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AND NON-PROLIFERATION

Fiscal Year 2011 Defense Spending Request:

Briefing Book

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Fiscal Year 2011 Budget Overview

For Fiscal Year (FY) 2011, which begins on October 1, 2010, the Obama Administration has requested a base budget of $548.9 billion for the Department of Defense (DoD). This is $18 billion, or 3.4 percent, above the appropriated Fiscal Year 2010 base budget of $531 billion.

In addition, the Administration has requested $159.3 billion for "Overseas Contingency Operations," to fight the wars in Afghanistan and Iraq.

This brings the Fiscal Year 2011 defense budget request to a total of $708.3 billion.

Further, the Administration has requested an additional $33 billion in emergency supplemental appropriations for Fiscal Year 2010. Including this $33 billion, total appropriated Pentagon spending for Fiscal Year 2010 will equal approximately $693.4 billion, a 4.1 percent increase over Fiscal Year 2009. This total brings us to a 2.1 percent increase in Fiscal Year 2011.

In real terms, this amounts to a $9 billion, or 1.3 percent, increase over Fiscal Year 2010.

These numbers do not include nuclear weapons related spending in the Department of Energy (DoE) or other defense related funding.

In addition to an initial $708 billion, the Administration has requested $18 billion for nuclear weapons activities at Department of Energy and $7 billion for additional non-Pentagon defense related activities. This brings total non-Pentagon defense related spending (053/054) to $25 billion, a $2 billion increase over Fiscal Year 2010.

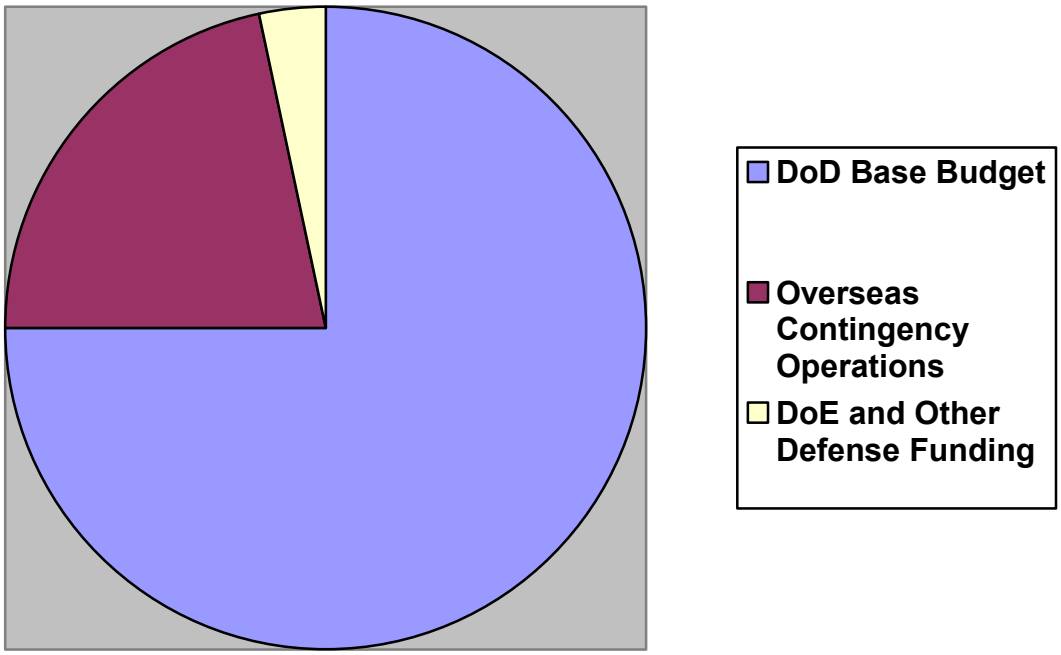
Table 1: Breakdown of FY 2011 Defense Budget Request

(in billions of constant Fiscal Year 2011 dollars)

FY 2011 Funding Request	**Allocated to:**
549	Pentagon Base Budget (051)
159	Wars in Iraq and Afghanistan
25	DoE and Other Defense Related Funding (053/054)
733*	**Total Defense Related Spending Request for FY 2011**

*Note: This number does not include any additional Fiscal Year 2011 supplemental funding to support the wars in Afghanistan and Iraq.

Graph 1: Total Defense-Related Spending Request for Fiscal Year 2011



2010 Weapons Terminations and Reductions

F-22 Raptor Fighter Aircraft

A Cold War relic designed to take on Soviet fighters; the F-22 was long protected by its distribution of contracts across 44 states. However, the program was finally terminated in 2009 at 187 planes. The F-22's termination followed a high-profile battle between Congress and the White House that included a veto threat from President Obama. This cancellation amounts to a savings of $3.5 billion for each year the line would have stayed open.

Future Combat Systems (FCS) Manned Ground Vehicles

Future Combat Systems (FCS), the Army's massive "modernization" program, has increased in cost by more than 75 percent since its inception. In addition, its schedule has been delayed by eight years. Formally launched in 2003, FCS was envisioned to create new brigades equipped with new manned and unmanned vehicles linked by an unprecedented fast and flexible battlefield network and aided by various pieces of other gear. The FCS vehicle-development effort was cancelled in 2009. The rest of the FCS effort has been moved to a new program called the Army Brigade Combat Team Modernization Program. This change will save $24 billion.

Multiple Kill Vehicle (MKV)

The MKV was a planned U.S. missile defense program, the goal of which was to design, develop, and deploy small multiple kinetic energy-based warheads that could intercept and destroy multiple ballistic missiles, including possible decoy targets. MKV was one of several "midcourse" missile defense programs that Secretary Gates announced he would cut back in 2009. The cancellation of the program will save an estimated total of $4 billion through 2015.

Transformational Satellite Communications System (TSAT)

TSAT was slated to become the most expensive Pentagon space program over the next decade. Most recently, the Air Force estimated its cost at $15-20 billion, a $5-10 billion increase over initial estimates. In the course of several program restructurings, the Pentagon dropped the revolutionary laser communications capability TSAT was originally supposed to provide and scaled back the number of users and data volume the system could handle. Future Combat Systems' contraction and the military's decision to opt for fielding several smaller satellites

eventually led to a full cancellation. The cut will save an estimated total of $2.5 billion through 2015.

Combat Search and Rescue (CSAR-X) Helicopter

In 2006, Boeing was crowned the victor against Lockheed Martin and Sikorsky in a competition to produce the CSAR-X, the Air Force's second largest acquisition program. Boeing's version, however, was larger and heavier than the helicopters pitched by the two other companies and had a number of features that rendered it unsuitable for search-and rescue missions. $89 million was included in the Fiscal Year 2010 budget for a "requirements review," but even that was cut. Cancellation of the program will save a total of $3.9 billion through 2013.

2011 Weapons Terminations and Reductions

F-35 Joint Strike Fighter (JSF) Extra Engine

The largest Pentagon weapons program overall, the JSF is an ambitious program to build three related but slightly different aircraft for the Air Force, Navy, and Marine Corps. It is more cost-effective to produce the new JSF platform than to upgrade older systems, which need to be replaced, but face rapidly rising costs. The Pentagon attempted to cut a second source for JSF engines in Fiscal Year 2010, but was blocked by Congress. The House originally added $465 million to its 2010 defense spending bill for the alternate engine, but attempted to pay for it by cutting two of the thirty planes requested by the White House. The Senate then blocked the extra engine but funded all 30 planes, following a Presidential veto threat. In the end, both the second engine and all 30 planes were funded. This year, the Pentagon will try once more to cut the extra engine.

C-17 Globemaster Strategic Airlift Aircraft

Another program that has previously been unsuccessfully slated for cuts is the C-17, a transport aircraft designed to carry large and heavy military cargoes over long distances. Although the Pentagon states that the 205 planes already purchased by the Air Force provide sufficient airlift, Congress added ten extra C-17s to the Fiscal Year 2010 defense spending bill at a cost of $2.5 billion, $2.2 billion for eight planes in the Fiscal Year 2009 supplemental spending bill, and $2.4 billion for ten planes in the Fiscal Year 2008 defense spending bill. Cancellation of the C-17, manufactured by Boeing, would equal an estimated $3 billion in savings each year, but the plane is hard to eliminate, since it supports about 30,000 jobs in over forty states.

Next Generation (CG(X)) Cruiser

The Administration has proposed a termination of the Navy's CG(X) Cruiser, which was envisioned as a multi-mission ship with an emphasis on air and ballistic missile defense. The program has seen increasing delays and rising costs. Rather than procure more CG(X), the Navy will consider other options, including "maturing the air and missile defense radar program and using technologies from other similar kinds of ships such as DDG-1000 and DDG-51 destroyers."

Third Generation Infrared Surveillance (3GIRS)

The Administration has proposed the termination of the 3GIRS program. Instead, they will focus on upgrading the missile detection satellite that is currently in

development, the Space Based Infrared Systems (SBIRS). Technology being developed for the 3GIRS program will be incorporated into future deployments of SBIRS. Additionally, beginning in 2010, the Pentagon will conduct a strategic study of its missile warning architecture.

Net-Enabled Command Capability (NECC)

The Pentagon has recently terminated the NECC since it was unlikely the program would have been completed on time. Rather, the Pentagon will upgrade its current command and control capability, the Global Command and Control Systems (GCCS).

Command Ship Replacement (LCC-R)

The Administration has proposed a delay in the procurement of the Navy's LCC-R beyond 2015. The LCC-R would have replaced the two command ships that the Navy currently operates. Rather, the Navy will extend the service life of the current command ships to 2029. This delay will save approximately $3.8 billion in procurement costs over five years.

Expeditionary Fighting Vehicle (EFV)

Originally conceived in 1995, the EFV was supposed to be a high-speed amphibious assault vehicle that would speed through water at 25 knots and over land at 45 miles an hour. In addition to its unpredictability and rising costs, however, the flat hull that allows the EFV to skim over water also makes it extremely vulnerable to Improvised Explosive Devices (IEDs). In addition, since system development began in 2000, the EFV has had severe cost growth and technological problems. Originally, the Marines planned to procure 1,025 EFVs at a total cost of $8.5 billion. A December 2007 estimate by the Department of Defense predicts that the cost will increase by over 50% to $13.2 billion—a 168% per-vehicle cost. The Administration has proposed a delay in the procurement of the EFV for one year, while maintaining planned EFV research, development, test and evaluation (RDT&E) funding.

Nuclear Weapons and Non-Proliferation

The Administration has proposed $17.7 billion in additional defense-related funding through the Department of Energy. This funding will go primarily to nuclear weapons-related activity. It will also fund an increase in nuclear non-proliferation programs.

The proposed defense budget for the Department of Energy includes an increase of $661 million for weapons activities, to approximately $7 billion, and an increase of $550 million for nuclear non-proliferation programs, to $2.7 billion. This amounts to a 10.4 percent increase in nuclear weapons and a 25.7 percent increase in non-proliferation. A significant portion of the non-proliferation funding will go to the construction of a mixed-oxide (MOX) fuel fabrication plant at the Energy Department's Savannah River site in South Carolina.

Proposed Department of Energy funding also includes large increases for a facility that will expand plutonium production in Los Alamos, New Mexico and for a new highly enriched uranium production facility near Oak Ridge, Tennessee, each estimated to cost about $3 billion. The Chemistry and Metallurgy Research Replacement Project (CMRR) plutonium facility at Los Alamos National Laboratory increased from $97 million in Fiscal Year 2010 to $225 million in Fiscal Year 2011. Y-12's Uranium Processing Facility (UPF) also increased to $115 million from $94 million in Fiscal Year 2010.

In addition, construction costs for Readiness in Technical Base and Facilities (RTBF) operations at the Kansas City Plant (KCP) for non-nuclear components production have increased from $89.9 million in 2009 and $156 million in 2010 to $186 million requested for Fiscal Year 2011, and nuclear dismantlement programs have been cut from $96.1 million in Fiscal Year 2010 to $58 million requested for Fiscal Year 2011.

An increase in funding for the nuclear stockpile management program should dispel any doubts that the U.S. does not have the resources, tools, and expertise needed to maintain a reliable arsenal into the indefinite future and that they can do so without resuming nuclear testing or building newly-designed nuclear warheads.

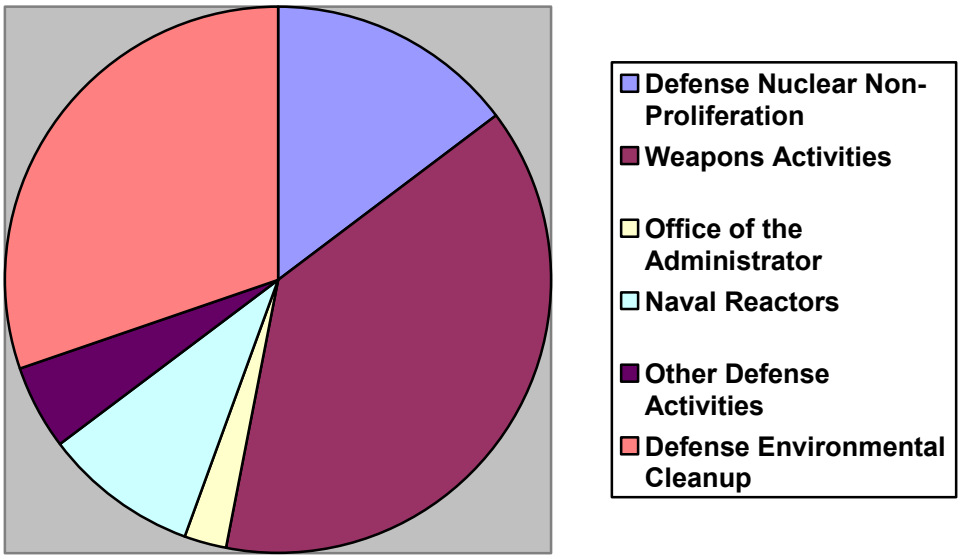
The Fiscal Year 2011 budget does not include any funding for the Reliable Replacement Warhead (RRW).

Table 3: Breakdown of FISCAL YEAR 2011 Department of Energy Defense-Related Budget Request

(in thousands of constant Fiscal Year 2011 dollars)

FY 2011 Funding Request	Allocated to:
2,687,000	Nuclear Non-Proliferation
7,009,000	Weapons Activities
480,000	Office of the Administrator
1,070,000	Naval Reactors
878,000	Other Defense Activities
5,563,000	Defense Environmental Cleanup
17,687,000	**Total DoE Defense-Related Spending Request for FY 2011**

Graph 2: Department of Energy Defense-Related Spending Request for FY 2011



Iraq and Afghanistan War Funding

In Fiscal Year 2010, Congress appropriated an additional $136.8 billion to support the wars in Iraq and Afghanistan. Bills that included war-related funding were the Department of Homeland Security Appropriations Act (H.R. 2892), which was passed on October 28, 2009; the Consolidated Appropriations Act (H.R. 3288), passed on December 16, 2009; and the Department of Defense Appropriations Act (H.R. 3326), passed on December 19, 2009.

The National Priorities Project (NPP) estimates that these appropriations bring total war-related spending for Iraq to $747.3 billion and for Afghanistan to $299 billion, with total war costs of $1.05 trillion.[1]

This does not include an additional $33 billion that is expected in emergency supplemental appropriations for Fiscal Year 2010. This money will support an additional troop "surge" for the ongoing war in Afghanistan as American troops withdraw from Iraq.

With the addition of $159 billion for Overseas Contingency Operations in Fiscal Year 2011, even conservative estimates total war-related spending at well over $1 trillion.

In 2010, the United States will spend more on Afghanistan than any other country in the world spends on defense, with the exception of China. Total U.S. defense spending in 2010, however, will be roughly five times greater than China's military budget. In 2010, the troop increase in Afghanistan will cost $2.5 billion per month, $82 million per day, $3.4 million per hour, $57,000 per minute, and $951 per second.

[1] National Priorities Project tallies cost of war through September 30, 2010. (2010, January 11). *National Priorities Project*.

Programs to Watch: Pentagon and Department of Energy

Long-Range Bomber

The Fiscal Year 2011 defense budget foresees spending about $4 billion over the next five years to maintain the U.S. bomber industrial base, study plans for a possible new bomber, and upgrade existing B-2 and B-52 bombers. Defense analyst Loren Thompson, of the Virginia-based Lexington Institute, has said that it typically costs between $30 and $40 billion to develop and build a new bomber, but much would depend on what the Pentagon's goals were.

Missile Defense

The Obama Administration has made some recent changes to the U.S. missile defense program, cutting proposed spending by 14 percent, from $10.9 billion in Fiscal Year 2009 to $9.3 billion in Fiscal Year 2010, and canceling or drastically scaling back some costly and unworkable systems. These expensive and unproven systems include the Airborne Laser (ABL) and the Kinetic Energy Interceptor (KEI). Additionally, the Obama Administration has reversed the Bush Administration's decision to deploy missile defense components in Poland and the Czech Republic. In Fiscal Year 2011, the Administration is requesting $9.9 billion for missile defense. This total does not include $1.5 billion for the SBIRS-High satellite.

Nuclear Weapons

The Fiscal Year 2011 budget request includes a 10.4 percent increase in funds for nuclear weapons programs. Though specific funds for new nuclear weapons programs are not included in the request, it does include money for the construction of facilities that could expand the U.S. capacity to build new nuclear weapons. A rough estimate suggests that the United States already spends $20 billion per year to operate and maintain U.S. strategic and tactical nuclear delivery vehicles, while another $7 billion goes towards maintaining a huge stockpile of both deployed and reserve nuclear warheads. One such initiative, a Life Extension Program (LEP) for the B-61, currently deployed in Europe, has been particularly controversial, since some European nations have indicated they no longer want the warheads. This program is likely to be one of the first to be revised.

Non-Proliferation

The budget also includes a 25.7 percent increase in funds for non-proliferation, approximately $217 million of which will go to construction of a mixed-oxide (MOX) fuel fabrication plant at the Energy Department's Savannah River site in South Carolina. The plant would convert surplus weapons plutonium into plutonium mixed oxide fuel (MOX) to be “burned” in commercial nuclear reactors. The program, however, suffers from chronic bad management, escalating costs, and technical uncertainties. In 2007, the Department of Energy estimated the MOX plant would cost $4.8 billion. It remains one of the largest single line-item projects in the entire Department of Energy budget.

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