The new defense budget sticks to the script—with the Air Force in a starring role.

Transformation, Take 2

With its new $402 billion defense budget, the Bush Administration reaffirmed its oft-stated conviction that advanced technologies hold the key to future US military power. And the Air Force benefits the most this time around.

The new 2005 spending blueprint continues the Pentagon’s push toward transformation by selectively funding the procurement of advanced new systems and the upgrading of older ones.

The plan for next year emphasizes systems that offer stealth, precision, range, a capacity for multiple missions, and the ability to feed useful data into a military information network. It also provides significant funds for new military space systems.

The Pentagon allocated $121 billion to the Air Force, the most of
The triservice F-35 Joint Strike Fighter needs $4.6 billion in the 2005 budget; half from the Air Force, half from the Navy Department. Weight problems have forced a program restructuring for the F-35.

Dov S. Zakheim, who briefed reporters on the 2005 budget before leaving his post as DOD comptroller, said that the Pentagon plans to conduct a thorough review of most major weapon systems every two years, as part of its shift to the biennial budget cycle. Later this year, he said, as the department begins work on the 2006 budget, it will review aircraft and shipbuilding programs.

The program amounts listed below cover both procurement and research, development, test, and evaluation (RDT&E) funding.

- Tactical Air. USAF has $4.7 billion for 24 new stealthy F/A-22s. The Air Force is still committed to a “buy-to-budget” plan for the F/A-22 that would enable the service to buy as many aircraft as it can within its F/A-22 topline. Although Congress prohibited USAF from doing that last year, Zakheim said he doesn’t “think it’s going to be as big an issue” this year because of the growing program stability. However, the program is in the midst of several reviews, one at the request of the White House. (See “The F/A-22 Force Forms Up,” April, p. 34.)

- The budget provides $4.6 billion to cover restructuring of the F-35 Joint Strike Fighter program. The Pentagon had to delay the program by one year and shift more funds into RDT&E to overcome the fighter’s weight growth problem. (See “The

any military service. That figure represents a one-year, after-inflation increase of 7.1 percent, also the most of any branch of the armed forces.

The money would finance, among other programs, 24 of the premier F/A-22 fighters and additional development of the F-35 Joint Strike Fighter. Also included in the spending plan was money for unmanned surveillance aircraft, unmanned combat air systems, and advanced airlifters. The Air Force would get three V-22 Osprey tilt-rotor aircraft in 2005.

According to Pentagon officials, the Air Force budget contains lots of “pass-throughs,” meaning an unusually large amount for intelligence. It is money the Air Force manages for the Intelligence Community.

Pentagon officials said the big new budget also helps to modernize the Army and gives the Navy and Marine Corps a new and highly capable assortment of new ships, aircraft, and weapons.

Though the emphasis was on high-tech systems, Pentagon officials argued that the new defense budget maintains “prudent” readiness standards, adequately supports military personnel, manages the demand on the force, and improves intelligence capabilities.

The overall procurement request comes to $74.9 billion, roughly $2 billion less than in this year. However, the research and development budget was raised by $3.5 billion to $68.9 billion.

Sticking to the Script

In general, the proposed defense spending plan sticks to the script so powerfully enunciated with this year’s budget: DOD will seek incremental change toward a “transformed” military.

In unveiling their 2005 budget on Feb. 2, Pentagon officials noted it marks the seventh straight annual increase in defense funding, far surpassing this year’s $382 billion. The $402 billion proposal matches or exceed some budgets enacted during the Cold War. However, it falls well short of the Cold War benchmark—the huge Reagan defense budgets of the 1980s.

Moreover, the budget blueprint forecasts annual increases of about $20 billion through Fiscal 2009, which would bring the budget up to about $450 billion in that year, in 2005 dollars. (Note: All figures are presented in 2005 dollars.)

The Administration seeks more money for each service. The one-year increase for the Air Force—$9.6 billion—exceeds those for the Army and the Navy. The Navy/Marine Corps budget comes to $119.3 billion and the Army’s to $97.2 billion. A $10.8 billion increase to $64.7 billion for defense agencies was greater than for any individual service.

The operation and maintenance (O&M), which funds force readiness programs such as flying hours, tank miles, and steaming days, increased from $129.8 billion in 2004 to $140.6 billion in 2005.

The Air Force and Army flying programs did not change. Air Force and Army crews will fly 16.8 hours per month and 13.1 hours per month, respectively. The Navy’s flying hours dropped from 20.8 to 19.2 per month. Its ship steaming days fell from 54 to 51 days per quarter. Army tank miles dropped, from 913 to 899 per month in the new budget.

When it comes to major weapon programs, the defense proposal contained few surprises.

The Army did surprise many by canceling its Comanche scout/attack helicopter program shortly after the budget request was sent to Congress. (See “Washington Watch: Death of Comanche,” April, p. 9.)

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- The budget provides $4.6 billion to cover restructuring of the F-35 Joint Strike Fighter program. The Pentagon had to delay the program by one year and shift more funds into RDT&E to overcome the fighter’s weight growth problem. (See “The
F-35 Gets Real,” March, p. 44.) However, Pentagon officials do not see weight growth as an issue unique to the F-35. The same problem, said Zakheim, has happened with every new aircraft “anywhere in the world in the last 40 years or so.” Despite the program delay, Air Force officials maintain they will still meet their planned in-service date of 2011 for the airplane.

The Navy portion of the budget includes $3.1 billion for 42 F/A-18E/F aircraft, continuing an annual buy to replace F-14s. The Navy also gets $0.6 billion to sustain development of the E-2C Hawkeye and $0.4 billion for development of an advanced electronic warfare F/A-18 variant, the EA-18G Growler, to replace the elderly EA-6B Prowler now jointly used by the Navy, Marine Corps, and Air Force.

The budget includes $1.6 billion for precision munitions to arm tactical aircraft of each service. The request would buy more than 46,000 new weapons, including 15,000 laser guided bombs and 30,000 Joint Direct Attack Munitions, to replace those expended in Operation Iraqi Freedom and to bolster stocks.

Mobility Aircraft. The Air Force requests $4.1 billion to buy 14 C-17 airlifters, sustaining the C-17’s multi-year procurement contract.

No funds were requested for a replacement aerial refueling aircraft because the Air Force’s plan to lease 20 and buy 80 new Boeing KC-767s was put on hold last December. The tanker deal has been under investigation both by the Pentagon inspector general and Congressional committees. There is no indication when the reviews will be completed, said Zakheim. Senior Air Force leaders now say the tanker lease deal may no longer be a valid approach to dealing with the problem of an old and overextended fleet of tankers. (See “Aerospace World, Roche: Tanker Lease Advantage Is Perishable,” May, p. 18.)

The budget provides $1.7 billion for continued development of the basic V-22 tilt-rotor transports and procurement of 11. Despite a series of fatal accidents that halted testing for a time, Zakheim said the V-22, in 2003, went through “some rigorous testing” and it “passed with flying colors.” He said the program is “moving on.” USAF plans to buy a total of 50 of the CV-22 variant.

Space Systems. The Administration is requesting $775 million for a new laser communications satellite—dubbed Transformational Satellite (TSAT) Communications—that Zakheim said will get the services “out of the bandwidth straight jacket.” He called it the “heart” of network-centric warfare because it will provide “so much more communication ... more quickly.” A Global Hawk surveillance image could be transmitted over TSAT in less than a second, whereas, today, a Milstar II satellite would need more than 12 minutes.

Another key space system in the Pentagon’s list of “transforming systems” is the Space Based Radar, for which the budget requests $408 million. SBR is expected to offer ground moving target information, much like USAF’s Joint STARS radar aircraft, but with the ability to see even farther behind enemy lines.

Missile Defense. The Missile Defense Agency’s ballistic missile defense system received a big boost in the budget, up from about $7.8
billion in 2004 to $9.2 billion. Within that request is $900 million to continue development toward fielding, by the end of this calendar year, an initial capability with nine ground-based interceptors and five sea-based interceptors and, by the end of 2005, another 11 ground-based and five sea-based systems.

- Unmanned Aircraft. Several pilotless aircraft programs are funded in the new budget. The single largest dollar program, at $710 million, is the Joint Unmanned Combat Air System (J-UCAS), a merger of Air Force and Navy unmanned combat aircraft programs. The Pentagon plans to conduct an operational assessment for J-UCAS in the 2007-09 time frame. Other programs include USAF’s Predator and Global Hawk unmanned aerial vehicles and the Army’s Shadow tactical UAV. Out of a total of nearly $1.2 billion for these “other” UAVs, the budget requests $309 million for nine Predators and $696 million for four Global Hawks.

- Ground Force Systems. The spending plan contains funding for the Army’s two major programs: the Future Combat System ($3.2 billion) and Stryker ($1 billion). The FCS, which includes systems for both direct fire and indirect fire, is on track for initial operational capability in 2010, according to Pentagon officials. Funding for Stryker will purchase new combat vehicles for the fifth of the Army’s new brigade combat teams.

- Shipbuilding. The budget requests $11.1 billion to buy nine ships, up from seven in 2004. The out-year budget forecasts purchase of an average of 9.6 ships per year—17 in 2009—to maintain a 300-ship force. Of the total for shipbuilding, $1.6 billion will go toward RDT&E for four new ship classes: DD(X) destroyer, Littoral Combat Ship, CG(X) cruiser, and Maritime Pre-position Force (Future) ship. Overall, the Navy may have fewer ships than in the past, but its new ships will have twice the capability of the ones they replace, said defense officials.

- Other Transformational Programs. The budget includes the Joint Tactical Radio System, better known as JTRS (pronounced “jitters”), and cruise missile defense. The JTRS request for $600 million will provide wireless Internet capability for warfighters. A $239 million request for cruise missile defense covers a host of programs, said Zakheim. The goal is to provide some capabilities to defend against cruise missiles in 2008, with the first full units following by 2010.

A key theme of the spending plan is the Pentagon’s push to transform not just systems but operations. By transforming operations, said Zakheim, the Pentagon will increase true combat capability without necessarily spending more money.

The Air Force has been employing and refining for several years its new capabilities-based air and space expeditionary force structure. This year, the Navy began implementing its new fleet response plan, essentially doing away with fixed rotations to be able to deploy more quickly with more firepower. The Army plan to develop the brigade as its core fighting force, said Zakheim, is the first revolutionary change for land forces since Napoleon made divisions the central maneuver unit. Each Army division will now have at least one additional brigade, raising the total number of brigades from 33 to 43 over the next four years. Within five years, the Army goal is to reach 48 brigades, said Zakheim.

Additionally, the Marine Corps is being better aligned with special operations forces, and some special forces missions are being moved “into the general-purpose forces.” All this adds up to “major change” and rapid “evolution of the force,” Zakheim asserted.

No New Troops

A major push by lawmakers last year did not change Administration plans to refrain from requesting an increase in end strength. Several bills have been proposed to add troops to the military’s payroll. Many lawmakers believe that back-to-back deployments of both active and reserve component forces will eventually lead to a mass exodus of troops from the military.

The Administration believes that the Pentagon can gain more capability by rebalancing workloads and ensuring uniformed members are performing military functions. Pentagon leaders argue that personnel costs are high and adding more troops would be unaffordable without displacing needed hardware modernization.

Defense Secretary Donald H. Rumsfeld told lawmakers, “If the war on terror demands it, we will not hesitate to increase force levels even more using our emergency authorities.” The fact that the Pentagon has a combined total of about 2.6 million active and reserve forces but had to resort to an emergency boost of 33,000 troops for the deployment of 130,000 to Iraq, said Rumsfeld, “suggests strongly that the real problem is not the size of
the force, per se, but rather the way the force has been managed and the mix of capabilities at our disposal."

According to the spending plan, the Pentagon will convert some 10,000 military positions to civilian in Fiscal 2004 and has $572 million in the budget to convert another 10,700 in 2005. Rumsfeld said that military personnel filling those positions are to be returned to the operational force.

Rumsfeld also touted the department’s plan to rebalance the active and reserve forces to move “skills that are now found almost exclusively in reserve components” into the active force. Other rebalancing measures both within and between active and reserve forces include shifting troops from low-demand jobs, such as heavy artillery, into high-demand jobs, such as security forces and SOF. The plan calls for some 40,000 troops to be shifted in 2004 and 2005.

Rumsfeld noted that the Army is divesting itself of some missions because they can be better performed by the other services. For example, some air defense and artillery units will be disbanded because those capabilities can be covered by the Air Force.

The Navy actually plans to reduce its manpower by as many as 25,000 billets over the next five years. Adm. Vern Clarke, Chief of Naval Operations, told lawmakers that the Navy can do with fewer sailors because of new automated systems on ships and because the size of the fleet itself is diminishing. However, the Navy wants to use the savings generated to invest in new ships and new combat aircraft.

Quality of Life

The new budget requests a 3.5 percent military pay raise and reduces out-of-pocket housing costs to zero. The military construction request of $5.3 billion and family housing of $4.2 billion keep DOD on track to eliminate unsatisfactory facilities and housing, said officials. The plan will eliminate 90 percent of inadequate family housing by 2007 and completely by 2009, said Rumsfeld. The facilities funding will reduce the recapitalization rate from 138 years in 2004 to 107 years in 2005, with a goal of achieving 67 years, the industry average, by 2008.

The new spending plan includes $17.6 billion for the defense health program and $10.3 billion for an accrual fund to manage the Medicare-eligible military retiree health program, known as Tricare for Life. About half of the TFL amount will fund future benefits for current active duty personnel. The 2005 health care figure also includes $400 million Congress directed last year for expanded Tricare benefits for reservists and their families.

Rumsfeld and other senior defense officials are already telegraphing changes coming for the 2006 budget. The Global Defense Posture Review could result in a complete restructuring of US overseas bases and a greater reliance on allies to carry some of the burden of show-of-force operations.

Moreover, early drafts of a new military strategy suggested that the Pentagon plans to be able to cover more territory without increasing the size of its forces. That could mean new investment in long-range aircraft and supporting tankers.

Nearly $10 billion will be poured into military construction and family housing accounts. DOD’s plan is to eliminate 90 percent of substandard housing by 2007. Pictured are some of the 100 new homes at Ellsworth AFB, S.D.