

Defense

President Bush has made a commitment to providing our troops with the resources they need to help win the War on Terror. At the same time, he is committed to transforming America's military to ensure that it is capable of meeting and defeating the new threats of the 21st century. The President has made improving the quality of life for America's military personnel and their families a top priority, and his FY 2005 budget reflects that goal.

Since 2001, President Bush has:

- Made America safer by fighting the War on Terror on the offensive. He acted to remove the Taliban regime that harbored Al-Qaeda in Afghanistan and the Saddam Hussein regime in Iraq that defied the United Nations – liberating 50 million people and laying the groundwork for democracy in the heart of the Middle East;
- Increased our Nation's investment in defense by more than 35%--giving America's troops the resources they need today while also enabling our military to make a needed transformation to adapt to new threats tomorrow. The Department of Defense's transformation effort is designed to accomplish the following six goals to prepare to meet the emerging threats of the 21st century:
 - Protect the U.S. homeland and critical bases of operations;
 - Project and sustain power in distant theaters of operation;
 - Deny sanctuary to our enemies;
 - Leverage information technology;
 - Improve and protect information operations; and
 - Enhance space operations;
- Increased military research and development funding by 56% to enable our Armed Forces to have the advanced equipment and technologies they need to fight the battles of tomorrow;
- Improved readiness rates by launching a transformational and joint training program;
- Doubled our Nation's investment in missile defense systems, including the first-ever deployment of land and sea-based systems;
- Improved the quality of life for military personnel and their families:
 - Better Pay and Benefits
 - The President has signed into law four military pay raises, resulting in a cumulative increase of 20.6%;
 - Bonuses and special pays were increased to ensure there are sufficient personnel in critical skill areas and an assignment incentive pay program was established to encourage personnel to accept positions at hard-to-fill locations;
 - Since President Bush took office, payments for Service members' food and housing combined have increased nearly 50%;
 - In January 2002, Service personnel became eligible to participate in the Federal Thrift Savings Program. Participants can contribute up to 10% of basic pay and some or all of

their special pays and bonuses annually to this retirement fund (for a total of \$14,000 in 2005); and

- The President has instituted unlimited access for Guard and Reserve members to commissaries;
- Family Assistance
 - President Bush increased funding for counseling services by \$87 million to ensure young troops and families now have access to family assistance counseling to help them navigate the complex, everyday issues of the mobile military lifestyle;
 - The Department has also implemented a 24 hour-a-day, 7 day-a-week toll-free call center to assist families with relocation, child care, children's education, family issues, deployments, and everyday issues like finding a plumber. This support is particularly important for young families;
 - President Bush increased funding for child care services by \$36.6 million to provide extended hours of care to help families manage. This increase provided over 400,000 more hours of care in one year;
 - Frequent moves often preclude military spouses from achieving career advancement. To address this issue, DoD has formed partnerships with the private sector and other government agencies to enhance spouse employment and career opportunities. For example, the President funded a "Spouses to Teachers" program similar to the very successful "Troops to Teachers" to help military spouses achieve their career goals while serving our country. This program also helps communities with their teacher shortages. Further, test programs are underway to ease employment difficulties for spouses relocating to new assignments;
- Protecting the Health of Service members and Improving Health Care for Military Families
 - President Bush made critical changes in combat medical support that are saving lives. Medical staff now have new, high-tech equipment, including mobile surgical units, that stabilize patients on the front lines in the first few critical hours and provide definitive care within hours;
 - Despite deployments to some of the most austere environments in the world, investments in preventive medicine and education have helped ensure the lowest rate of non-battle illnesses and injuries in the history of warfare;
 - President Bush implemented the 2001 expansion of health care to Medicare-eligible retirees – the largest expansion of beneficiary health benefits since inception. This expansion included a generous prescription drug benefit for beneficiaries of all ages.
 - This Administration is making available a totally new delivery system for TRICARE beneficiaries that will allow easier access to care, better customer service, enhanced quality of care, and savings to the taxpayer; and
 - President Bush has implemented several initiatives for reservists and their families to ensure continuous medical care as they transition to and from active duty;
- Educating service members and their families
 - Students in DoD-managed schools continue to perform well above the national average on the TerraNova standardized tests in all subjects (reading, language arts, math, science,

and social studies). DoD schools have embraced the President's No Child Left Behind Act as reflected by the improvement in most tested grades in math and science test scores;

- The Administration has fostered partnerships with civilian communities to increase awareness and ease the transition for military children as they frequently change schools;
 - Voluntary Education funding increased to reduce the out-of-pocket costs for troops attending college in their off duty time. Service members are now authorized 100% assistance (up from 80%) or about \$250 per semester hour of credit. This increases the educational opportunities and advancement of troops;
- Improving the quality of housing
 - In 2001, Service members who lived off base were expected to absorb, or pay for, 15% of their housing costs. Each of President Bush's budgets has supported the reduction in out-of-pocket expenses for housing;
 - The President committed, in his 2001 Management Agenda Initiatives, to eliminate inadequate military housing by 2007. A key to this effort is housing privatization—letting the government take advantage of private sector skills and allowing DoD to focus on its mission. So far, this privatization has resulted in ten times more housing units than if the government had relied on Federally appropriated military construction dollars alone. In 2001, 300,000 units were owned by the government and 180,000 were considered inadequate; the number considered inadequate is now 120,000 and dropping;
- Tax Benefits
 - On Veterans Day 2003, the President signed into law an act making expenses for Guard and Reserve members' overnight travel for any period of training more than 100 miles from home tax-deductible. The overnight travel expenses reduce adjusted gross income whether or not the member itemizes deductions;
 - The same Act relaxed residency requirements so Service members who are required to work more than 50 miles from their residence or who are required to live in government quarters can sell their current house without incurring capital gains taxes on the first \$250,000 for those filing single returns and \$500,000 for those filing jointly;
- Death Benefits
 - The benefit for the families of Service members who die while on active duty was increased from \$6,000 to \$12,000, effective November 11, 2003, and made retroactive to September 11, 2001. This entire \$12,000 benefit is now tax exempt; previously just \$3,000 was exempt;
- Recognizing Troops on the Front Lines: Hardship duty, other special pay and Compensation for Increased deployments
 - Supporting our troops – especially those directly in harm's way – is and always has been the President's highest priority. For their sacrifices, troops in harm's way are eligible for extra pay in the form of Imminent Danger Pay and Hardship Duty Pay. The President has requested a permanent increase in Imminent Danger Pay from \$150 to \$250 per month. Additionally, the President is requesting that the ceiling on Hardship Duty Pay be raised from its current level of \$300 per person per month to \$750, permitting the Department of Defense greater flexibility to compensate troops for difficult assignments;

- Troops that are separated from their families for more than a month – even in the U.S. – are eligible for Family Separation Allowance. The President has consistently supported these benefits for our troops and has requested a permanent increase from \$100 to \$250 per month;
 - President George W. Bush signed an executive order increasing to over twenty the number of countries that are now declared combat zones. As a result, all pay received by enlisted personnel and warrant and junior officers and most pay for more senior officers in these countries is completely exempt from Federal income taxes;
 - Additionally, Service members in these combat zones are eligible to deposit up to \$10,000 per year of their pay and allowances into a special savings account that pays a guaranteed 10% interest per year;
 - The President has approved up to \$1,000 per month to compensate Service personnel who are deployed frequently;
- Tens of thousands of non-citizens are serving honorably in the U.S. military. In recognition of this service, the President has pushed to simplify the process for becoming citizens. This effort has resulted in authorization for troops to apply for citizenship immediately upon entering active duty and shortened the processing time from an average of 189 days in 2001 to 50 days in 2004. Over 16,000 Service members have become citizens under this program.

The President's FY 2005 Budget built on the successes of the last three years. Congress recently passed, and the President signed into law, funding for Defense for FY 2005, which includes:

- \$390.5 billion for the Department of Defense, a 6.7% increase over FY 2004;
- \$69 billion for military research and development of new weapons systems, protective gear for our troops, and other innovations – a 6.6% increase over FY 2004;
- \$10 billion to develop missile defenses for our homeland, U.S. forces deployed abroad, and our allies;
- \$4.2 billion for military housing, a 10% increase over FY 2004 that keeps DoD on track for meeting the President's goal of eliminating most inadequate housing units by 2007. The key to eliminating inadequate military housing has been privatization and this Budget proposal includes plans to privatize a total of 136,000 units by the end of FY 2005.
- \$6.6 billion for the National Nuclear Security Administration's stockpile stewardship activities that build on the progress begun in the FY 2004 Budget and fulfill the Nation's nuclear weapons requirements;
- More than \$1.3 billion to further strengthen nonproliferation programs that reduce the threat of weapons of mass destruction by securing or eliminating fissile material;
- A 3.5% military pay increase, which is the fourth pay increase for a cumulative increase of 20.6% since President Bush took office;

- \$10 million, through the Department of Education, to help States help military children to transfer schools – an important step to improve the quality of life for military families [Congress has not yet acted on Education appropriations so this funding has only been proposed by the President.];
- Funding for DoD schools and related programs. President Bush had proposed an increase nearly 21% higher than enacted for FY 2001;
- A funding proposal that will enable DoD schools to reduce the pupil to teacher ratio in grades 1-3 from 23:1 in FY 2001 to 18:1 in 2005;
- An increase in educational benefits for eligible survivors and dependents of veterans who are permanently and totally disabled due to a service-related condition or who died while on active duty or as a result of a service-related condition from \$608 per month for full time training in FY 2001 to \$803 in FY 2005, a 32% increase. These benefits may be used for college or other training opportunities.
- Expanded Montgomery GI Bill benefits for active duty and selected reserves. The Montgomery GI bill provides education benefits to eligible veterans, Service persons, and members of the selected reserves:
 - For Service persons with an enlistment of three years or more, the full-time monthly benefit for college students and others pursuing training has increased from \$672 per month in FY 2001 to a proposed \$1,004 in FY 2005, a growth of 49%;
 - The number of veterans and Service persons receiving training would increase 18% over the same timeframe (an increase of approximately 50,000 trainees);
 - The number of reservists receiving training would increase 31% from FY 2001 to FY 2005 (an increase of approximately 25,000 trainees);
- Resources to completely eliminate out-of-pocket housing expenses – meaning an average Service member who lives off-base will have all his or her basic housing costs covered;
- Current law protects active duty military members from IRS collection action, penalties, and interest while they serve in a combat zone and for 180 days afterwards. The President proposes in his Budget to extend this same temporary tax shield to all activated members of the Guard and Reserve, regardless of whether they are in a combat zone. This benefit would protect those in the Guard and Reserves who, because of their deployment, are often unable to respond to the IRS in full or on a timely basis;
- A request that the ceiling on Hardship Duty Pay be raised from its current level of \$300 per person per month to \$750, permitting the Department of Defense greater flexibility to compensate troops for difficult assignments.

Congress has yet to act on the following proposals:

- Military Construction
- Veterans Administration

For Other Information About the President's Accomplishments and Proposals:

FY 2005 Budget

Department of Defense: <http://www.whitehouse.gov/omb/budget/fy2005/defense.html>

Afghanistan

The White House: <http://www.whitehouse.gov/infocus/afghanistan/>

Defense

The White House: <http://www.whitehouse.gov/infocus/defense/>

Iraq

The White House: <http://www.whitehouse.gov/infocus/iraq/>

National Security

The White House: <http://www.whitehouse.gov/response/index.html>