



# U.S. Army NEWS RELEASE

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## THE ARMY BUDGET - FISCAL YEARS 2006 and 2007

Today, the Army announced details of its budget for fiscal years 2006 and 2007, which covers the two-year period from October 1, 2005 through September 30, 2007. The FY06 budget totals \$98.6 billion – \$1.4 billion more than requested than in fiscal year 2005. The FY07 budget is \$110.0 billion, an \$11.4 billion increase from FY06.

The FY06 budget requests the resources necessary to provide trained and equipped forces to the combatant commanders. The Army will depend upon emergency supplemental funding to sustain its efforts in the Global War on Terrorism (GWOT). This budget, however, postures the Army to continue its aggressive restructuring, from a force designed for *contingency operations* in the post-Cold War era to a modular force designed for *continuous operations*. The budget balances immediate force needs with the development of future enhancements.

The following table shows the Army's FY06 and FY07 budget request compared to FY04 actual obligations, the FY05 request and the FY05 appropriation:

### Army Budget by Appropriation Category (Dollars in Billions)

Category	FY04 Actuals*	FY05 Pres Bud	FY05 Approp**	FY06 President's Budget	FY07
Military Personnel	48.3	39.4	39.1	41.4	43.3
Operation and Maintenance	62.0	32.6	31.7	31.8	33.1
Procurement	14.5	10.4	13.0	11.8	13.5
RDT&E	10.2	10.4	10.5	9.7	10.3
Military Construction	2.0	2.1	2.5	1.9	2.3
Army Family Housing	1.4	1.6	1.6	1.4	1.1
Modularity	-	-	-	-	5.0
Other	1.7	0.7	0.5	0.6	1.4
<b>Total***</b>	<b>\$140.1</b>	<b>\$97.2</b>	<b>\$98.9</b>	<b>\$98.6</b>	<b>\$110.0</b>

\* Includes Supplemental Funding.

\*\* Does not include funds appropriated in the initial FY05 supplemental.

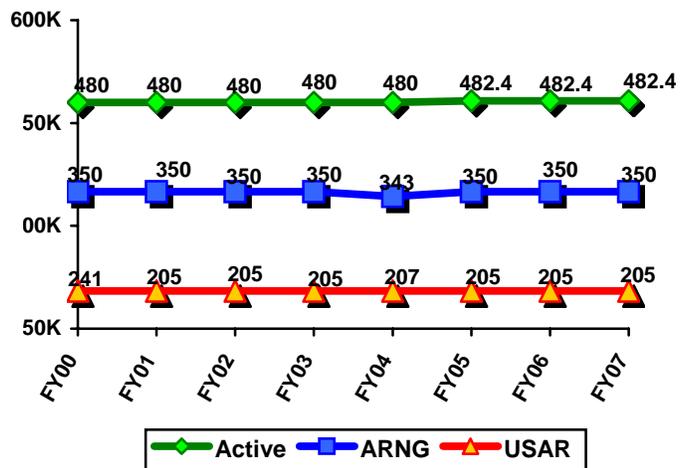
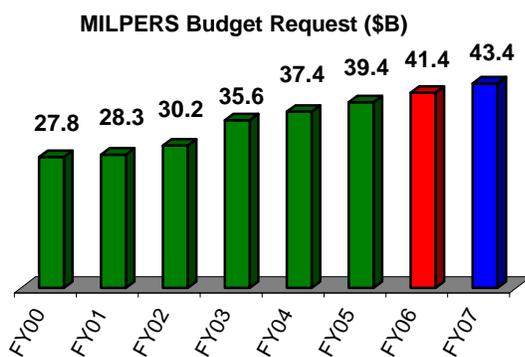
\*\*\* Excludes Chem DeMil

While we execute the Global War on Terrorism, the Army simultaneously continues its organizational and intellectual transformation to meet the challenges of the 21st Century. The Army's FY06 and FY07 budget was developed to address these key themes:

- Transform and improve Army capabilities:
  - Restructure to a modular design.
  - Rebalance active and reserve forces.
  - Stabilize units.
  - Improve effectiveness and identify efficiencies.
- Recruit and retain the all-volunteer force.
- Generate and sustain a force to prevail in the Global War on Terrorism.
- Accelerate promising technology to improve force protection and to enhance fighting capability.
- Repair, reset and recapitalize equipment.

### Recruit and Retain the All Volunteer Force Budgeting for Military Personnel

The American Soldier – well-trained, well-equipped and well-led – is the key to the Army's combat formations and systems. Current and future funding levels are critical indicators of our nation's commitment to maintain the all-volunteer force. The budget request emphasizes manning the force, taking care of Soldier and families, and sustaining the quality of the force. The FY06 Budget provides for an end strength of 482,400 in the Active Component, 350,000 in the Army National Guard and 205,000 in the Army Reserve. This budget includes an average pay increase of 3.1 percent for Soldiers in FY06.

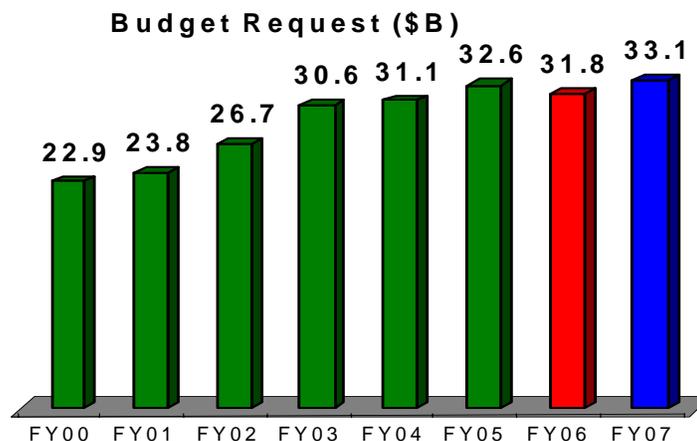


The Army's manning objective is to provide the combatant commanders, in a timely manner, the right number of high-quality people, with the needed skills and in the appropriate grades. By offering incentive pay and a more stable deployment cycle, recruiting and retention will continue to meet the demand of the all volunteer force.

The Army is transitioning to an improved force concept design that will augment unit readiness by increasing stability and predictability for unit commanders, Soldiers and families. These changes will produce a more agile force and will allow more at-home time for all components. This budget also completes a multiyear initiative to increase housing allowances to eliminate out-of-pocket expenses for those Soldiers and families residing off post.

### **Current Readiness Budgeting for Operation and Maintenance**

The FY06 and FY07 Budgets support the Army's plans to maintain and to strengthen its warfighting readiness through training, mobility and sustainment programs that are the best in the world. To ensure readiness, these budgets retain the Army's steadfast commitment to funding ground OPTEMPO requirements, as well as a reengineered flight-training strategy. The Army budget also funds selective maintenance of and improvements to our infrastructure, so that we can enhance installations as power-projection and support platforms. In short, our resources are balanced with great care to ensure that our forces are trained, equipped, supported and ready to fight and win. The following chart displays the total request for Operation and Maintenance funding since FY00:



The Army remains committed to fully executing its OPTEMPO strategy for those units not participating in operations Iraqi Freedom or Enduring Freedom. However, in recognition of the uncertainties inherent in this highly dynamic period of rotational deployments, the Army took some risk in this budget. The Army will evaluate these units' execution of the Combined-Arms Training Strategy, and will reassess and mitigate, as necessary, any risks to readiness.

- Ground OPTEMPO – The budget supports the active component ground OPTEMPO training strategy, encompassing actual miles driven for home station training (HST) and Combat Training Center (CTC) rotations, as well as virtual

miles associated with using simulators, such as the Close Combat Tactical Trainer (CCTT) and the Unit Conduct of Fire Trainer (UCOFT).

- Mileage Metrics – The mileage metrics for the active Army in FY06 are: 765 live miles (HST and CTC) and 85 virtual miles (CCTT and UCOFT), for a total of 850 miles. The Army National Guard is funded for 247 miles (190 live and 60 virtual) and the Army Reserve for 189 tank-equivalent miles.
- Flying Hours – The Army continues to fund its Flying Hour Program to achieve recent historical execution levels: 13.1 live flying hours per aircrew per month (h/c/m) for the active component; 7.6 live flying hours per aircrew per month for the Army National Guard; and 6.4 live flying hours per aircrew per month for the Army Reserve.
- Combat Training Center Rotations – This budget supports a rigorous annual program of tough, realistic combat training: 11 brigade rotations (nine active component and one Army National Guard) through the National Training Center; 11 brigade rotations (nine active component and two Army National Guard) through the Joint Readiness Training Center; and four brigade rotations through the Combat Maneuver Training Center. The Battle Command Training Program will conduct three Corps Warfighter exercises and train seven division-level command and staff groups. Additionally, the Army will provide the same realistic combat training for five attack aviation battalions through the Joint Air Ground Center of Excellence program. This program is executed in Europe (Victory Strike Exercise) and at the Western Army National Guard Aviation Training Site.

Material Sustainment Programs: The need for immediately ready equipment has been magnified in the current environment. As a result, the Army provides additional support in the FY06 President's Budget Submission for the sustainment of systems and equipment.

- Depot Programs – The FY06 Depot Maintenance Program is funded at 73 percent of requirement. The Recapitalization Rebuild Program is funded fully, although the number of systems budgeted in Operation and Maintenance decreases from 11 to 10 in FY 06 because the High Mobility Multipurpose Wheeled Vehicle (HMMWV) program transfers to the Procurement Appropriation.
- Sustainment Systems Technical Support - As the Army becomes a modular force, technical support of the systems currently used by the Soldier must be sustained. Sustainment Systems Technical Support (SSTS) provides the post-production engineering capabilities necessary for the Army to retain flexibility in our systems as requirements increase through current and future challenges. The FY 2006 submission pays for the sustainment of 48 additional transitioning weapon systems, based on Army decisions to accelerate fielding of items that directly support mobility, deployment and sustainment.

Army Installations: Installations are essential to maintaining the premier Army in the world. They serve as our flagships, supporting Soldiers where they live, work, train, mobilize and deploy to fight. Our installations enhance power projection and, in wartime, they serve as integral components of a battle space that extends from home station to foxhole by providing reach-back capability. The Army is adapting its installation programs and facilities to better support the Joint Team.

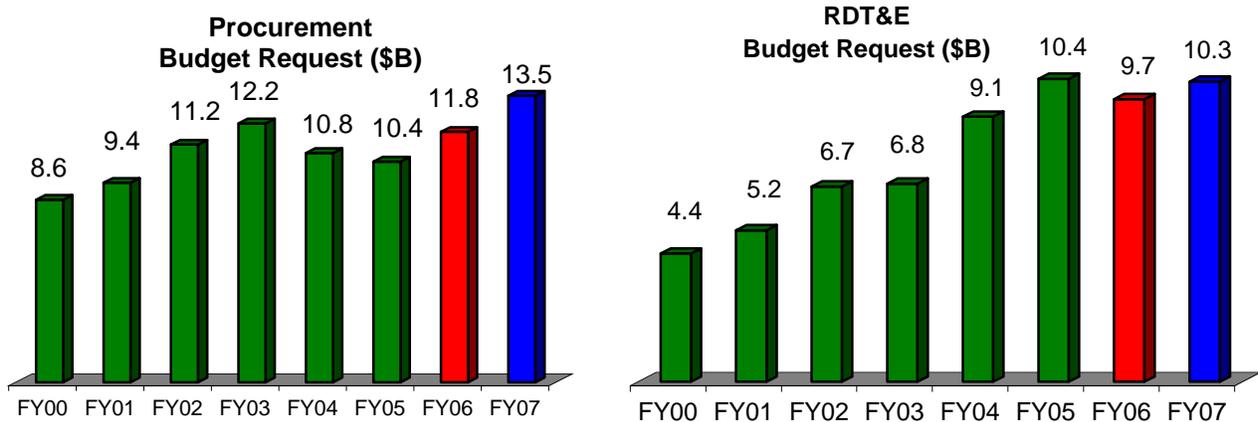
- Base operations support (BOS) programs are funded to operate the worldwide bases, installations, camps, posts and stations of the Department of the Army. They include: municipal services, family programs, environmental programs, force protection, and audio visual and base communication services. Army Community Service and reserve component family programs include a network of integrated support services that directly impacts Soldier readiness and retention; as well as spouse adaptability to military life during peacetime and through all phases of mobilization, deployment and demobilization.
- The well-being of our Soldiers, their families and our civilians is inextricably linked to the Army's readiness. The Army's well-being programs and family support systems must be synchronized with rotation schedules and optimized to support deployed units.
- Sustainment, Restoration and Modernization - To ensure well-being, the Army has programs such as Barracks Modernization, the Army Family Housing, Residential Communities Initiative and focused facilities sustainment management, all of which aim to take care of Soldiers and their families and to make the best use of available resources.

This budget funds:

- Facilities sustainment at 91 percent of requirement; Base Operations Support at 72 percent of requirement.
- The elimination of inadequate family housing and permanent party barracks by 2008.
- Efforts to address unexploded ordnance and the effects of munitions use on the environment and life, health and safety.
- Increased mobilization deployment support for active and reserve component Soldiers and families

## Future Force Budgeting for Procurement and for Research, Development, Testing and Evaluation

The Army continues to adapt to meet current and future threats. We have accelerated the change in response to today's security situation. Because our current force is engaged in ways we never could have forecasted, a measured approach will not work. The department has increased resources commensurate with our immediate and most urgent demands. These charts show the budget request for both the procurement appropriations and the RDT&E appropriation.



In the past year, the Army has made several decisions that affected our progress toward transforming while still meeting our global commitments. The Army continues to make difficult choices to cancel and to restructure programs so that we can invest in transformational capabilities.

In July 2004, the Army restructured the Future Combat Systems (FCS) program to accelerate crucial capabilities to the current force while continuing to work to develop the full FCS capability. By accelerating FCS, the most promising technologies will be spiraled into the force much faster than previously programmed. FCS acceleration will provide the current force advanced capabilities, including 18 manned and unmanned ground and air platforms linked through the network. This linkage brings unprecedented situational awareness and understanding. Adding these and other technologies to the current force now reduces risk to the front-line Soldier.

Operation Iraqi Freedom and Operation Enduring Freedom highlighted the success and potential of network-enabled operations. The network offers a powerful competitive edge that includes shared situational awareness; improves collaborative planning; and enhances the speed and agility with which leaders can command their forces. In an effort to provide the latest technology to the battlefield, without an extended acquisition and build phase, the Army fields greater amounts of commercial-off-the-shelf technology. The Army is expanding its communication bandwidth, in addition to fielding critical battle command systems to standardize capabilities. This will

greatly enhance Soldiers' ability to see the enemy, assess the situation and plan a decisive battle with far fewer losses and little surprise.

Even though our transformation efforts must focus on the future, we will still provide our Soldiers the equipment they need for the current fight. The Army is working to find technical and materiel solutions quickly to meet current challenges around the world. We have established two programs to respond to those needs.

The Rapid Fielding Initiative (RFI) is designed to quickly fill individual Soldier equipment shortfalls by fielding commercial-off-the-shelf technology rather than waiting for the standard acquisition process to address the shortages. In FY 2004, RFI increased Soldier capabilities at an unprecedented pace. Importantly, we are equipping Soldiers from the active component, the National Guard and the Army Reserve at the same time.

The Rapid Equipping Force (REF) focuses on the requirements received from the combatant commanders, providing solutions to operational and technical challenges more quickly than through the normal acquisition cycle. Protection of our Soldiers in combat is of the utmost concern to the Army; therefore, many of the REF initiatives address force protection requirements for our Soldiers and combatant commanders. Examples of solutions sent to the field include: small robots, unmanned aerial vehicles and methods to counter improvised explosive devices (IEDs).

The Army Science and Technology Program capitalizes on technology developments from other services, defense agencies and commercial industry, as well as the international community. The program focuses on technology that is relevant to both the Army and the joint team. By synchronizing operational concepts development with transformational business practices, we can get technology into the hands of soldiers in the field at a much more accelerated rate. The Army has balanced the S&T program to satisfy the high-payoff needs of the future force while seeking and developing critical capabilities for the current force.

Army S&T is paying particular attention to the acceleration of mature technologies with promising capabilities into the current force. These technologies include: networked battle command and logistics systems; networked precision missiles and gun launched munitions; improved intelligence sensors; active and passive protection systems; unmanned ground and air systems; and low-cost, multi-spectral sensors. Many already are being integrated into the equipment of our front-line Soldiers to improve dramatically their capabilities.

Science and Technology initiatives also are exploring ways to detect and neutralize mines and IEDs; to improve combat identification; to produce medical technology for self-diagnosis and treatment; and to develop hostile-fire indicators, survivability equipment, training systems and robotics. Our Science and Technology community is investigating how to defeat opponents more easily during irregular warfare in complex environments, which include urban terrain, triple-canopy jungle conditions, mountainous locales and caves.

Notable Research, Development, and Acquisition (RDA) efforts include:

- A subsystem of the Future Combat Systems, the Non-Line-of-Sight Cannon (NLOS-C). It will provide a combined high-rate, sustained volume of long-range precision fire in all weather conditions. Funding for NLOS-C is \$107.6 million.
- Non-Line-of-Sight Launcher, also a subsystem of FCS. It will provide the maneuver commander with immediately responsive, precision fires on high-payoff targets and is coupled with real-time target acquisition and battle damage assessment capabilities. Funding for NLOS-L is \$231.6 million.
- Aviation Modernization. This budget provides for 10 Armed Reconnaissance Helicopters (\$70 million); two new and 21 remanufactured "F" model CH-47s (\$469 million); Apache upgrades/conversions to provide Target Acquisition Designation Sight (TADS)/Pilot Night Vision Sensors (PNVS) and other safety and reliability modifications (\$684 million); 41 Black Hawk aircraft (\$510 million); 28 Light Utility Helicopters (LUH) (\$108 million); and aircraft survivability equipment (\$222 million).
- Procurement of PAC-3 missiles will continue in FY 06. Forty-six percent (\$567 million) of the Missile Procurement, Army appropriation is for PAC-3 or Patriot Modifications.
- Family of Medium Tactical Vehicles (FMTV), which is funded at \$451.5 million, supports the procurement of 3,196 vehicles.
- High Mobility Multipurpose Wheeled Vehicle (HMMWV), which is funded at \$224 million, procures 360 up-armored vehicles and 1,705 heavy-chassis HMMWVs.
- M1 Abrams Modifications, which are funded at \$443 million, procures 399 AGT 1500 Tiger engines for increased reliability, availability and maintainability.
- Warfighter Information Network – Tactical (WIN-T). WIN-T is a tactical, digital communications system that will provide an advanced, commercially based networking capability to the Future Force. The FY 06 budget begins a new program that will procure low-rate initial-production (LRIP) quantities for production verification testing and subsequent initial operational tests (IOT).
- Procurement of 240 Stryker vehicles for the sixth Stryker Brigade Combat Team (SBCT), fielding of the fifth SBCT and sustainment of previously fielded SBCTs (\$905.1 million).
- Restructuring of the Joint Tactical Radio System (JTRS) program. Funds JTRS Cluster 1 for ground and rotary-wing aviation (\$230.3 million); Cluster 5 development for handheld, manpack and small form (\$144.7 million); and waveform development (\$156.7 million).

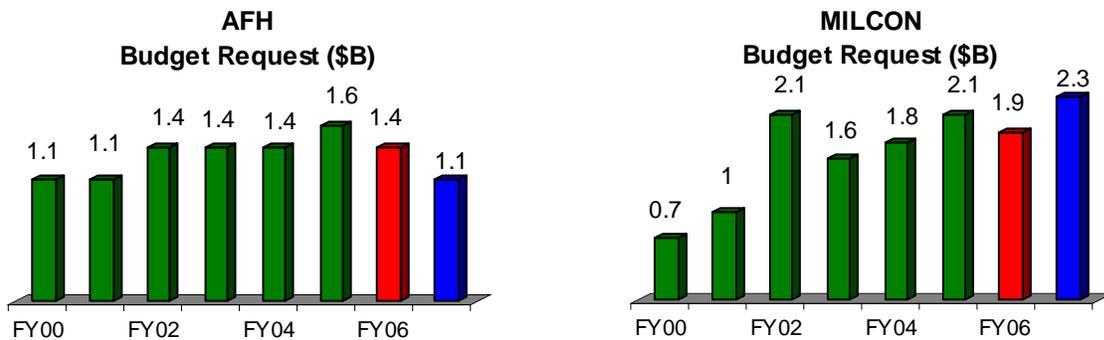
## The Army's Top Ten FY 06 Research, Development and Acquisition Programs

System	\$s in Millions
Future Combat Systems	3,404.8
Stryker	905.1
Patriot/MEADS Combined Aggregate Prog	872.1
UH-60 Black Hawk	691.6
CH-47 Cargo Mods	688.3
AH-64 Mods	601.0
M1 Abrams Tank Mods	455.5
Family of Medium Tactical Vehicles	451.5
Cmd, Control, Coms, and Comp Eng Dev	393.0
Army Test Ranges and Facilities	369.9

Totals may include both procurement and RDT&E.

### Military Construction and Family Housing Budgeting for Construction

The FY06 Military Construction (MILCON) budget provides new and renovated military facilities for the active and reserve components. The FY06 Army Family Housing budget request increases resources to improve the well-being of Soldiers' families. Budget requests since FY00 for these programs are shown below:



The Military Construction (MILCON) budget totals \$1.9 billion and focuses on improving living conditions for soldiers and the support facilities for Soldiers and their families. The Army also budgeted for training facilities and facilities to support the stationing of Stryker Brigade Combat Teams. Key categories of construction projects are summarized:

- \$716M for barracks modernization program to improve quality of life for single Soldiers.
- \$763M for Army readiness, including maintenance, training, deployment and infrastructure revitalization projects for the active Army.
- \$327M for National Guard construction
- \$106M for Army Reserve construction
- \$221M for construction at installations in Hawaii and Pennsylvania for Active and national Guard Stryker Brigade Combat Teams.

With this budget, the Army continues its program to eliminate inadequate family housing in FY08 by providing funds to construct 5,747 new and renovated homes. Traditional AFH construction is designated for 1,821 homes. Through the Residential Communities Initiative, a privatization effort, the Army will renovate 3,926 homes at five installations, bringing the total privatization program to approximately 75,000 units at 34 installations. The Army Family Housing operations budget improves support of the 58,000 homes in the United States and overseas that remain under Army management, and includes:

- \$394M for construction and renovation of Army-owned family housing units.
- \$138M for Army investment in public-private partnerships.
- \$813M to operate and maintain Army-owned and leased housing units.

### **Compliance with GPRA and the President's Management Agenda Linking the Budget with Performance**

The Government Performance and Results Act (GPRA) and the President's Management Agenda require association of performance measures with budget programs. The Army has been successful in meeting the letter and spirit of Defense Management Initiative Decision 910. Previously, the Army had few performance measures associated with the budget. In FY05, the Army associated 60 percent of its budget with performance measures. For FY06, the Army tied 80 percent of the budget to performance measures and improved the quality of those measures. The FY06/07 budget will include a Performance Budget Justification Book that will describe the Army's strategic priorities, relate them to the Army's FY06/07 budget highlights and provide specific budget performance measures. By the end of FY07, the Army will have associated 100 percent of its budget with performance measures.

## **Summary**

America is a Nation at war. Our Nation, the Joint Force and our Army are engaged in one of the most challenging periods in our history. Identifying and mitigating the risks associated with our mission to fulfill current and future strategic commitments will ensure that we remain relevant and ready – allowing us to sustain our aggressive support of the Global War on Terrorism while transforming. We are creating a Joint and Expeditionary Army.

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For more information, please contact the Army Public Affairs Media Relations Division at 703-697-4314/7591.