

BUDGET DECISION BREAKDOWN: BIG HITS IN FY-06, FY-08 AND FY-09

InsideDefense.com, Jan. 6, 2005 -- Program budget decision No. 753, signed Dec. 23 by Deputy Defense Secretary Paul Wolfowitz, cuts a total of nearly \$30 billion from Pentagon spending plans over fiscal years 2006 to 2011, beginning with a major hit in the budget request to be submitted to Congress in early February.

It also adds significant funds to key initiatives, most notably the Army's modularity effort, due for a \$25 billion boost beginning in FY-07.

The 26-page PBD, obtained and first reported by *InsideDefense.com*, shows that the nearly \$30 billion in overall reductions begin with a cut of just under \$6 billion in FY-06. After that, two years of smaller cuts -- \$1.1 billion in FY-07 and \$3.3 billion in FY-08 -- lead to massive reductions in the later years of the six-year spending plan: \$8.4 billion in FY-09 and \$7.4 billion in FY-10, followed by nearly \$3.85 billion in FY-11.

The document directs significant changes to a number of major programs between 2006 and 2011, including:

- * Terminating C-130J cargo aircraft procurement for the Air Force and completing the remaining buy of KC-130J aircraft for the Marine Corps in 2006. Cut: \$5 billion.

- * Shrinking the size of the Air Force F/A-22 program completing the buy in 2008. Cut: \$10.5 billion.

- * Restructuring missile defense programs. Cut: \$5 billion.

- * Trimming two ships from the Navy's next-generation DD(X) destroyer program. Cut: \$2.5 billion.

- * Eliminating the procurement of the San Antonio-class amphibious ship LPD-17 in 2008. Cut: \$952 million.

- * Reducing Virginia-class submarine procurement to one ship per year. Cut: \$5.3 billion.

- * Terminating the Joint Common Missile Program. Cut: \$2.3 billion.

- * Delaying by two years initial operating capability for the Expeditionary Fighting Vehicle program. Cut: \$1.5 billion.

- * Reducing the procurement ramp for the V-22 Osprey program. Cut: \$1.2 billion.

- * Terminating the Joint Warfare Simulation program. Cut: \$50 million.

- * Terminating the Air Force's Wind Corrected Munitions Dispenser Extended Range program. Cut: \$403 million.

- * Restructuring the Air Force's E-10A aircraft program. Cut: \$600 million.

- * Restructuring the Transformational Satellite program. Cut: \$400 million.

- * Restructuring the NATO Alliance Ground Surveillance program. Cut: \$476 million.

- * Retiring in 2006 the aircraft carrier Kennedy, trimming today's fleet of 12 aircraft carriers by one. Cut: \$1.2 billion.

- * Restructuring the Joint Unmanned Combat Air Systems program. Cut: \$1 billion.

- * Approving Army plans to convert 10,000 non-essential military slots to civilian jobs and fill only half of those slots. Cut: \$2.2 billion.

- * Reducing planned contracting support to DOD. Cut: \$12 billion.

- * Reducing study and "other initiatives" for Office of the Secretary of Defense organizations. Cut: \$464 million.

- * Approving Army plans to re-engineer its business practices. Cut: \$4.5 billion.

- * Terminating the Family of Interoperable Pictures/Single Integrated Ground Picture program. Cut: \$230 million.

- * Cutting management headquarters activities supporting the Pentagon. Cut: \$600 million.

- * Approving Air Force "efficiencies." Cut: \$503 million.

The Army, which in the last few years has watched its top two modernization priorities -- the Crusader artillery system and its Comanche armed reconnaissance helicopter program -- terminated, sees a major windfall. The budget documents direct the addition of \$5 billion a year between 2007 and 2011 to assist the service in reorganizing into brigade-size units.

The Air Force's Space-Based Radar gets a major boost -- \$592 million -- in the Dec. 23 budget decision, with the Pentagon planning for a first launch in 2015. Also, the service's Advanced Extremely High Frequency satellite program gets a \$825 million increase to support a first launch in 2008. This is accompanied by a delay, from 2006 to 2008, of the procurement of the Evolved Expendable Launch Vehicle.

The Navy gets a \$600 million increase across the six-year budget period to design an "undersea superiority system" to deliver capabilities lost by the reduced purchases of Virginia-class submarines. These funds may not be used by the Navy for submarine programs, according to the budget document.

Other boosts in the PBD include:

- * \$2.2 billion added for weapons of mass destruction defense activities, including the chemical and biological defense program and the Defense Health Program.

- * \$362 million to enhance the Defense Language Institute Foreign Language Center.

Untouched in the budget adjustment is the Joint Strike Fighter program. -- *Jason Sherman*

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InsideDefense.com broke the story of PBD NO. 753, which outlined a bevy of major defense budget cuts, on Dec. 30.

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