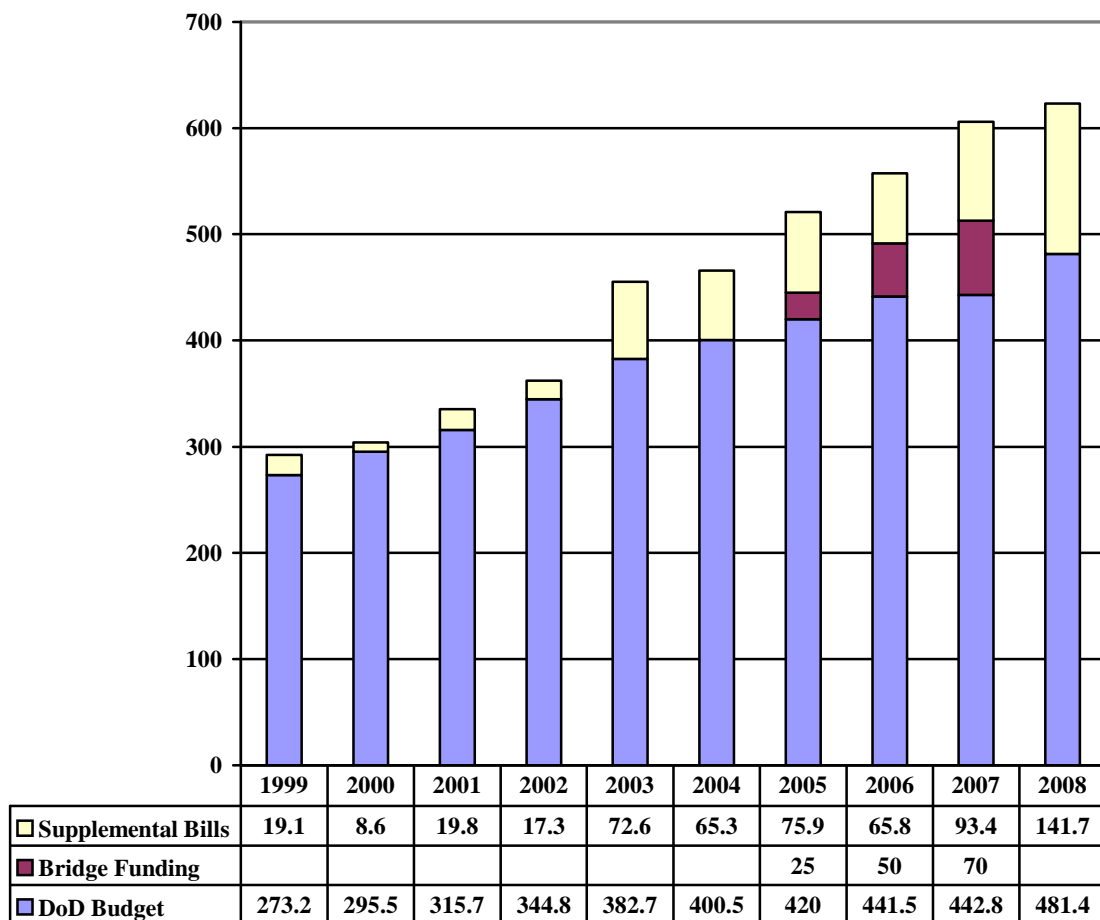
FY 2008 GLOBAL WAR ON TERROR REQUEST

- *FY 2008 Global War on Terror Request provides a total of \$141.7 billion to fund urgent needs associated with the Operations Enduring and Iraqi Freedom, and other incremental costs of the global war on terror through all of FY 2008.*
 - Request includes \$70.6 billion to sustain warfighting operations, and to provide supplies, support, and maintenance.
 - In addition, \$15.2 billion is requested for force protection and defeating improvised explosive devices (IEDs), including \$4.0 billion for the development and fielding of measures to defeat IEDs.
 - Provides \$2.7 billion to sustain military intelligence requirements for the Global War on Terror.
- *Iraqi and Afghan Security Forces:*
 - To speed the transition of responsibility for security to Iraqi control, the FY 2008 Global War on Terror Request provides \$2.0 billion to train and equip Iraqi Security Forces and help them achieve self-reliance.
 - Another \$2.7 billion is provided for the training and equipping Afghan Security Forces (ASF) capable of conducting independent counterinsurgency operations to defeat the threat today and provide for the long-term security and stability of Afghanistan.
- *To assist Coalition allies and help military commanders on the ground carry out their security and stabilization mission, the FY 2008 Global War on Terror Request provides \$1.7 billion for Coalition Support and \$1.0 billion for the Commander's Emergency Response Program.*
- *Request includes \$.7 billion for operational construction projects in direct support of GWOT.*
- *Reconstituting the Force:* To maintain a high state of military readiness and restore a necessary depth of military capability and preparedness, request includes \$37.6 billion to repair or replace equipment lost or damaged to combat and to reset the force to a ready warfighting condition.
- *Enhancing Ground Forces:* About \$1.6 billion is provided to sustain two additional Army brigade combat teams and three Marine battalions that were accelerated into FY 2007 to meet deployment requirements

THE GROWING IMPACT OF BUDGET SUPPLEMENTALS (IN \$US BILLIONS)

Problems associated with this type of funding:

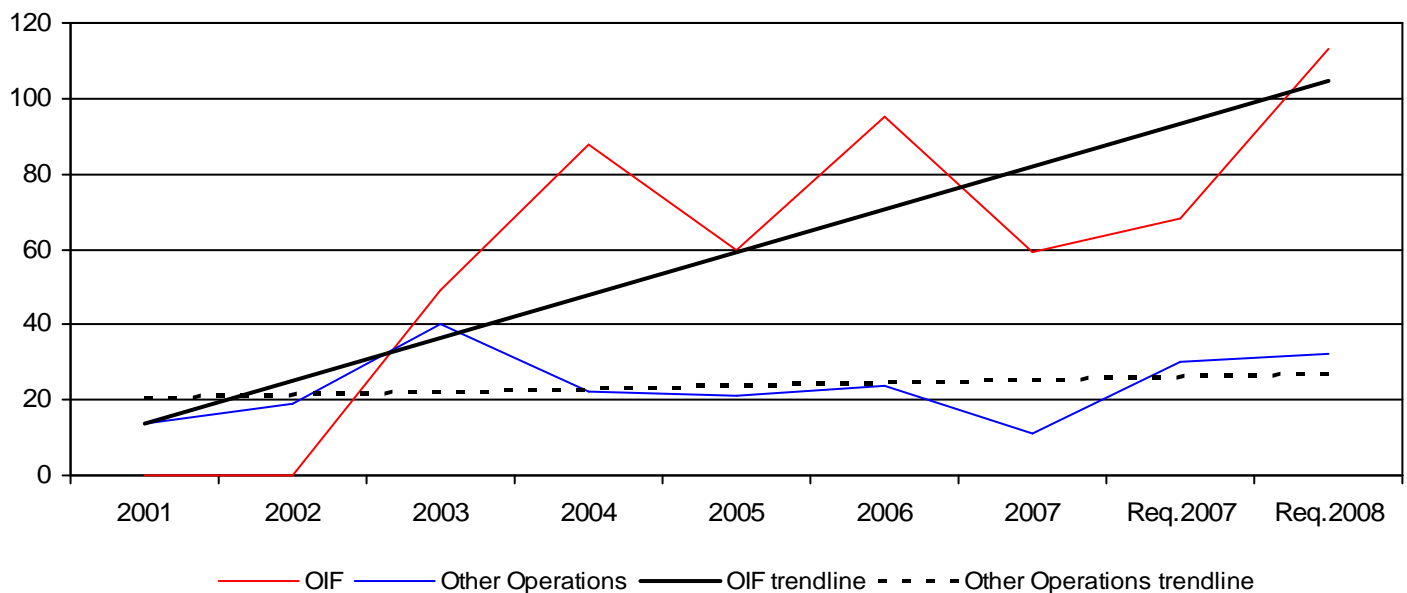
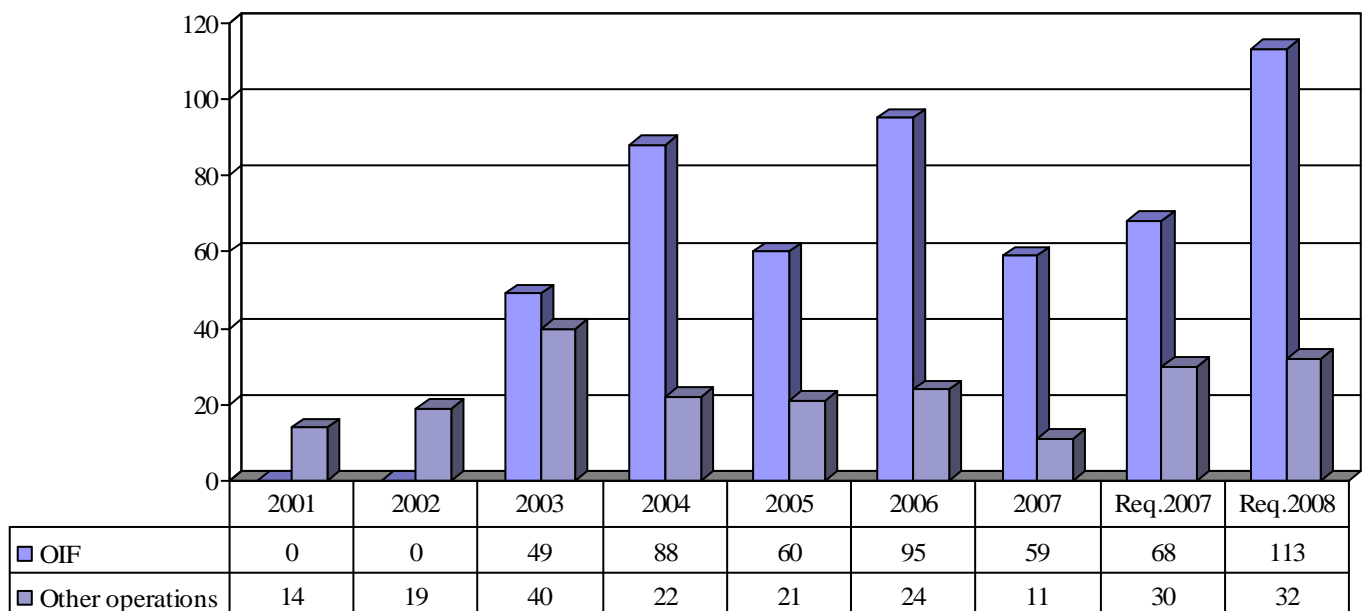
- Harder for Congress to provide careful Oversight and Analysis
- Harder for the military to make long-term plans (for reconstitution and reset, for example) not knowing if and how much supplemental funding would be available in the future
- Votes on supplemental bills are vulnerable to be used for making political statements, thus further complicating an already complex appropriations process



Source: Adapted by Anthony C. Cordesman from data provided by Office of the Undersecretary of Defense (Comptroller), “National Defense Budget Estimates for 2008”, Washington, Department of Defense, March 2007

CBO'S ESTIMATION OF TOTAL COSTS OF OIF AND GWOT

- Total amount appropriated and requested 2001-2008: **\$746 billion**, out of which **\$532 billion** for OIF and **\$214 billion** for other operations.
- While costs for the Iraq war show an escalating trend, other GWOT expenditures remained at a fairly constant level (\$20-\$30 bn per year)



Source: Congressional Budget Office, Letter to Hon. Kent Conrad, February 7, 2007

CRS: POTENTIAL ISSUES IN FY2008 GLOBAL WAR ON TERROR REQUEST

- **The cost of the “surge” not incorporated in the FY2008 GWOT budget request**
 - The presidential request does not include the \$5.6 billion additional cost for the 36,000 increase in force levels announced by the president on January 10, 2007. Assuming no plus-up cost in FY2008 could become an issue should it become clear that the higher force levels will persist into the Fall and the new fiscal year.
 - An estimate by the Congressional Budget Office projected that the President’s surge proposal could cost between \$11 billion and \$15 billion in FY2008 if the higher troop levels were sustained for 12 months — about half way through FY2008 — and if more support troops were required than the several thousand that DOD is anticipating. On the other hand, should force levels begin to decline, additional funds would not be necessary.
- **Broad Definition of Reconstitution or Reset**
 - As in FY2007, DOD is requesting \$37.6 billion for reconstitution which appears to encompass a broader set of requirements than the standard definition of reset —the repair and replacement of war-worn equipment when troops and equipment are re-deployed or rotated.
 - Of the \$37.6 billion reconstitution request, \$8.9 billion is for equipment repair including \$7.8 billion for the Army \$1.3 billion for the Marine Corps, amounts similar to DOD’s request in FY2007 and fairly similar to earlier DOD projections. The remaining \$28.7 billion is for procurement. In a report to Congress in September 2006, DOD estimated that equipment replacement in FY2008 would be about \$5.0 billion for the Army and about \$500 million for the Marine Corps, levels substantially below the \$28.7 billion requested for FY2008.
 - This three-fold increase in the Army’s reconstitution requirement in FY2008 may reflect both an expanded definition of what constitutes war-related equipment replacement. With the exception of force protection equipment, DOD appears to characterize all of its procurement request as reconstitution. In both FY2007 and FY2008, the services request includes replacement for various aircraft and helicopters — both battle losses and anticipated replacements for “stressed” aircraft.
 - Another issue is whether replacing older aircraft no longer in production with new aircraft just entering or scheduled to enter production is a legitimate emergency requirement since systems would not be available for several years. Under their expanded definition, DOD’s request includes replacement of MH-53 and H-46 helicopters with the new V-22 tilt rotor aircraft, replacement of an F-16 with the new F-35 JSF, and replacement of older helicopters with the Armed Reconnaissance Helicopter, a troubled program not yet in production which the Army is considering terminating.²⁰ In addition, the FY2008 request includes replacement of stressed aircraft with 17 new C-130Js, modification upgrades to C-130 aircraft, F-18 aircraft, AH-1W and CH-46 helicopters.
- **Force Protection Funding**
 - Although the Army only requested \$174 million for the Mine Resistant Ambush Protected vehicle (MRAPs), the House Armed Services Committee added \$2 billion in additional funds in the FY2008 war funding bill. However, following a large increase in the demand for MRAPs by the top ground commanders in Iraq, the Army is currently planning on requesting

as much as \$20 billion in the forthcoming FY 2008 war supplemental in order to replace every armored humvee used in Iraq.⁷

▪ **Oversight Concerns About Cost to Train and Equip Afghan and Iraqi Security Forces**

- Although the FY2008 GWOT requests are considerably lower than the amounts requested for FY2007 — \$2 billion vs. \$5.5 billion for Iraq and \$2.7 billion vs. \$7.4 billion for Afghanistan — Congress has voiced concerns about the progress and the total cost to complete this training.
- While the FY2007 conference report dropped a House-proposal to set a 50% limit on obligations until various reports were submitted, the conferees require that OMB submit reports every 90 days on the use of funds and an estimate of the total cost to train Iraq and Afghan Security forces within 120 days of enactment. The conference report also requires that an independent organization assess the readiness and capability of Iraqi forces to bring “greater security to Iraq’s 18 provinces in the next 12 -18 months....”

▪ **Military Construction Overseas and Permanent Basing Concerns**

- For war-related military construction and family housing, DOD requests \$908 million in FY2008 compared to \$1.8 billion in FY2007. Although the funding level is lower than the previous year, the same concerns about permanent basing in Iraq are likely to arise.
- Although Congress approved most of the projects requested in the FY2007 supplemental, Sec. 1311 of the conference version of H.R. 1591 includes a prohibition on obligating or expending any funds for permanent stationing of U.S. forces in Iraq. In the past, Congress has rejected projects similar to those requested in FY2008 as insufficiently justified or as implying some kind of permanency.
- In its subcommittee markup, the House Armed Services Committee reduced the FY2008 GWOT request for military construction by \$212 million, rejecting utility projects such as power plants and wastewater collection facilities perceived as indicating a permanent presence.

Source: CRS Report for Congress “Defense: FY2008 Authorizations and Appropriations”, May 11, 2007 pp.11-18

⁷ “Army Leaders Due in Iraq to Add Up MRAP Needs; Program Could Grow”, Inside the Army, June 11, 2007

THE FY 2007 EMERGENCY SUPPLEMENTAL

- Submitted at the same time as the FY 2008 Budget Submission, the President's FY 2007 Emergency Supplemental requests \$93.4 billion to cover the cost of operations in the Global War on Terror for the remainder of FY 2007.
- FY 2007 Supplemental is in addition to the \$70 billion previously provided by Congress.
- *Continuing the Fight:* To continue combat operations in the Global War on Terror, including Iraq and Afghanistan, the FY 2007 Supplemental provides:
 - \$39.3 billion to sustain warfighting operations, including supplies, support and maintenance;
 - \$10.4 billion for force protection and IED Defeat, which includes improved armor for personnel and vehicles; this includes \$2.4 billion for the development and fielding of counter-IED measures
 - \$3.8 to train and equip Iraqi Security Forces and \$5.9 billion to train and equip Afghan Security Forces
 - \$2.7 billion for military intelligence; and
 - • \$1.1 billion for critical military construction projects in direct support of deployed troops.
- *Reconstituting the Force:* To maintain a high state of military readiness and restore a necessary depth of military capabilities and preparedness, the FY 2007 Supplemental provides \$13.9 billion to repair or replace equipment lost or damaged in combat.
- *Enhancing Ground Forces:* The FY 2007 Supplemental request also invests \$1.7 billion to support the permanent end strength increases for the Army and Marine Corps forces in order to strengthen the U.S. Military.

BREAKOUT OF FY 2008 GLOBAL WAR ON TERROR REQUEST
(in \$US Billions)

	FY 2006 ¹			FY 2007		FY2008	
	Title IX	Supplemental	Total	Title IX	Supplemental	Total	
<i>Funding by Functional Category</i>							
Continuing the Fight							
Operations	31.8	35.3	67.2	30.6	39.3	69.9	70.6
Force Protection	1.7	3.7	5.4	3.4	8.0	11.4	11.2
IED Defeat	1.3	2.0	3.3	1.9	2.4	4.3	4.0
Military Intelligence Program	.2	1.3	1.5	.8	2.7	3.5	2.7
Iraq & Afghan Security Funds	-	4.9	4.9	3.2	9.7	12.9	4.7
Coalition Support	-	1.2	1.2	.9	1.0	1.9	1.7
CERP	.5	.4	.9	.5	.5	1.0	1.0
Military Construction	-	.2	.2	-	1.1	1.1	.7
Regional War on Terror	-	-	-	-	-	.3	.3
Modularity	1.2	3.8	5.0	-	-	-	-
Reconstituting the Force							
Reconstitution	9.0	10.2	19.2	23.6	13.9	37.6	37.6
Enhancing Ground Forces							
U.S. Forces "Plus Up"	-	-	-	-	5.6	5.6	-
BCTs / RCT	-	-	-	-	3.6	3.6	1.6
Grow the Force	-	-	-	-	1.7	1.7	-
Non-DoD Classified & Non-GWOT	2.7	3.0	5.7	5.1	3.6	8.7	5.9
Total	48.52	66.0	114.5	70.0	93.4	163.4	141.7

	FY 2006 ¹			FY 2007		FY2008	
	Title IX	Supplemental	Total	Title IX	Supplemental	Total	
<i>Funding by Appropriation Title</i>							
Military Personnel	6.1	10.3	16.4	5.4	12.1	17.5	17.1
Operation and Maintenance	29.2	30.0	59.2	37.6	37.2	74.7	71.4
Procurement	6.5	13.9	20.4	16.6	23.1	39.7	32.9
Research and Development	.01	.1	.1	.2	.7	.9	2.0
Military Construction	-	2	.2	-	1.9	1.9	.9
Iraqi Freedom Fund /JIEDDO	1.4	1.9	3.3	2.0	2.6	4.6	4.1
Defense Health Program	-	1.2	1.2	-	1.1	1.1	1.0
Iraq and Afghan Security Forces	-	4.9	4.9	3.2	9.7	12.9	4.7
Working Capital Fund	2.5	.5	3.0	-	1.3	1.3	1.7
Subtotal	45.7	63.1	108.8	64.9	89.8	154.6	135.7
Non-DoD Classified & Non-GWOT	2.8	3.0	5.7	5.1	3.6	8.8	5.9
Total	48.52	66.0	114.5	70.0	93.4	163.4	141.7

¹ Reflects FY 2006 Enacted amounts Numbers may not add due to rounding

² Does not include \$1.5B for Non-GWOT activities

GLOBAL WAR ON TERROR

President Bush transmitted to Congress a request for additional funding to continue the Global War on Terror through the end of this fiscal year and a detailed estimate for 2008 funding, including those funds needed to address extraordinary emergency requirements.

These requests will ensure U.S. military forces can successfully carry out the Global War on Terror missions. This funding will also build on current efforts to train Iraqi and Afghan military and police units and assist both countries in promoting national reconciliation and spurring economic growth.

The request includes:

<u>Components of War on Terror Requests (\$ in billions)</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
• Department of Defense (includes Classified activities)	\$93.4	\$141.7	\$50.0
• Department of State and other international operations	6.0		3.3
• Other agencies	0.2		0.3
Total	\$99.6	\$145.2	\$50.0

Funds requested in 2007 are in addition to the \$70 billion already enacted by Congress for the War on Terror this year. For the first time, the President's budget contains the estimated, full-year costs of the war in 2008, as well as another \$50 billion in 2009.

PROVIDING THE RESOURCES TO WIN THE WAR ON TERROR IN IRAQ AND AFGHANISTAN*

Ongoing Military Operations: The President is committed to providing our troops with the resources and equipment they need. The request honors this commitment with –

- \$43.4 billion for 2007 and \$74 billion for 2008 for ongoing military and intelligence requirements in Operation Enduring Freedom and Operation Iraqi Freedom.
- \$10.4 billion for 2007 and \$15.2 billion for 2008 to provide greater force protection to U.S. military forces including countering improvised explosive devices.
- \$1.5 billion for 2007 and \$2.7 billion in 2008 to support coalition partners and the Commander's Emergency Response Program that provides urgent humanitarian relief.

Supporting and Expanding our Diplomatic Presence in Iraq and Afghanistan: The President's request includes \$877 million in 2007 and \$1.9 billion in 2008 for the extraordinary security and operating costs to support U.S. embassy operations and diplomatic activity in Iraq and Afghanistan, including doubling our civilian presence outside of the "Green Zone" in Iraq. The request includes \$35 million in 2007 to continue the Special Inspector General for Iraq Reconstruction oversight activities.

Strengthening Iraqi Self-Reliance:

- **Helping Iraqis Take the Lead:** The President is committed to helping the Iraqis implement their plans to support security, promote national reconciliation, and spur economic growth.
 1. The President is requesting \$5.6 billion to deploy reinforcement of more than 20,000 additional soldiers and Marines to Iraq to help Iraqi forces to clear and secure neighborhoods, and serve as advisers embedded in Iraqi Army units. With Iraqis in the lead, our forces will help secure the city of Baghdad by chasing down the terrorists, insurgents, and the roaming death squads. Included in the reinforcement total are 4,000 Marines that will be sent to Anbar Province to find the terrorists and clear them out.
 2. The President requests \$3.8 billion in 2007 and \$2 billion in 2008 to accelerate training for the Iraqi security forces so they can take on responsibility for the security of their country.
 3. The request includes \$2.3 billion in 2007 and \$966 million in 2008 in foreign assistance to Iraq and complements Iraq's plan to spend \$10 billion in 2007 on capital infrastructure and reconstruction projects. The U.S. funding will: strengthen local and national government capacity to better serve the Iraqi people; create new jobs that will augment the Iraqi jobs program; and assist and protect Iraqi refugees in neighboring countries and displaced persons within Iraq. As previously noted, the request also includes \$350 million in 2007 and \$767 million in 2008 for the Commander's Emergency Response Funds to enable commanders to respond to humanitarian and reconstruction requirements. The deployment of civilians with military forces will help commanders use these resources effectively and in concert with other civilian programs.

Stabilizing Afghanistan Against the Insurgency:

- **Security Forces:** The President requests \$5.9 billion in 2007 and \$2.7 billion in 2008 for expedited training of the Afghan security forces. Activities include training, equipping, personnel support, and developing the capacity of government ministries to maintain forces.
- **Supporting Critical Reconstruction Needs:** The President is committed to strengthening the Government of Afghanistan and improving the quality of life of the Afghan people. To this end, the request includes \$698 million in 2007 and \$339 million in 2008 to build roads in districts and provinces targeted by the insurgents, expand power supply to priority locations, intensify rural development efforts in poppy-producing provinces, provide food aid and strengthen national and local governance. As previously noted, the request also includes \$106 million in 2007 and \$211 million in 2008 for the Commander's Emergency Response Funds to enable commanders to respond to humanitarian and reconstruction requirements. Accelerating reconstruction efforts is a critical component of the strategy to stabilize the country against the Taliban and other insurgents.

Classified Activities: The requests include \$3.6 billion in 2007 and \$5.9 billion in 2008 for classified military and intelligence activities, including the National Counterterrorism Center.

Other agencies: The requests include \$176 million in 2007 and \$147 million in 2008 for FBI and other Department of Justice anti-terrorism efforts in Iraq, Afghanistan, and the United States and to support the work of the Iraq Threat Finance Cell.

OTHER MAJOR GLOBAL WAR ON TERROR ACTIVITIES*

Ensuring Our Armed Forces Remain Well-Equipped And Organized:

- **Repairing and Replacing Damaged Equipment:** The President requests \$13.9 billion in 2007 and \$37.6 billion in 2008 to refurbish or replace equipment worn out or damaged through use in Operation Enduring Freedom and Operation Iraqi Freedom. This funding is critical to keeping deployed forces and those next to deploy well equipped and ensures military readiness for future threats.

Preventing weapons of mass destruction from falling into the hands of terrorists:

- The President requests \$63 million in FY 2007 and \$50 million in FY 2008 to accelerate U.S. efforts to secure vulnerable nuclear and radioactive material overseas from diversion or theft by terrorists or states of concern

Expanding the Force:

- **Building U.S. military capacity:** The requests include \$5.3 billion in 2007 and \$1.6 billion in 2008 to accelerate two brigade combat teams for the Army, add a regimental combat team to the Marine Corps, and begin investing in the equipment and infrastructure necessary to outfit and house new personnel to be recruited in 2008. These investments will increase the total deployable force and therefore reduce the strain on the force.

Strengthening Lebanon:

The President's request includes \$770 million in 2007 for a comprehensive economic and security package to support the democratic government of Lebanon, including \$300 million in economic assistance, \$286 million in security assistance and \$184 million to support the United Nations Peacekeeping Force (UNIFIL).

Fighting Avian Influenza:

The supplemental provides \$161 million in 2007 to improve preparedness, surveillance and detection to enhance international capabilities and enable foreign governments around the world to more quickly respond to H5N1 out breaks wherever they occur.

Winning the War of Ideas, Promoting Good Governance and Providing Emergency Humanitarian Relief and Peacekeeping support:

- **Winning the War of Ideas:** The request includes \$50 million in 2007 to increase outreach to the Muslim audiences with additional television programming, expanded education and cultural exchanges, and enhanced public diplomacy programs.
 - o **Sudan:** The President is committed to improving the security situation in Darfur and in implementing the Comprehensive Peace Agreement in Southern Sudan. The request includes \$362 million in 2007 for emergency humanitarian assistance, emergency food aid, and peacekeeping needs in Darfur and Southern Sudan.
 - o **Somalia:** The 2007 request includes \$40 million for peacekeeping operations and \$20 million for humanitarian aid to stabilize the humanitarian and security situation in Somalia.
 - o **Kosovo:** The supplemental includes \$279 million in 2007 for a one-time assistance package to be provided after resolution of Kosovo's status to promote stability and economic growth, enable quicker reduction of U.S. troop presence in Kosovo, prevent additional debt-service costs, and leverage greater contributions from other donors.

FY2008 HOMELAND SECURITY PROGRAM – ONE*

Prioritizing comprehensive immigration reform: The Administration is dedicated to comprehensive reform of America's immigration laws by increasing border security and interior enforcement, and working with Congress to establishing a Temporary Worker Program without animosity and without amnesty.

The 2008 Budget makes good on the President's commitment to tighten security at our borders:

- Hiring 3,000 new Border Patrol agents: \$3.6 billion, an increase of 27 percent over 2007 Budget to continue the President's efforts to double the size of the Border Patrol.
- Secure Border Initiative (SBI): One billion dollars to secure our borders and reduce illegal immigration through comprehensive upgrading of technology and infrastructure used in controlling our border.
- Maintaining the end of "Catch and Release": \$2.2 billion to detain and remove those apprehended while in the United States illegally.
- Partnering with state and local law enforcement: o \$78 million, a \$26 million increase for the 287 (g) program, will provide funding to train state and local law enforcement officials to assist in immigration enforcement. o \$179 million, a \$29 million increase, for the Criminal Alien Program for identifying criminal aliens in Federal, State and local prisons and removing them from the country.
- Basic Pilot Program: \$30 million to support and expand the voluntary web-based program that helps U.S. employers verify the employment eligibility of employees and avoid hiring an unauthorized worker.
- Better screening techniques: o US-VISIT: \$462 million to enhance the Federal Government's screening abilities by expediting the entry and exit of legal travelers, while focusing on identifying travelers who seek to harm the United States. Includes \$228 million to identify visitors and to assist with law enforcement investigations by collecting 10 fingerprints at the Nation's ports of entry and to begin the implement a biometric exit program.

Protecting All Modes of Transportation:

- Transportation Security Administration (TSA): \$6.3 billion to manage security risks to the U.S. transportation systems while ensuring freedom of movement of people and commerce. These resources will primarily strengthen aviation transportation systems through improved technology and highly trained personnel.
- Over \$865 million for advanced technologies to detect explosives in the aviation environment, including explosives on passengers, in their baggage, and in air cargo.

FY2008 HOMELAND SECURITY PROGRAM – TWO*

The President's 2008 Budget will secure the homeland by:

- Prioritizing comprehensive immigration reform;
- Protecting all modes of transportation from attacks by terrorists;
- Preparing the Nation for public health emergencies;
- Protecting the homeland from nuclear threats and improving chemical security; and
- Providing a stronger federal response to all hazards, including acts of terrorism.
- Port Security: Nearly \$3 billion to enhance the security of U.S. ports through enhanced systems, assets, and training.
- \$529 million for cargo security initiatives including, the Container Security Initiative, Customs Trade Partnership against Terrorism, Automated Commercial Environment (ACE) and the Secure Freight Initiative.
- \$97 million for Maritime Domain Awareness activities including intelligence collection and analysis through the Global Maritime Intelligence Integration, system's architecture and ship tracking systems like Automated Information Systems (AIS).
- \$210 million for Port Security Grants to the owners and operators of ports, terminals, and vessels for security enhancements at the Nation's seaports.
- State and local transportation security: \$196 million to fund projects which enhance security on mass transit, passenger bus and rail, and highways nationwide.
- \$175 million for Transit Security Grants to mass transit systems in high-risk urban areas for preparedness activities related to terrorism or other incidents.
- \$12 million for Intercity Bus Security Grants to owners/ operators of fixed-route, intercity bus services serving high-risk urban areas.
- \$9 million for Trucking Industry Security Grants which support the Highway Watch Program's preparedness activities on the Nation's highways.

Preparing the Nation for public health emergencies:

- Protecting the Nation from bio-terror and other public health emergencies: Nearly \$4.3 billion in the Department of Health and Human Services to improve the Nation's ability to prepare for, respond to and recover from bio-terror attacks and other public health emergencies.
 - o \$2.5 billion to research, develop and acquire countermeasures to harmful agents.
 - o Public health emergency preparedness: Expands Federal public health emergency preparedness capabilities and capacities.
 - o \$1.1 billion in upgrades for State and local governments and hospitals so they can better manage bio-terror and other public health emergencies.
- Protecting against an influenza pandemic: \$870 million to improve preparedness for an influenza pandemic including the development of a pandemic vaccine and buying antiviral medications and medical supplies for stockpiles.
- \$322 million in addition pandemic preparedness funding for influenza pandemic preparedness through the Centers for Disease Control and Prevention, National Institutes of Health, the Food and Drug Administration and the HHS Office of the Secretary.

FY2008 HOMELAND SECURITY PROGRAM – THREE***Protecting the homeland from nuclear threats and improving chemical security:**

- Domestic Nuclear Detection Office (DNDO): \$562 million, a 17 percent increase over 2007, to deploy systems to detect, report and respond to any attempt to import or assemble a nuclear or radiological materials within the United States. o \$178 million to deploy fixed and mobile radiation monitors at high-risk points of entry throughout the country.
- Securing the Cities: \$30 million for a new initiative to improve DNDO's ability to detect nuclear or radiological materials in and around the Nation's biggest cities and busiest seaports.
- Secure Freight Initiative: Enhances overseas nuclear and radiological screening of U.S. - bound containers.
- Chemical Security: Seeks an additional \$25 million to enhance security measures at high-risk chemical facilities and protect against terrorist attacks.

Providing a Stronger Federal Response As a result of the President's initiative to conduct an in-depth review of the Federal response to Hurricane Katrina and implement the National Strategy for Homeland Security, the Administration proposes several enhancements to the Federal Emergency Management Agency (FEMA) to better prepare for, mitigate against, respond to, and recover from all hazards, including acts of terrorism.

- The Budget reflects the transfer of several preparedness missions to be better coordinated with operational personnel and State and local governments through FEMA regions.
- The Budget proposes an additional \$100 million for enhancements in FEMA operational capabilities, including a revitalization of personnel development, recruitment, and retention.

DEFENSE RELATED STATE AND INTERNATIONAL PROGRAMS

Strengthening Democracy and self-sufficiency in Iraq and Afghanistan:

- Supporting freedom in Iraq: Assist the Iraqi government in promoting national reconciliation, building democratic institutions, and spurring economic growth.
 - o \$400 million to create jobs, build the capacity of Iraqi ministries, help local officials improve infrastructure, and help Iraqis create a fair legal system;
 - o \$966 million in war supplemental assistance programs to complement our military and strategy objectives in Iraq; and
 - o \$449 million in war supplemental to double the number of Provincial Reconstruction Teams (PRTs) and civilian staffing to accelerate building local community capacity.
- Building a stable Afghanistan: Support the President's commitment to Afghanistan's transition to a free and modern nation.
 - o \$1.2 billion to generate economic growth, improve Afghanistan's infrastructure, create jobs, and extend the reach of the democratic government to remote areas of the country; and
 - o \$370 million for war supplemental programs that continue funding for high priority infrastructure needs such as roads and power.

Spreading hope and freedom around the world: The President is committed to supporting democratic movements with the goal of ending tyranny in the world.

- Promoting democratic transitions: To advance this goal, the Budget provides \$460 million for programs that foster independent media sources, pluralist political parties, voter education, election monitoring, and human rights in non-democratic countries and \$988 million to promote governance and rule of law in countries committed to reform. The Budget also provides \$80 million for the National Endowment for Democracy.
- Winning the war of ideas: Promoting democracy and countering violent extremism through improving the world's understanding of the United States and improving our understanding of the world is a critical component of the Global War on Terror. The President's Budget funds broad outreach to developing and oppressed countries around the world through international broadcasting, exchanges, and public diplomacy.
 - o \$668 million for the Broadcasting Board of Governors to support radio, television, and internet broadcasting worldwide, including throughout the Middle East and in Iran, Cuba and North Korea.
 - o \$486 million for education and cultural exchanges and \$359 million for public diplomacy to foster mutual understanding between the United States and other countries and combat violent extremism, particularly in the Muslim world.

OTHER STATE DEPARTMENT EFFORTS

The President's 2008 Budget will enhance diplomacy to continue the important work of creating a more secure, democratic, and prosperous world by:

- Strengthening democracy and self-sufficiency in Iraq and Afghanistan;
- Spreading hope and freedom around the world;
- Preventing and responding to global challenges and humanitarian needs; and
- Supporting transformational diplomacy and development.

Preventing and responding to global health challenges and humanitarian needs:

- The President's Emergency Plan for AIDS Relief (PEPFAR): \$5.4 billion to continue the President's signature HIV/AIDS program. Of this amount \$4.2 billion will directly support the President's goals of treating 2 million people, preventing 7 million new infections, and caring for 10 million people in 15 focus countries around the world. An additional \$1.2 billion will fund worldwide HIV/AIDS bilateral programs, research, and contributions to multilateral organizations.
- President's Malaria Initiative for Africa (PMI): \$300 million to reduce malaria-related deaths by 50 percent in 15 target countries in Africa. Aid from the American people has already reached five million Africans.
- Humanitarian needs: \$2.3 billion to respond to and help victims of humanitarian crises abroad.
 - o Funding to protect and provide basic life support assistance for refugees, conflict victims and displaced persons.
 - o Assistance to resettle 70,000 refugees in the United States; and
 - o Food, water, shelter and sanitation to support the victims of violence in the Darfur region.

Supporting transformational diplomacy and development: The United States is working with partners around the world to build and sustain peaceful, democratic states.

- Extending our reach: The Budget includes funds to reposition State Department personnel overseas to support new priorities, improve language training of U.S. personnel, increase security staff to protect U.S. personnel overseas, and maintain a deployable staff to react quickly to situations overseas.
- Measuring and enhancing impact: The 2008 Budget is the first developed under a new foreign assistance framework to improve accountability, transparency, and strategic coherence of U.S. foreign aid. The new Director of Foreign Assistance will ensure that U.S. foreign aid is having its desired impact and that U.S. resources are effective in helping countries strengthen democratic institutions and, ultimately, become self-sufficient.
- Protecting and supporting our people: The Budget continues the Capital Security Cost Sharing Program that will enable the U.S. to construct 150 safe and secure embassy compounds by 2018. The 2008 Budget funds construction of 11 new diplomatic facilities.
- Promoting democracy through good governance: The Budget provides \$3 billion for the Millennium Challenge Corporation to reduce poverty around the world in countries whose leaders are committed to ruling justly, investing in their people, and supporting economic freedom. The Millennium Challenge Corporation has already awarded compacts to 11 countries.
- Supporting private sector engagement in development: The 2008 Budget provides for the Export-Import Bank to be self-financed while continuing to provide financing to U.S. companies exporting to developing and emerging markets that lack sufficient private sector financing and that face government sponsored foreign competition.
- Combining trade with effective aid: As we pursue an aggressive trade agenda to open markets and promote trade reforms worldwide, capacity building (Aid for Trade) efforts continue to benefit U.S. exporters and developing country partners since these programs help build the legal, administrative,

and physical infrastructures in developing countries, that help create more predictable and enforceable trading regimes.