President Bush’s FY 2006 Defense Budget

President Bush’s fiscal year (FY) 2006 budget for Department of Defense (DoD) requests $419.3 billion in DoD discretionary budget authority for FY 2006, 4.8 percent above FY 2005, and begins implementation of the FY 2006-2011 Future Years Defense Program (FYDP). The budget supports priorities established by Secretary Rumsfeld to fulfill the President’s pledges to defeat global terrorism, restructure America’s armed forces and global defense posture, develop and field advanced warfighting capabilities, and take good care of our forces.

Supporting the Global War on Terror

The FY 2006 budget supports the Global War on Terror (GWOT) by strengthening U.S. defense capabilities and keeping U.S. forces combat ready. It continues to implement lessons learned from ongoing operations in the war -- including the need for flexible and adaptable joint military forces, strong special operations forces, highly responsive logistics, and the best possible intelligence and communications capabilities.

Restructure ground forces. The FY 2006 budget accelerates the restructuring of the Army to create a more modular force and the Marine Corps to add more combat and support units. This will increase the number and type of forces needed to fight terrorism. The Army’s restructuring is already making more units available for deployment to Iraq and Afghanistan.

Chemical Biological Defense. The FY 2006 budget makes a major commitment to developing and fielding capabilities to enable U.S. forces to survive and win when facing chemical or biological agents. This also includes development of better protection against such agents and new detection devices. Reflecting the importance of these capabilities, the Department added $2.1 billion to this program for FY 2006-2011. Total funding is $1.6 billion for FY 2006 and $9.9 billion for FY 2006-2011.

Homeland Defense. The budget includes $9.5 billion for activities related to homeland security -- such as detection and protection against weapons of mass destruction, emergency preparedness and response, and protection of critical infrastructure.

Funding a high level of readiness. The budget strongly supports Operation and Maintenance (O&M) accounts, where training, maintenance, and other readiness essentials are funded. FY 2006 O&M totals $147.8 billion, nearly $11 billion above FY 2005. This budget funds the critical readiness requirements such as flying hours and ship steaming days.

Special Operations Forces (SOF). These forces have been critical to the fight against terrorism, and this is reflected in several initiatives.

- The Special Operations Command (SOCOM) has been transformed to give it a prominent role in defeating terrorism.
- In FY 2006, SOCOM will add about 200 civilians and 1,200 military personnel, including 4 SEAL platoons.
- The FY 2006 budget adds $50 million for programs to boost SOF retention.
- The realignment of SOF assets will continue in FY 2006 to facilitate their deployment.
Legislative authorities. The FY 2006 budget requests authorities vital to enabling the Department of Defense to fight terrorism and respond rapidly to changing security conditions:

- **Building partner nation security capacity**: Authority to provide assistance, up to $750 million, with congressional notification, to military or security forces in Iraq, Afghanistan, and other designated nations to increase their ability to fight in the Global War on Terror and to support U.S. military and stability operations.
- **Commander’s Emergency Response Program**: Authority to provide funds to enable military commanders engaged in a contingency operation to respond immediately to urgent humanitarian or reconstruction needs.
- **Logistical support**: Authority to provide logistical support, including airlift and sealift, to coalition forces assisting U.S. operations against terrorism.

**FY 2005 costs.** Incremental costs for Operation Iraqi Freedom and Operation Enduring Freedom continue to be funded through supplemental appropriations. For FY 2005, these costs will have two funding sources:

- The FY 2005 DoD Appropriations Act provided $25 billion for war-related costs.
- The President will shortly submit to Congress an FY 2005 Supplemental Appropriations request to fund costs not covered by the $25 billion. It will include basic operational costs of the war, funds to accelerate the restructuring of U.S. ground forces, repair or replacement of damaged equipment, and assistance to Iraq and Afghanistan security forces and partner nations.

**Restructuring U.S. Forces and Defense Posture**

The budget reflects continuing work to restructure U.S. forces, global and stateside basing, and DoD management and support activities. Complementing these efforts are ongoing initiatives to manage the current demand on U.S. forces more effectively.

**Restructuring Ground Forces—Army.** The Department has made a major commitment to restructuring the Army – adding $35 billion over 7 years (FY2005-2011) to the $13 billion in the Army baseline budget. Costs include procurement of equipment plus added facilities and infrastructure. In FY 2005 and FY 2006, the Department proposes to fund these restructured units through supplemental appropriations, and then in the baseline Army budget beginning in FY 2007. The restructuring of the Army will substantially increase its available combat power. Restructuring will:

- Increase the number of Active Army maneuver brigades by 30 percent and convert them into brigade combat teams (BCTs) that are capable of independent operations.
- Restructure warfighting aviation units into multi-functional aviation brigades.
- Restructure other active and reserve combat and support units as needed.
- Provide more stability and predictability for soldiers and their families.

The Active Army will expand from 33 maneuver brigades in FY 2003 to 43 BCTs in FY 2007. The Army National Guard is restructuring to reach 34 BCTs by FY 2010.

**Restructuring Ground Forces—Marine Corps.** In FY 2005 through FY 2008, the Marine Corps will add combat and support units to increase its warfighting power and reduce stress on its high demand forces. Changes include:
• Adding two active infantry battalions, with associated combat and support elements.
• Adding several reserve combat and support units, to include restructuring of various other reserve units to increase their availability.

Navy. The new budget supports Navy initiatives to increase its combat power. Of special note, the Fleet Response Plan (FRP) continues to drive improvements in manning, maintenance, and training that increase the naval forces available for deployment. Under FRP the Navy can deploy more aircraft carriers and supporting ships more rapidly than before FRP. The Navy also is transitioning to a new generation of more capable ships and replacing aging ships that are expensive to maintain and more manpower intensive.

These and other initiatives have enabled the Navy to reduce its authorized active personnel strength by nearly 10,000 from FY 2003 to FY 2005, and by another 13,200 in FY 2006. They also enable the Navy to go from 12 to 11 aircraft carriers without diminishing the surge capability that FRP provides. Such reductions in personnel and older ships allow the reallocation of funds to support continuing Navy transformation.

Air Force. The intense pace of operations over the past three years has validated the restructuring of the Air Force to reflect post-Cold War challenges. At the core of its restructuring are 10 Air and Space Expeditionary Forces (AEFs), which can rapidly provide the right mix of capabilities -- from humanitarian relief to full-scale warfighting -- to U.S. Combatant Commanders across the globe. This structure allows the Air Force to manage the heavy demand on its forces while giving maximum predictability and stability to its airmen.

Managing Demand on the Force

The Department of Defense continues to make progress in alleviating the current high demand on U.S. forces due to operations in Iraq, Afghanistan, and the broader Global War on Terror. It continues to work to ensure that U.S. forces are optimally organized and manned to:
• Respond rapidly and decisively to a full range of crises.
• Limit the need for involuntary mobilization of Reserve and Guard personnel during the early stages of a rapid response operation.
• Limit involuntary mobilization of Reserve and Guard individuals to reasonable and sustainable rates, ideally no more than one year of mobilized duty in every six years.

The restructuring of U.S. forces – especially the increase in combat units in the Army and Marine Corps -- is the best example of how the Department is reducing the demand on U.S. forces. The FY 2006 budget supports other actions as well, including:

Rebalancing forces. This initiative is increasing the units and personnel skills that have been in high demand and reducing those that have been in low demand -- in both Active and Reserve components. For example, the Army is reducing artillery and air defense units, while adding military police and transportation units. The Army, Navy, and Air Force rebalanced nearly 30,000 military spaces in FY 2003-2004, and will rebalance nearly 20,000 in FY 2005. In FY 2006-2011, the Army will rebalance another 50,000 spaces.
Military-to-Civilian Conversions. The Department is working to return military personnel now doing commercial-like functions back to combat and other core defense functions. In FY 2004, the Department converted over 7,600 military billets to DoD civilian or contractor performance and will convert nearly 24,000 additional billets by the end of FY 2005. The FY 2006 budget includes $1.4 billion to support conversion of over 6,400 billets in FY 2006. More conversions are planned for FY 2007-2011.

These actions – plus force restructuring – are increasing the personnel available to meet current deployment demands.

Restructuring America’s Global Defense Posture

The new budget and FYDP reflects President Bush’s plans to restructure America’s global defense posture and streamline DoD bases and facilities. These actions will enable the Department to meet global requirements more decisively, manage demand on U.S. forces more effectively, and make optimum use of its funding for facilities and infrastructure.

Global posture. The restructuring of the U.S. global defense posture -- to include overseas bases, personnel, infrastructure, and equipment -- seeks to better position U.S. forces to strengthen allied and partner nation relationships to defeat terrorism and meet other 21st Century challenges. It also will help the Department manage the availability of U.S. forces.

Base Realignment and Closure (BRAC). The President’s budget includes funds to cover implementation of decisions from the 2005 BRAC Commission, beginning with $1.9 billion in FY 2006 and $5.7 billion in FY 2007. The Department will make its recommendations to the Commission by mid-May, and the Commission will complete its decisions by early September. The previous BRAC rounds eliminated about 21 percent of DoD infrastructure and generated savings of about $7 billion per year.

Transforming DoD Management. Transforming how the Department of Defense conducts business is just as critical as transforming U.S. military capabilities. Reflecting this, the Department has adopted an ambitious plan to overhaul its management processes and systems, and the FY 2006 budget supports continuing implementation. For example, the budget advances implementation of the National Security Personnel System, a much-needed new way of managing DoD civilians. An initial 300,000 civilians will be converted into the new system beginning as early as July 2005.

Developing and Fielding Joint Military Capabilities

The FY 2006 budget and FYDP reflect the Department’s strategic choices for developing and fielding new military capabilities that can counter future threats to the nation. Highlighted below are some of the capabilities essential to the transformation and future dominance of America’s military forces. The funding shown is total FY 2006 acquisition investment – Procurement plus Research, Development, Test and Evaluation (RDT&E) funding.

Missile Defense Agency. $7.8 billion in FY 2006 will continue development, testing, and fielding of missile defense technologies designed to defeat ballistic missiles of any range during
any phase of their flight. The budget also will continue advanced research of technologies that are the most promising for strengthening U.S. missile defenses. The FY 2006 plan will add five Ground-Based Interceptors for a total of 21 and 11 Standard Missile 3 missiles for a total of 22.

Army modernization. The modernization of Army capabilities is critical to the future of its new modular force. Most critical is the Future Combat Systems (FCS) program, which will develop a family of advanced, networked, air and ground systems – combat and support, manned and unmanned. FCS funding is $3.4 billion in FY 2006. The program has been restructured in order to deliver transformational technologies to the modular force as soon as they are mature enough, rather than wait until all FCS technologies are sufficiently mature. Through this accelerated fielding of new technologies, the Army will substantially strengthen its forces as soon as possible, while maintaining a bridge to the full set of FCS systems. FCS priorities for development are: (1) networking capabilities, (2) unattended munitions, (3) unmanned systems, and (4) manned ground vehicles.

The Army Aviation Modernization Plan is focused on achieving greater capabilities, reliability, sustainability, survivability, and joint interoperability. It includes acquisition of new light utility and armed reconnaissance helicopters, unmanned aerial systems, and more.

Navy shipbuilding. The budget includes $9.4 billion for shipbuilding to continue the shift to a new generation of ships. The FY 2006 budget funds procurement of four ships: Virginia Class Submarine, LPD-17 San Antonio Class amphibious transport dock ship, Littoral Combat Ship, and T-AKE dry cargo and ammunition ship. The Navy’s new classes of ships will have increased capabilities, but be less manpower-intensive than previous classes. New generation ships with FY 2006 funding include:

- **CVN-21.** $565 million to continue advance procurement. This ship class features an innovative electrical generation and distribution system, larger flight deck, and a smaller crew (by at least 500) than the aircraft carriers it will replace. Construction will start in FY 2008.
- **DD(X).** $716 million for advance procurement. The budget also includes research and development funding of $1.1 billion for continued development of this multi-mission surface combatant. The ship will provide precision and high-volume fires, at sea and in support of forces ashore. The lead ship will be funded in FY 2007, and another 4 funded through FY 2011.
- **Littoral Combat Ship.** $613 million, including $249 million in research and development funds for ship construction. This new ship will be a fast, agile, stealthy, relatively small and affordable surface combatant capable of operating in shallow water close to shore. Navy plans include 21 ships for FY 2006-2011.
- **Virginia Class Submarine.** $2.4 billion to continue procurement. This new attack submarine has state-of-the-art stealth and enhanced features to support Special Operations Forces and diverse missions in coastal areas. Procurement will be one ship per year through FY 2011.

Tactical and mobility aircraft. The FY 2006 budget supports transformation with funding for acquisition of advanced aircraft to increase U.S. capabilities and replacing aging systems:

- **F/A-22 Raptor.** $4.3 billion for this next-generation aircraft, designed to penetrate enemy air-space, achieve a first look-first kill capability against multiple targets, and
Aircraft procurement is funded through FY 2008, to reach a total of 179 aircraft, including 9 test aircraft.

- **Navy F/A-18E/F Super Hornet.** $2.9 billion for this multi-mission aircraft, which has enhanced range, payload, and survivability when compared to F/A-18C/D models.
- **Joint Strike Fighter.** $5.0 billion for this new strike fighter for the Air Force, Marine Corps, Navy, and U.S. allies. It ultimately will replace Air Force F-16s and A-10s, Marine Corps AV-8Bs, and Navy and Marine F/A-18C/Ds.
- **C-17.** $3.7 billion to continue fielding this critical airlift asset, advancing toward total procurement of 180 aircraft.
- **Tanker replacement.** The Department is analyzing alternatives to replace its aging KC-135 aircraft.

Intelligence, communications, and related systems. Intelligence is key to defeating terrorism and predicting threats. The FY 2006 budget ensures the continued development and fielding of capabilities for collecting, producing, filtering, analyzing, and communicating intelligence. All intelligence capabilities are simultaneously being integrated into all DoD information systems within the secure, trusted Global Information Grid. Programs include:

- **Advanced Extremely High Frequency Satellite Communication System:** $1.2 billion for a system that will have much greater capacity than the Milstar satellites being replaced. It will provide more secure and survivable communications. First launch is scheduled for FY 2008.
- **Transformational Satellite Communications.** $836 million to continue development of a system based on laser communications and greatly enhanced radio-frequency capability, which would free users from current bandwidth constraints and provide greatly enhanced interoperability and connectivity to support net-centric operations. First launch will be in FY 2013.
- **Other key programs.** Space Based Radar, Space Based Infrared System High, Joint Tactical Radio System, and Aerial Common Sensor aircraft.

Unmanned systems. Unmanned systems have been invaluable to operations in Iraq and Afghanistan and are central to the transformation of U.S. military capabilities. The FY 2006 budget includes over $1.7 billion for continued development and procurement of several types of unmanned systems. Major programs include:

- **Joint Unmanned Combat Air Systems.** $350 million to continue development of affordable and highly effective systems to fill existing capabilities gaps.
- **Global Hawk and Predator.** The FY 2006 budget continues procurement and development of these unmanned aerial vehicles, which have been critical to the GWOT.

Taking Care of Our Forces

People are our nation’s most important defense asset. The FY 2006 budget maintains the President’s commitment to our military forces and to our military families.

Pay/health care. The budget funds a 3.1 percent increase in military base pay and a 2.3 percent increase in civilian pay. The FY 2006 budget for the Defense Health Program (DHP) is
about $20 billion in direct funding and $7 billion for military personnel supporting the program, and that will ensure continuing good health care for our military people and their families.

**Housing.** The FY 2006 budget includes a 4 percent increase in the Basic Allowance for Housing and sustains the Department’s commitment to no out-of-pocket costs, on average, for military members living in private housing. Before FY 2001, troops had to absorb, on average, 18% of their out-of-pocket costs. The budget also keeps the Department on track to eliminate all its inadequate military family housing units in the U.S. by FY 2007, and all its inadequate units worldwide by FY 2009. The budget continues the extensive use of privatization to improve military housing and to get maximum benefit from DoD housing budgets. By the end of FY 2006, privatization will have produced nearly 172,000 high-quality family housing units since this initiative began in FY 1996.

**Benefits for Reservists.** The FY 2006 budget reflects the expansion of TRICARE eligibility to provide health care coverage up to 90 days prior to activation for certain Reserve Component members and extends post-mobilization coverage for 180 days. The budget also supports a new “GI Bill for Reservists” -- passed last year. This will provide education benefits for Guard and Reserve personnel who have been mobilized: Up to 36 months of payments, from $400 to $800 per month, depending on length of active service in support of a contingency operation. FY 2006 funding is about $200 million.

**Facilities.** Taking care of our military and civilian personnel includes providing them quality facilities. To that end, the FY 2006 request funds 92 percent of facilities sustainment (maintenance) requirements – much higher than the 78 percent funded in FY 2000.

**Attachments:** FY 2006 Defense Budget Request by Appropriations Title and DoD Component.
## FY 2006 President’s Budget Request Tables

### FY 2006 DoD Budget by Title
(Discretionary budget authority $ in billions)

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<thead>
<tr>
<th>FY 05</th>
<th>FY 06</th>
<th>FY 07</th>
<th>FY 08</th>
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<td><strong>462.4</strong></td>
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*Excludes supplemental appropriations.

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