



# U.S. Army NEWS RELEASE

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## THE ARMY BUDGET - FISCAL YEARS (FY) 2008 AND 2009

Today, the Army announced the details of its budget for FY08/09, which covers the period from October 1, 2007, through September 30, 2009. The FY08 budget request is \$130.0 billion. The FY09 budget request is \$140.7 billion.

The FY08/09 budget is structured, first and foremost, to provide trained and equipped forces to the combatant commanders, balancing immediate warfighting needs with the development of future enhancements. The Army will continue to focus on winning the Global War on Terrorism, accelerating transformation to a modular structure and sustaining the all-volunteer force.

The following table shows the Army's FY08/09 budget request compared to the FY06 and FY07 budget requests.

### Army President's Budget Requests by Appropriation Category (\$B)

	FY06	FY07	FY08	FY09
Military Personnel	41.4	42.6	46.2	51.3
Operation and Maintenance	32.4	32.0	37.7	40.4
Procurement	11.8	16.8	23.8	26.2
Research, Development, Test, Evaluation	9.7	10.9	10.6	9.8
Military Construction	1.9	2.7	4.6	5.7
Army Family Housing	1.4	1.3	1.2	1.5
Base Realignment and Closure		3.6	4.1	3.8
Chemical Demilitarization	1.4	1.4	1.5	1.4
Other		0.5	0.5	0.6
<b>Totals</b>	<b>100.0</b>	<b>111.8</b>	<b>130.0</b>	<b>140.7</b>

Totals may not add due to rounding

The Army's FY08/09 budget addresses these key themes:

### **Win the Long War**

- ❖ Build readiness: Align the Army's structure with the National Military Strategy and grow capabilities over time (Modular Force, Special Operations Forces, Civil Affairs).
- ❖ Grow and rebalance the Army: Increase active-component end strength to 532,400, National Guard end strength to 352,600 and U.S. Army Reserve end strength to 205,000 by FY09.

### **Sustain the All-Volunteer Force**

- ❖ Provide Support
  - For Soldiers and families: Quality of Life and Quality of Service
    - Stabilized combat/mission rotations
    - Training
    - Appropriate pay raises and benefit levels
    - Base support services
  - For the Force:
    - Recruiting and retention
    - Tough, realistic training
    - Global support for logistic operations, transportation and communications
    - Maintenance of weapons systems
    - Civilian support at required levels

### **Build Readiness**

- ❖ Transform Guard and Reserve units to be interchangeable with regular Army units, ensuring that they are trained and equipped for use in joint expeditionary operations and in support of civil authorities.
- ❖ Fully fund a modernization and recapitalization program to ensure full-spectrum ground combat capabilities.
- ❖ Apply lessons learned in Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF) to Army equipment purchases.
- ❖ Continue development of Future Combat Systems (FCS).

### **Accelerate the Future-Force Modernization Strategy**

- ❖ Remain aligned with Department of Defense strategy.
- ❖ Balance future capability with OIF/OEF lessons learned.
- ❖ Continue support for Future Combat Systems and adjustments made to the program.
- ❖ Sustain a strong focus on the future.

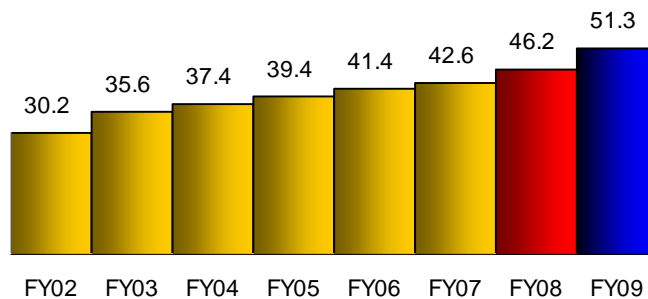
### **Re-station Army Forces**

- ❖ Support the Global Defense Posture Realignment (GDPR) strategy and sustain quality of life.
- ❖ Fulfill FY07 Base Realignment and Closure requirements while being funded through a continuing resolution.

## Budgeting for Military Personnel

The Army's objective is to provide combatant commanders with fully capable units manned by well-led, well-trained and well-supported Soldiers. Current and future funding levels are critical indicators of our nation's commitment to recruiting and sustaining the all-volunteer force. Thus, this budget request emphasizes manning the force, taking care of Soldiers and families, and sustaining the quality of Army personnel.

**Military Personnel Budget Request (\$B)**



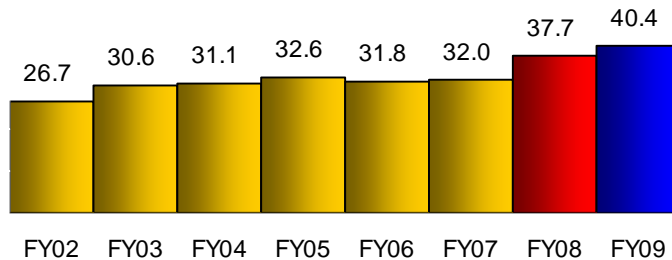
The FY08/09 budget differs significantly from previous years' submissions in that it funds a permanent end-strength increase to support formation of additional brigade combat teams and associated combat support and combat service support units. This growth will enable the Army to continue its transition to a more agile, more lethal and more deployable modular force that is better able to meet combatant commanders' and the nation's needs.

The budget request continues to take care of Soldiers and families by providing a 3.0 percent across-the-board pay increase in FY08 and a 3.4 percent pay increase in FY09. It also fully covers housing expenses for Soldiers and families residing off post.

## Budgeting for Operation and Maintenance

The Army's FY08/09 operations and maintenance budget provides for recruiting support, tough realistic training, maintenance of weapon systems, base support for Soldiers and their families, and service-wide support of logistic operations, transportation and communications. The following chart displays the total request for Operation and Maintenance funding through FY09.

Operation and Maintenance Budget Request (\$B)



The Army remains committed to fully executing its OPTEMPO strategy for those units not currently participating in OIF or OEF. However, in recognition of the uncertainties inherent in this highly dynamic period of rotational deployments, the Army continues to take some funding risk in this portion of the budget. OPTEMPO increases reflect the realignment of units required to execute Home Station Training (HST) based on the revised OIF/OEF deployment schedule. The Army will evaluate the units' execution of the Combined Arms Training Strategy (CATS) during the fiscal year to reassess and mitigate risks to readiness, as necessary.

- ❖ Ground OPTEMPO – The FY08/09 budget funds collective training in support of the Ground OPTEMPO CATS, encompassing actual miles driven for 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), for non-deployed units.
- ❖ Flying Hour Program – The CATS and Aircrew Training Manuals (ATMs) establish specific flying-hour requirements for each type of aircraft. The FY08/09 budget supports training in cockpits and simulators for individual crewmembers and units according to approved aviation training strategies, thereby assuring individual and collective proficiency.

- ❖ Combat Training Center Rotations – This budget supports a rigorous annual program of tough, realistic, combat training: 10 active-component brigade rotations through the National Training Center, 10 brigade rotations (eight active component and two Army National Guard) through the Joint Readiness Training Center and eight brigade rotations through the Joint Multi-National Readiness Center. The Battle Command Training Program will conduct three Corps Warfighter exercises and train seven division-level command and staff groups.

The Army's Depot Maintenance Program is funded to provide an adequate baseline. When combined with supplemental funding, it assures the timely availability of weapon systems to support unit training, readiness and combat operations.

Installations are essential to maintaining the premier Army in the world. They serve as our Flagships of Readiness, 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 its role as a member of 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.
- ❖ 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. Army Community Service and reserve-component family programs include a network of integrated support services that directly impact Soldier readiness and retention.
- ❖ Sustainment, Restoration and Modernization programs, such as barracks modernization, the Army Family Housing Residential Communities Initiative and focused facilities-sustainment management, ensure Soldier and family well-being while making the best use of available resources.

The Army's recruiting and training programs are essential to increasing Army end strength.

- ❖ The effort to grow the active force to 532,400, the Guard to 352,600 and the Reserve to 205,000 by FY09 will be supported by the dual strategy of an assertive advertising campaign ("Army Strong") and an increase in the number of recruiter billets.
- ❖ As end strength grows, the influx of more new Soldiers will require increased funding for the administrative and logistic infrastructure that operates the Army's training centers and schools. The growth in

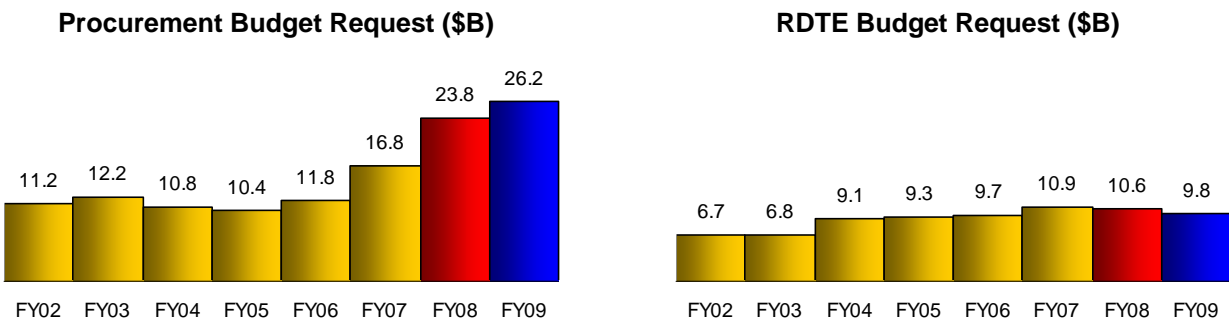
operational forces also will require more combat arms and combat support Military Occupational Specialty (MOS) training, such as explosive ordnance disposal and human intelligence interrogation. Basic skill training, follow-up advanced training and professional development education are supported with training funds.

Administration and Service-wide Activities support the global-reach infrastructure. Current deployments are being sustained simultaneously over greater distances, in multiple locations, at a faster pace and over longer periods of time. These operations require a combat support infrastructure that is based in the continental United States (CONUS) and provides real-time support to active, Reserve and National Guard units. The centralized infrastructure programs funded in the FY08/09 Budget in Administration and Service-wide Activities include:

- ❖ Intelligence and security efforts supported through the Consolidated Cryptologic Program, General Defense Intelligence Program, Foreign Counterintelligence Program, National Geospatial-Intelligence Program, security and intelligence activities, personnel security investigations, the Defense Joint Counterintelligence Program and arms control treaty implementation.
- ❖ Logistics operations resources for the movement of Army materiel worldwide, end-item management, and ammunition and logistics support activities. Increases in these programs support the realignment of Soldiers from the maintenance program to other Army needs. Also supported is the Sustainment System Technical Support (SSTS) program, a major readiness factor that prevents costly repairs and delivers the latest post-production technology to the battlefield at a faster pace. SSTS provides vital engineering and technical support to post-production weapons systems by reengineering those existing core systems to meet the demands of contemporary battlefield environments.
- ❖ Army claims, the Defense Finance and Accounting Service, Army Audit Agency, public affairs, Criminal Investigation Command, vital Army-wide telecommunications and information systems, and Army headquarters activities.

## Budgeting for Procurement and Research, Development, Test and Evaluation

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



The Future Combat Systems (FCS), with a requested budget of \$3.7 billion for FY08 and \$3.5 billion for FY09, is the centerpiece of the Army's future modular force. It combines advanced manned and unmanned weapons systems, the Soldier and Battle Command Network into a force that is smaller in size than conventional forces yet more lethal, survivable, flexible, strategically and operationally mobile, reliable, supportable, and capable of exploiting the full range of net-centric operations. Our first comprehensive modernization effort in nearly four decades, FCS consists of 14 air- and ground-based maneuver, maneuver support and sustainment systems linked by a networked Battle Command architecture that includes communications, sensors, embedded training, and manned and unmanned reconnaissance and surveillance capabilities. In addition to providing full-spectrum warfighting capabilities, FCS will be adaptable to other types of operations such as civil support and disaster relief. The FCS program also will provide key, early capability packages for spin out (procurement and fielding) to the current force.

The FY08 and FY09 FCS program will continue System Development and Demonstration (SDD) for the networked system of systems, including prototypical platform development and network and software development and testing. Among those efforts are:



- ❖ Continuing development, testing and delivery of unmanned aerial vehicles, unattended ground sensors and unmanned ground vehicle prototypes.
- ❖ Completing preliminary platform design reviews and initiating critical design reviews.
- ❖ Continuing development of the FCS network, including delivery of the battle command network and software to support key testing events and Spin Out 1.
- ❖ Completing technical field testing (TFT), force development testing and evaluation (FDT&E) and limited user testing (LUT) for Spin Out 1.
- ❖ Delivering early prototypes of the Non-Line-Of-Sight-Cannon (NLOS-C) Manned Ground Vehicle.
- ❖ Continuing development of the short-range countermeasure active protection system.

OIF and OEF have highlighted the success 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. 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. In an effort to provide the latest technology to the battlefield without an extended acquisition and build phase, the Army is procuring greater amounts of commercial-off-the-shelf technology.

The Army is working diligently to find immediate technical and materiel solutions to meet challenges around the world. Even though our transformation efforts are focused primarily on the future, we will continue to assess and fulfill the needs of Soldiers involved in the current fight.

The Army is now in the process of building the Modular Force in order to provide more combat power, to enable force tailoring and to increase operational flexibility. It also will provide a less stressful deployment schedule, resulting in more stability and predictability for Soldiers and their families. The budget includes \$6.4 billion in the investment program to support modularization. Modular equipment categories include: Move, Shoot, Communicate, ISR (Intelligence, Surveillance, Reconnaissance), Force Protection and Strike. The Army also is directing some resources toward reducing current and future capability gaps during conversion.

The Science and Technology (S&T) program develops technology that is relevant both to the Army and the Joint Team. It leverages the work of other services, defense agencies and commercial industry, as well as the international community. By synchronizing operational concept development with transformational business practices, we can get technology to Soldiers faster. We have balanced the S&T program to satisfy the high-payoff needs of the current force while seeking and developing critical capabilities for the future force.

The Army's largest S&T investments are in force protection technologies. Other technology investments include command, control, communication, computer, information, surveillance and reconnaissance (C4ISR), lethality, Soldier systems, unmanned systems, logistics and advanced simulation. Key investments in basic research include nano-materials for ballistic protection, biotechnology for improved materials and network sensors, and immersive simulation capabilities for training and mission rehearsal.

While seeking opportunities to enhance the future force, Army S&T is pursuing limited quantities of advanced technology applications to support our deployed force. Soldiers are benefiting today from technologies that emerged through past investments. The Army is exploiting transition opportunities by accelerating mature technologies from on-going S&T efforts. We also are leveraging the expertise of our scientists and engineers to develop solutions to unforeseen problems encountered during current operations.

Other 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 high-rate, sustained volume of long-range precision fire in all-weather conditions. Funding for NLOS-C is \$138 million in FY08 and \$89 million in FY09.
- ❖ Non-Line-of-Sight Launcher System (NLOS-LS), 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-LS is \$255 million in FY08 and \$199 million in FY09.
- ❖ Procurement of nine M1A2 SEP tanks (\$52.9 million), 1,037 Abrams Power Packs (\$185.9 million), Abrams Integrated Management (AIM), Safety and Environmental Modifications and Engineering Support (\$403.1 million).
- ❖ Procurement of 127 Stryker vehicles for the Stryker Brigade Combat Teams (SBCTs) (\$1.039 million), including 87 Mobile Gun Systems, 18 NBC Recon vehicles and 22 Commanders' Vehicles.
- ❖ Procurement of 126 Joint Lightweight 155mm Howitzers for SBCTs one through seven (\$270.3 million).
- ❖ Procurement of 59,450 M4 Carbine/Combat Optics Machine Guns in support of BCT modularity efforts (\$97.6 million).
- ❖ Aviation Modernization. This budget provides 37 Armed Reconnaissance Helicopters (\$468 million); 44 Light Utility Helicopters (\$230 million); six new and 23 remanufactured "F" model CH-47s (\$771 million); Apache upgrades/conversions, including 36 Longbow (Block II) models, Target Acquisition Designation Sight (TADS)/Pilot Night Vision Sensors (PNVS),

and other safety and reliability modifications (\$712 million); 42 Black Hawk aircraft (\$705 million); and aircraft survivability equipment (\$414 million).

- ❖ Procurement of 108 Patriot Advanced Capability (PAC-3) missiles. Thirty-four percent (\$473 million) of the Missile Procurement, Army appropriation is for PAC-3.
- ❖ Family of Heavy Tactical Vehicles program and associated equipment (\$483 million). Funding covers Palletized Load Systems, flatracks, Container Handling System, Movement Tracking System and Heavy Expanded Mobility Tactical Trucks (HEMTTs) to fulfill the Army’s Tactical Wheeled Vehicle Modernization Strategy.
- ❖ Family of Medium Tactical Vehicles (FMTV) program (\$828 million). Replaces 2,862 over-aged 2.5-ton and 5-ton trucks to fulfill the Army’s Tactical Wheeled Vehicle Modernization Strategy.
- ❖ The High Mobility Multipurpose Wheeled Vehicle (HMMWV) program (\$596 million). Procures a total of 3,268 HMMWVs, including M1151A1s, M1152A1s and M1165A1s with integrated armor.
- ❖ The Bridge to Future Networks (\$433 million). Funding provides equipment for Integrated Theater Signal Battalions (ITSBs), and sustainment and technical support for Area Common User System Modernization (ACUS Mod). It also procures one Joint Network Node Hub, and 16 JNN and 71 Battalion Command Post Nodes.
- ❖ Tactical Operations Center (\$394 million). Funding provides commanders and their staffs with digital platforms and command information centers that offer real-time situational awareness and enable them to stay in constant contact during operations. The tactical operations center allows battle command to be executed from an environmentally controlled modular shelter that is both deployable and supportable.

The Army’s Top 10 Research, Development and Acquisition Programs based on total dollar value are shown in the table below:

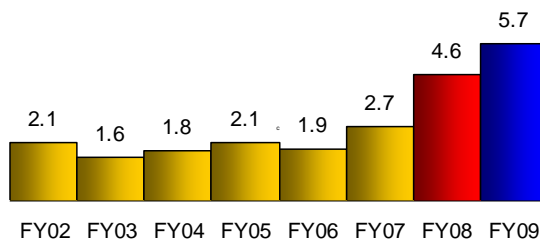
**The Army’s Top 10 FY08 Research, Development and Acquisition Programs**

<b>System</b>	<b>(\$M)</b>
<b>Future Combat Systems (includes NLOS-C/NLOS-LS)</b>	<b>3,563</b>
<b>Training Ammunition</b>	<b>1,408</b>
<b>Stryker Vehicle</b>	<b>1,039</b>
<b>Family of Medium Tactical Vehicles</b>	<b>828</b>
<b>AH-64 Apache Mods</b>	<b>712</b>
<b>UH-60 Blackhawk</b>	<b>705</b>
<b>M1 Abrams Modifications and Retrofit</b>	<b>642</b>
<b>HMMWV</b>	<b>596</b>
<b>CH-47 Chinook Mods</b>	<b>580</b>
<b>Joint Land Attack Cruise Missile Defense (JLENS)</b>	<b>481</b>

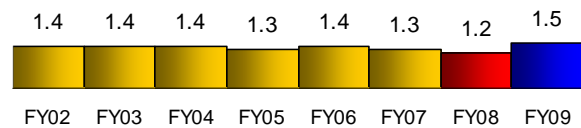
## Military Construction and Family Housing Budgeting for Construction

The FY08/09 Military Construction budget provides new and renovated military facilities for the active and reserve components. The FY08/09 Army Family Housing budget request increases resources to improve the well-being of Soldiers' families. Figures for FY08 and FY09 are shown below.

**Military Construction Budget Request (\$B)**



**Army Family Housing Budget Request (\$B)**



The Military Construction budget requests are \$4.6 billion for FY08 and \$5.7 billion for FY09. This program focuses on improving living conditions and support facilities for Soldiers and their families. Key categories of construction projects are summarized in the table below (millions of dollars).

FY08	FY09	Military Construction Description
1,892	1,276	Barracks & community facilities
786	767	Army Modular Force projects
174	296	National Guard training facilities
89	88	Army Reserve training facilities
2,085	3,658	Grow the Force

With this budget, the Army continues its program to eliminate inadequate family housing. The FY08 request provides 138 new homes through traditional AFH construction and privatizes 3,998 existing homes at three installations. The FY09 budget provides 326 new homes through traditional AFH construction and investment funds for 327 units being privatized or improved. We also will privatize 2,510 homes at three other installations requiring no government investment.

<b>FY08 (\$M)</b>	<b>FY09 (\$M)</b>	<b>Army Family Housing Construction</b>
54	154	Construction and renovation
99	66	Army investment in public-private partnerships
266	542	Grow the Force

The Army Family Housing Operations budget supports the operation, maintenance and oversight of homes in the United States and overseas. The FY08 budget provides funding for 32,159 Army-owned, 11,836 leased and 78,426 privatized homes. The FY09 budget provides funding for 26,561 Army-owned, 9,094 leased and 84,655 privatized homes.

<b>FY08 (\$M)</b>	<b>FY09 (\$M)</b>	<b>Army Family Housing Operations</b>
731	632	Operation, Maintenance and Oversight
12	87	Grow the Force

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

The Army Performance Budget integrates budgetary resources with annual performance planning as required by the Government Performance and Results Act (GPRA). It combines strategic planning guidance objectives and performance management goals of the President's Management Agenda (PMA) within the risk management framework of the Quadrennial Defense Review, Department of Defense strategic goals and the Secretary of the Army's strategic initiatives.

The Army Performance Budget provides a Strategic Overview; Performance Assessment Forms (PAFs) for 144 Army performance measures, which account for 100 percent of the Army's FY08/09 President's Budget; and five Army Performance Assessment Rating Tools (PARTs). PAFs describe the resources the Army needs for each program, the performance expected in FY08 and the actual performance for FY06 (the most recent data available). The Performance Budget also shows the alignment of Army programs with the Secretary of the Army's strategic objectives.

### **Base Realignment and Closure (BRAC) 2005**

BRAC 2005 will close 12 active and 176 United States Army Reserve installations, eight active-component leased facilities and 211 Army National Guard facilities (upon agreement of the state governors). It also will realign the USAR command and control structure; and create Training Centers of Excellence at Ft. Sill, OK, Ft. Benning, GA, and Ft. Lee, VA, and Joint Technical Research Facilities in Huntsville, AL.

The FY08 budget for BRAC activities is \$4.0 billion, with \$724 million of this amount planned for Global Defense Posture Realignment (GDPR) actions. The Army intends to execute 89 major construction projects: 14 GDPR construction projects at Forts Bliss and Riley; 31 National Guard and Reserve construction projects in 19 states; and 44 active-component construction projects throughout the Army. Additionally, the Army will continue to conduct Environmental Condition of Property studies for disposal and transfer of property, as well as cleanup efforts at installations scheduled to close in FY08.

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