**Report Documentation Page**

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Prescribed by ANSI Std Z39-18
“This is a budget crafted to reshape the priorities of America’s Defense establishment. If approved, these recommendations will profoundly reform how this Department does business.”

– Secretary of Defense, Robert M. Gates
Department of Defense Topline
FY 2001 – FY 2010
(Dollars in Billions)

FY 2009 – FY 2010
Base Growth
Nominal Growth 4%
Real Growth 2%

Base Topline in FY09 Constant Dollars

Note: FY 2009 Non-War Supplemental is appropriated through American Recovery and Reinvestment Act of 2009

Numbers may not add due to rounding
Agenda

• Secretary Gates’ Key Themes:
  – Take care of our people
  – Reshape and modernize the Force
  – Reform how the Department buys equipment and services
  – Support the troops in the field

• Additional Themes
  – Efficiencies
  – Process Reform

• Budget Request Overview by Appropriation
Take Care of Our People

• Fully fund the growth of the Army and Marine Corps
  – Halt the reduction to the Navy and Air Force

• Fully fund the Military Healthcare Program
  – Address needs of wounded, ill and injured
  – Additional research for traumatic brain injury/psychological health

• Sustain Family Support Initiatives
  – Additional childcare centers
  – Enhance spousal and community support initiatives

• Provide military members with a 2.9% pay raise

• Provide civilian employees with a 2.0% pay raise
Reshape and Modernize the Force

- Build partnership capacity
- Grow Special Operations capabilities
  - Additional personnel
  - Recapitalize gunships
- Increase helicopter capacity
- Buy Littoral Combat Ships
- Charter additional High Speed Vessels
- Stop growth of Army Active Brigade Combat Teams at 45

Focus on current warfighter needs
Reshape and Modernize the Force

• **Improve theater missile defenses**
  – Includes conversion of 6 additional Aegis ships by FY 2015
  – Invest in additional THAAD/SM-3 Missiles

• **Improve cyber capability**

• **Increase Intelligence, Surveillance and Reconnaissance (ISR) capabilities**

• **Complete aircraft production**
  – End production of F-22 with 187 planned aircraft
  – End production of C-17 with 205 planned aircraft

• **Delay amphibious production**
  – San Antonio-class (LPD 17) and Mobile Landing Platform (MLP) ships deferred to FY 2011
Reshape and Modernize the Force

• **Invest in tactical aircraft**
  – Buy Joint Strike Fighter and fully fund research and development
  – Continue buy of F/A-18E/F and EA-18G aircraft

• **Buy 9 ships in FY 2010 (8 Navy, 1 Army)**
  – Littoral Combat Ship (LCS) (3)
  – DDG-51 Destroyer (1)
  – Virginia Class Submarine (1)
  – T-AKE Auxiliary Dry Cargo Ship (2)
  – Joint High Speed Vessel (JHSV) (1 Navy, 1 Army)

• **Replace aging tanker fleet**
  – Maintain KC-X aerial refueling tanker schedule

• **Recapitalize C-130 aircraft inventory**

• **Procure additional AEHF communications satellite**

*Retain balanced capability to deter aggression*
Reform How the Department Buys Equipment and Services

• Reinvigorate the acquisition workforce
• Reduce reliance on contractor support services
• Terminate troubled programs
  – Terminate Presidential Helicopter (VH-71)
    • Immediately develop follow-on program
  – Terminate Combat Search and Rescue Replacement (CSAR-X)
  – Terminate Transformational Satellite Communication System (TSAT)
  – Focus missile defense on rogue threats
    • Terminate second Airborne Laser (ABL) aircraft and Multiple Kill Vehicle (MKV)
  – End DDG-1000 Destroyer production with third ship
  – Transition to Arleigh Burke-class Destroyer (DDG-51)
  – Restructure the Future Combat System (FCS)
Support the Troops in the Field
FY 2010 Overseas Contingency Operations
(Dollars in Billions)

- Continuing the Fight: $108.5B
- Force Protection: $15.2
- Military Intelligence: $4.7
- Afghani National Security Forces: $7.5
- Coalition Support: $1.9
- CERP: $1.5
- Pakistan COIN Capability: $0.7
- Military Construction: $1.4
- IED Defeat: $1.5
- Non-DoD Classified: $3.9B
- Reconstitution: $17.6B

Total: $130.0B

Numbers may not add due to rounding
Support the Troops in the Field
FY 2010 Overseas Contingency Operations

• Provides $74.1 billion to fund incremental cost of military operations subsistence and logistics, to include predeployment, deployment and redeployment

• Supports average troop strength of 168,000 troops
  – Iraq 100,000
  – Afghanistan 68,000

• Funds procurement of 1,080 additional MRAP-ATVs

• Provides improved intelligence, surveillance and reconnaissance capabilities

• Provides $7.5 billion to train and equip Afghan security forces

• Provides $0.7 billion to develop Pakistan counterinsurgency capabilities

• Requests $1.5 billion for the Commander’s Emergency Response Program

• Invests $1.4 billion in military construction infrastructure needs

• Provides $21.4 billion for the procurement of equipment
Agenda

• Secretary Gates’ Key Themes:
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  – Reform how the Department buys equipment and services
  – Support the troops in the field

• Additional Themes
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  – Process Reform

• Budget Request Overview by Appropriation
## Efficiencies in FY 2010 Budget

<table>
<thead>
<tr>
<th><strong>Insourcing</strong></th>
<th><strong>Contracting Changes</strong></th>
<th><strong>Recruiting and Retention</strong></th>
</tr>
</thead>
</table>
| • Reduce reliance on contractor support services  
  – 13,800 more Government employees in FY 2010  
• Projected savings of $0.9 billion | • Reduce reliance on Time and Material (T&M) contracts  
• Projected savings of $0.3 billion | • Reduce funding based on recent success  
• Projected savings of $0.8 billion |
Process Changes

• Submit full war request with base budget

• Tighten definition of war costs
  – Address only OIF/OEF costs
  – Replace only equipment lost or damaged
  – Properly fund base activities in the base

• War budget not designated as emergency funding
Agenda

• Secretary Gates’ Key Themes:
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  – Support the troops in the field

• Additional Themes
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• Budget Request Overview by Appropriation
## Summary By Component

**FY 2010 Base Budget**

(Dollars in Billions)

<table>
<thead>
<tr>
<th>Component</th>
<th>FY 2009</th>
<th>FY 2010</th>
<th>Δ FY 2009 – FY 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Army</td>
<td>139.2</td>
<td>142.1</td>
<td>+2.1%</td>
</tr>
<tr>
<td>Navy</td>
<td>147.4</td>
<td>156.4</td>
<td>+6.1%</td>
</tr>
<tr>
<td>Air Force</td>
<td>141.2</td>
<td>144.5</td>
<td>+2.3%</td>
</tr>
<tr>
<td>Defense-wide</td>
<td>85.5</td>
<td>90.8</td>
<td>+6.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>513.3</strong></td>
<td><strong>533.8</strong></td>
<td><strong>+4.0%</strong></td>
</tr>
</tbody>
</table>

Numbers may not add due to rounding.
<table>
<thead>
<tr>
<th>Appropriation Title</th>
<th>FY 2009</th>
<th>FY 2010</th>
<th>Δ FY 2009 – FY 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Military Personnel</td>
<td>124.9</td>
<td>136.0</td>
<td>+8.9%</td>
</tr>
<tr>
<td>Operation &amp; Maintenance</td>
<td>179.1</td>
<td>185.7</td>
<td>+3.7%</td>
</tr>
<tr>
<td>Procurement</td>
<td>101.7</td>
<td>107.4</td>
<td>+5.6%</td>
</tr>
<tr>
<td>RDT&amp;E</td>
<td>79.5</td>
<td>78.6</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Military Construction</td>
<td>21.9</td>
<td>21.0</td>
<td>-4.1%</td>
</tr>
<tr>
<td>Family Housing</td>
<td>3.2</td>
<td>2.0</td>
<td>-38.0%</td>
</tr>
<tr>
<td>Other</td>
<td>3.2</td>
<td>3.1</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Total</td>
<td>513.3</td>
<td>533.8</td>
<td>+4.0%</td>
</tr>
</tbody>
</table>

Numbers may not add due to rounding.
• **Highlights:**
  - Funds the accelerated attainment of the ground forces grow the force initiative
  - Provides for an annual military pay raise of 2.9%
    • Enlisted E-6 (Army staff sergeant) will see a pay increase of $1,226
    • Officer O-3 (Army Captain/Navy Lieutenant) will see a pay increase of $1,849
  - Increases basic allowance for subsistence by 5.0%
  - Increases basic allowance for housing on average 6.0%
  - Fully funds recruiting and retention initiatives in base budget
• Highlights:
  – Sustains readiness levels at the FY 2009 level
    • 550 tank miles per year
    • 45 deployed steaming days per quarter
    • 14 Air Force fighter flying hours per crew per month
  – Funds facility sustainment at 91% of requirement
  – Increases funding for building partnership capacity
  – Increases acquisition workforce by 4,080
  – Provides increased intelligence, surveillance & reconnaissance sustainment
  – Provides high quality health care for 9.3 million eligible beneficiaries
  – Reflects no military health care out-of-pocket cost share increases
  – Reflects savings for federal pricing of retail pharmaceuticals
Procurement

(Dollars in Billions)

<table>
<thead>
<tr>
<th></th>
<th>FY 2009</th>
<th>FY 2010</th>
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<td>Procurement</td>
<td>101.7</td>
<td>107.4</td>
<td>+5.6%</td>
</tr>
</tbody>
</table>

• **Highlights:**
  – Procures 9 ships in FY 2010
    • 8 Navy and 1 Army
    • Includes 3 Littoral Combat ships
    • Includes Joint High Speed Vessels for both the Army and Navy
    • T-AKE auxiliary cargo ships funded in National Defense Sealift Fund
  – Procures 30 Joint Strike Fighter and 31 F/A-18E/F/G aircraft
  – Funds growth in inventory of unmanned aerial vehicles
  – Funds enduring JIEDDO efforts in base budget
  – Increases procurement of THAAD and SM-3 missiles
  – Procures one AEHF satellite
  – Funds additional Army helicopters
• **Highlights:**
  
  – Funds robust science and technology program, particularly basic research (6.1)
  
  – Fully funds Joint Strike Fighter (F-35) development
  
  – While reducing total missile defense spending, robustly fund R&D to improve capability against long-range rogue missile threats
  
  – Restructure the Future Combat System to retain and accelerate the spin out technology enhancements to combat brigades
• **Highlights:**
  – Fully funds BRAC 2005 to meet the statutory deadline of Sep 15, 2011
    • Reduced funding because peak construction needs funded in previous years
  – Provides for infrastructure investment to support:
    • Relocation of Marines from Japan to Guam
    • Recapitalization of schools and medical facilities
    • Marine Corps force growth
    • Reduced Army need for grow the force infrastructure
    • First phase of a large NSA data center project
  – Reduces family housing funding due to near completion of privatization projects
Other

(Dollars in Billions)

<table>
<thead>
<tr>
<th></th>
<th>FY 2009</th>
<th>FY 2010</th>
<th>Δ FY 2009 – FY 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revolving Funds</td>
<td>3.2</td>
<td>3.1</td>
<td>-1.1%</td>
</tr>
</tbody>
</table>

- **Highlights:**
  - Sustains commissary benefits for military members and their families
  - Procures two T-AKE auxiliary cargo ships
  - Fuel based on crude price of $60.98/barrel
    - Lower than recent years
  - Supports warfighter supply, depot and transportation needs at wartime optempo
  - Provides transformational Global Information Grid access for increased bandwidth needs
  - Supports continued progress as Pentagon Renovation project nears completion
  - Enhances anti-terrorism/force protection at Pentagon Reservation
Reshaping Defense Priorities

• Provides the troops in the field the resources needed to succeed
• Reaffirms the nation’s commitment to the all-volunteer force
• Rebalances the Department’s programs between fighting the wars we are in today and preparing for future scenarios
• Changes the way we buy
For More Information

• For more information, visit the website for the Office of the Undersecretary of Defense (Comptroller) at
  – www.budget.mil
  – Download the Department’s FY 2010 Budget Request Summary Justification