

Introduction

“The “lessons learned” process for Operation Iraqi Freedom is well underway. It will likely impact budgets and procedures, training and doctrine, and the security of our country for some years to come. But even now, while that process is still in its early stages, we can already see that the experience in Iraq has validated a number of the strategic decisions that were made in our defense reviews over the past two years—decisions that drove the development of this 2004 budget.”

*Secretary Rumsfeld
May 14, 2003*



To win the global war on terror, our forces need to be flexible, light and agile, and able to respond quickly to sudden changes. Accordingly, our budget for FY 2004, in combination with the reforms outlined in *The Defense Transformation Act for the 21st Century*, will give the Department some of the needed flexibility to more rapidly move resources, shift people and bring new weapons systems on line so we can adapt to changing events.

However, these are just first steps. Our goal is to create a culture of innovation that will keep the United States several steps ahead of potential adversaries. Accordingly, the FY 2004 defense budget balances a number of risks, using the framework developed during the 2001 *Quadrennial Defense Review* (www.defenselink.mil/pubs/qdr2001.pdf).

This report describes how the planning principles of our defense strategy define military missions, the forces and capabilities needed to ensure success, and the goals and measures we are using to monitor our performance.

A DEFENSE STRATEGY FOR THE 21ST CENTURY

Two years ago, this Administration replaced the decade-old two Major Theater War approach to sizing our forces with a new defense strategy more appropriate for the 21st century.

This new perspective brings very significant changes to how we define, structure, and support major defense missions. For example, we have adopted a new Unified Command Plan, which includes a new Northern Command to help us better plan for and manage the defense of the homeland, gives the Joint Forces commander authority to lead the Department's innovations and transformation in how we train and fight, and creates a new Strategic Command responsible for early warning of, and defense against, missile attack and for conducting long-range attacks. We also made an historic change in the charter of the Special Operations Command, so it now not only supports missions directed by the regional combatant commanders, but also plans and executes its own missions in the global war on terrorism.

Our long-standing alliances have also transformed—we have worked with European allies to develop a new, more relevant NATO command structure and have begun the development of a NATO Response Force that must be able to deploy in days and weeks, instead of months.

We have adapted to new missions, establishing an Under Secretary of Defense for Intelligence and an Assistant Secretary of Defense for Homeland Defense to integrate and strengthen policies, programs, and investment for intelligence and homeland defense across the Department, and to streamline coordination with external agencies.

What has driven these changes—and many more presented with the budget for 2004—is our deliberate shift from “threat-based” to “capabilities-based” defense planning. Today, we plan to defend not only against those we know might threaten us—but also on *how* we might be threatened, and what portfolio of *capabilities* we will need to prevail.

FITTING THE FORCE TO THE MISSION

The leading military missions given to U.S. military forces under our transformed defense strategy are:

- Defend the United States;
- Assure friends and allies;
- Deter aggression and coercion forward in critical regions;
- Swiftly defeat aggression in two overlapping major conflicts while preserving for the President the option to pursue a decisive victory in one of those conflicts including the possibility of regime change or occupation; and
- Conduct a limited number of smaller-scale contingency operations

The force structure outlined in table 1-1 represents the forces we will have in place by the end of FY 2004.

These forces are considered to represent moderate operational risk for the near term. However, certain combinations of warfighting, crisis response, and smaller-scale contingency scenarios could present higher risk.

The make-up of this force structure was determined by examining the warfighting capabilities we need to defeat aggression or coercion in a variety of potential scenarios, and thus meet our operational demands over time.

Tables 1-2 through 1-6 describe the capability attributes of each elements of the force structure outlined in table 1-1.

Table 1-1. Conventional Force Structure

ARMY	
Divisions (Active/National Guard)	10/8
Heavy Armored Cavalry/Light Cavalry Regiments	1/1
Enhanced Separate Brigades (National Guard)	15

NAVY	
Surface Combatants (Active/Reserve)	98/9
Maritime Patrol & Reconnaissance Air Wings (Active/Reserve)	4/1
Helicopter Anti-submarine Light Wings	2
Aircraft Carriers	12
Carrier Air Wings (Active/Reserve)	10/1
Amphibious Ready Groups	12
Attack Submarines	54

MARINE CORPS	
Divisions (Active/Reserve)	3/1
Air Wings (Active/Reserve)	3/1
Force Service Support Groups (Active/Reserve)	3/1

AIR FORCE	
Air and Space Expeditionary Forces*	10
<p><i>* The Department of the Air Force is refining its implementation of the Air and Space Expeditionary Force concept and expanding its applicability across the service. Fuller description of these measures will be provided as they are executed.</i></p>	

Table 1-2. Land Forces

**Army
(Active, National Guard, and Reserve)**

LIGHT FORCES: airborne, air assault, and light infantry divisions tailored for forcible-entry operations and for operations on restricted terrain, such as jungles, mountains, and urban areas; can operate independently or in combination with heavy forces.

HEAVY FORCES: trained and equipped for operations against armies employing modern tanks and armored fighting vehicles; can operate independently or in combination with light forces.

COMBAT, COMBAT SUPPORT, AND COMBAT SERVICE SUPPORT FORCES: provide capabilities critical to the mobilization, deployment, and sustainment of Army and joint forces.

STRYKER BRIGADE COMBAT TEAM: supports joint-force battalion- and company-level operations; optimized for combat in complex and urban terrain; provide reconnaissance, surveillance, and target acquisition via the use of unmanned aerial vehicles and organic human intelligence.

CIVIL SUPPORT TEAM: identifies chemical, biological, radiological, nuclear, and explosive agents and substances; assesses current and projected consequences; advises incident commanders and civil authorities on response measures.

**Marine Corps
(Active and Reserve)**

MARINE AIR-GROUND TASK FORCES: provide expeditionary and forcible-entry capability; deployable by sea or air; employed in a variety of configurations, from smaller, amphibious Marine Expeditionary Units to large Marine Expeditionary Forces; forward deployed on amphibious ships; can remain on station for extended periods.

4th Marine Expeditionary Brigade/Anti-Terrorism: consolidates selected Marine Corps capabilities that are critical to combating terrorism at home and abroad, including rapid initial response to chemical/biological incidents.

Table 1-3. Naval Forces

Navy and Marine Corps (Active and Reserve)

CARRIER BATTLE GROUPS/CARRIER STRIKE GROUPS: provide a wide range of options from simply showing the flag to attacks on airborne, afloat and ashore targets; operate in international waters, so carrier-based aircraft do not need to secure landing rights on foreign soil; can engage in sustained operations in support of other forces.

EXPEDITIONARY STRIKE GROUPS: amphibious ready groups augmented with surface combatant ships, an attack submarine, and maritime patrol aircraft to provide an independent strike group capability; can deploy a landing force of up to 2,500 Marines supported by dedicated aircraft, to include tactical fixed-wing, attack helicopters, and heavy- and medium-lift helicopters; can be configured and deployed to operate at various levels of conflict and in multiple theaters simultaneously to support joint and combined operations.

SUBMARINES: pursue or attack enemy submarines and surface ships using torpedoes, or carry cruise missiles with conventional high-explosive warheads to attack enemy shore facilities; can also conduct intelligence, surveillance and reconnaissance missions, mine laying and support special operations. Fleet ballistic missile submarines carry long-range nuclear warhead missiles and can survive a nuclear attack against the United States, providing an effective deterrent to nuclear missile attacks on the United States.

SURFACE COMBATANTS: configured for multiple missions, including long-range strike (using Tomahawk missiles), anti-air warfare, anti-surface warfare, intelligence and command and control; generally deployed as part of a Carrier Strike Group or Expeditionary Strike Group.

MARITIME PATROL AND RECONNAISSANCE AIRCRAFT: provide intelligence, surveillance and reconnaissance (ISR) and command, control and communications (C3) missions in support of blue water, littoral, land, and amphibious operations.

Table 1-4. Aviation Forces

Army, Navy, Air Force, and Marine Corps (Active, Reserve, and National Guard)

AIR AND SPACE EXPEDITIONARY TASK FORCE (AETF): scalable, quick-reacting, capabilities-based, task-organized Air Force units that deploy as numbered expeditionary air forces, expeditionary wings, and expeditionary groups that are tailored to meet combatant commanders requirements during a crisis or contingency.

FIGHTER/ATTACK AIRCRAFT: employed against air, ground or naval targets; can operate from land bases as part of an AETF and from sea bases as part of Carrier Battle/Strike Groups or Expeditionary Strike Groups.

CONVENTIONAL BOMBERS: provide the capability to strike targets over long ranges with large payloads of precision, standoff weapons; can operate as part of an AETF or from bases in the continental United States; can employ stealth capabilities to strike heavily defended targets.

SPECIALIZED AIRCRAFT: support air, land, and sea operations functions such as surveillance, airborne warning and control, air battle management, suppression of enemy air defenses, reconnaissance, antisubmarine operations, aerial refueling, special operations, and combat search and rescue.

Table 1-5. Special Operations Forces

Army, Navy, and Air Force (Active and Reserve)

Special Operations Forces (SOF)—both Active and Reserve—comprise land, air, and maritime elements with specialized tactics, equipment, and training; foreign language skills; and flexible unit deployment options that are tailored to a wide range of tasks.

SOF can coordinate humanitarian assistance operations, conduct psychological operations (such as leaflet drops and radio broadcasts), perform combat search and rescue missions, and help find targets for coalition aircraft.

Given their linguistic, cultural, and political training, SOF are well suited for coordinating command, control, and intelligence information with allied headquarters and coalition forces.

Table 1-6. Mobility Forces

Army, Navy, Marine Corps, Air Force (Active, National Guard, and Reserve)

AIRLIFT: rapidly moves military personnel and equipment needed in the critical early days of a crisis or conflict to operating locations; sometimes employed in conjunction with prepositioned equipment; able to land at austere or unimproved airfields, air drop cargo and personnel, unload cargo rapidly, and carry outsize loads like Patriot missile systems, tanks, or helicopters.

SEALIFT: carries the full range of equipment and supplies needed for operations abroad; includes roll-on/roll-off (RO/RO) vessels, breakbulk ships, and tankers for carrying fuel; Large Medium-Speed RO/ROs (LMSRs) carry prepositioning equipment and provides surge capability.

PREPOSITIONED MATERIEL AND EQUIPMENT STOCKS: shore-based stocks include equipment for Army brigades, Air Force units, and Marine Expeditionary Forces in Europe, as well as for Air Force and Army forces in Korea and South-west Asia; sea-based stocks, including Army combat and support materiel, Marine Corps equipment and supplies, and Air Force munitions.

COMMERCIAL TRANSPORT: avoids the cost of maintaining military systems that duplicate capability readily available in the civil-sector. The Voluntary Inter-modal Sealift Agreement maintained by the Departments of Defense and Transportation provides access not only to U.S. flagged commercial carriers, but to rail, truck, and pier facilities. In addition, many aviation carriers participate in the Civil Reserve Air Fleet, which makes civilian aircraft available for military missions during times of crisis or war.

INVESTING IN TRANSFORMATION

Transformation is not an event – it is a process. There is no point at which the Defense Department will move from being “untransformed” to “transformed.” Our goal is to set in motion a process and a culture that will keep the United States several steps ahead of potential adversaries.

*Secretary Rumsfeld
May 14, 2003*

Operations in Afghanistan and Iraq have brought home an important lesson—*speed* matters. Coalition forces moved so quickly the enemy was unable to mount a coherent defense. We also advanced the use of *intelligence*—and the ability to act on that intelligence rapidly. And significantly, we found that *precision* allowed us to redefine the battlefield. The “thermobaric” Hellfire missile, used for the first time in Iraq and which went from development to deployment in less than a year, could destroy the first floor of a building without damaging the floors above, reach around corners, into niches and behind walls to strike enemy forces hiding in caves, bunkers, and hardened multi-room complexes. Coalition military planners also used a sophisticated computer model to determine the precise direction, angle of attack and type of weapon needed to destroy a desired target, while sparing nearby civilian facilities.

This allowed us to fight this war with unprecedented care—protecting innocent lives while delivering devastating damage to the Iraqi regime. We believe these experiences confirm the soundness of our decision, taken two years ago, to increase funding for research, development, testing and evaluation, and for procurement, as well as use of “spiral development” to allow us to bring new weapons to the field in months or years instead of decades.

Operations in Iraq also confirmed the value of planning and fighting as a joint team, and the budget for 2004 continues our strong investment to maintain joint training and in joint warfighting capabilities. It also underscore a lesson proven brilliantly in Afghanistan—that special operators can help seize the initiative on the battlefield, securing airfields, attacking terrorist facilities and regime targets, and taking out the regime’s capability to launch attacks against neighboring countries.

Operation Iraqi Freedom confirmed the decisions made in the defense review. The six transformational operational goals of the defense strategy are intended to focus our modernization investments. As table 1-7 shows, the total investment to support these six goals is \$24.3 billion, and \$239 billion over the Future Years Defense Program (FYDP):

Table 1-7 Transformational Operational Goals	
Goal	FY 2004 Budget Request
Defend the U.S. homeland and bases of operation overseas	\$7.9 billion in the 2004 budget, and \$55 billion over the Future Years Defense Program (FYDP). In addition, the missile defense research, development, and testing program has been revitalized and we are on track for limited land/sea deployment in 2004-5.
Project and sustain forces in distant theaters	\$8 billion in 2004, and \$96 billion over the FYDP for programs such as the new unmanned underwater vehicle program and the Future Combat System. By FY 2007, we plan to build the CVN-21 aircraft carrier in 2007 (accelerating from 2011 the introduction of many new capabilities), and will begin building new maritime prepositioning ships (to provide a maneuverable and secure base from which to project combat power ashore).
Deny enemies sanctuary	\$5.2 billion in 2004 and \$49 billion over the FYDP for programs, such as unmanned combat aerial vehicles (UCAV) and converting 4 TRIDENT-class ballistic missile submarines (SSBNs) to nuclear-powered guided-missile submarines (SSGNs). This budget sets up competition among a number of programs that should produce UCAVs able to conduct a broad range of missions, in addition to the ongoing X-45 UCAV program.
Improve our space capabilities and maintain unhindered access to space	\$300 million in 2004 and \$5 billion over the FYDP for programs to enhance U.S. space capabilities, such as Space Control Systems. For example, Space Based Radar, which will help provide near-persistent 24/7/365 coverage of the globe, is scheduled for first launch in 2012.
Harness our substantial advantages in information technology to link up different kinds of U.S. forces, so they can fight jointly	\$2.7 billion in 2004 and \$28 billion over the FYDP for programs such as laser satellite communications, Joint Tactical Radio, and the Deployable Joint Command and Control System.
Protect U.S. information networks from attack—and to disable the information networks of our adversaries	\$200 million in 2004 and \$6 billion over the FYDP for programs such as the Air and Space Operations Center.

BALANCING RISK

Even as we accept some increased near-term risk so we can prepare for the future, this budget also recognizes that new and unexpected dangers will likely be waiting just over the horizon—and that we must be flexible to face them.

Our challenge is to do three difficult things at once:

- Win the global war on terrorism,
- Prepare for the threats we will face later this decade, and
- Continue transforming for the threats we will face in 2010 and beyond.

Any one of these challenges is difficult—and expensive. Taking on all three, as we must, required us to make tough choices between competing demands. We feel a deep obligation to not waste the taxpayers' dollars. We need to show the taxpayers that we are willing to stop doing things that we don't need to be doing, and take that money and put it into investments we do need.

To guide the Secretary and his senior military and civilian advisors in making these strategic trades, we have adopted a risk management framework to guide our decision-making in how we allocate resources. This framework creates a continual feedback loop from the operators in the field to the managers making policy and resource decisions, improving the transparency of our decision-making process.

