

Fiscal Year (FY) 2008/FY 2009 Budget Estimates
Defense Security Cooperation Agency
(DSCA)



February 2007

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DEFENSE SECURITY COOPERATION AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2008/FY 2009 Budget Estimates

Operation and Maintenance, Defense-Wide Summary (\$ in thousands)
Budget Activity (BA) 4: Administrative & Service-wide Activities

	<u>FY 2006</u>	<u>Price</u>	<u>Program</u>	<u>FY 2007</u>	<u>Price</u>	<u>Program</u>	<u>FY 2008</u>	<u>Price</u>	<u>Program</u>	<u>FY 2009</u>
	<u>Actuals</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
DSCA	1,323,164	31,617	-1,209,700	145,081	3,545	524,774	673,400	14,972	-521,172	167,200

* The FY 2006 Actuals column includes \$859,024 thousand of FY 2005 Supplemental funds (X-year) prior year unobligated balance carryover, \$144,678 thousand of FY 2006 Supplemental funds (X-year), \$1,993 thousand Counter-Terrorism Fellowship Program funds (X-year) and \$65,847 thousand of FY 2006 Supplemental funds (PL 109-163).

* The FY 2007 Estimate column excludes \$878,993 thousand of FY 2006 Coalition Support Supplemental funds (X-year) prior year unobligated balance carryover (PL 109-13) and \$900,000 thousand for Coalition Support in FY 2007 as per Title IX (PL 109-676).

I. Description of Operations Financed: The Defense Security Cooperation Agency (DSCA) administers funding for the:

- Regional Centers for Security Studies,
- Warsaw Initiative Fund/Partnership for Peace Program,
- Counter-Terrorism Fellowship Program,
- Stability Operations Fellowship Program,
- Global Train and Equip Program,
- Center for International Issues Research Program,
- Irregular Warfare and Stability, Security, Transition and Reconstruction Center of Excellence Program,
- Canadian Environmental Cleanup,
- Regional International Outreach, and
- International Programs Security Requirements Course.

The DSCA also provides program management and program implementation support to the Humanitarian Assistance, Foreign Disaster Relief, and Humanitarian Mine Action programs, funded in a separate appropriation.

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I. Description of Operations Financed (continued):

Changes From FY 2007 to FY 2008: Price changes, including Foreign Currency Fluctuations, are \$+3,545 thousand. Including inflation, the net program change is \$+524,774 thousand.

Program increases total \$+528,163 thousand. Funding increases support for the Building Partner Capabilities (BPC) to Combat Terrorism and Enhance Stability legislative proposals and other initiatives resulting from the Quadrennial Defense Review (QDR). Increases include: \$+500,000 thousand for the Global Train and Equip (T&E) of partner nation forces program, which was established in FY 2006 at \$100 million, proposed for funding at the \$300 million level in the FY 2007 GWOT Supplemental, and is now proposed for baseline funding at the \$500 million level in FY 2008; \$+5,852 thousand to fund the Counter-Terrorism Fellowship Program (CTFP) at the current \$25 million cap; \$+5,000 thousand to begin a new Stability Operations Fellowship Program (SOFP); and \$+14,096 thousand to accelerate implementation of the Regional Centers for Security Studies Transformation. In addition, \$+2,500 thousand is for establishing and staffing a new Irregular Warfare and Stability, Security, Transition and Reconstruction (IW and SSTR) Center of Excellence to integrate research, education, training, doctrine and lessons learned for the Department of Defense. Other increases totaling \$+715 thousand are for the Canadian Environmental Clean-up Treaty obligation, program costs for the Center for International Issues Research (CIIR), and additional Headquarters support personnel to execute these new/expanded programs.

Changes From FY 2008 to FY 2009: Price changes, including Foreign Currency Fluctuations, are \$+14,972 thousand. After inflation, the net program change is \$-521,172 thousand.

Security cooperation programs managed by DSCA increase by \$+6,697 thousand. Increases include \$+4,890 to increase the Stability Operations Fellowship Program to the approved

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I. Description of Operations Financed (continued):

\$10 million level and \$+615 thousand for the Warsaw Initiative/Partnership for Peace program for new events and exercises that support partners in the areas of building capacity, defense reform and increasing interoperability. Other increases totaling \$+1,192 thousand are required for program costs for the Center for International Issues Research (CIIR) and the IW and SSTR Center of Excellence and to fund additional Headquarters support personnel to execute these new/expanded missions.

The \$-527,869 thousand in program decreases is attributed to the following: An increase for the Global Train and Equip Program in FY 2008 results in a program decrease of \$-511,040 thousand in FY 2009 and a program decrease of \$-13,185 thousand is due to completion of the Canadian Environmental Cleanup Treaty obligation. Based on affordability, the size and scope of other security cooperation programs managed by DSCA are decreased by \$-3,643 thousand by reducing the number of courses and number of attendees (Regional Centers, \$-3,040 thousand; Counter-Terrorism Fellowship Program, \$-552 thousand; International Programs Security Requirements Course, \$-22 thousand; and Regional International Outreach, \$-29 thousand).

Security Cooperation Guidance (SCG) and Goals. The Department of Defense (DoD) Security Cooperation Guidance (a classified document) describes the Secretary's priorities as we look to build partnership capacity for the future. The contributions of partner nations to build their own capacity to defeat current and emerging threats are the cornerstones of the Security Cooperation effort. The Security Cooperation Guidance draws its priorities from the March 2005 **National Defense Strategy (NDS)** and as such, the DSCA's Security Cooperation efforts must support DOD capabilities to:

- Assure allies and partners;
- Dissuade potential adversaries;

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I. Description of Operations Financed (continued):

- Deter aggression and counter coercion; or
- Defeat adversaries.

The DSCA security cooperation work is focused and scoped to support the DoD SCG and its goals. The DSCA supports the building partnership capacity efforts of the entire Department and those objectives and tasks as described in the Building Partnership Capacity (BPC) Roadmap published as a result of the 2006 QDR. The BPC portion of the QDR provides a view of many traditional Security Cooperation activities that now take on a new emphasis, especially as seen through a lens of crisis prevention and response. For example, the Regional Centers, while having a strategic outlook, should also be able to support our U.S. national security interests and respond to Combatant Command regional requirements. The Counter-Terrorism Fellowship Program (CTFP) now has an expanded focus to provide greater operational and strategic education and training, focusing on both partner countries and regional activities, and especially incorporating into the fellowship program security officials who are engaged in combating terrorism.

New initiatives include the Global Train and Equip authority and a Stability Operations Fellowship Program. Global Train and Equip is a responsive authority that enables DOD Combatant Commands and Department of State embassies to respond to critical needs and meet emerging threats and opportunities by increasing allied and partner capabilities, building capacity, and developing mechanisms to share the risks and responsibilities of today's challenges. The Stability Operations Fellowship Program (SOFP) will be a key tool for Regional Combatant Commands to foster regional cooperation and professionalize foreign capabilities to deal with instability within regions and within partner countries. The SOFP complements existing security assistance programs and fills a current void in the US Government's efforts to build partner capacities in stability operations.

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I. Description of Operations Financed (continued):

The DSCA security cooperation programs funded within the Operation and Maintenance, Defense-Wide appropriation are as follows:

The Regional Centers for Security Studies: The Marshall Center, Asia-Pacific Center, Center for Hemispheric Defense Studies, Near East-South Asia Center, and Africa Center are known collectively as the Regional Centers. The Regional Centers support the Security Cooperation Guidance (SCG) and improve the regional partners' understanding and support for the three primary Secretary of Defense mandated objectives: 1) countering ideological support for terrorism; 2) harmonizing views on common security threats; and 3) educating on the role of security in a civil society. The Centers support the development of U.S. strategic policy by providing a variety of programs, fostering awareness of and dialog on U.S. strategic priorities and security issues, building trusting long-term relationships with foreign military and civilian leaders, assisting U.S. policymakers in formulating effective policy, and articulating foreign perspectives to U.S. policymakers.

The DSCA has been the Executive Agent for the Regional Centers since FY 2006. Unified management enhances the role of the Regional Centers in the Global War on Terrorism (GWOT) and as a forum for multi-lateral international communication. The funding for the Regional Centers addresses the following specific objectives:

- Strengthen the ability of the five Regional Centers to counter ideological support for terrorism by expanding their program of seminars and courses to affect a wider and more appropriate audience in their respective regions.
- Adapt the existing Regional Center programs from what has grown out of the Cold War, rewriting and expanding them to focus on issues of counterterrorism.

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I. Description of Operations Financed (continued):

- Increase communication and coordination between the Regional Centers and with OSD Policy to align their curriculum with the goals of United States policy.
- Permit a real physical presence in selected regions.
- Increase the emphasis on outreach activities that offer greater access to the region's key decision-makers, such as:
 - Bringing together military officers and civilians in an academic setting that promotes mutual understanding, cooperation, and the free exchange of ideas;
 - Partnering between Centers to facilitate efforts to address counter-terrorism and security issues that cross Combatant Command (COCOM) boundaries;
 - Establishing formal and informal alumni networks that facilitate U.S. access to views on security issues from across the region; and
 - Synchronizing SECDEF priorities in the development of curriculum to ensure that the same message is being transmitted to all representatives.
- Create a network of past Regional Center graduates throughout the regions to advance U.S. interests and counter the influence of terrorist interests worldwide.
- Permit more research and regional outreach to advance U.S. ideals.

In FY 2008, funding for the Regional Centers increases to allow for accelerated implementation of the Regional Centers Transformation as described above. The Regional Centers are uniquely placed to fill a critical role in DOD strategic communication and execution of the Secretary of Defense's Security Cooperation Guidance. The Regional Centers are engaged in a comprehensive Transformation to better serve U.S. Government's interests in the GWOT. The Strategic Transformation focus is moving from an academic focus to "outreach" and support of the GWOT and the Operational Transformation and reorganization was undertaken to provide clear policy guidance, operational direction and effective administrative control. In addition, this growth permits a real physical presence in selected regions.

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The Counter-Terrorism Fellowship Program (CTFP): The CTFP is non-lethal counter-terrorism training and education for foreign military officers. The CTFP enables the DOD to assist key countries in the war on terrorism by providing training and education to build and support counterterrorism capabilities. The CTFP allows the Secretary to work with countries of critical importance to the war on terrorism - providing counterterrorism education and training that will have a direct impact on the long-term capabilities and capacity of our friends and allies. The CTFP is used to bolster the capacity of friendly foreign nations to detect, monitor, and interdict or disrupt the activities of terrorist networks ranging from weapons trafficking and terrorist related financing to actual operational planning by terror groups.

This program is a key tool for regional COCOMs to foster regional cooperation and professionalize foreign counterterrorism capabilities to assist in the fulfillment of the COCOMs responsibilities. The CTFP complements existing assistance programs and fills a current void in the United States Government's efforts to provide targeted counterterrorism assistance. Regional COCOMs recommend participants in the program through the Joint Staff to the Office of the Secretary of Defense for approval. The OASD SO/LIC oversees the administration of the program and has created mobile and resident institutional courses tailored to the specific need of key countries to advance broader U.S. Government counterterrorism objectives. Key senior and mid-level military officials, ministry of defense civilians, and other foreign security officials who have an impact, directly or indirectly, on their country's ability to cooperate with the U.S. in the war on terrorism are given the tools to effectively build, manage, and sustain counterterrorism programs. All personnel are thoroughly vetted consistent with legal requirements regarding human rights issues.

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The CTFP supports the QDR Execution Roadmap by expanding the Regional Defense Counter-Terrorism Fellowship Program to provide greater operational and strategic education and training, focusing on both partner countries and regional activities, and especially incorporating into the fellowship program security officials who are engaged in combating terrorism.

The FY 2007 National Defense Authorization Act (NDAA) increased the ceiling on the CTFP from \$20 million to \$25 million, beginning in FY 2007. The FY 2008 and FY 2009 CTFP program is funded at the \$25 million cap.

Warsaw Initiatives Fund (WIF): The WIF continues to assist Partnership for Peace (PfP) nations enhance their ability to operate alongside NATO forces, build capabilities, and support defense reform. A detailed program review and analysis determined the requirement to refocus the WIF program. Beginning in FY 2007, the level of WIF funding for legacy programs will be reduced while support for WIF activities that build partnership capacity and encourage defense institution building are enhanced. Activities include, but are not limited to, seminars and workshops that support defense reform initiatives, functional seminars, and events to assist partner nations to build capacity and develop capabilities. This is a critical enabler to support accession to NATO for some partners and assist partner countries to provide continue support to the U.S.GWOT operations.

The WIF program is being refocused to support the following policy priorities:

- 1) Enhance capabilities to contribute to GWOT;
- 2) Defense policy and strategy;
- 3) Democratic control of the Armed Forces;

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I. Description of Operations Financed (continued):

- 4) Defense Planning, Budgeting and Resource Management;
- 5) Professional personnel structures;
- 6) Logistics;
- 7) Border security and control;
- 8) Peacekeeping Operations; and
- 9) Professional military education, training and doctrine.

To support these policy objectives, WIF will be used to fund PfP partners to operate with the U.S. and NATO troops in various military exercises, as well as, support various seminars, events, and assistance visits.

There are several changes occurring within the WIF program. From FY 2007 to FY 2008, due to affordability, DSCA will decrease the size and scope of programs executed by the COCOMs. As such, this will result in less contract support and reduced PfP participant travel to exercises and events. From FY 2008 to FY 2009, the WIF program increases for the following reasons: 1) Montenegro, Serbia, and Bosnia-Herzegovina, will be added as new PfP partners. 2) Cooperation with partners in Central Asia is expected to grow as these partners increase their efforts to integrate with NATO. 3) The refocusing of the WIF program will require increased funding for new events and exercises that support partners in the areas of building capacity, defense reform, and increasing interoperability.

Canadian Environmental Cleanup: In 1996, the U.S. Government negotiated a settlement with the Government of Canada for reimbursement of environmental cleanup costs at four U.S. military installations in Canada: Argentia, Dew Line, Goose Bay, and Haines-Fairbanks. The U.S. and Canadian Government negotiations resulted in a formal exchange of notes that agreed the U.S. would pay a settlement of \$100 million plus inflation over

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I. Description of Operations Financed (continued):

a 10-year period. In FY 2008, the final \$12,900 thousand payment will be made which will complete the U.S. Government obligation to the Government of Canada.

Regional International Outreach (RIO) Program: The RIO program supports the QDR guidance and is an OSD(Policy) initiative that will provide an open source information technology solution to assist the Regional Centers for Security Studies in improving international outreach efforts and fostering collaboration among their faculty, current and former participants, OSD, and other designated DOD educational institutions. The RIO outreach, education, and collaboration efforts are directly tied to building partnership capacity and countering ideological support for terrorism. RIO is a tool that will enable faculty, current and former participants, and other users to share information, collaborate on projects, build international communities of interest, and improve administrative activities resulting in time and manpower savings. RIO has undergone significant evolution. Major program events included fielding an updated beta version and a shift in the program development effort and schedule, leading to an initial operating capability (IOC) one year ahead of schedule.

International Programs Security Requirements Course: This is a course of instruction in security requirements for international programs for DOD and defense contractor personnel that have direct responsibility for these programs. The U.S. has many cooperative programs with allies, and foreign military sales help ensure their strength. Every DOD employee involved in international programs must understand security arrangements, laws, policies, and procedures that govern foreign involvement in our international programs to protect sensitive and classified technology and military capabilities. This 5-day course is required for DOD or other government employees and defense contractors who have "hands-on" involvement in international programs, such as negotiating, managing, executing, or otherwise directly participating in international government or commercial

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programs including foreign military sales, cooperative research and development, commercial sales, license application review, systems acquisition, foreign contracting, foreign disclosure, international visits and personnel exchanges, program protection, or industrial security.

Global Train and Equip Program: Global Train and Equip comprises a key element of the overall security cooperation set of programs conducted by the Department of Defense and the Department of State. It represents a transformational approach to addressing issues affecting our national security: Global Train and Equip programs are designed to meet time-sensitive and emerging threats and opportunities. The initiative enables the Secretary of Defense (with the concurrence of the Secretary of State) to expedite the training and equipping of partners by conducting programs that build the capacity of national military forces to conduct counterterrorist operations, or to support military and stability operations in which U.S. armed forces are also a participant. The initiative is timely, strategy-driven, integrated across diplomacy and defense, and measurable. Global Train and Equip programs are:

- Co-formulated, reviewed, and vetted by Defense and State;
- Approved by the Secretary of Defense and the Secretary of State;
- Notified to Congressional oversight committees;
- Compliant with Foreign Assistance Act (FAA) and Arms Export Control Act (AECA) security, end-use, and retransfer agreements; and
- Directed only toward partner nations that uphold the cornerstones of democracy, human rights, attendant fundamental freedoms, and the rule of law.

Global Train and Equip began as an initiative of the FY 2006 National Defense Authorization Act (Section 1206), which authorized \$200 million annually. The FY 2007

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National Defense Authorization Act increased Global Train and Equip authority from \$200 million to \$300 million annually and extended the program through the end of FY 2008. Section 1512 of the proposed FY 2008 Building Partner Capabilities to Combat Terrorism and Enhance Stability legislative package requests \$750 million in any fiscal year of train and equip authority to build the capacity of foreign military and security forces.

The ability of the U.S. to work with capable partners is critical to defeating terrorists and promoting stability around the world. Global Train and Equip is a responsive authority that enables the DOD to expedite the training and equipping of partner nations. The DOD COCOMs and Department of State embassies recognize Global Train and Equip as the ideal authority to respond to critical needs and meet emerging threats and opportunities. The COCOMs and embassies need Global Train and Equip authority to increase allied and partner capabilities, build capacity, and develop mechanisms to share the risks and responsibilities of today's challenges.

In FY 2006, the COCOMs and embassies submitted proposals for Global Train and Equip funding totaling approximately \$500 million. The DOD intentionally limited the scope of the program in this first year to \$100 million, funding nine proposals that could be executed with a high degree of confidence in the compressed FY 2006 schedule. These programs provided a wide range of training and equipment to help build the capacity of partner nations supporting global war on terrorism operations.

FY 2006 training support included: limited-visibility training for pilots; familiarization, operational, and maintenance training; training and "train the trainer" courses in security processes and procedures, information sharing, and physical/network security; and maritime operations and security.

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FY 2006 equipment support included: spare parts for helicopters and tactical vehicles; small arms and ammunition; night vision goggles; communications and computer equipment; patrol boats; body armor; and integrated RADAR and EO/IR sensor systems.

In FY 2007, the COCOMs and embassies submitted proposals for Global Train and Equip funding totaling approximately \$800 million. As such, the DOD requested \$300 million for Global Train and Equip in the FY 2007 GWOT Supplemental and \$500 million in the FY 2008 DSCA baseline Operation and Maintenance, Defense-Wide appropriation to cover these requirements.

These proposals span the globe and identify requirements for increased capacity in: maritime security, surveillance, and domain awareness; counter-terrorism training and equipment; intelligence cooperation; stability operations; and border protection. Estimates indicate that approved programs will build on the foundations of capacity introduced to 16 partners in FY 2006 and introduce new capabilities to a number of African, East Asian, and Central European countries.

Training support will include: counter-terrorism; air assault training and doctrine; civil-military operations; infrastructure security; intelligence analysis and sharing; maritime operations, security, and interdiction; equipment maintenance; border security; and operator training.

Equipment support will include: (not exhaustive) coastal surveillance stations; patrol boats; various spare and replacement parts; avionics and communications upgrades; small arms weapons; small/large caliber ammunition; radios; computers; night vision devices; riverine assault and combat support craft; and High Mobility Multipurpose Wheeled Vehicles (HMMWVs).

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I. Description of Operations Financed (continued):

Fragile states and ungoverned areas are potential breeding grounds for terrorism and safe havens for global terrorist organizations. When allies cannot control their borders or maritime space, it threatens the U.S. security. Foreign assistance, and particularly security assistance, is one of the most important weapons the U.S. has to fight terrorism in these areas. The COCOMs and embassies will continue to submit time-sensitive requirements to build the capacity of key global partners.

Stability Operations Fellowship Program (SOFP): This Building Partner Capabilities initiative to enhance the stability operations of partner nations was an outcome of the 2006 Quadrennial Defense Review. Section 1534 of the proposed FY 2008 Building Partner Capabilities to Combat Terrorism and Enhance Stability legislative package requests SOFP authority not to exceed \$25 million in any fiscal year. The SOFP will be phased in, beginning with \$+5,000 thousand in FY 2008 and increasing to a \$10,000 thousand program level by FY 2009.

The SOFP will enhance the capacity of international civilian and military officials to be effective partners in stability operations and perform certain stability operations missions in lieu of US participation. Fellowships will range from short training courses to masters degree programs and will be conducted at U.S. Government schools, civilian institutions and by mobile training and education teams in targeted regions.

This program is a key tool for regional COCOMs to foster regional cooperation and professionalize foreign capabilities to deal with instability within regions and within partner countries. The SOFP complements existing security assistance programs and fills a current void in the U.S. Government's efforts to help build partner's capacities in stability operations. Regional COCOMs will recommend participants in the program to the Office of the Secretary of Defense for approval. The OASD SO/LIC will oversee the

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administration of the program using a mixture of mobile and resident institutional courses tailored to the specific need of key countries in order to advance broader US Government stability efforts. Key senior and mid-level officials who have an impact on instability preparedness and reaction are given the tools to effectively build, manage and sustain programs designed to promote and sustain stability, security, transition and reconstruction.

The SOFP supports DOD Directive 3000.05, "Stability, Security, Transition and Reconstruction". The program begins at a \$5 million program level in FY 2008 and increases by \$5 million annually until the cap of \$25 million is reached. The program will start in FY 2008 with a small number of countries with the yearly increases allowing the SOFP to expand at a programmed and incremental pace in all areas, including funding the development of additional courses and increasing the pool of participating countries and students.

Center for International Issues Research (CIIR): The Center for International Issues Research Program was functionally transferred from The Joint Staff to DSCA in FY 2007. CIIR funding is required to continue the production of the Daily Arabic Media Report and Global Issue Reports, which provide critical security updates and analysis to the President, leadership, and other nations with regard to the Global War on Terror and Defense Support to Public Diplomacy.

Irregular Warfare and Stability, Security, Transition and Reconstruction Center of Excellence (IW & SSTR CoE): The Services have started to make inroads with IW and SSTR education and training at Service educational institutions. However, there is no central repository for IW and SSTR training and education knowledge or information about these programs. This gap makes it difficult for DoD and U.S. Government leaders to inventory

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what is being done, influence and measure the impact and progress of existing efforts, and determine how these disparate efforts could be collectively leveraged. The QDR Irregular Warfare Roadmap directed a plan be developed for creating a DoD Center of Excellence to coordinate IW research, education, training, doctrine and lessons learned. In addition, DoD Directive 3000.05, "Security, Stability, Transition and Reconstruction" calls for the establishment of an SSTR Center of Excellence.

Therefore, this initiative calls for a small and combined SSTR and IW Center of Excellence to leverage and network of existing SSTR and IW education, training, academic research, and lesson learned integration efforts across the DoD and interagency.

The creation of the Center of Excellence will help ensure:

- SSTR and IW training and education programs are not stove-piped, have adequate flexibility to meet new and unanticipated requirements, and effectively incorporate IW and SSTR education lessons learned.
- U.S. military forces are trained and educated how to address the non-traditional irregular challenges of warfare while maintaining traditional conventional warfare capabilities and proficiencies.
- In coordination with State Department and USAID, sufficient numbers of U.S. Government civilians are competent in IW and SSTR and available for deployment when needed.
- Training and academic resources are leveraged to accomplish IW and SSTR education.
- DoD training and education for IW and SSTR are fully integrated and synchronized with State and USAID efforts.

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The Center will also leverage operational funds to enable partner institutions to develop:

- IW and SSTR curriculum;
- Mobile training and education teams to fill gaps in strategic and operational-level IW and SSTR for training for CONUS based forces;
- Exercise scenarios for interagency participation and interagency planning courses; and
- Strategic, operations, and interagency lessons learned research and recommendations.

DSCA Administrative Operations: The DSCA administrative operations fund the salaries and operating expenses of the personnel who manage the DoD-funded security cooperation programs noted above, and the Humanitarian Assistance and Mine Action program management costs.

II. Force Structure Summary: N/A

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III. Financial Summary (\$ in thousands)

	FY 2007							
	FY 2006 <u>Actuals</u>	Budget <u>Request</u>	<u>Congressional Action</u>			Current <u>Estimate</u>	FY 2008 <u>Estimate</u>	FY 2009 <u>Estimate</u>
			<u>Amount</u>	<u>Percent</u>	<u>Appropriated</u>			
A. <u>BA Subactivities</u>								
1. Regional Centers	68,097	65,804	-524	.8%	65,280	64,280	79,635	78,454
2. Counter-Terrorism Fellowship Program	19,771	18,971	-295	1.6%	18,676	18,676	25,000	25,000
3. Warsaw Initiative Fund/Partnership for Peace	27,550	31,483	-490	1.6%	30,993	30,993	28,750	30,000
4. Canadian Environmental Cleanup	12,034	12,499			12,499	12,499	12,900	0
5. Regional International Outreach	0	1,500	-23	1.5%	1,477	1,477	1,300	1,300
6. International Programs Security Requirements Course	1,000	1,212	-19	1.6%	1,193	1,193	1,000	1,000
7. Global Training and Equipment	100,274						500,000	0
8. Stability Ops Fellowship Program							5,000	10,000
9. Center for International Issues Research (CIIR)						7,200	7,400	7,700
10. Irregular Warfare & Stability, Security, Transition and Reconstruction Center of Excellence (SSTR)							2,500	2,600
11. DSCA Administrative Expense	9,206	9,003	-40	.4%	8,963	8,763	9,915	11,146

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	FY 2006 <u>Actuals</u>	FY 2007					<u>Current Estimate</u>	<u>FY 2008 Estimate</u>	<u>FY 2009 Estimate</u>
		<u>Budget Request</u>	<u>Congressional Action</u>						
			<u>Amount</u>	<u>Percent</u>	<u>Appropriated</u>				
A. <u>BA Subactivities</u>									
12. Capital Security Cost Sharing	7,102								
13. Counter Drug	6,588								
14. Supplementals for Coalition Support/Lift and Sustain	1,071,542								
Total	1,323,164	140,472	-1,391	1.0%	139,081	145,081	673,400	167,200	

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III. Financial Summary (\$ in thousands)

<u>B. Reconciliation Summary</u>	<u>Change</u> <u>FY 2007/FY 2007</u>	<u>Change</u> <u>FY 2007/FY 2008</u>	<u>Change</u> <u>FY 2008/FY 2009</u>
Baseline Funding	140,472	145,081	673,400
Congressional Adjustments (Undistributed)	-754		
Congressional Adjustments (General Provisions)	-567		
Congressional Earmark	-70		
Subtotal Appropriated Amount	139,081	145,081	673,400
Supplemental for Coalition Support Prior Year Carryover	878,993		
Coalition Support - Title IX (P.L. 109-676)	900,000		
<i>Coalition Support - GWOT Supplemental (+300,000)</i>			
<i>Train & Equip - Global - GWOT Supplemental (+300,000)</i>			
<i>Lift & Sustain - Global - GWOT Supplemental (+50,000)</i>			
<i>Lift & Sustain -Afghanistan and Iraq -GWOT Supplemental (+350,000)</i>			
Subtotal Baseline Funding	1,918,074	145,081	673,400
Anticipated Supplemental			
Reprogrammings for Fact-of-Life Changes	-1,200		
Price Changes		3,545	14,972
Functional Transfers	7,200		
Program Changes		524,774	-521,172
Current Estimate		673,400	167,200
Less: Wartime Supplemental	-1,778,993	0	0
Normalized Current Estimate	145,081	673,400	167,200

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C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
FY 2007 President's Budget Request (Amended, if applicable)		140,472
1. Congressional Adjustments		-1,391
a. Distributed Adjustments		
b. Undistributed Adjustments	-754	
c. Adjustments to meet Congressional Intent		
d. General Provisions	-567	
1) Sec 8106 - Economic Assumptions	-468	
2) Sec 8097 - Excessive Growth in Travel and Transportation	-99	
e. Congressional Earmarks - Sec 8044 Indian Lands Environmental Impact	-70	
FY 2007 Appropriated Amount		139,081
2. War-Related and Disaster Supplemental Appropriations		1,778,993
a. Supplemental for Coalition Support Prior Year Carryover	878,993	
b. Coalition Support - Title IX (P.L. 109-676)	900,000	
c. <i>Coalition Support - GWOT Supplemental (+300,000)</i>		
d. <i>Train & Equip - Global - GWOT Supplemental (+300,000)</i>		
e. <i>Lift & Sustain - Global - GWOT Supplemental (+50,000)</i>		
f. <i>Lift & Sustain - Iraq and Afghanistan - GWOT Supplemental (+350,000)</i>		
3. Fact of Life Changes - Reduction for civilian pay execution		-1,200
FY 2007 Baseline Funding		1,916,874
4. Reprogrammings (requiring 1415-IR Actions)		
Functional Transfer of CIIR from TJS to DSCA		7,200
Revised FY 2007 Estimate		1,924,074
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4, Reprogrammings, Iraq Freedom Fund Transfers		-1,778,993
FY 2007 Normalized Current Estimate		145,081
6. Price Change and Foreign Currency Fluctuation Change		3,545
7. Functional Transfers		

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C. Reconciliation of Increases and Decreases

	<u>Amount</u>	<u>Totals</u>
8. Program Increases		528,163
a. Annualization of New FY 2007 Program		
b. One-Time FY 2008 Increases		
c. Program Growth in FY 2008		
1) <u>Regional Centers (RCs) for Security Studies</u> . To achieve the goals and objectives of the QDR Roadmap for Building Partners Capacity and the RC Strategic and Operational Transformation, there are numerous changes within the overall increased funding for the RCs. These include \$+5,000 thousand increase in travel to fund the transportation and per diem for the for the international participants and \$+9,000 thousand in other contracts support for contracted lodging, interpreters, translators, adjunct faculty, facilitators, operational support personnel, and course development costs. As the RCs continue their Transformation and increase their capacity, outreach and in-theatre presence, \$+1,066 thousand is required for additional support agreements. This includes \$+1,530 thousand for 15 additional government personnel that are being converted from contractor support and the related decrease of \$-2,500 thousand in contract support (FY 2007 Baseline: \$64,280 thousand)	14,096	
2) <u>Counter-Terrorism Fellowship Program (CTFP)</u> . Congress increased the cap on the CTFP program from \$20 million to \$25 million in the FY 2007 National Defense Authorization Act. Thus, the requested increase of \$+5,852 thousand increases the CTFP to the \$25 million program level. The \$5,852 thousand growth in the CTFP program is reflected as a \$2,149 thousand increase in travel to fund the transportation and per diem for the international participants and \$3,703 thousand in contract support for contracted lodging and infrastructure costs at the DoD service school providers, as well as course development costs. (FY 2007 Baseline: \$18,676 thousand)	5,852	

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C. Reconciliation of Increases and Decreases

	<u>Amount</u>	<u>Totals</u>
<p>3) <u>Stability Operations Fellowship Program (SOFP)</u>. This new BPC initiative will build partner capabilities and enhance the stability operations of partner nations. Fellowships will range from short training courses to masters degree programs and will be conducted at US Government schools, civilian institutions and by mobile training and education teams in targeted regions. The request will fund transportation and per diem for international participants and contract support for contracted lodging and infrastructure costs at the DoD service school providers, as well as, course development costs. (FY 2007 Baseline: \$0 thousand)</p>	5,000	
<p>4) <u>Global Train and Equip Program</u>. This BPC initiative will train and equip international partners in programs that build the capacity of national military forces to conduct counter-terrorist operation, or to support military and stability operations in which U.S. armed forces are also a participant. In FY 2007, the Combatant Commands and embassies submitted proposals for Global Train and Equip funding totaling approximately \$800 million. The DoD is requesting \$300 million for Global Train and Equip in the FY 2007 GWOT Supplemental and \$500 million in the FY 2008 DSCA baseline O&M, D-W appropriation for these requirements. These proposals span the globe and identify requirements for increased capacity in: maritime security, surveillance, and domain awareness; counter-terrorism training and equipment; intelligence cooperation; stability operations; and border protection. Estimates indicate that approved programs will build on the foundations of capacity introduced to 16 partners in FY 2006 and introduce new capabilities to a number of African, East Asian, and Central European countries. (FY 2007 Baseline: \$0 thousand)</p>	500,000	

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C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
5) <u>Irregular Warfare and Stability, Security, Transition and Reconstruction Center of Excellence (IW & SSTR CoE)</u> . To implement this QDR IW initiative, funding is requested for 5 full-time equivalents (FTEs) to manage and operate the Center of Excellence and operating expenses, to include, equipment, a web-based network information tool, and travel. (FY 2007 Baseline: \$0 thousand)	2,500	
6) <u>DSCA Administrative Operations</u> . DSCA Headquarters increases by 6 full-time equivalents (FTEs) to accomplish the new/expanded missions assigned to DSCA. (FY 2007 Baseline: \$8,763 thousand)	583	
7) <u>Canadian Environmental Cleanup Treaty</u> . This increase is required to meet the negotiated payment schedule. (FY 2007 Baseline: \$12,499 thousand)	103	
8) <u>Center for International Issues Research</u> . This increase will fund program administrative cost. (FY 2007 Baseline: \$7,200 thousand)	29	
9. Program Decreases		
a. Annualization of FY 2007 Program Decreases		
b. One-Time FY 2007 Increases		
c. Program Decreases in FY 2008		-3,389
1) <u>Warsaw Initiative/Partnership for Peace (WI/PfP)</u> . The size and scope of security cooperation programs decrease due to affordability. Since this program is executed primarily through the Combatant Commands, decreases are \$-2,434 thousand in contracts and \$-562 thousand for PfP participant travel to exercises and events. (FY 2007 Baseline: \$30,993 thousand)	-2,996	
2) <u>Regional International Outreach</u> . Decrease due to affordability. (FY 2007 Baseline: \$1,477 thousand)	-212	
3) <u>International Program Security Requirements Course</u> . Decrease due to affordability. (FY 2007 Baseline: \$1,193 thousand)	-181	
FY 2008 Budget Request		673,400

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C. Reconciliation of Increases and Decreases

	<u>Amount</u>	<u>Totals</u>
10. Price Change and Foreign Currency Fluctuation Change		14,972
11. Functional Transfers		
12. Program Increases		6,697
a. Annualization of New FY 2008 Program		
b. One-Time FY 2009 Increases		
c. Program Growth in FY 2009		
1) <u>Stability Operations Fellowship Program</u> . This BPC program initiative, which begins in FY 2008 at the \$5,000 thousand program level, will continue to build partner capabilities that enhance the stability of partner nations. The requested growth of \$4,890 thousand reflects a \$10,000 thousand program level. Fellowships will range from short training courses to masters degree programs and will be conducted at US Government schools, civilian institutions and mobile training and education teams in targeted regions. The program will fund transportation and per diem for international participants and contract support for contracted lodging and infrastructure costs at the DoD service school providers, as well as course development costs. (FY 2008 Baseline: \$5,000 thousand)	4,890	
2) <u>DSCA Administrative Operations</u> . DSCA Headquarters increases by 6 full-time equivalents (FTEs) (\$+600 thousand) and \$+410 thousand for related operating expense to accomplish the new/expanded missions assigned to DSCA. (FY 2008 Baseline: \$9,915 thousand)	1,010	

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C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
3) <u>Warsaw Initiative/Partnership for Peace</u> . This security cooperation programs is executed primarily through the Combatant Commands and the increase is reflected in contracts. It is anticipated that cooperation with partners in Central Asia will grow as these partners increase their efforts to integrate with NATO, that 3 new countries will be added as new PfP partners, and that the refocused WIF program will require increased funding for new events and exercises that support partners in the areas of building capacity, defense reform, and increasing interoperability. (FY 2008 Baseline: \$28,750 thousand)	615	
4) <u>Center for International Issues Research</u> . Increase will fund program administrative cost. (FY 2008 Baseline: \$7,400 thousand)	137	
5) <u>Irregular Warfare and Stability, Security, Transition and Reconstruction Center of Excellence</u> . Increase will fund program administrative cost. (FY 2008 Baseline: \$2,500 thousand)	45	
13. Program Decreases		-527,869
a. Annualization of FY 2008 Program Decreases		
b. One-Time FY 2008 Increases		
c. Program Decreases in FY 2009		
1) <u>Regional Centers for Security Studies</u> . The size and scope of security cooperation programs decrease by \$-2,230 thousand due to affordability resulting in fewer classes and fewer international student attendees. However, to achieve the goals and objectives of the QDR Roadmap for Building Partners Capacity and the RC Strategic and Operational Transformation, there are numerous changes within the overall decreased funding for the RC's. These changes include \$+1,890 thousand for 18 additional government personnel that are being converted from contractor support and the related decrease of \$-2,700 thousand in contract support. (FY 2008 Baseline: \$79,635 thousand)	-3,040	

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<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
2) <u>Global Train and Equip Program</u> . This BPC initiative, which trains and equips international partners in programs that build the capacity of national military forces to conduct counterterrorist operations, is only authorized and funded through FY 2008. (FY 2008 Baseline: \$500,000 thousand)	-511,040	
3) <u>Canadian Environmental Cleanup Treaty</u> . The US Government's 10-year obligation to the Government of Canada is completed and satisfied with the final FY 2008 payment. (FY 2008 Baseline: \$12,900 thousand)	-13,185	
4) <u>Counter-Terrorism Fellowship Program</u> . Decrease required to stay within the legislative authority cap. (FY 2008 Baseline: \$25,000 thousand)	-552	
5) <u>Regional International Outreach</u> . Decrease due to affordability. (FY 2008 Baseline: \$1,300 thousand)	-29	
6) <u>International Program Security Requirements Course</u> . Decrease due to affordability. (FY 2008 Baseline: \$1,000 thousand)	-23	
 FY 2009 Budget Request		167,200

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IV. Performance Criteria and Evaluation Summary

The Defense Security Cooperation Agency (DSCA) provides program management and program implementation support for the Regional Centers for Security Studies, Warsaw Initiative Fund/Partnership for Peace (WIF/PfP) program, Combating-Terrorism Fellowship Program (CTFP), and the Canadian Environmental Cleanup program.

DSCA's performance measures support implementation of DoD's Security Cooperation Guidance and COCOMs Theatre Security Cooperation Strategies. By focusing on coalition and alliance requirements, training and education of personnel from allied and friendly nations, and various DoD programs that support access and interoperability, DSCA helps to effectively link DoD's strategic direction with those of allies and friendly nations.

Regional Centers for Security Studies (RC) program. The Regional Centers (RC) continue to be the Department's primary asset for regional outreach and network-building efforts, extending programs and events to more than 7,000 representatives from over 160 different countries. The RC programs target foreign military officers, civilian security and defense policy officials, and key non-government influencers with: **resident programs** conducted at the Regional Centers; **regional in-theater programs** conducted within the region; and outreach opportunities in conjunction with a permanent **regional presence**. Each of the Regional Centers utilizes sophisticated pre- and post- attendance surveys to gage the effectiveness of the program material and reinforce continued communication with the participant.

Resident programs conducted at the Centers not only provide academic instruction, they leverage the opportunity for participants to gain an American cultural experience at the same time. The Centers in the Washington D.C. area also target representatives of the diplomatic corps. In FY 2006, almost 60 percent of the programs offered were resident

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programs. That ratio will decrease to the 30-40 percent range by FY 2009 as funding becomes available to increase regional in-theater programs.

Regional in-theater programs provide unique "outreach" opportunities to understand regional challenges and concerns and tailor the content of seminars, courses and workshops. In FY 2007 and FY 2008, the Regional Centers will concentrate on revising and expanding their regional in-theatre program offerings focusing on realigning their priorities to meet the QDR objectives. The in-theater programs provide the foundation for initiating and developing relationships with key influencers within the various countries.

The Centers are placing additional emphasis on new programs designed to build on fledgling relationships with former participants, creating valuable in-roads to key influencers. Beginning in FY 2009, the Centers will increase outreach offerings by 25 percent, including in-region courses, in-region conferences, in-region workshops, in-region seminars, and former participant activities. The RC's will also increase their leverage of communication products (Multimedia, Distance Learning, Newsletters, E-Bulletins, Web Casts) to synchronize outreach efforts, reaching a larger group in less time.

In-region presence is seen as essential to building a network to leverage former participant as a mechanism to influence military and non-governmental organizations, governments, academics, key civil society actors, representatives of international and Non-Governmental Organizations, and to private sector entities important to USG and DoD goals and objectives in the region. Beginning in FY 2007, the RC's will expend significant efforts to establish a permanent footprint in the Middle East and African regions. Additionally, the RC's will increase their engagement with regional military

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war colleges and civilian universities to partner on programs, developing additional relationships to facilitate strategic communications in the region.

Each of the RC's continually re-evaluates manpower requirements to ensure synchronization with funding, program growth and available facilities. While the RC's are requesting growth, they also identified over 50 percent of their current contractor positions for conversion to government civilian positions to fund a large portion of the manpower increases required for program growth. The increased funding in FY 2008 will not only facilitate increases in faculty, but also create the foundation for increasing the scope and attendance for many seminars.

Warsaw Initiative Fund/Partnership for Peace (WI/PfP) program.

In FY 2006 WIF resources were used to conduct events with 14 PfP nations. WIF resources funded many of these countries to participate in excess of 15 military exercises, ranging from exercises with objectives to practice and perform operational and tactical military planning to exercises that support objectives of democratic control of the Armed Forces. In FY 2006, the Marshall Center conducted a number of outreach programs in these PfP nations, conducting seminars and reinforcing democratic values and U.S. and NATO military operational concept and doctrine. The Center for Civil Military Relations conducted defense reform, acquisition and planning, programming, budgeting and execution seminars in many of these PfP nations. The U.S. Air Force initiated a command, control, communications and computer study (C4) in the Ukraine and completed a study in Georgia. The U.S. Army conducted a number of civil military emergency events, seminars and exercises in these PfP nations, all supported by WIF funding. The U.S. Navy continued to support the Partnership for Peace Information Management System (PIMS), a system widely used by PfP partners to share information and lessons learned.

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In FY 2007, the Warsaw Initiative Fund (WIF) is principally programmed to assist Partnership for Peace (PfP) nations to enhance their ability to operate alongside the U.S. and NATO forces and build partnership capacity and defense institutions. A detailed program review and analysis determined the requirement to refocus the WIF program. We will be reducing traditional legacy programs (regional aerospace initiative and civil military emergency planning) to focus greater resources and expertise on defense institutional building and building partnership capacity, through the reinforcement of U.S. and NATO military concepts, conduct of military functional seminars, perform military and defense assessments and conduct of bi-lateral and multilateral exercises with these PfP nations. Additionally, the DSCA will assist countries to build niche capabilities, by concentrating these seminars, events and exercises on key operational and military requirements. The goals for FY 2007 are to refocus the program to assist countries with defense reform and building partnership capacity as priorities, along with the key objective of assisting the countries through this program to accede to NATO. The expectation is to develop comprehensive plans for each country in FY 2007-2008 through a concerted planning effort and to execute these plans with WIF resources. The long-term goal is to tie a series of functional events together, building to a culminating event to ensure full exposure to U.S. military and defense concepts, as an enabler to institutionalize reform. FY 2007 funding will also focus on assisting three key PfP nations, Albania, Macedonia and Croatia accede to NATO (desiring invitations in FY 2008). WIF resources will assist in helping to reinforce these commitments through exposure to U.S. military concepts and operational exercises. In FY 2007, Montenegro, Serbia and Bosnia-Herzegovina will be added as new PfP partners. WIF resources will be used to initiate programs in these countries. The DSCA also anticipates that WIF requirements will increase in Central Asia as these partners increase their efforts to integrate with NATO.

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In FY 2007, WIF activities and events include, but are not limited to, seminars and workshops that support defense reform initiatives, functional seminars, and events to assist partner nations to build capacity and develop niche capabilities. This is a critical enabler to support accession to NATO for some partners and assist partner countries to provide continued support to the U.S. in GWOT operations. The WIF program will be refocused to support the following policy priorities: 1) Enhance capabilities to contribute to GWOT; 2) Defense policy and strategy; 3) Democratic control of the Armed Forces; 4) Defense Planning, Budgeting and Resource Management resource management; 5) Professional personnel structures; 6) Logistics; 7) Border security and control; 8) Peace Keeping Operations (PKO); and 9) Professional military education, training and doctrine. To support these policy objectives, WIF will be used to fund PfP partners to operate with the U.S. and NATO troops in various military exercises; as well support various seminars, events, and assistance visits.

The WIF program will continue to transform to support defense institution building and building partnership capacity. In order to focus on the most critical military and defense requirements, DSCA expects to have roadmaps and plans for each country in the FY 2008 timeframe. As new nations are added to PfP and as the Central Asian partners' capacity to absorb additional events and seminars continues to grow, WIF program requirements will increase.

For FY 2008 and FY 2009, WIF will continue to focus on targeting key operational requirements (and deficiencies) in these PfP countries, assistance to these countries to build partnership capacity and increase participation in coalition operations, as required worldwide. WIF resources will be used to assist PfP nations to meet NATO partnership goals, including those cited in membership action plans.

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Counter-Terrorism Fellowship Program.

The Combating Terrorism Fellowship Program (CTFP) continues to train a broad range of foreign combating terrorism military officers and security officials and provide specialized programs to address individual country needs.

In FY 2006, 2,845 foreign military and security officials attended CTFP-funded programs. The CTFP provided 520 educational programs, including 84 events in 58 foreign countries in all five Geographic Combatant Commands. This included computer based training (CBT) education and training support to emerging regional and sub-regional organizations and alliances.

In FY 2006, the CTFP broadened its outreach by engaging countries that had not previously sent students to CTFP programs, such as Vietnam, Mongolia, Burundi and Suriname. Generally, the program seeks to attract more traditional U.S. allies and partners (e.g., new NATO members and coalition support members), which will enhance the CBT educational experience for new GWOT partners. The CTFP program developed a lengthened Counterterrorism Fellowship Program at the National Defense University (NDU) with the intension of making the courses Master's Degree granting program.

In FY 2007, the CTFP program is expanding its traditional course offerings and is developing a wide range of new programs with traditional schoolhouses and in partnership with the RC's. The expanded CTFP will provide greater operational and strategic education and training, focusing on both partner countries and regional activities, especially incorporating into the fellowship program security officials who are engaged in combating terrorism. Although currently funded at \$19.0 million (funding for

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approximately 2,600 students) the increased cap on the program to \$25 million will enable DSCA to develop these programs, as well as increase the number of students trained.

In FY 2008 and FY 2009, the CTFP program will continue to be a valuable tool in the fight against terrorism and fill a crucial void in U.S. efforts to provide targeted international combating terrorism education. Combating terrorism education and training programs have proven to be a strategic tool in the war on terrorism that effectively supplements the efforts of regional COCOMs in accomplishing their missions. Increasing the program to \$25 million in FY 2008 will increase the number of students that the program can fund to approximately 3,200 students and, by FY 2009 the \$25 million program would fund the training of approximately 3,300 students.

Canadian Environmental Cleanup program.

This program continues the U.S. Government's 10-year commitment per the terms of a U.S. Canadian Treaty. Site locations include the Dew Line, Argentia, Goose Bay and Haines Fairbanks. Category one expenses include stained soil disposal, construction of a northern disposal facility, relocation of landfill and stabilization of landfills. Category two expenses include landfill repair, reshaping sites, structural demolition of hazardous material disposal facilities and soil burial. Category three expenses involve structural demolition and disposal.

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V. Personnel Summary	FY 2006	FY 2007	FY 2008	FY 2009	Change		
					FY 2006/ FY 2007	FY 2007/ FY 2008	FY 2008/ FY 2009
<u>Active Military End Strength (E/S) Total</u>	85	120	126	126	35	6	0
Officer	67	95	101	101	28	6	0
Enlisted	18	25	25	25	7	0	0
<u>Civilian End Strength Total</u>	328	413	439	458	85	26	19
U.S. Direct Hire	295	378	404	423	83	26	19
Foreign National Direct Hire	0	0	0	0	0	0	0
Total Direct Hire	295	378	404	423	83	26	19
Foreign National Indirect Hire	33	35	35	35	2	0	0
Memo: Reimbursable Civilians Included	11	11	11	11	0	0	0
<u>Civilian Full-Time Equiv (FTEs) Total</u>	317	413	439	463	96	26	24
U.S. Direct Hire	283	389	415	439	106	26	24
Foreign National Direct Hire	0	0	0	0	0	0	0
Total Direct Hire	283	389	415	439	106	26	24
Foreign National Indirect Hire	34	24	24	24	-10	0	0
Memo: Reimbursable Civilians Included	11	11	11	11	0	0	0
Average Annual Civilian Salary (\$ in 000)	97	103	108	110	6	5	2

Explanation of FTE Changes:

FY 2006-2007: DSCA did not have Title X authority for Faculty and Deans when the Regional Centers for Security Studies transferred to DSCA on 1 Oct 05. These individuals remain NDU employees and DSCA provided reimbursement for their salaries. DSCA received Title X authority effective FY 2007.

In addition, the German Works Council Agreement is for 24 Foreign National Indirect Hires (FNIH). However, in FY 2006, the Regional Centers executed 11 more FNIH work-years and fewer U.S. direct hire work-years due to high personnel turnover, which should be alleviated by FY 2007.

FY 2007-2008: New program, the Irregular Warfare & Stability, Security, Transition and Reconstruction Center of Excellence (+5 FTE). Conversion of contractor personnel to government personnel at the Regional Centers (+15 FTE) and new/expanded missions for DSCA (+6 FTE).

FY 2008-2009: Conversion of contractor personnel to government personnel at the Regional Centers (+18 FTE) and new/expanded missions for DSCA (+6 FTE).

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VI. OP 32 Line Items as Applicable (Dollars in thousands):

OP-32 Line	FY 2006		Program	FY 2007		FC Rate		FY 2008		FC Rate		FY 2009	
	Actuals	Price		Program	Program	Diff	Price	Program	Program	Diff	Price	Program	Program
101 Exec, General & Special Schedules	26,740	650	10,837	38,227	0	1,070	3,773	43,070	0	1,077	1,972	46,119	
308 Travel of Persons	21,890	525	1,737	24,152	6	555	12,149	36,862	6	811	-4,401	33,278	
673 DFAS	1,170	-112	80	1,138	0	-55	0	1,083	0	-57	0	1,026	
771 Commercial Transportation	1,190	25	0	1,215	1	27	0	1,243	1	26	0	1,270	
901 Foreign National Indirect Hire	2,983	69	0	3,052	83	67	0	3,202	85	70	0	3,357	
912 Rental Payment to GSA (SLUC)	902	23	0	925	0	23	0	948	0	24	0	972	
914 Purchased Communications (Non-Fund)	1,503	36	0	1,539	0	35	0	1,574	0	35	0	1,609	
915 Rents (Non-GSA)	1,302	29	0	1,331	0	32	0	1,363	0	33	0	1,396	
920 Supplies & Materials (Non-Fund)	6,606	159	0	6,765	1	156	0	6,922	1	152	0	7,075	
921 Printing & Reproduction	646	16	0	662	2	15	0	679	2	15	0	696	
923 FSRM by Contracts	1,762	42	0	1,804	0	41	0	1,845	0	41	0	1,886	
925 Equipment Purchase	866	21	0	887	0	20	0	907	0	20	0	927	
932 Management & Professional Support Svcs	225	5	0	230	0	5	0	235	0	5	0	240	

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VI. OP 32 Line Items as Applicable (Dollars in thousands):

987	Other Intra- Government Purchases	1,217,125	29,211	-1,225,731	20,605	0	474	0	21,079	0	464	0	21,543
989	Other Contracts	38,209	917	3,423	42,549	8	979	508,852	552,388	8	12,153	-518,743	45,806
998	Other Costs	45	1	-46	0	0	0	0	0	0	0		0
999	TOTAL	1,323,164	31,617	-1,209,700	145,081	101	3,444	524,774	673,400	103	14,869	-521,172	167,200

* The FY 2006 Actual column includes \$859,024 thousand of FY 2005 Supplemental funds (X-year) prior year unobligated balance carryover, \$144,678 thousand of FY 2006 Supplemental funds (X-year), \$1,993 thousand Counter-Terrorism Fellowship Program funds (X-year) and \$65,847 thousand of FY 2006 Supplemental funds (PL 109-163).

* The FY 2007 Estimate column excludes \$878,993 thousand of FY 2006 Coalition Support Supplemental funds (X-year) prior year unobligated balance carryover (PL 109-13) and \$900,000 thousand for Coalition Support in FY 2007 as per Title IX (PL 109-676)

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