

'04 Budget Request First to Incorporate Bush Priorities

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WASHINGTON, Feb. 5, 2003—The fiscal 2004 defense budget request is the first to incorporate the Bush administration's new defense strategies and priorities, Defense Secretary Donald H. Rumsfeld told the House Armed Services Committee today.

The budget, presented in a time of war, attempts to balance between near-term and long-term risks. The request is \$379.9 billion for fiscal 2004.

The Secretary said the United States must accomplish three challenges at once: successfully fight the global war on terror; prepare for near-term threats by making long-delayed investments in readiness, people, and modernization; and prepare for the future by transforming for the 21st century.

"The 2004 budget request before you today is designed to help us do all three," he told the representatives.

The Secretary said the strategy, and therefore the budget, derives from the Quadrennial Defense Review. In that document, planners identified six goals the military must meet to transform:

- The military must be able to defend the U.S. homeland and bases of operation overseas.
- The military must be able to project and sustain forces in distant theaters.
- The military must be able to deny enemies sanctuary.
- The Department must improve U.S. space capabilities and maintain unhindered access to space.
- The military must harness U.S. advantages in information technology to link up different kinds of U.S. forces, so they can fight jointly.
- Finally, the military must be able to protect U.S. information networks from attack—and to disable the information networks of adversaries.

In fiscal 2004, Rumsfeld said, over \$24 billion will go specifically to programs that strengthen all of these transformational goals. Procurement funding in the Department's Future Years Defense Plan increases by 30 percent and research and development funds, by 65 percent.

Rumsfeld said that to prepare for the threats the United States will face later in this decade, the 2004 budget requests increased investments in a number of

critical areas. "Over the next six years, the president requested a 15 percent increase in military personnel accounts, above the 2002 baseline budget," he said. "That's an increase in funding for family housing by 10 percent over the same period."

Over the next six years, the budget forecasts a 20 percent increase for operations and maintenance accounts above the 2002 baseline budget. "We have added \$40 billion for readiness of all the Services and \$6 billion for facilities sustainment over the same period," he said. "These investments should help us put a stop to the past practice of raiding the investment accounts to pay the immediate operations and maintenance needs."

The 2004 budget request does not include funds for operations in the global war on terror. "Last year, we requested, but Congress did not approve, the \$10 billion we knew we would need for the first few months of this fiscal year to fight the global war on terror," he said. Because DoD does not have that money, it has paid for the war every month since October 2002 by borrowing from other programs.

"We're robbing Peter to pay Paul," Rumsfeld said. "And that does not include the costs of preparations for a possible contingency in Iraq and the cost of the force flows that have taken place thus far. This pattern is fundamentally harmful to our ability to manage the Department."

Even with a \$15.3 billion increase in the defense budget request, some hard choices had to be made, Rumsfeld said. Navy shipbuilding, while up to seven vessels, is not at the number Rumsfeld would like to see. The same is true for science and technology accounts. Rumsfeld said the ideal percentage of the DoD budget spent on science and technology should be 3 percent. The percentage in the request is 2.69 percent.

The Services also canceled programs that don't fit into the new strategy, and plan to retire older ships and aircraft early. These decisions could save about \$80 billion over the Future Years Defense Program—money that could be applied to other, more pressing, needs.

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