



fiscal year
2007

Army Budget
An analysis

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The Institute of Land Warfare
Association of the United States Army



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Foreword

The Army faces many challenges arising from the 11 September 2001 terrorist attacks, the Global War on Terrorism and the operations in Iraq and Afghanistan. At the same time, the Army is transforming and modernizing while maintaining its high operational tempo. These irregular, catastrophic and disruptive challenges are likely to continue, along with more traditional military challenges. To maintain the highest quality force, the Army is pursuing initiatives to produce and sustain a full spectrum of capabilities to defend the homeland, sustain the long war, conduct irregular operations and wage conventional campaigns. To meet the needs of the nation and adapt to the challenges our Soldiers will face, we must continue to improve these capabilities.

The Army is keeping a firm focus on the future. It is pursuing the Future Combat Systems, developing new weapons, communication, surveillance and security technologies, and recapitalizing facilities for Soldiers and their families. The Fiscal Year 2007 President's Budget submitted to Congress includes funds for pursuing the Army's four overarching and interrelated strategies:

- Provide relevant and ready land power for the 21st century security environment.
- Train and equip Soldiers to serve as warriors and grow adaptive leaders.
- Sustain an all-volunteer force composed of highly competent Soldiers who are provided an equally high quality of life.
- Provide infrastructure and support to enable the force to fulfill its strategic roles and missions.

The *Fiscal Year 2007 Army Budget—An Analysis* details the resources required for the Army to accomplish its missions today and tomorrow. It examines the Army's proposed budget in the context of the federal and Department of Defense budgets and breaks down requests according to funding authority and programs, from Soldiers' pay to research and development. It explains budget terminology and procedures, including the supplemental funding process that is necessary for the Army to sustain the current level of operations and provide for Soldiers.

The Association of the United States Army fully supports the Army—active, Army National Guard, Army Reserve, Army civilians and the families and communities who stand behind them all—as it faces its many challenges. *Fiscal Year 2007 Army Budget—An Analysis* is just one of many ways we speak out on issues important to the American Soldier, American landpower and the security of the nation and the world.

GORDON R. SULLIVAN
General, United States Army Retired
President, AUSA

September 2006

The Budget Message of the President of the United States

The 2007 Budget builds on these efforts. Again, I am proposing to hold overall discretionary spending below the rate of inflation and to cut spending in non-security discretionary programs below 2006 levels. My Administration has identified 141 programs that should be terminated or significantly reduced in size. To help bring greater accountability and transparency to the budget process, my Budget proposes reforms so that firm spending limits are put in place, and public funds are used for the best purposes with the broadest benefits.

The 2007 Budget also continues our efforts to improve performance and make sure the taxpayers get the most for their money. My Administration expects to be held accountable for significantly improving the way the Government works. In every program, and in every agency, we are measuring success not by good intentions or by dollars spent, but rather by results achieved.

In the long term, the biggest challenge to our Nation's fiscal health comes from unsustainable growth in entitlement spending. Entitlement programs such as Social Security and Medicare are growing faster than our ability to pay for them, faster than the economy, faster than the rate of inflation, and faster than the population. As more baby boomers retire and collect their benefits, our deficits are projected to grow. There will be fewer people paying into the system, and more retirees collecting benefits. These unfunded liabilities will put an increasing burden on our children and our grandchildren. We do not need to cut these programs, but we do need to slow their growth. We can solve this problem and still meet our Nation's commitment to the elderly, disabled, and poor.

Acting on my recommendations, both houses of Congress have taken an important first step, passing legislation that would produce \$40 billion in savings from mandatory programs and entitlement reforms—the first such savings in nearly a decade. My Budget builds on this progress by proposing \$65 billion more in savings in entitlement programs.

My Budget also includes proposals to address the longer-term challenge arising from unsustainable growth in Medicare, while ensuring modern health care for our seniors. In addition, I will continue to call on Congress to enact comprehensive reform of Social Security for future generations, so that we return the system to firm financial footing, protect the benefits of today's retirees and near-retirees, provide the opportunity for today's young workers to build a secure nest egg they can call their own, and assure our children and grandchildren a retirement benefit that is as good as is available today.

As this Budget shows, we have set clear priorities that meet the most pressing needs of the American people while addressing the long-term challenges that lie ahead. The 2007 Budget will ensure that future generations of Americans have the opportunity to live in a Nation that is more prosperous and more secure. With this Budget, we are protecting our highest ideals and building a brighter future for all.

GEORGE W. BUSH
The White House

February 6, 2006