

Increasing Challenges to DoD Funding & Program Priorities, under both 2010 base budget & pending 2009 Supplemental

By:

James McAleese, Esq.
Principal
McAleese & Associates, P.C.

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McAleese & Associates, P.C.
7918 Jones Branch Drive
Suite 430
McLean, Virginia 22102
Tel: (703) 917-8900/Fax: (703) 917-8911
jmcaleese@mcaleese.com

Primary Conclusions

- Secretary Gates targeted “Over-programmed” RDT&E Accounts, driven by modest 2% real-growth in 2010 DoD Funding; with primary exception of USAF.
- Secretary Gates’ proposed “cuts” to Army were limited to FCS’ MGV, while OSD adopted majority of Navy’s Shipbuilding Plan. Proposed “cuts” to USAF were the most severe; coupled with shifting of “DoD-wide” funding to SOF-expansion, “Human Capital” & “Soft Power” Initiatives.
- Emerging Themes from New Administration, strongly suggest that: (1) Army is not receiving sufficient Procurement Funding; and (2) that OSD will also evaluate additional “changes” to USAF & Navy Programs during QDR.
- Administration proposed major funding reductions in 2009 Supplemental Request, targeted at both Army “Tracked Combat Vehicles” & “Communications”; plus both Navy & USAF “Aircraft” Procurement.
- Contrary to “OIF Draw-down” expectations, Service Contractors are fully funded for CENTCOM Operations through 2009, and presumably 2010.
- Administration is generating Savings in 2009 Supplemental, by effectively extending “O&M” Funding on “flat-line” basis, while disproportionately cutting “Procurement”, to even well-below 2007 OPTEMPO Requirements.
- Vast majority of the ~\$42B in 2009 Supplemental “Draw-down”, is driven by: (1) natural reduction of ~\$10B in “Force Protection”; plus (2) additional \$27B targeted cuts in Procurement, (primarily Army, and secondarily Navy & USAF).

Back-up Chart

- Severe “Draw-down” in “OIF Funding” in 2009 Supplemental is primarily driven by contraction in Procurement, and not O&M; which directly threatens Army & USMC “Reconstitution” requirements for both immediate Readiness & OEF Campaign.

Secretary Gates targeted “Over-programmed” RDT&E Accounts, driven by modest 2% real-growth in 2010 DoD Funding; with primary exception of USAF.

(Excerpts from Secretary Gates’ Briefing at the Pentagon on April 6, 2009).

- ***“First, we will increase intelligence, surveillance and reconnaissance support for the warfighter in the base budget by some \$2 billion. This will include fielding and sustaining 50 Predator and Reaper class unmanned aerial vehicle orbits by FY '11 and maximizing their production.”***
- ***“Second, we will also spend \$500 million more in the base budget than last year to increase our capacity to field and sustain more helicopters, a capability that is in urgent demand in Afghanistan. Today the primary limitation on helicopter capacity is not airframes but shortages of maintenance crews and pilots, so our focus will be on recruiting and training more Army helicopter crews.”***
- ***“Third, to boost global-partnership-capacity efforts, we will increase funding by \$500 million. These initiatives include training and equipping foreign militaries to undertake counterterrorism and stability operations.”***
- ***“Fourth, to grow our special operations capabilities, we will increase personnel by more than 2,800, or 5 percent, and will buy more special-forces-optimized lift, mobility and refueling aircraft.”***
- ***“Fifth, we will increase the buy of littoral combat ships -- a key capability for presence, stability and counterinsurgency operations in coastal regions -- from two to three ships in FY '10. Our goal is eventually to acquire 55 of these ships.”***
- ***“Seventh, we will stop the growth of Army brigade combat teams, BCTs, at 45 versus 48, while maintaining the planned increase in end strength of 547,000. This will ensure that we have better-manned units ready to deploy, and help put an end to the routine use of stop-loss.”***
- ***“[T]o sustain U.S. air superiority, I am committed to building a fifth-generation tactical fighter capability that can be produced in quantity at sustainable cost. Therefore, I will recommend increasing the buy of the F-35 Joint Strike Fighter from the 14 aircraft bought in '09, to 30 in FY '10, with a corresponding funding increase from \$6.8 billion to \$11.2 billion. We would plan to buy 513 F-35s over the five-year defense plan, and ultimately plan to buy 2,443. For naval aviation, we will buy 31 F/A-18s in FY '10.”***

- **“[W]e will end production of the F-22 fighter at 187, representing 183 planes in the current program, plus four recommended for inclusion in the FY 2009 supplemental.”**
- **“Fourth, to better protect our forces and those of our allies in theater from ballistic missile attack, we will add \$700 million to field more of our most capable theater missile defense systems; specifically, the Terminal High Altitude Area Defense, THAAD, and the Standard Missile-3 programs.”**
- **“Fifth, we will add \$200 million to fund the conversion of six additional Aegis ships to provide ballistic-missile-defense capabilities.”**
- **“Seventh, to replace the Air Force's aging tanker fleet, we will maintain the KC-X aerial refueling tanker schedule and funding, with the intent to solicit bids this summer.”**
- **“Eighth, with regard to our nuclear and strategic forces, in FY '10 we will begin the replacement program for the Ohio-class ballistic-missile submarine program.”**
- **“We will not pursue a development program for a follow-on Air Force bomber until we have a better understanding of the need, the requirement and the technology. We will examine all of our strategic requirements during the Quadrennial Defense Review, the Nuclear Posture Review, and in light of post-START arms control negotiations.”**
- **“Ninth, the healthy margin of dominance at sea provided by America's existing battle fleet makes it prudent to slow production of several major surface combatants and other maritime programs. We will shift the Navy aircraft carrier program to a five-year build cycle, placing it on a more fiscally sustainable path. This will result in 10 carriers after 2040.”**
- **“We will delay the Navy's CG(X) next-generation cruiser program to revisit both the requirements and acquisition strategy. We will delay amphibious-ship and sea-basing programs, such as the 11th landing platform dock ship and the mobile landing platform ship, to FY '11...”**
- **“Tenth, with regard to airlift, we will complete the production of the C-17 airlifter program this fiscal year. Our analysis concludes that we have enough C-17s, with the 205 already in the force and currently in production.”**
- **“This budget will support these goals by increasing the size of -- defense acquisition workforce, converting 11,000 contractors to full-time government employees and hiring 9,000 more government acquisition professionals by 2015, beginning with 4,100 -- in FY '10.”**
- **“I recommend that we terminate the VH-71 presidential helicopter.... Today, the program is estimated to cost over \$13 billion, has fallen six years behind schedule and runs the risk of not delivering the requested capability. Some have suggested that we should adjust the program by buying only the lower-capability Increment 1 option.... **We will promptly develop options for an FY '11 follow-on program.**”**

- **“[W]e will terminate the Air Force Combat Search and Rescue X helicopter program. This program has a troubled acquisition history and raises the fundamental question of whether this important mission can only be accomplished by yet another single-service solution with a single-purpose aircraft. We will take a fresh look at the requirement behind this program and develop a more sustainable approach.”**
- **“Third, we will terminate the \$26 billion transformational satellite program, TSAT, and instead will purchase two more advanced-extremely-high-frequency satellites as alternatives.”**
- **“Fourth, in the area of missile defense, we will restructure the program to focus on the rogue state and theater missile threat. We will not increase the number of current ground-based interceptors in Alaska...but we will continue to robustly fund research and development to improve the capability we already have to defend against long-range rogue missile threats, a threat North Korea's missile launch this past weekend reminds us is real.”**
- **“We will cancel the second Airborne Laser Prototype Aircraft. We'll keep the existing aircraft and shift the program to an R&D effort. The ABL program has significant affordability and technology problems, and the program's proposed operational role is highly questionable.”**
- **“[W]e will include funds to complete the buy of two Navy destroyers in FY '10. These plans depend on being able to work out contracts to allow the Navy to efficiently build all three DDG-1000 class ships at the Bath Iron Works in Maine and to smoothly restart the DDG-51 Aegis destroyer program at Northrop Grumman's Ingalls shipyard in Mississippi.”**
- **“Sixth and finally, we will significantly restructure the Army's Future Combat Systems program. We will retain and accelerate the initial increment of the program to spin out technology enhancements to all combat brigades. However, I have concluded that there are significant unanswered questions concerning the FCS vehicle design strategy. I'm also concerned that, despite some adjustments, the FCS vehicles -- where lower weight, higher fuel efficiency and greater information awareness are expected to compensate for less armor -- do not adequately reflect the lessons of counterinsurgency and close-quarters combat in Iraq and Afghanistan. The current vehicle program developed nine years ago does not include a role for our recent \$25-billion investment in the MRAP vehicles being used to good effect in today's conflicts...Accordingly, I will recommend that we cancel the vehicle component of the current FCS program, reevaluate the requirements, technology and approach and then re-launch the Army's vehicle modernization program, including a competitive bidding process.”**
- **“Under this budget request, we will reduce the number of support-service contractors from our current 39 percent of the Pentagon workforce, to the pre-2001 level of 26 percent, and replace them with full-time government employees. Our goal is to hire as many as 13,000 new civil servants in FY '10 to replace contractors, and up to 30,000 new civil servants in place of contractors over the next five years.”**

Secretary Gates' proposed "cuts" to Army were limited to FCS' MGV, and OSD adopted majority of Navy's Shipbuilding Plan. Proposed "cuts" to USAF were the most severe; coupled with shifting of "DoD-wide" funding to SOF expansion, "Human Capital" & "Soft Power" Initiatives.

(Paraphrased from Secretary Gates' April 6, 2009 announcement. Only includes Primary Programs).

Army	Navy	USAF	"DoD-wide"/Other
<p>•Proceed with funding of <u>FCS Network</u>, and accelerate "<u>Spin-outs</u>" of <u>Sensors & Munitions to Infantry Brigades</u>. But cancel <u>FCS Manned Ground Vehicles</u>, re-evaluate <u>Requirements</u>, and <u>recompete (MGV)</u>. (MGV only receives ~\$750M/year of \$3.5B FCS funding. Expect Congress to seek to support Army, by adding funding for <u>Abrams Upgrades (GD)</u>; <u>Bradley Upgrades (BAE)</u>; and mixture of <u>Stryker/Bradley</u> fresh production to begin replacing Vietnam-era M113. Also expect Congress to prioritize <u>NLOS-C</u> for accelerated production). (GD/BAE, BA/SAIC).</p>	<p>•Fund remainder of 3rd <u>DDG-1000</u> order from 2009. Order initial <u>DDG-51</u> Ship in 2010 as well. (Agreement-in-principle among Navy/GD/NOC, for GD to build all 3 <u>DDG-1000</u> orders, while NOC will "re-start" <u>DDG-51</u> production. Also benefit to RTN as "CSI" for DDG-1000, and benefit to LMT as CSI for DDG-51).</p>	<p>•Cancel <u>F-22</u> production in 2009, plus 4 final orders in pending Supplemental. Instead, proceed with procurement of 513 <u>F-35</u> orders by USAF/Navy/USMC from 2010-2015, with planned "doubling of production orders" in 2010. (Be alert to strong Congressional reaction). (\$11.2B expected in 2010, should include current \$6.8B funding; plus ~\$500M RDT&E acceleration; plus ~\$3.2B for 16 more orders; plus ~\$700M for additional test aircraft & Management Reserve). (LMT).</p>	<p>•Reduction of \$1.4B from ~\$9.6B annual <u>MDA</u> Account. (Primarily BA).</p>
<p>•Freezing "stand-up" of Brigade Combat Teams at 45 (48 planned), to fully-man immediate BCTs. Intended to minimize "Stop-loss". (Could defer Procurement of both Trucks & Communications. Impact TBD).</p>	<p>•Purchase at least 31 <u>F/A-18 E/F</u> in 2010. (Be alert to potential for separate <u>Growler</u> orders in 2010 base request. Plus, watch for potential Congressional Super Hornet "plus-up" & MYP. OSD also eliminated expected 8-9 <u>Super Hornet/Growler</u> orders from pending Supplemental Request). (BA).</p>	<p>•Abstain from re-adding <u>C-17</u> into base USAF "<u>Airlift Procurement Account</u>". (Expect Congress to fund ~15 <u>C-17</u> aircraft at ~\$3.6B in imminent Supplemental as "plus-up"). (BA). (Be alert that adding <u>C-17</u> back into USAF Airlift Procurement Account would become "zero-sum" competitor to <u>KC-X</u> Program).</p>	<p>•Deferral of ~14 additional <u>GMD Interceptors</u> in Alaska (~26-30 now), but increase or continue of RDT&E to improve capability. (BA).</p>
<p>•\$500M to expand <u>Training of Army Helicopter Pilots/Air Crews/Ground Crews</u>. (<u>Not</u> targeted at expansion of Army Aviation Procurement Account).</p>	<p>•Order <u>CVN-79</u> in 2013, instead of current plan of 2012. (Should drive need to protect \$3.8B "<u>RCOH</u>" Overhauls in 2009 & 2013). (NOC).</p>	<p>•Re-assessment of <u>NGS/Bomber Program</u>. (Requirements/Schedule/Funding during QDR). (NOC v. LMT/BA).</p>	<p>•Cancellation of eventual <u>ABL</u> production aircraft, with focus on continued <u>Technology Development (BA)</u>.</p>
<p>•\$700M increase to Army for <u>THAAD</u> & Navy for SM-3 Programs. (LMT & RTN). (THAAD funded primarily in "DoD-wide" MDA Account).</p>	<p>•Proceed with planned procurement of 513 <u>F-35</u> orders by USAF/Navy/USMC from 2010-2015, with planned "doubling of production orders" in 2010.</p>	<p>•Cancel <u>CSAR-X</u> competition. Re-evaluate during QDR as Joint Mission. (BA, LMT, UTX).</p>	<p>•Terminate <u>MKV</u> competition. (LMT v. RTN).</p>

Army	Navy	USAF	"DoD-wide"/Other
<ul style="list-style-type: none"> •Expand & accelerate training of <u>Cyber-Security Experts</u> to guard against "Hybrid Warfare" threats of peer competitors (e.g. China, Russia, Iran). 	<ul style="list-style-type: none"> •Cancel <u>VH-71</u> at end of current "Increment I". (Presumably recomplete of 18 Aircraft in "Increment II"; with potential parallel Upgrades to legacy VH-3/VH-60 Fleet). 	<ul style="list-style-type: none"> •\$2B/year increase in <u>ISR</u>, particularly <u>Predator/Reaper</u> Orbits. (Also expect expansion of experimental ISR sensors, as well as ground-fusion capabilities). 	<ul style="list-style-type: none"> •Expand <u>SOF</u> end-strength by 2.8K (5%). (Will increase "DoD-wide" Procurement to equip. Will also increase USAF Aircraft Procurement Account, because USAF buys Airframes for SOCOM).
	<ul style="list-style-type: none"> •Proposed delay in funding the remainder of <u>LPD-17</u> order already funded in 2009, out until 2011. (Congress likely to fund unilaterally). (NOC). 	<ul style="list-style-type: none"> •Proposed retirement of <u>250 F-16/A-10/F-15</u> in 2010; while adopting <u>Armed-UAS</u> as formal part of future USAF TACAIR Force Structure. (Be alert to potential Congressional concerns). 	<ul style="list-style-type: none"> •Strengthening USD(AT&L), DCMA, and Program Offices, by "converting" 11K support contractors to government employees; plus hire 9K additional Acquisition Staff by 2015. (~20K total). (SETA Contractors).
	<ul style="list-style-type: none"> •\$200M for Upgrade of <u>6 additional Aegis</u> (DDG-51/CG-47) to <u>BMD</u> capability. (Also strong indication of continued annual funding of <u>Aegis Sea-based MD</u> from MDA. Also see separate OSD endorsement of "re-start" of <u>DDG-51</u> fresh-production). (LMT). 	<ul style="list-style-type: none"> •Cancel imminent <u>TSAT</u> down-select. (BA vs. LMT). Order 2 additional <u>AEHF</u> Spacecraft from LMT/NOC. (Be alert for potential Congressional support for <u>WGF</u> Spacecraft from BA). 	<ul style="list-style-type: none"> •Curtail/reverse 2001-2008 growth in <u>Service contracting</u>. Hire 13K government FTE in 2010, with 30K total in 2010-2015. (SETA Contractors).
	<ul style="list-style-type: none"> •Initial 2010 funding for <u>SSBN "follow-on"</u> for <u>Sea-based Strategic Deterrent (SSBN(X))</u>. (GD). 	<ul style="list-style-type: none"> •Accelerate "<u>SOF-optimized</u>" <u>lift mobility & refueling aircraft</u>. (Presumably <u>C-130J</u>, <u>V-22</u>, and possibly <u>C-27</u>. Airframes funded by USAF, with "Mission-Equipment" funding from "DoD-wide" Account). 	<ul style="list-style-type: none"> •\$500M increase in "<u>Global Partnership</u>" <u>Stability Operations</u>. ("Soft Power" Initiatives expected to be funded primarily through "DoD-wide", and possibly Army Accounts).
	<ul style="list-style-type: none"> •Proposed delay of <u>MLP</u> order to 2011, from 2010 plan. (Congress likely to fund unilaterally). (GD). 	<ul style="list-style-type: none"> •~\$700M increase for "<u>Nuclear Surety</u>". (Presumably USAF is primary beneficiary). 	
	<ul style="list-style-type: none"> •Adopts planned <u>LCS</u> production ramp-up. (55 Ship-class). (LMT, GD, plus NOC for Mission Modules). 	<ul style="list-style-type: none"> •Expand and accelerate training of <u>Cyber-Security Experts</u> to guard against "Hybrid Warfare" threats of peer competitors (e.g. China, Russia, Iran). 	
	<ul style="list-style-type: none"> •\$700M increase to Army for THAAD & Navy for <u>SM-3</u> Programs. (LMT & RTN). 		
	<ul style="list-style-type: none"> •Continue to delay <u>CG(X)</u>, as <u>Requirements & Acquisition Strategy</u> are re-evaluated. (~\$500M/yr RDT&E to RTN). 		
	<ul style="list-style-type: none"> •Increase charter of <u>JHSV</u> Ships to 4. (Navy/Army). 		

Emerging Themes from New Administration, strongly suggest that: (1) Army is not receiving sufficient Procurement Funding; and (2) that OSD will also evaluate additional “changes” to USAF & Navy Programs during QDR.

- Administration is already contracting Supplemental funding, by:
 - (1) “Flat-lining” O&M, (from 2008 into 2009);
 - (2) Benefiting from falling “Force Protection” funding, (primarily MRAP-driven); and
 - (3) Delaying/reducing “Equipment Reconstitution”, (primarily targeted at Procurement). This directly-threatens Army’s clear need for 2 full-years of Reset/Upgrade Funding, after eventual OIF/OEF re-deployment occurs.
- Immediate trends in pending 2009 Supplemental, suggest that contraction in OIF funding will likely fall at significantly greater rate & magnitude, than OEF funding increases, even though short-term end-strength deployment remains constant at ~185K Troops. (Immediate Supplemental Request suggests eventual contraction of up to ~\$5 in OIF funding, for each ~\$1 growth in OEF funding). Limited duration of remainder of FY2009 masks “full Resourcing” that will be required for Army & USMC in OEF Campaign during 2010-2011, (particularly O&M and Procurement).
- “Mini-surge” in Afghanistan will require major expansion of agricultural, infrastructure & economic aid as well. (Driven by mountainous-topography; lack of transportation infrastructure; severe poverty; massive illiteracy; lack of public communications infrastructure; “narco-terrorism”; lack of unbiased law enforcement & courts; and tribal perception of endemic corruption in National Government).
- Recent OSD “cuts” to 2010 base budget were primarily targeted at DoD’s RDT&E Account (not Procurement), because of “over-programmed” result under ~2% real-growth funding increase, (~4% total 2010 base growth, from \$515B in 2009, to \$534B in 2010). (Primary exception was USAF, where OSD also targeted F-22 “hot production”).
- While DoD is still committed to “two-nearly-simultaneous-Major-Regional-Conflicts”, evolving Force Structure construct anticipates that only one of those conflicts will be a platform-intensive “Major Combat Operation”, while the other conflict will be a “long-duration-irregular-Warfare-Campaign”. This distinction between “Capability” (for Major-Combat-Operations), versus “Capacity” (to provide “rotational-forward-presence”), has direct impact of:
 - For Army, “Capacity” requirement drives end-strength, with “must-pay-bills” for Operations & Support, which inherently-competes against future Army Procurement. (OMB/OSD must provide Army with both adequate Top-line funding growth in 2010-2012 base budgets; plus sufficient Supplemental Procurement funding for vital “OPA” and “W&TCV” Accounts, particularly given OSD-directed delay in FCS-MGV).

- For **Navy**, this weakens requirement for “**high-end**” **Surface Combatants (DDG-1000)**; favoring **Littoral Combat Ships**, expansion of **DDG-51** fleet, plus **Virginia-Class Submarines (NSSN)** & **MMA/P-8** Programs to counter China diesel-electric Submarine threat.
- For **USAF**, this increases both **Airlift & Aerial Refueling requirements**, while directly-reducing significant portion of previous “**high-end**” **TACAIR** requirements, (due to reduction to only one “Major Combat Operation”, against regional or near-peer competitor).
- **Recapitalization is now directly constrained by “Affordability” limitations.** New Administration is focused on:
 - “**Cost Predictability**”;
 - “**Program Affordability**”, (targeting of “**Exquisite Programs**”);
 - “**Multi-Mission Platforms**”, (“**Portfolio Mix**” review will now continue in QDR);
 - **Compressed-Development-Schedule** for “**Minimalist Platforms**”;
 - “**Elimination of Duplicative Programs**”;
 - **There appears to be strong potential of second round of “additional cuts” during QDR, which will then appear in 2011 Budget.**
 - **Services should take pro-active measures now, to propose “Alternate Options” for Requirements, Schedule, Acquisition Strategy, and Cost, to demonstrate “Affordability”, with equal priority as Lethality, Combat Capability, and Survivability.**
- **OSD-directed recompetition of FCS’ Manned Ground Vehicles will likely trigger additional/interim Abrams & Bradley Upgrades; plus increasing potential of Congressional direction for replacement of Vietnam-era M113 fleet, (e.g., through potential mixture of Stryker/Bradley fresh-production, driven by specific mission requirements). Direction for MGV recompetition creates potential for ~2-5 year slip in Recapitalization of Army’s Tracked Combat Vehicle Fleet. (“W&TCV” Account).**
- **Separately, Wheeled Tactical Vehicle orders (“OPA” funded), should peak by 2010, as Army completes growth of the 6 new Infantry Brigade Combat Teams.** (Be alert to potential impact from OSD direction to delay “stand-up” of all 48 planned BCTs). **Expected contraction in DoD Supplementals by 2011-2012, will impact fresh production of HMMWV; FMTV; and FHTV.** But “**Reset**” requirements should also surge over next two-years, as degraded-vehicles return from OIF; coupled with “fresh production” & “Reset” for Troop-strength surge in Afghanistan.
- **Regarding Army/USMC Joint Light Tactical Vehicle (JLTV) Program, new Administration will likely scrutinize both “Capability v. Capacity”, and “Affordability-constraints”.** (Two variables of “Unit-Cost”, plus technical maturity to commence initial production by 2011-2012, could decide eventual outcome). **Anticipate “MGV-like” review of JLTV Program by OMB/OSD, focusing on competing “Payload/Protection/Performance”; Procurement Unit-Cost; and “Affordability” of large-volume eventual production of ~144K vehicles.**

Administration proposed major funding reductions in 2009 Supplemental Request, targeted at both Army “Tracked Combat Vehicles” & “Communications”; plus both Navy & USAF “Aircraft” Procurement.

(Only Primary Programs have been included).

Service	Program (only Primary Programs are shown below).	Total FY2009 Funding (in thousands)	FY2009 Bridge Funding (in thousands)	Pending FY2009 Funding Request (in thousands) (April 2009)	OSD-proposed Reprogramming of 2008-2009 Funding for “Milper”
<u>I. Army Procurement</u>					
(1) Aircraft					
	•CH-47 Helicopter (MYP)	(4) \$120,000	\$0	(4) \$120,000	
	•AH-64 MODS	(12) \$354,360	\$0	(12) \$354,360	
	•ASE Infrared CM	(72) \$152,800	\$20,000	(72) \$132,800	
	Total Aircraft	\$846,604	\$84,000	\$8,121,572	-\$36,200
(2) Missiles (TOW & Hellfire)					
	Total Missiles	\$767,141	0	\$767,141	
(3) Weapons & Tracked Combat Vehicles (W&TCV) (~\$5.5B in 2008 GWOT)					
	•Bradley Program	(94) \$394,800	(94) \$394,800	\$0	
	•Stryker Vehicle	(6) \$360,787	\$248,053	(6) \$112,734	
	•Bradley Program Mod	\$541,000	\$0	\$541,000	
	•M1 Abrams Tank Mod	\$425,900	\$47,900	\$378,000	
	•Abrams Upgrade Program	(54) \$230,400	(30) \$130,400	(24) \$100,000	
	Total W&TCV	\$2,506,045	\$822,674	\$1,683,371	
(4) Ammunition					
	•Ammunition Production Base Support	\$9,800	\$0	\$9,800	
	Total Ammunition	\$276,575	\$46,500	\$230,075	-\$210,400
(5) Other Procurement (~\$16.3B in 2008 GWOT)					
(a) Tactical & Support Vehicles					

Service	Program (only Primary Programs are shown below).	Total FY2009 Funding (in thousands)	FY2009 Bridge Funding (in thousands)	Pending FY2009 Funding Request (in thousands) (April 2009)	OSD-proposed Reprogramming of 2008-2009 Funding for "Milper"
Army Procurement (continued)					
	•HMMWV	(5296) \$842,456	\$0	(5296) \$842,456	
	•FMTV	(1918) \$574,121	\$0	(1918) \$574,121	
	•FHTV	(30310) \$1,057,221	(797) \$90,000	(29513) \$967,221	
	•Mine Protection Vehicle Family	(268) \$704,956	\$0	(268) \$704,956	
	•HVY Expanded Mobile Tactical Truck	(1206) \$366,296	(49) \$15,000	(1157) \$351,296	
	•HMMWV Recapitalization Program	(7083) \$510,000	(5420) \$390,219	(1663) \$119,781	
	Total Tactical & Support Vehicles	\$5,067,348	\$745,174	\$4,322,174	
(b) Communications & Electronics Equipment					
	•WIN-T	(19) \$400,590	\$0	(19) \$400,590	
	•SINCGARS-Ground	\$100,000	\$0	\$100,000	
	•Radio, Improved HF (COTS) Family	\$175,555	\$4,855	\$170,700	
	•Warlock	\$354,500	\$0	\$354,500	
	•Night Vision Devices	\$122,500	\$40,000	\$82,500	
	Total Communications & Electronics	\$3,046,239	\$78,876	\$2,967,363	
	Total Other Procurement	\$9,130,622	\$1,009,050	\$8,121,572	-\$224,300
(6) Joint Improvised Explosive Dev Defeat Fund					
		\$3,466,746	\$2,000,000	\$1,466,746	
	Total Army Procurement	\$16,993,733	\$3,962,224	\$13,031,509	
II. Navy Procurement					
(1) Aircraft (Missing 8-9 expected Super Hornet/Growler orders). (~\$3.6B in 2008 GWOT)					
	•UH-1Y/AH-1Z	(4) \$102,400	\$0	(4) \$102,400	
	•MH-60S (MYP)	(2) \$46,100	\$0	(2) \$46,100	

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<u>Navy Procurement (continued)</u>					
	•Common ECM Equipment	\$163,390	\$0	\$163,390	
	Total Aircraft	\$600,999	\$0	\$600,999	
(2) Procurement, Marine Corps					
	Total Procurement, Marine Corps	\$2,203,811	\$565,425	\$1,638,386	
	Total Navy Procurement	\$3,546,043	\$593,373	\$2,952,670	
<u>III. USAF Procurement</u>					
(1) Aircraft (~\$7.1B in 2008 GWOT, with C-130J & C-17 "plus-ups")					
	•F-22	(4) \$600,000	\$0	(4) \$600,000	
	•MQ-9 UAV	(15) \$283,500	(5) \$87,642	(10) \$195,858	
	•C-5 Mods	\$104,800	\$0	\$104,800	
	•C-17A Mods	\$247,200	\$17,000	\$230,200	
	•C-130 Mods	\$198,910	\$9,000	\$189,910	
	•Other Production Charges/Support Equipment	\$641,000	\$0	\$641,000	
	Total Aircraft	\$2,580,660	\$201,842	\$2,378,818	
	Total USAF Procurement	\$6,157,357	\$1,702,486	\$4,454,871	
<u>IV. "Defense-wide" Procurement</u>					
	(1) Mine Resistant Ambush Protected Vehicle Fund	\$4,393,000	\$1,700,000	\$2,693,000	
	Total Defense-wide Procurement	\$4,767,305	\$1,877,237	\$2,890,068	

Contrary to "OIF Draw-down" expectations, Service Contractors are fully funded for CENTCOM Operations through 2009, and presumably 2010.

(Only Primary Accounts or Programs have been included)

Service	Program	Total FY2009 Funding (in thousands)	FY2009 Bridge Funding (in thousands)	Pending FY2009 Funding Request (in thousands) (April 2009)
I. Army Operation & Maintenance, Total		\$59,157,587	\$40,712,831	\$18,444,756
(a) "O&M, Army"		\$51,419,401	\$37,300,000	\$14,119,401
	•Reset	\$7,886,730	\$7,886,730	\$0
(b) "Afghanistan Forces Fund" (usually "DoD-wide")		\$5,606,939	\$2,000,000	\$3,606,939
	•Equipment and Transportation	\$1,667,784	\$234,558	\$1,443,226
	•Sustainment	\$1,337,698	\$480,340	\$857,358
(d) "Pakistan Counterinsurgency Capability Fund"		\$400,000	\$0	\$400,000
II. Navy/USMC Operation & Maintenance, Total		\$10,026,868	\$6,489,566	\$3,357,302
III. USAF Operation & Maintenance, Total		\$11,393,673	\$5,065,043	\$6,328,630
IV. "Defense-wide" Operation & Maintenance, Total		\$8,316,052	\$2,648,569	\$5,667,483
	•Special Operations Command	\$2,402,425	\$954,024	\$1,448,401
	•Defense Security Cooperation Agency	\$1,730,000	\$300,000	\$1,430,000
	•"Other Programs"	\$2,521,675	\$1,144,421	\$1,377,254
V. Total DoD Military Construction Funding ("Milcon")		\$2,113,032	\$0	\$2,113,032
	•Army: Bagram Air Base, OEF	\$82,300	\$0	\$82,300
	•Army: Kandahar, OEF	\$126,150	\$0	\$126,150
	•Army: Sharana, OEF	\$79,200	\$0	\$79,200
	•Army: Tombstone/Bastion, OEF	\$94,100	\$0	\$94,100
	•USAF: Kandahar, OEF	\$84,000	\$0	\$84,000
	•USAF: Tombstone/Bastion, OEF	\$96,250	\$0	\$96,250

Administration is generating Savings in Supplementals, by effectively extending “O&M” Funding on “flat-line” basis, while disproportionately cutting “Procurement”, to even well-below 2007 OPTEMPO Requirements.

Funding by Appropriation Title (\$ in billions)	FY2007 Enacted	FY2008 Enacted	FY2009 Supplemental			[Growth or Contraction of 2009 v. 2008]
			Bridge Enacted	Request	Total	
Military Personnel	17.7	19.1	1.2	16.7	17.9	-\$1.2 (-6.5%)
Operation and Maintenance	87.3	89.3	55.2	34.2	89.4	+\$0.1 (+0.1%)
Procurement	46.7	64.2	6.6	21.8	28.4	-\$35.8 (-55.8%)
RDT&E	0.6	0.9	<0.1	0.4	0.4	-\$0.5 (-56.8%)
Military Construction	1.7	4.2	---	2.1	2.1	-\$2.1 (-50.5%)
Revolving and Management Funds	1.1	2.7	---	0.8	0.8	-\$1.9 (68.6%)
Subtotal	155.3	180.5	63.0	76	139.0	-\$41.5 (-23%)
Additional Request and Non- DoD Classified ¹	14.2	6.6	2.9	3.1	6.1	-\$0.5 (-7.4%)
Total	169.5	187.1	65.9	79.2	145.1	-\$42 (22.4%)

¹ FY2007 enacted total includes \$5.9B of Non-DoD Classified appropriations and \$8.4B of Additional Request (e.g. BCTs/RCTs, Grow the Force, Wounded Warrior); FY 2008 and FY2009 columns include Non-DoD classified funding only.

Vast majority of the ~\$42B in 2009 Supplemental “Draw-down”, is driven by: (1) natural reduction of ~\$10B in “Force Protection”; plus (2) additional \$27B targeted cuts in Procurement, (primarily Army, and secondarily Navy & USAF).

Total DoD Funding by Functional Category (\$ in billions)	FY2007 Enacted	FY2008 Enacted	FY 2009 Supplemental			[Growth or Contraction of 2009 v. 2008]
			Bridge Enacted	Request	Total	
“Continuing the Fight”						
“Operations”	76.6	77.5	38.2	38.0	76.2	-\$1.3 (-1.7%)
“Force Protection” (MRAP-driven)	12.4	23.9	4.5	9.8	14.3	-\$9.6 (-40%)
“IED Defeat”	4.4	4.2	2.0	1.5	3.5	-\$0.7 (-17.5%)
“Military Intelligence Program”	3.4	4.9	1.4	3.8	5.1	+\$0.2 (+4.1%)
“Iraq Security Forces”	5.5	3.0	1.0	0	1.0	-\$2.0 (-66.7%)
“Afghan National Security Forces”	7.4	2.7	2.0	3.6	5.6	+\$2.9 (+107.7%)
“Pakistan Counterinsurgency Capability”	---	---	---	0.4	0.4	---
“Coalition Support”	1.4	1.4	0.3	1.4	1.7	+\$0.3 (+23.6%)
“CERP”	1.0	1.7	1.0	0.5	1.4	-\$0.3 (-17.6%)
“Military Construction” (Only includes OEF/Europe. Excludes remaining \$1.2B Milcon elsewhere).	0.9	1.3	---	0.9	0.9	-\$0.4 (-30.8%)
“Reconstitution” (Reset/Procurement)						
	36.3	50.5	11.6	11.6	23.2	-\$27.3 (-54.1%)
Additional Requests (Secondary Accounts)						
	20.2	16.1	3.9	7.8	10.9	-\$5.2 (-32.3%)
Total	169.5	187.1	65.9	79.2	145.1	-\$42 (-22.4%)

Source: Fiscal Year 2009 Supplemental Request, April 2009, available at:

http://www.defenselink.mil/comptroller/defbudget/fy2009/Supplemental/FY2009_Supplemental_Request/pdfs/FY_2009_Supplemental_Request_04-08-09.pdf

"Reconstitution" (\$ in billions)	FY2007 Enacted	FY2008 Enacted	FY 2009 Supplemental		
			Bridge Enacted	Request	Total
I. Replenishment/Consumables (largely Procurement)					
Army	1.0	1.1	0.1	1.0	1.1
Navy	0.5	0.4	---	0.1	0.1
Marine Corps	0.4	0.4	---	0.3	0.3
Air Force	0.1	0.3	---	0.2	0.2
Total Replenishment	2.0	2.2	0.1	1.6	1.7
II. Repair (O&M-driven/Depots)					
Army	8.5	8.5	7.9	0	7.9
Navy	0.6	0.8	0.4	0.2	0.6
Marine Corps	0.6	0.5	0.5	0.2	0.7
Air Force	0.6	1.4	0.7	0.7	1.4
Total Repair	10.3	11.2	9.5	1.1	10.6
III. Replacement (Procurement/Combat Losses)					
Army	15.0	19.4	1.6	5.8	7.4 [-12 (-62%)]
Navy	1.1	5.7	---	0.5	0.5 [-5.2 (-91%)]
Marine Corps	5.9	2.9	0.2	1.0	1.2 [-1.7 (-59%)]
Air Force	1.4	7.6	0.2	1.1	1.3 [-6.3 (-83%)]
Defense-wide	0.6	1.5	---	0.4	0.4 [-1.1 (-73%)]
Total Replacement	24.0	37.1	2.0	8.8	10.8 [-26.3 (-71%)]
Total Reconstitution	36.3	50.5	11.6	11.6	23.2 [-27.3 (-74%)]

Source: Fiscal Year 2009 Supplemental Request, April 2009, available at:

http://www.defenselink.mil/comptroller/defbudget/fy2009/Supplemental/FY2009_Supplemental_Request/pdfs/FY_2009_Supplemental_Request_04-08-09.pdf

(Continued from Reconstitution Chart)

- “Reconstitution” encompasses maintenance and procurement activities to restore and enhance combat capability to units and pre-positioned equipment that were destroyed, damaged, stressed, or worn beyond economic repair due to combat operations. Reconstitution is funded through a variety of appropriations, and includes the replenishment, replacement, and repair of equipment:
 - (1) “Replenishment” includes conventional ammunition items for all services, such as bombs, artillery rounds, small and medium caliber mortars, shoulder-launched rockets, aircraft launched rockets and flares, demolition materials, grenades, propellant charges, simulators, cartridges and non-lethal munitions. The request also funds precision guided ammunition items such as the Army’s Excalibur artillery round and the Air Force’s Joint Direct Attack Munition (JDAM). The request also funds tactical missiles to replace those expended in combat, such as Hellfire, Javelin, Tube-Launched Optically Tracked Wire Guided (TOW), and Guided Multiple Launched Rockets.
 - (2) “Repair” activities involve the necessary depot and intermediate level maintenance required to restore equipment returning from Iraq and Afghanistan to pre-deployment conditions.
 - (3) “Replacement” is equipment lost in battle or stressed beyond economic repair. This ranges from major platforms such as four F-22A Air Force aircraft and various Army helicopters (e.g., 12 AH-64 and 4 CH-47) to support equipment such as radios, power equipment, and construction equipment.

Source: Fiscal Year 2009 Supplemental Request, April 2009, available at:

http://www.defenselink.mil/comptroller/defbudget/fy2009/Supplemental/FY2009_Supplemental_Request/pdfs/FY_2009_Supplemental_Request_04-08-09.pdf

Back-up Chart

Severe “Draw-down” in “OIF Funding” in 2009 Supplemental is primarily driven by contraction in Procurement, and not O&M; which directly threatens Army & USMC “Reconstitution” requirements for both immediate Readiness & OEF Campaign.

Funding by Military Operation (\$ in billions)	FY2007 Enacted	FY2008 Enacted	FY 2009 Supplemental			[Percentage Change ('08-'09)]
			Bridge Enacted	Request	Total	
Operation Iraqi Freedom (OIF)	122.7	135.1	46.2	40.4	86.6	-\$48.5 (-35.9%)
Operation Enduring Freedom (OEF)	32.6	35.9	15.8	31.1	46.9	+\$11 (+30.6%)
Additional Requests ²	8.4	9.5	1.0	4.7	5.6	-\$3.9 (-41.1%)
Non-DoD Classified	5.9	6.6	2.9	3.1	6.1	-\$0.5 (-7.4%)
Total	169.5	187.1	65.9	79.2	145.1	-\$42 (-22.4%)

² Additional Request amounts include \$3.4B of funds to be cancelled from the Base budget to offset the cost of Additional Requests in the FY2009 Supplemental Request (\$2.2B for Accelerate/Grow the Force; \$0.4B for Family Support; \$0.3B for NCR Acceleration; \$0.5B for Military Personnel).

Source: Fiscal Year 2009 Supplemental Request, April 2009, available at:

http://www.defenselink.mil/comptroller/defbudget/fy2009/Supplemental/FY2009_Supplemental_Request/pdfs/FY_2009_Supplemental_Request_04-08-09.pdf