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DEFENSE BUDGET OVERVIEW

UNITED STATES DEPARTMENT OF DEFENSE
FISCAL YEAR 2019 BUDGET REQUEST

REVISED FEBRUARY 13, 2018



Preface

The Overview Book has been published as part of the President's Annual Defense Budget for the past few years. From FY 1969 to FY 2005, OSD published the "Annual Defense Report" (ADR) to meet 10 USC section 113 requirements. Subsequently, the Overview began to fill this role.

The Overview is one part of an extensive set of materials that constitute the presentation and justification of the President's Budget for FY 2019. This document and all other publications for this and previous DoD budgets are available from the public web site of the Under Secretary of Defense (Comptroller): <http://comptroller.defense.gov>.

The Press Release and Budget Briefing, often referred to as the "Budget Rollout," and the Program Acquisition Costs by Weapons System book, which includes summary details on major DoD acquisition programs (i.e., aircraft, ground forces programs, shipbuilding, space systems, etc.) are especially relevant.

The website for Performance Improvement tables and charts is <http://dcmo.defense.gov/Publications/AnnualPerformancePlanandPerformanceReport.aspx>.

Other background information can be accessed at www.defense.gov.

The estimated cost of this report or study for the Department of Defense is approximately \$35,000 for the 2018 Fiscal Year. This includes \$12,000 in expenses and \$22,000 in DoD labor.

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The FY 2019 Defense Overview Book is updated in accordance with the Addendum to the President's FY 2019 Budget to Account for the Bipartisan Budget Act (BBA) of 2018. This update reallocates the total DoD FY 2019 request of \$686.1 billion between Base (\$617.1 billion) and Overseas Contingency (OCO) funding (\$69.0 billion) to match the BBA of 2018, and adjusts the split between base and OCO funding in the outyears as well.

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1. EXECUTIVE SUMMARY – A STRATEGY DRIVEN BUDGET

A more lethal, resilient, and rapidly innovating Joint Force, combined with a robust constellation of allies and partners, will sustain American influence and ensure favorable balances of power that safeguard the free and open international order.

National Defense Strategy

The Department of Defense (DoD) Fiscal Year (FY) 2019 budget is the second full budget request from President Trump's administration. This budget was formulated around the National Security Strategy (NSS) and National Defense Strategy (NDS) goals to:

- Protect the American people, the Homeland, and the American way of life,
- Promote American prosperity,
- Preserve peace through strength, and
- Advance American influence

The Department's enduring mission is to provide combat ready military forces to deter war and protect the security of the U.S., which reinforces America's traditional tools of diplomacy. The Department provides military options to ensure that the President of the United States and U.S. diplomats negotiate from a position of strength. To successfully build a strategic budget demands an in-depth review of all requirements, the FY 2019 budget focused on the short-term and long-term priorities that enable the Department to meet the objectives of the NSS and NDS.

The NDS prioritizes major power competition, and in particular, reversing the erosion of the U.S. military advantage in relation to China and Russia. The DoD FY 2019 budget request fulfills the Department's objectives by addressing Secretary of Defense direction to increase lethality; resilience; agility; build a flexible and dynamic force; and work by, with, and through allies and partners. Guided by the NSS and NDS, the Department made specific decisions about the FY 2019 budget that support a more capable, ready, and efficient force that can project power globally for full-spectrum operations against a range of threats, this includes:

- Increasing end strength for the Army, Navy and Air Force (+25,900),
- Continuing the Department's Missile Defeat and Defense Enhancement (MDDE) initiative,
- Increasing procurement of preferred and advanced munitions,
- Modernizing equipment for the second Army Armored Brigade Combat Team (ABCT),
- Buying ten combat ships in FY 2019,
- Increasing production of the F-35 aircraft and F/A-18 aircraft
- Enhancing deterrence by modernizing the nuclear triad
- Increasing funds to enhance communications and resiliency in space,
- Supporting U.S. Armed Forces with a pay raise of 2.6 percent, and
- Increasing the emphasis on technology innovation for increased lethality.

Overview – FY 2019 Defense Budget

Figure 1.1. Department of Defense Budget

(\$ in billions)

\$ in billions	FY 2017 Enacted	FY 2018 CR*	FY 2019 Request	FY18 – FY19 Change
Base	523.5	523.7	617.1	+93.4
OCO	82.5	83.4	69.0	-14.4
Emergency Supplemental	--	4.7	--	-4.7
Total	606.0	611.8	686.1	+74.3

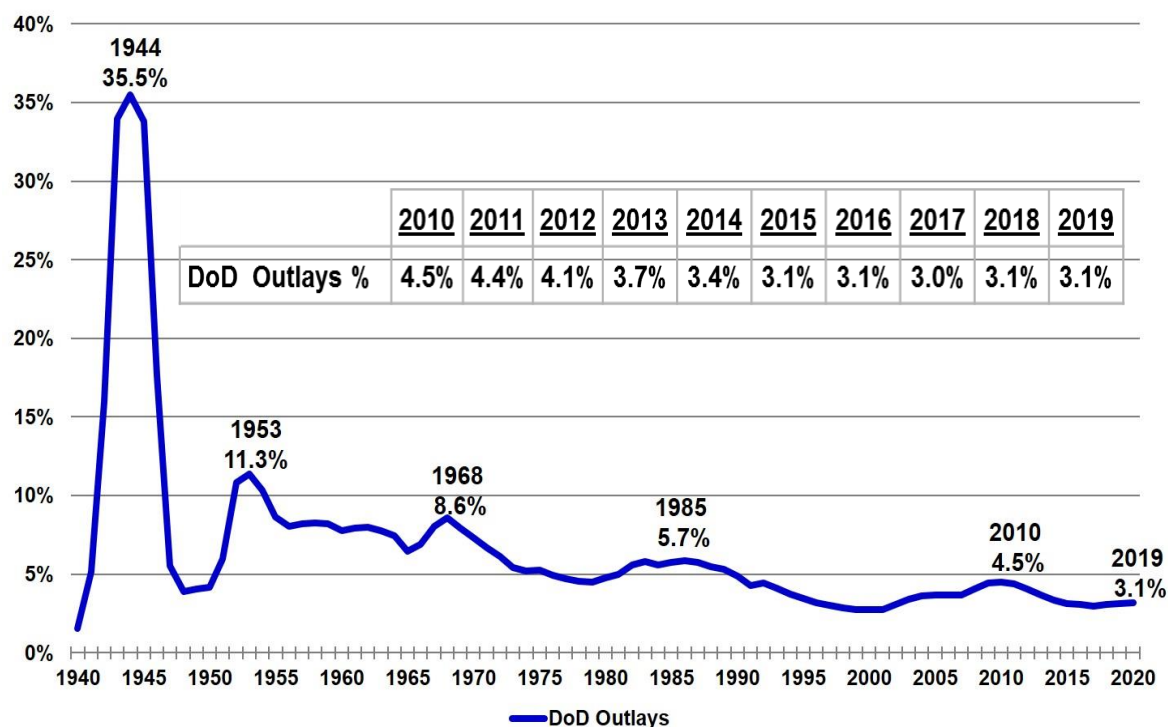
Discretionary budget authority.

Numbers may not add due to rounding.

*Reflects Continuing Resolution (CR) and Division B of Public Law 115-96 (DoD Missile Defeat and Defense Enhancements Appropriations Act, 2018).

The President's FY 2019 budget request is for \$686.1 billion. This budget represents 5 percent real growth over the initial FY 2018 President's Budget and 10 percent real growth over the current Continuing Resolution (CR). While reversing a 7-year decline, defense spending remains near historical lows as a share of the U.S. economy, as noted in Figure 1.2 below.

Figure 1.2. Defense Outlays vs. Gross Domestic Product FY 1940 – FY 2023

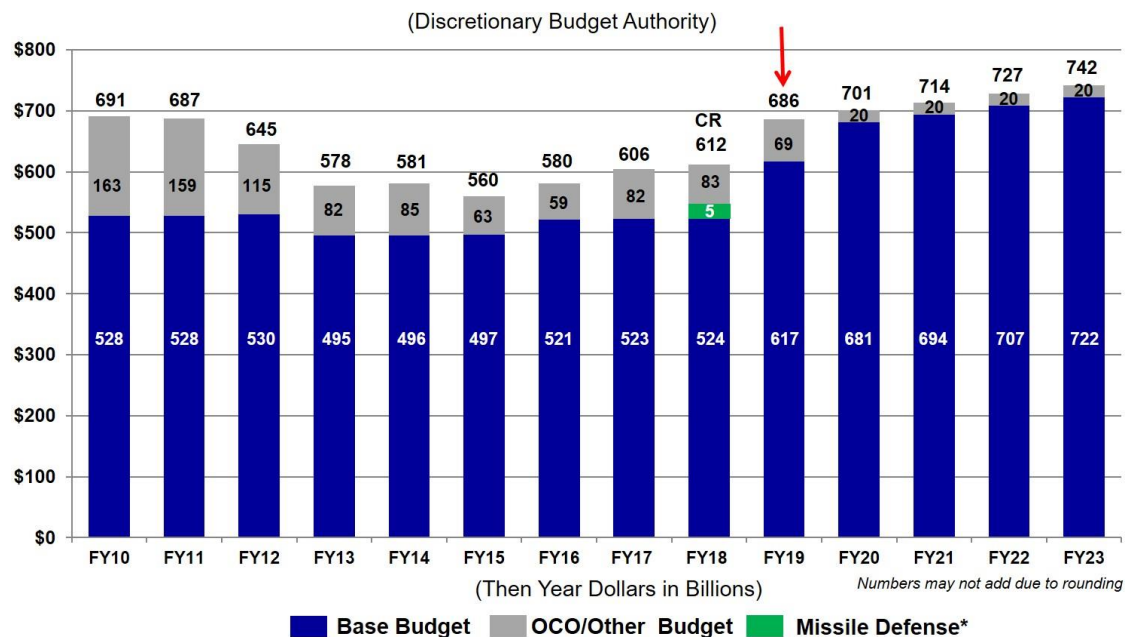


Overview – FY 2019 Defense Budget

The U.S. military's traditional advantages are facing new challenges in the global security environment. For decades the United States has been uncontested or dominant in every operating domain. The United States could deploy, assemble, and operate its forces as needed. Today, all domains are contested—air, land, sea, space, and cyberspace. This more challenging threat environment confuses the ability of U.S. forces to operate in the time and place of their choosing, and therefore requires more lethal, resilient, adaptable, and innovative capabilities in every domain of warfare.

This FY 2019 strategy-based budget provides the American people with detailed insight into the Department's priorities as it works to enhance U.S. military capabilities. **But this budget needs a timely appropriation to be fully effective.** Continuing Resolutions impact the Department in many ways, to include: postponing, delaying, and inhibiting development, procurement, and maintenance of weapon systems; slowing the build-up of critical munition stockpiles; and introducing the possibility of government shutdowns. Budgetary disruption and instability negatively impact the Department's ability to work efficiently and modernize rapidly.

Figure 1.3. Defense Topline – a historical funding picture



*Division B, P.L. 115-96, DoD Missile Defeat and Defense Enhancements Appropriations Act, 2018

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2. NATIONAL DEFENSE STRATEGY

The central challenge to U.S. prosperity and security is the *reemergence of long-term, strategic competition* by what the National Security Strategy classifies as revisionist powers. It is increasingly clear that China and Russia want to shape a world consistent with their authoritarian model—gaining veto authority over other nations’ economic, diplomatic, and security decisions..

National Defense Strategy

The Department of Defense’s (DoD) enduring mission is to provide combat-credible military forces needed to deter war and protect the security of this nation. Should deterrence fail, the Joint Force is prepared to win. Reinforcing America’s traditional tools of diplomacy, the Department provides military options to ensure the President and United States diplomats negotiate from a position of strength.

The 2018 National Defense Strategy connects strategy to budget priorities enabling the DoD to compete, deter, and win and broadly outlines the strategy’s imperatives for redesigning the U.S. military. The reemergence of long-term strategic competition, rapid dispersion of technologies, and new concepts of warfare and competition that span the entire spectrum of conflict require a Joint Force structured to match this reality.

Today, the United States is emerging from a period of strategic atrophy in which the Department’s competitive military advantage has been eroding. The United States is facing increased global disorder, characterized by decline in the long-standing rules-based international order—creating a security environment more complex and volatile than any the United States has experienced in recent memory. Major power competition, not terrorism, is now the primary concern in U.S. national security.

A more lethal, resilient, and rapidly innovating Joint Force, combined with a robust constellation of allies and partners, will sustain American influence and ensure favorable balances of power that safeguard the free and open international order. Collectively, a modernized Joint Force, the new Global Operating Model and Dynamic Force Employment concept, DoD’s alliance and partnership architecture, and Department reform will deliver relevant capabilities and the force agility required to prevail in conflict and preserve peace through strength.

The costs of not implementing this strategy are clear. Failure to meet the DoD’s objectives will result in decreasing U.S. global influence, eroding cohesion among allies and partners, and reduced access to markets that will contribute to a decline in U.S. prosperity and standard of living.

STRATEGIC ENVIRONMENT

The *National Defense Strategy* acknowledges an increasingly complex global security environment, characterized by overt challenges to the free and open international order and the re-emergence of long-term, strategic competition between nations. These changes require a

Sections

- Strategic Environment
- Department of Defense Objectives
- Strategic Approach
- Build a More Lethal Force
- Strengthen Alliances and Attract New Partners
- Reform the Department for Greater Performance and Affordability

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clear-eyed appraisal of the threats the United States faces, acknowledgement of the changing character of warfare, and a transformation of how the Department conducts business.

The central challenge to the United States prosperity and security is the *reemergence of long-term, strategic* competition by what the National Security Strategy classifies as revisionist powers. It is increasingly clear that China and Russia want to shape a world consistent with their authoritarian model—gaining veto authority over other nations’ economic, diplomatic, and security decisions.

China is leveraging military modernization, influence operations, and predatory economics to coerce neighboring countries to reorder the Indo-Pacific region to their advantage. As China continues its economic and military ascendance, asserting power through an all-of-nation long-term strategy, it will continue to pursue a military modernization program that seeks Indo-Pacific regional hegemony in the near-term and displacement of the United States to achieve global preeminence in the future. The most far-reaching objective of this defense strategy is to set the military relationship between the United States and China on a path of transparency and non-aggression.

Russia seeks veto authority over nations on its periphery in terms of its governmental, economic, and diplomatic decisions, to shatter the North Atlantic Treaty Organization and to change European and Middle East security and economic structures to its favor. The use of emerging technologies to discredit and subvert democratic processes in Georgia, Crimea, and eastern Ukraine is concern enough, but when coupled with its expanding and modernizing nuclear arsenal the challenge is clear.

Rogue regimes such as North Korea and Iran are destabilizing their regions by pursuing nuclear weapons or sponsoring terrorism. North Korea seeks to guarantee regime survival and increased leverage through a mixture of nuclear, biological, chemical, conventional, and unconventional weapons and a growing ballistic missile capability to gain coercive influence over South Korea, Japan, and the United States. In the Middle East, Iran is competing with its neighbors, asserting an arc of influence and instability while vying for regional hegemony, using state-sponsored terrorist activities, a growing network of proxies, and its missile program to achieve its objectives.

The U.S. military’s traditional advantages are facing new challenges in the global security environment. For decades the United States has been uncontested or dominant in every operating domain. The United States could deploy, assemble, and operate its forces as needed. Today, all domains are contested—air, land, sea, space, and cyberspace. This more challenging threat environment confounds the ability of U.S. forces to operate in the time and place of their choosing, and therefore requires more lethal, resilient, adaptable, and innovative capabilities in every domain of warfare.

The DoD faces an ever more lethal and disruptive battlefield, combined across domains, and conducted at increasing speed and reach—from close combat, throughout overseas theaters, and reaching to the U.S. homeland. Some competitors and adversaries seek to target U.S. battle networks and operational concepts, while also using other areas of competition short of open warfare.

The security environment is also affected by *rapid technological advancements and the changing* character of war. The drive to develop new technologies is relentless, expanding to more actors with lower barriers of entry, and moving at accelerating speed. New technologies include advanced computing, “big data” analytics, artificial intelligence, autonomy, robotics, directed

energy, hypersonics, and biotechnology—the very technologies that ensure the United States will be able to fight and win the wars of the future.

States are the principal actors on the global stage, but non-state actors also threaten the security environment with increasingly sophisticated capabilities. Terrorists, trans-national criminal organizations, cyber hackers and other malicious non-state actors have transformed global affairs with increased capabilities of mass disruption. Terrorism remains a persistent condition driven by ideology and unstable political and economic structures, despite the defeat of ISIS's physical caliphate.

DEPARTMENT OF DEFENSE OBJECTIVES

It is a strategy of principled realism that is guided by outcomes, not ideology.

National Security Strategy

In support of the National Security Strategy, the Department of Defense is prepared to defend the homeland, remain the preeminent military power in the world, ensure balances of power remain in its favor, and advance an international order that is most conducive to U.S. security and prosperity.

Long-term strategic competitions with China and Russia are the principal priorities for the Department, and require both increased and sustained investment -- not only to deter and if necessary confront aggression, but also to actively compete – because of the magnitude of the threats each pose to U.S. security and prosperity today. Concurrently, the Department will sustain its efforts to deter and counter rogue regimes such as North Korea and Iran, defeat terrorist threats to the United States, and consolidate the DoD's gains in Iraq and Afghanistan while moving to a more resource-sustainable approach.

Defense objectives include:

- Defending the U.S. homeland from attack;
- Sustaining Joint Force military advantages, both globally and in key regions;
- Deterring adversaries from aggression against U.S. vital interests;
- Enabling U.S. interagency counterparts to advance U.S. influence and interests;
- Maintaining favorable regional balances of power in the Indo-Pacific, Europe, the Middle East, and the Western Hemisphere;
- Defending allies from military aggression and bolstering partners against coercion, and fairly sharing responsibilities for common defense;
- Dissuading, preventing, or deterring state adversaries and non-state actors from acquiring, proliferating, or using weapons of mass destruction;
- Preventing terrorists from directing or supporting external operations against the United States homeland and its citizens, allies, and partners overseas;
- Ensuring common domains remain open and free;
- Continuously delivering performance affordably and with speed; and
- Establishing an unmatched twenty-first century National Security Innovation Base that effectively supports the Departments operations and sustains security and solvency.

STRATEGIC APPROACH

A long-term strategic competition requires the seamless integration of multiple elements of national power—diplomacy, information, economics, finance, intelligence, law enforcement, and military. More than any other nation, America can expand the competitive space, seizing the initiative to challenge its competitors where the United States possesses advantages and competitors lack strength. A more lethal force, strong alliances and partnerships, American technological innovation, and a culture of performance will generate decisive and sustained U.S. military advantages.

The United States is expanding the competitive space, but it also offers competitors and adversaries an outstretched hand, open to opportunities for cooperation, but from a position of strength and based on U.S. national interests. Should cooperation fail, the DoD will be ready to defend the American people, its values, and interests. The willingness of rivals to abandon aggression will depend on the adversary's perception of U.S. strength and the vitality of its alliances and partnerships.

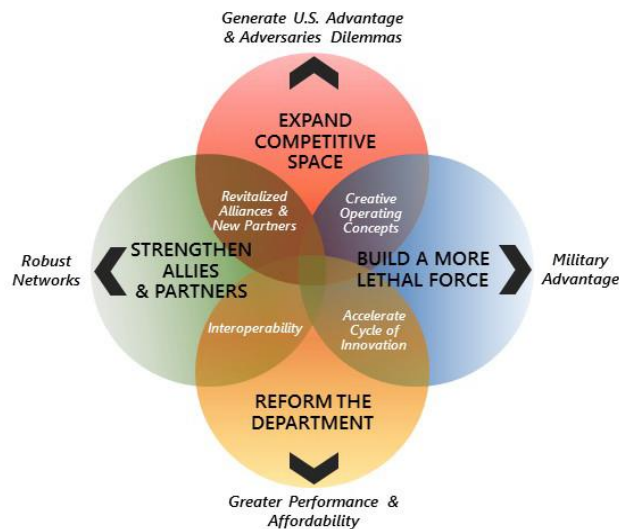
The DoD will be strategically predictable, but operationally unpredictable. Deterring or defeating long-term strategic competitors is a fundamentally different challenge than the regional adversaries that were the focus of previous strategies. The strength and integrated actions of the U.S. and its allies will demonstrate the commitment to deterring aggression, but dynamic force employment, military posture, and operations must introduce unpredictability to adversary decision-makers. With United States allies and partners, the DoD will challenge competitors. To succeed in the emerging security environment, the Department and Joint Force will have to out-think, out-maneuver, out-partner, and out-innovate revisionist powers, rogue regimes, terrorists, and other threat actors.

The DoD will expand the competitive space while pursuing three distinct lines of effort:

- First, rebuilding military readiness as the DoD builds a more lethal Joint Force;
- Second, strengthening alliances as the DoD attracts new partners; and
- Third, reforming the Department's business practices for greater performance and affordability.

BUILD A MORE LETHAL FORCE

The surest way to prevent war is to be prepared to win one. Doing so requires a competitive approach to force development and a consistent, multiyear investment to restore warfighting readiness and field a more lethal, resilient, and agile force. The DoD aim is a Joint Force that possesses decisive advantages for key potential warfights, while remaining proficient across the entire spectrum of conflict.



Achieving peace through strength requires the Joint Force to deter conflict through preparedness for war. During normal day-to-day operations, the Joint Force will compete to: deter aggression in three key regions—the Indo-Pacific, Europe, and Middle East; degrade terrorist and Weapons of Mass Destruction (WMD) threats; and defend U.S. interests from challenges below the level of armed conflict. In wartime, the fully mobilized Joint Force will be capable of: defeating aggression by a major power; deterring opportunistic aggression elsewhere; and disrupting imminent terrorist and WMD threats. During peace or in war, the Joint Force will deter nuclear and non-nuclear strategic attacks and defend the homeland. To support these missions, the Joint Force must gain and maintain information superiority; and develop, strengthen, and sustain U.S. security relationships.

The DoD must modernize key capabilities. To address the erosion of our competitive military advantage, the Joint Force must become more lethal, resilient, agile, ready, and interoperable with allies and partners. Specifically, the Joint Force must be capable of operating effectively in contested domains against highly capable adversaries.

- *Lethal.* Destroy massed enemy forces in contested domains from the outset of conflict.
- *Resilient.* Sustain operations while under sophisticated multi-domain attacks.
- *Agile.* Move quickly and unpredictably.
- *Ready.* Fight on short or no notice.

Recognizing the persistent nature of terrorist threats, the Joint Force must also be able to operate cost-effectively against less sophisticated threats. To achieve these goals, the DoD must invest in redesigning the Joint Force through modernized force structure – i.e., capable capacity – for contested domains. This endeavor will require sustained, predictable budgets. The 2018 National Defense Strategy is the driving logic behind DoD's planned FY 2019-FY 2023 program, accelerating its priority capability investments in a sustained effort to solidify DoD's competitive advantage.

- *Nuclear forces.* The Department will modernize the nuclear triad—including nuclear command, control, and communications, and supporting infrastructure. Modernization of the nuclear force includes developing options to counter competitors' coercive strategies, predicated on the threatened use of nuclear or strategic non-nuclear attacks.
- *Space and cyberspace as warfighting domains.* The Department will prioritize investments in resilience, reconstitution, and operations to ensure the Joint Force's ability to use space and cyberspace, even while under sophisticated multi-domain attacks. The DoD will also invest in a full suite of cyber capabilities and integrate these into DoD's military planning and concept development. These investments will contribute to deterrence by denying potential adversaries an advantage from attacking United States space and cyberspace assets.
- *Command, control, communications, computers and intelligence, surveillance, and reconnaissance (C4ISR).* Investments will prioritize resilient, survivable, federated networks and information ecosystems from the tactical up to the strategic level. Investments will also prioritize capabilities to gain and exploit information, deny competitors those same advantages, and enable the DoD to attribute non-kinetic attacks and to hold accountable adversaries attempting to exploit deniability.

- *Missile defense.* Investments will focus on layered missile defenses and disruptive capabilities for both theater missile threats and North Korean ballistic missile threats. In particular, the Department will seek holistic, cost-effective solutions to countering the threat posed by competitors' missile systems.
- *Joint lethality in contested environments.* The Joint Force will be able to strike diverse targets inside highly contested environments to destroy mobile power-projection platforms from the outset of a conflict. This includes capabilities to enhance close combat lethality in complex terrain. Particular focus will be placed on munitions, to include building stockpiles of current munitions, modifying current weapons for future conflicts, and developing future systems to ensure lasting advantage.
- *Forward force maneuver and posture resilience.* Investments will prioritize ground, air, sea, and space forces that can deploy, operate, and sustain operations in all domains while under attack. This will require transitioning from a peacetime posture of large, centralized, unhardened infrastructure to resilient, dispersed, smaller, adaptive basing protected by active and passive defenses.
- *Advanced autonomous systems.* The Department will invest broadly in military application of autonomy and artificial intelligence, including rapid application of commercial breakthroughs, to gain competitive military advantages.
- *Resilient and agile logistics.* Investments will prioritize prepositioned forward stocks and munitions, strategic mobility assets, partner and allied support, as well as non-commercially dependent distributed logistics and maintenance to ensure logistics sustainment while under persistent multi-domain attack.

Building a more lethal force is not defined solely by hardware; it requires change in the ways the DoD readies, postures, employs, and develops the Joint Force.

- *Readies.* This requires DoD to restore the readiness of its forces for warfighting, while balancing with current operational demands. This will necessitate limiting near-term activities to allow forces to refit, train, and exercise new concepts.
- *Postures.* The DoD must build a combat-credible, resilient force posture to enhance deterrence and warfighting effectiveness in priority theaters, while placing the burden of escalation on potential adversaries.
- *Employs.* The NDS calls for the Joint Force to operate globally in four, mutually reinforcing layers: contact, blunt, surge, and homeland defense. Contact forces will work by, with, and through allies and partners to compete and defend U.S. interests below armed conflict and, in the event of conflict, will enable blunt and surge forces. Blunt forces will comprise combat-credible forward deterrent forces capable of contesting aggression by delaying, degrading, or denying enemy forces from quickly seizing their objectives. Surge forces provide agile, war-winning capabilities and capacity to reinforce the contact and blunt layers. Homeland defense forces persistently defend the American people and its territory from foreign attack. These layers are underwritten by a foundational layer including nuclear; cyber; space; command, control, communications, computers, intelligence, surveillance and reconnaissance; and strategic mobility capabilities.
- *Develops.* Development of the future force must anticipate the implications of new technologies on the battlefield, rigorously define the military problems anticipated in future conflict, and foster a culture of experimentation and calculated risk-taking, while delivering lethality, surprise, and speed in both the innovation and fielding of new

technology. The DoD must also anticipate how competitors and adversaries will employ new operational concepts and technologies, while developing operational concepts to sharpen the DoD's competitive advantages and enhanced lethality.

STRENGTHEN ALLIANCES AND ATTRACT NEW PARTNERS

Mutually beneficial alliances and partnerships are crucial to the DoD strategy, providing a durable, asymmetric strategic advantage that no competitor or rival can match. This approach has served the United States well, in peace and war, for the past 75 years. Allies and partners aided the United States after the terrorist attacks on 9/11—the only time NATO has invoked the mutual defense clause, Article 5—and have contributed to every major U.S.-led military engagement since.

The United States amasses the greatest possible strength for the long-term advancement of U.S. interests by working together with allies and partners to maintain favorable balances of power that deter aggression and support stability. When the United States pools resources and shares responsibility for common defenses, the DoD security burden becomes lighter. The United States allies and partners provide complementary capabilities and forces along with unique perspectives, regional relationships, and information that improve the DoD's understanding of the environment. Allies and partners also provide access to critical regions, supporting a widespread basing and logistics system that underpins the Department's global reach.

The United States will strengthen and evolve its alliances and partnerships into an extended network capable of deterring or decisively acting to meet shared challenges with shared responsibility. Recognizing each ally and partner is different, interoperability requires combined forces be able to act together coherently and effectively to achieve military objectives. Interoperability is an investment priority for operational concepts, modular force elements, communications, information sharing, and equipment.

In consultation with Congress and the Department of State, the Department of Defense will prioritize requests for U.S. military equipment sales, accelerating foreign partner modernization and ability to integrate with U.S. forces. Enduring coalitions and long-term security partnerships, enabled by capable U.S. alliances and partnerships and reinforced by U.S. allies' own webs of security relationships, will underpin the Department's efforts to build a more lethal force.

REFORM THE DEPARTMENT FOR GREATER PERFORMANCE AND AFFORDABILITY

The current bureaucratic approach, centered on exacting thoroughness and minimizing risk above all else, is proving to be increasingly unresponsive. The Department must transition to a culture of performance where results and accountability matter. The Department will put in place a management system where leadership can harness opportunities and ensure effective stewardship of taxpayer resources. The Department has the responsibility to gain full value from every taxpayer dollar spent on defense, thereby earning the trust of Congress and the American people.

The DoD must deliver performance at the speed of relevance. Success no longer goes to the country that develops a new technology first, but rather to the one that better integrates it and adapts its way of fighting. Current processes are not responsive to need; the DoD response will be to prioritize speed of delivery, continuous adaptation, and frequent modular upgrades. Its modernization efforts will embrace this innovative climate and emphasize investments with mission-focused impacts, rather than ones oriented on platform-centric performance.

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The Department's management structure and processes are not written in stone; they are a means to an end—empowering the warfighter with the knowledge, equipment and support systems to fight and win. Department leaders will adapt their organizational structures to best support the Joint Force.

The DoD must drive budget discipline and affordability to achieve solvency. Better management begins with effective financial stewardship. The Department will continue its plan to achieve full auditability of all its operations, improving its financial processes, systems, and tools to understand, manage, and improve cost. The Department will continue to leverage the scale of its operations to drive greater efficiency in procurement of materiel and services while pursuing opportunities to consolidate and streamline contracts in areas such as logistics, information technology, and support services.

The DoD must streamline its approach to developing and fielding new weapon systems. A rapid, iterative approach to capability development will reduce costs, technological obsolescence, and acquisition risk. The Department will realign incentive and reporting structures to increase speed of delivery, enable design tradeoffs in the requirements process, expand the role of warfighters and intelligence analysis throughout the acquisition process, and utilize non-traditional suppliers. Prototyping and experimentation should be used prior to defining requirements and commercial-off-the-shelf systems. Platform electronics and software must be designed for routine replacement instead of static configurations that last more than a decade.

The Department's technological advantage depends on a healthy and secure national security innovation base that includes both traditional and non-traditional defense partners. The Department, with the support of Congress, will provide the defense industry with sufficient predictability to inform its long-term investments in critical skills, infrastructure, and research and development. The Department will continue to streamline processes so that new entrants and small-scale vendors can provide cutting-edge technologies. The DoD will also cultivate international partnerships to leverage and protect partner investments in military capabilities.

CONCLUSION

The Department is adapting to the constantly changing security environment by adhering to the priorities and approach outlined in the National Defense Strategy. That strategic approach involves building a more lethal force, strengthening alliances and attracting new partners, and reforming existing processes. This strategy is adaptable but offers a solid foundation for the Department of Defense to begin increasing its strength. To carry out any strategy, history teaches us that wisdom and resources must be sufficient. The Secretary of Defense is confident this defense strategy is appropriate and worthy of the support of the American people.

Overview – FY 2019 Defense Budget

The Summary of the 2018 National Defense Strategy of the United States of America can be found at:

<https://www.defense.gov/News/Article/Article/1419045/dod-official-national-defense-strategy-will-rebuild-dominance-enhance-deterrence/>

“If you don't get the resources -- my closing words -- then your strategy is nothing more than a hallucination, because, without the resources, there's just so much brave young men and women can do.”

Secretary Mattis, January 19, 2018

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3. PRESERVE PEACE THROUGH STRENGTH

The re-emergence of long-term strategic competition, rapid dispersion of technologies, and new concepts of warfare and competition that span the entire spectrum of conflict require a Joint Force structured to match this reality.

National Defense Strategy

The Fiscal Year (FY) 2019 budget request for the Department of Defense (DoD) focuses on the Secretary of Defense's vision to build a lethal, resilient, agile and ready force. The budget requests from President Trump's Administration for FY 2017 and FY 2018 initiated the rebuilding process by making additional investments in near-term readiness, filling programmatic holes caused by years of budget cuts, and setting the stage for future capability and capacity increases. The FY 2019 investments continue to develop a more capable, ready, and efficient force that can project power globally for full-spectrum operations against a range of priority threats.

The United States is a global power with global reach. Accurately scaling its military power to prevent aggression and combat violent extremist threats requires thoughtful decisions that exploit the competitors' weaknesses and leverage U.S. strengths -- the foundation of this budget submission.

Sections

- The Growing Threat
- Power Projection
- Munitions
- Nuclear Modernization/Nuclear Deterrence
- Missile Defense
- Space and Spaced-Based Systems
- Cyberspace Operations
- Science and Technology
- Rebuilding Service Readiness
- Joint Capabilities

THE GROWING THREAT

Competitor states, especially China and Russia, have narrowed DoD's military technological advantages, demanding the United States find new and innovative ways to fight in the future. China is now a strategic competitor, using predatory economics to intimidate its neighbors while militarizing features in the South China Sea. Russia has violated the borders of nearby nations and pursues veto power over the economic, diplomatic, and security decisions of its neighbors.

Concurrently, North Korea's actions and rhetoric continue despite the United Nation's censure and sanctions. Iran continues to sow violence and remains the most significant challenge to Middle East stability. Despite the defeat of the Islamic State of Iraq and Syria's (ISIS) physical caliphate, threats to stability remain as terrorist groups with long reach continue to murder innocent people and threaten peace.

This increasingly complex United States security environment is defined by rapid technological change, challenges from adversaries in every operating domain, and the impact on current readiness from the longest continuous stretch of armed conflict in U.S. history. In this environment, there can be no complacency—the United States must make the difficult choices that prioritize what is most important to field a lethal, resilient, and rapidly adapting Joint Force.

Overview – FY 2019 Defense Budget

The Department of Defense is responsible for ensuring that the Joint Force remains able to simultaneously protect the U.S. homeland, respond to and defeat adversary aggression abroad, and wage a global counter-terrorism campaign in cooperation with U.S. allies and partners, all while still improving its ability to respond to emerging threats. Thus, the defense program must be able to address both near-term requirements of these strategic imperatives while ensuring that U.S. Armed Forces will be able to prevail against future challenges in these mission areas. This Administration recognizes that the Department needs to rebuild the strength of the U.S. Armed Forces and has requested the resources in FY 2017 (Request for Additional Appropriations), FY 2018, and FY 2019 to begin that effort.

Building a more lethal force requires predictable and timely funding needed to execute a multiyear plan that rapidly rebuilds the Joint Force warfighter construct. This effort will require filling the gaps in capacity and lethality while preparing for sustained future investments. This endeavor includes a renewed focus on a safe and secure nuclear deterrent, fielding decisive and dynamic conventional forces, and retaining irregular warfare as a core competency.

The FY 2019 budget uses innovative technologies to increase the lethality of new and existing weapon systems. The Department is also developing leap-ahead systems to enable the Joint Force to defeat future aggression.

This budget continues the Administration's Missile Defeat and Defense Enhancement effort to increase the capability and capacity of the United States to detect, disrupt, defeat and defend against any ballistic missile attack on the homeland, U.S. deployed forces, and U.S. allies.

Figure 3.1 summarizes the top DoD weapon programs in the FY 2019 budget. Further details can be found in the Department's "Program Acquisition Costs by Weapon Systems" book.

Overview – FY 2019 Defense Budget

Figure 3.1. Major Weapons Programs

(\$ in billions)

Weapon Systems		FY 2018*		FY 2019	
		Qty	PB Request	Qty	PB Request
Aircraft					
F-35	Joint Strike Fighter	70	10.8	77	10.7
KC-46A	Tanker	15	3.1	15	3.0
P-8A	Poseidon	7	1.6	10	2.2
F/A-18E/F	Super Hornet	14	1.3	24	2.0
CH-53K	King Stallion Helicopter	4	1.1	8	1.6
E-2D AHE	Advanced Hawkeye	5	1.1	4	1.2
AH-64E	Apache Helicopter	63	1.4	60	1.3
UH-60	Black Hawk Helicopter	48	1.1	68	1.4
V-22	Osprey	6	0.9	7	1.3
MQ-4	Triton Unmanned Aerial Vehicle	3	0.9	3	0.9
Missile Defense/Nuclear Deterrent					
BMDS	Ballistic Missile Defense System	--	9.9	--	9.9
B-21	Raider	--	2.0	--	2.3
SSBN	COLUMBIA Class Submarine	--	1.9	--	3.7
Trident II	Trident II Missile Mods	--	1.3	--	1.2
LRSO	Long Range Standoff Weapon	--	0.5	--	0.6
GBSD	Ground Based Strategic Deterrent	--	0.2	--	0.3
B61 Tailkit	B61 Mod 12 Life Extension Program	30	0.2	250	0.3
Ships					
SSN 774	VIRGINIA Class Submarine	2	5.5	2	7.4
DDG 51	ARLEIGH BURKE Destroyer	2	4.0	3	6.0
CVN 78	FORD Aircraft Carrier	1	4.6	--	1.8
LCS	Littoral Combat Ship	2	1.7	1	1.3
T-AO	Fleet Replenishment Oiler	1	0.5	2	1.1
ESB	Expeditionary Sea Base	--	--	1	0.7
T-ATS	Towing, Salvage, and Rescue Ship	1	0.1	1	0.1
Space					
EELV	Evolved Expendable Launch Vehicle	3	1.9	5	2.0
GPS	Global Positioning System	--	1.1	--	1.5
SBIRS	Space Based Infrared System	--	1.5	--	0.8
Ground Systems					
JLTV	Joint Light Tactical Vehicle	2,777	1.1	5,113	2.0

*FY 2018 reflects the President's Budget request +\$17.0 million Emergency Amendment: Missile Defeat and Defense Enhancements Act of 2018 (Division B, Public Law 115-96); and includes \$25.0 million of OCO funds within the Defense-Wide S&T

POWER PROJECTION

The FY 2019 President's Budget prioritizes the Department's power projection capabilities to include enhancements to offensive air and sea power through the development and procurement of long range strike weapons, combatant ships, and strike aircraft and the modernization of existing weapons, ships, aircraft, and electronic warfare capabilities.

The security environment is also affected by rapid technological advancements and the changing character of war.

National Defense Strategy

Air Power

The FY 2019 budget request continues procurement of the Joint Strike Fighter aircraft and modernization programs for existing Navy and Air Force strike fighter aircraft and bombers. Development of the B-21 Raider long range strike bomber is also funded with initial capabilities projected to be fielded in the mid-2020s. Technology Maturation and Risk Reduction for the next generation of air dominance systems is also included.



The major tactical air power investment is the F-35 Lightning II Joint Strike Fighter (pictured here), which will form the backbone of the U.S. inventory. The F-35 program is developing, producing, and fielding three variants of a 5th Generation strike fighter: 1) Air Force F-35A Conventional Take-Off and Landing variant; 2) Marine Corps F-35B Short Take-Off and Vertical Landing variant; and 3) Navy F-35C Carrier variant. The FY 2019 budget also procures additional F/A-18E/F Super Hornets to increase readiness of the Navy fighter fleet and relieve pressure on the

aging legacy F/A-18A-D inventory. The budget continues to fund the Navy's MQ-25 unmanned aircraft system, which will provide the Department with a critical unmanned tanker capability that will extend the striking power of the carrier air wing while providing maritime surveillance for the carrier strike group.

The FY 2019 budget funds the continued Air Force and Navy procurement of both the AIM-120D Advanced Medium Range Air-to-Air Missile (AMRAAM) and the AIM-9X Block II Sidewinder short-range air-to-air missile. Both programs are in Full-Rate Production and are integral to the preservation of air superiority for U.S. Armed Forces in future combat operations.

The Navy, Marine Corps, and Air Force are investing in modernization programs that improve the capability and extend the utility of existing aircraft. Adding advanced Infra-Red Search and Track (IRST) sensors will significantly improve detection and targeting of threat aircraft despite complex enemy Electronic Attack, while the development and fielding of an Active Electronically Scanned Array radar will enable the F-16 aircraft to maintain relevance throughout their service life.

The FY 2019 budget funds the development of the B-21 Raider, the next generation long range strike bomber, and modernization of the existing bomber fleet of B-52s, B-1s and the B-2s. Major modification efforts on the B-2 aircraft include an updated defensive management system. The

Overview – FY 2019 Defense Budget

budget funds B-52 avionics and weapons upgrades as well as replacement for the B-52's inefficient and aging engines.

The FY 2019 budget funds multiple electronic warfare capabilities to improve platform survivability and enable power projection. Additional manning to Navy EA-18G aircraft squadron size is budgeted as well as EA-18G aircraft survivability improvements with the Next Generation Jammer (NGJ). The NGJ will provide significantly improved Airborne Electronic Attack (AEA) capabilities against advanced integrated air defense radars, communications, and data links. The FY 2019 budget also funds survivability improvements in the F-15 Eagle Passive Active Warning and Survivability System and the Integrated Defensive Electronic Countermeasures System. These will autonomously detect, identify, and locate radio frequency (RF) threats as well as deny, degrade, disrupt, and defeat RF threat systems.

Sea Power

Nuclear aircraft carriers (CVNs) provide forward presence for air power projection. The FY 2019 budget continues incremental funding for the Ford Class nuclear aircraft carriers, the JOHN F. KENNEDY (CVN 79), and the ENTERPRISE (CVN 80). Amphibious warships, along with their connector craft, are versatile, interoperable warfighting platforms and are critical enablers to projection of power by sea-based forces in theater. The FY 2019 budget includes continued recapitalization of the Ship-to-Shore Connector to replace the Landing Craft, Air Cushion (LCAC) as it reaches the end of its service life and the Landing Craft, Utility (LCU) 1700 to support amphibious assault capability. Surface Combatant Ships are multi-mission warships designed and built to execute Sea Control and Power Projection missions. The FY 2019 budget continues procurement of the DDG 51 Flight III variant, which, with the addition of the AN/SPY-6(V) Air and Missile Defense Radar (AMDR), provides improved sensitivity for long range detection and engagement of advanced Air, Surface, and Ballistic Missile threats. The FY 2019 budget supports the final year to procure the Littoral Combat Ship (LCS) before the transition to the procurement of a more lethal and capable Frigate to address the Navy's Small Surface Combatant requirements. The FY 2019 budget also includes funding for two additional T-AO 205 Fleet Oilers, which provides fuel and logistical support to deployed ships, ensuring continued presence and power projection.



Submarines provide the Navy with unprecedented strike and special operation mission capabilities from a stealthy, clandestine platform. Armed with tactical missiles, the Navy's four OHIO-class guided-missile submarines carry up to 154 Tomahawk land-attack cruise missiles (TLAMs) and have the capacity to host up to 66 Special Operation Forces (SOF) personnel; however, they begin to decommission in the early 2020's. The FY 2019 budget continues the development of the VIRGINIA Payload Module (VPM) in Block V VIRGINIA Class submarines (VCS), which will replace much of this critical capability by adding 28 additional TLAMs and space for SOF operations over Block I-IV VCS.

The FY 2019 budget also funds programs that implement survivability improvements to the U.S. maritime defensive capabilities, which consist of the Surface Electronic Warfare Improvement Program Block 3 electronic attack capability (pacing the advanced threats) and the Advanced Off-board Electronic Warfare Program, consisting of long duration, off-board decoys to address identified electronic warfare gaps.

Overview – FY 2019 Defense Budget

The FY 2019 budget continues funding for 125 Standard Missile-6 (SM-6) missiles per year, providing the most capable long range anti-air missiles for Fleet defense. The budget also funds procurement of the Long-Range Anti-Ship Missile (LRASM) for the Navy and Air Force as a near-term solution for the Offensive Anti-Surface Warfare air-launch capability gap.

MUNITIONS

The Department has continuously engaged in multiple small conflicts over the past 15 years. The DoD continues to operate in hostile environments, which require quality planning to reduce risk and ensure munitions inventories are adequate and expenditures are replenished. Accurately calculating the number of munitions is challenging since identifying the munition required depends on whether the Department is fighting from the ground, sea, or air as well as how long a conflict will last. Each variable will send a different demand signal.

The Joint Force must be able to strike diverse targets inside adversary air and missile defense networks to destroy mobile power-projection platforms.

National Defense Strategy

Many preferred munitions are precision guided, low collateral damage munitions, and are used by more than one Service and by U.S. allies. The increased requirement from all Services is driving demand at all levels of this industry. Unfortunately, prior decreases in munitions purchases forced the consolidation of many suppliers at the sub-tier level that now struggle to maintain capacity and capability as production increases. Since munitions are unique Military items, sub-tier suppliers do not have the commercial base to sustain business during funding downturns.

The DoD has expended more munitions than planned over the last few years, primarily to defeat Islamic State of Iraq and Syria (ISIS), leading to higher demand to replenish munition inventories. Addressing the Department's need to maintain critical munition inventories, the FY 2017 and FY 2018 budget requests strengthened the Department's lethal posture by increasing production capacities and procurement of its preferred munitions. The FY 2019 budget continues to procure critical munitions at maximum production capacity. Some of these production lines have been increased to unprecedented output rates to ensure the maximum delivery of high demand munitions to the warfighter. As a result, unit pricing economies are being realized and are increasing buying power for those munitions.

The Department is also investing in the munitions industrial base to ensure production capacity is maximized. The FY 2019 request continues to invest in organic and commercial industrial base capabilities; for example, explosives for warheads, propellants for solid rocket motors and ammunition, inertial navigation units, and many other components. The table below reflects quantities and funding for several critical munitions.

Overview – FY 2019 Defense Budget

Figure 3.2. FY 2019 Funding for Munitions (Base and OCO)

(\$ in millions)

Weapon System	FY 2017		FY 2018*		FY 2019		FY17–FY19 Quantity Change
	Actual Qty	Enacted	PB Qty	PB Request	PB Qty	PB Request	
Guided Multiple Launch Rocket System	3,720	\$474.3	6,474	\$948.5	9,733	\$1,167.7	6,013
Joint Direct Attack Munition	33,239	\$790.4	34,529	\$874.3	43,594	\$1,169.4	10,355
Advanced Precision Kill Weapon System	6,700	\$182.4	10,849	\$281.6	15,940	\$434.8	9,240
Small Diameter Bomb I **	4,507	\$160.1	6,852	\$283.9	6,826	\$253.7	2,319
Hellfire	6,797	\$681.7	7,664	\$711.1	7,045	\$625.3	248
Army Tactical Missile System	187	\$165.9	181	\$186.0	404	\$447.3	217

*FY 2018 reflects the President's Budget request and OCO

** Small Diameter Bomb I includes spares

R&D and Procurement Funding

NUCLEAR MODERNIZATION/NUCLEAR DETERRENCE

Modernizing the nation's nuclear delivery systems is the Department's number one priority, and these programs are fully funded in the FY 2019 budget. Strong, bipartisan congressional support continues for the nuclear deterrence modernization programs. Recapitalizing the nuclear delivery systems and associated support systems will require an increase in spending over the next 20 years.

***The Department will
modernize the nuclear triad.***

National Defense Strategy

Most of the nation's nuclear deterrence delivery systems, built in the 1980's and prior, are reaching the end-of-service life in the 2025 to 2035 timeframe, with all currently-fielded systems having been extended well beyond their original service lives. Replacement programs are underway to ensure that there are no gaps in capability when the legacy systems age-out. There is little schedule margin between legacy system age-out and fielding of the replacement systems. The table below reflects the funding for seven critical weapons systems.

Figure 3.3. Nuclear Modernization FY 2019 Funding (DoD Funding only)

(\$ in billions)

Weapon System	FY 2017 Actual	FY 2018 Request*	FY 2019 Request	FY17 – FY19 Change
Ground Based Strategic Deterrent	\$0.1	\$0.2	\$0.3	\$0.2
Long Range Stand Off cruise missile	\$0.1	\$0.5	\$0.6	\$0.5
COLUMBIA-class	\$1.8	\$1.9	\$3.7	\$1.9
Trident II Life Extension	\$1.2	\$1.3	\$1.2	\$0.0
B-21 Bomber	\$1.3	\$2.0	\$2.3	\$1.0
F-35 Dual Capable Aircraft	\$0.03	\$0.04	\$0.07	\$0.04
B61 Tailkit	\$0.1	\$0.2	\$0.3	\$0.2

*FY 2018 reflects the President's Budget request and OCO

R&D and Procurement Funding

Ground Based Strategic Deterrent (GBSD). The GBSD system will replace the Minuteman III Intercontinental Ballistic Missile Weapon System beginning in 2028. The program is in the Technology Maturation and Risk Reduction (TMRR) phase and contracts were awarded in August 2017.

Long-Range Stand Off (LRSO) cruise missile. The LRSO effort will develop a weapon system to replace the AGM-86B Air Launched Cruise Missile, which has been operational since 1986. The LRSO weapon system will be capable of penetrating and surviving advanced Integrated Air Defense Systems from significant stand-off ranges to hold strategic targets at risk in support of the Air Force's nuclear deterrence operations core function. The LRSO is also critical for serving as a hedge against risks in the more complex nuclear deterrence system development programs and enhancing the credibility of the DoD deterrent to assure U.S. allies. The program is in the TMRR phase and contracts were awarded in August 2017.

COLUMBIA-class Ballistic Missile Submarine (SSBN). The COLUMBIA-class SSBN is being developed to begin replacing the OHIO-class SSBNs in the early 2030s. The Navy is continuing to sustain the OHIO-class to ensure a smooth transition for the sea-based leg of the Triad with the COLUMBIA-class SSBN. The COLUMBIA-class program successfully completed Milestone B (i.e., in January 2017) and has entered the Engineering and Manufacturing Development (EMD) phase.

Trident II (D5) Submarine-Launched Ballistic Missile (SLBM) Life Extension (D5LE). The D5LE program extends the service life of the D5 SLBM and will be deployed on both OHIO-class and COLUMBIA-class SSBNs. The D5LE is in production and achieved Initial Fleet Introduction in February 2017. The Navy will also initiate development efforts for a follow-on system to the D5LE.

B-21 Raider Strategic Bomber. The B-21 Raider is being developed to acquire an affordable, long range, penetrating aircraft that incorporates proven, mature technologies. This bomber represents a key component to the joint portfolio of conventional and nuclear deep-strike capabilities.

F-35A Dual-Capable Aircraft (DCA). The F-35A DCA will replace the Air Force's F-15 and F-16 DCA to support extended deterrence. The F-35 DCA is scheduled to achieve nuclear certification in FY 2025.

B61 Mod 12 Life Extension Program (LEP) Tailkit Assembly (TKA). The nuclear gravity bomb B61 Mod 12 LEP will consolidate four legacy B61 variants into a single variant for carriage on heavy bombers and DCA. The Air Force funded TKA will be coupled with the Department of Energy/National Nuclear Security Administration (DOE/NNSA) Bomb Assembly to extend the lifespan of the B61 gravity bomb while making it safer, more secure, and more reliable. The TKA program is in EMD and is planning for a Milestone C decision (i.e., in FY 2019).

MISSILE DEFENSE

The FY 2019 budget funds enhancements to U.S. missile defense capabilities to defend the homeland, deployed forces, allies, and partners against an increasingly complex ballistic missile threat. In accordance with direction from the 2018 Missile Defense Review, this budget request increases missile defense capacity and capability to keep pace with advancing threats. The budget includes \$12.9 billion for missile defense, including \$9.9 billion for the Missile Defense Agency (MDA).

Investments will focus on layered missile defenses and disruptive capabilities for both theater missile threats and North Korean ballistic missile threats.

National Defense Strategy

The Department will develop an additional missile field in Alaska and increase the number of operational, deployed Ground-Based Interceptors (GBI) to 64 missiles as early as FY 2023. The

Overview – FY 2019 Defense Budget

Department is also investing in the infrastructure required to maintain an operational fleet of 64 GBIs into the future. The FY 2019 request would continue development of the Redesigned Kill Vehicle (RKV) to address the evolving threat and improve kill vehicle reliability, continue development of a 2-/3-stage booster selectable capability to expand battlespace for GBI engagements for homeland defense. The budget also uses available technology to improve existing sensors, battle management, fire control, and kill vehicle capabilities. The budget also supports development and deployment of new sensors to improve Missile Defense System (MDS) discrimination capability and allow for more efficient use of the GBI inventory, to include a Long-Range Discrimination Radar in Alaska, a Homeland Defense Radar in Hawaii, and an additional Medium Range Discrimination Radar in the Pacific. The MDA will also deliver an experimental space-based kill assessment capability for defense of the homeland as part of an integrated post intercept assessment solution.

The budget reflects the Department's commitment to building integrated regional missile defenses that are interoperable with systems deployed by international partners to protect deployed forces, allies and international partners against Short Range Ballistic Missiles (SRBM), Medium Range Ballistic Missiles (MRBM), and Intermediate Range Ballistic Missiles (IRBM).

For U.S. missile defense capabilities, the FY 2019 budget request:

- Supports the U.S. Forces Korea (USFK) to improve missile defense capability on the Korean peninsula
- Provides the funding for the development of advanced missile defense technologies to counter future threats, including discrimination improvements, multi-object kill vehicle technology, hypersonic threat missile defeat, and high-powered lasers
- Continues, in alignment with the United States Navy, to support and operate the Aegis Ashore site in Romania and deployment of a second site in Poland, as an integral part of NATO's Ballistic Missile Defense (BMD) architecture
- Continues increasing BMD capability and capacity of the Aegis Fleet and procures 37 Standard Missile (SM-3) Block IB missiles to be deployed on Aegis BMD ships and at Aegis Ashore Sites as part of a Multiyear Procurement; continues the integration of the SM-3 Block IIA into the Aegis BMD Weapon Systems; procures 6 SM-3 Block IIA missiles to contribute to defense against longer-range and more complex threats; ensures the maturation of the manufacturing process; and continues development of the Sea Based Terminal capability to protect the Fleet and forces ashore
- Provides funding for Terminal High Altitude Area Defense (THAAD) development efforts and software upgrades such as implementation of flexible threat packages and defense planning, improved capability to engage SRBM, MRBM and limited IRBM threats and integration of the THAAD Battery capability into the Army's Integrated Air and Missile Defense Battle Command System (IBCS) planning process. The THAAD budget request also includes funding for the procurement of 82 THAAD Interceptors in FY 2019 as well as for operating support to maintain and upkeep BMD System-unique items of fielded THAAD Batteries and for training devices.
- Provides funding to perform the systems engineering required to design, build, test, assess and field the integrated MDS
- Provides funding to execute a comprehensive, highly integrated, complex, cost-effective series of flight tests, ground tests, wargames and exercises to ensure that MDS capabilities are credibly demonstrated and validated prior to delivery to the Warfighter

- Continues support for Israeli Cooperative BMD Programs, to include United States funding for the Iron Dome system to defeat short-range missiles and rockets and co-development and co-production of the David's Sling Weapon System and Arrow-3 System

SPACE AND SPACE-BASED SYSTEMS

The FY 2019 budget request for space and space-based systems addresses Satellite Communications (SATCOM); Overhead Persistent Infrared (OPIR) capabilities; Positioning, Navigation, and Timing (PNT); and Space Launch systems. The Department continues to sustain existing systems, while moving out on development

of follow-on capabilities supporting operations in a contested space environment. The simultaneous actions of sustaining and modernizing these critical space capabilities reflect the Department's emphasis on increasing the capacity and lethality of the Joint Force.

The Department will prioritize investments in resilience, reconstitution, and operations to assure our space capabilities.

National Defense Strategy

The Air Force will continue the production of Space Based Infrared Systems (SBIRS) Space Vehicles 5 and 6 to address OPIR requirements, and Advanced Extremely High Frequency (AEHF) Space Vehicles 5 and 6 to meet military SATCOM (MILSATCOM) needs in the FY 2019 budget. Resiliency improvements are being incorporated into the production line for SBIRS Space Vehicles 5 and 6 and AEHF Space Vehicles 5 and 6. Additional resilience initiatives will continue to be investigated and implemented where possible.

The FY 2019 budget request funds the Air Force's Next-Generation Strategic Missile Warning system as part of a transition to the future OPIR architecture. The Next-Generation system accelerates implementation of mature resiliency features to increase strategic survivability in a contested environment. The Air Force will incorporate a technology refresh of the sensor to assure missile warning capabilities equal to or greater than today's SBIRS, taking advantage of sensor technology improvements.

The FY 2019 budget request continues resiliency improvements in the PNT mission, incorporating Regional Military Protection capability into the next generation Global Positioning System (GPS) III constellation. This enhancement assures PNT capabilities in contested environments and for disadvantaged users. The request also funds improvements to the GPS ground segment to enable implementation of advanced Military code (M-Code), which improves the anti-jamming and secure access of the military GPS signals in contested environments.

The Evolved Expendable Launch Vehicle (EELV) program has been aligned with satellite launch schedules in FY 2018 and FY 2019 and continues to pursue a public private partnership approach for future launch service acquisitions. The Air Force strategy is to ensure the existence of two commercially-viable, domestically sourced space launch service providers with the requirement of also eliminating the use of foreign-made propulsion systems.

CYBERSPACE OPERATIONS

The Department of Defense (DoD) has three primary missions in cyberspace:

- Defend DoD networks, systems, and information
- Defend the United States and its interests against cyber-attacks of significant consequence
- Provide Combatant Commands with integrated cyber capabilities to support military operations and contingency plans

We will also invest in cyber defense, resilience, and the continued integration of cyber capabilities into the full spectrum of military operations.

National Defense Strategy

The Department is simultaneously enhancing the ability of its force to carry out missions in cyberspace and fielding 133 Cyber Mission Force (CMF) teams composed of:

- 13 National Mission Teams to defend the United States and its interests against cyberattacks of significant consequence
- 68 Cyber Protection Teams to defend priority DoD networks and systems against priority threats
- 27 Combat Mission Teams to provide support to Combatant Commands by generating integrated cyberspace effects in support of operational plans and contingency operations
- 25 Support Teams to provide analytic and planning support to National Mission and Combat Mission teams

The U.S. Cyber Command trains and equips the CMF. Specific activities aligned with training the CMF include the acquisition of a Persistent Cyber Training Environment (PCTE) and the effective leveraging of existing Joint and Service cyber training capabilities. The U.S. Army is the DoD Executive Agent for the Cyber Training Ranges and the acquisition lead for PCTE. The process of equipping the CMF is supported through materiel solution analyses, prototyping, and the acquisition of cyber capabilities. The Air Force is the DoD Executive Agent for the Unified Platform and Joint Cyber Command and Control. The acquisition activities conducted by the Service are complemented by the acquisition activities conducted by U.S. Cyber Command. The U.S. Cyber Command's acquisition efforts are focused on the four capability areas of Joint Access Platforms, Joint Tools, Joint Analytics, and Joint Common Services.

Military operations in cyberspace continue to provide U.S. forces with operational experience as well as insights into the command and control capabilities required to effectively conduct integrated cyber operations. In addition, the Department has made and continues to make significant investments in dual-use cyber ranges. These ranges have the flexibility to support CMF training and the evaluation of Information Technology, control systems, and weapons systems in a realistic cyber environment.

Furthermore, DoD's ability to operate in a cyber-contested environment is being strengthened by ongoing cyber vulnerability assessments of major weapon systems and critical infrastructure. These reviews consist of both system-level and mission-level evaluations and are being conducted in accordance with section 1647 of the National Defense Authorization Act (NDAA) for Fiscal Year 2016 (Public Law 114-92) and section 1650 of the NDAA for Fiscal Year 2017 (Public Law 114-328). Mission level assessments are enhanced through the effective use of Combatant Command exercises and wargames. The results of these cyber vulnerability assessments, exercises, and wargames will help make informed, risk-based decisions on the most effective way to improve the capability of DoD forces to operate in a cyber-contested environment.

SCIENCE AND TECHNOLOGY

The Department's FY 2019 Science and Technology (S&T) Program invests and develops capabilities that advance the technical superiority of the U.S. military to counter new and emerging threats. The FY 2019 budget for S&T is \$13.7 billion, which is 2.3 percent of the Department's (\$597.1 billion) base budget. The FY 2019 request is 4 percent more than the FY 2018 requested amount of \$13.2 billion for continued S&T focus on innovation to advance DoD's military dominance for the 21st century, see Figure 3.4.

A growing and innovative economy allows the United States to maintain the world's most powerful military and protect our homeland

National Security Strategy

Highlights of the FY 2019 budget request for S&T:

- Maintains a robust Basic Research program of \$2.3 billion
- Funds the Defense Advanced Research Projects Agency budget of \$3.4 billion to develop technologies for revolutionary, high-payoff military capabilities
- Continues to leverage commercial Research and Development (R&D) to provide leading edge capabilities to the Department, while encouraging emerging non-traditional technology companies to focus on DoD-specific problems

Figure 3.4. Science & Technology Program Base and OCO budget (\$ in billions)

Program	FY 2017 Enacted	FY 2018 Request*	FY 2019 Request**	FY18–FY19 Change
Basic Research (6.1)	2.2	2.2	2.3	0.1
Applied Research (6.2)	5.1	5.0	5.1	0.1
Adv Tech Dev (6.3)	6.1	6.0	6.3	0.3
Total S&T	13.4	13.2	13.7	0.5

*FY 2018 reflects the President's Budget request +\$17.0 million Emergency Amendment: Missile Defeat and Defense Enhancements Appropriations Act of 2018 (Division B, Public Law 115-96); and includes \$25.0 million OCO funds within the Defense-Wide S&T

**FY 2019 reflects the President's Budget request, includes \$38.6 million of OCO funds within the Defense-Wide S&T

REBUILDING SERVICE READINESS

The FY 2019 budget request focuses on advancing the DoD strategic framework, as defined by Secretary Mattis. Under this direction, the DoD continues to pursue a multi-pronged, multiyear approach to build a more lethal and ready force by targeting investments in training, equipment, maintenance, munitions, modernization, and infrastructure. This approach, to be informed and measured via the Readiness Recovery Framework (R2F), assesses and measures the impact of investments against readiness across the Future Years Defense Program (FYDP).

The R2F construct identifies incremental goals, objective metrics, and quantifiable milestones in a comprehensive plan of action for the Military Departments and the U.S. Special Operations Command (USSOCOM). Across the FYDP, the R2F provides analytical rigor to the Military Departments' recovery efforts and enables the DoD to quantitatively assess progress by identifying areas that will yield meaningful near-term readiness improvements, while simultaneously targeting mid-term and long-term readiness milestones. The R2F provides predictive forecasting that will allow the Services to target resources and track improvement.

Overview – FY 2019 Defense Budget

The Department of Defense is prepared to fight today if called upon, and the R2F will identify steps to enhance the Department's readiness and set the conditions to rebuild core competencies. The Services have aligned resource investments against critical readiness enabling activities identified in the R2F, but it will take time and continued investment to achieve readiness recovery targets. Each of the Services also possess a comprehensive internal methodology, tailored to their individual requirements, that works in synergy with the R2F. Many of the identified challenges took years to degrade and will take years of sustained focus to restore; however, the Department's focus on the identified R2F metrics provide leading indicators of readiness trends and defined objectives by which to measure progress. Progress might be incremental at the macro level, or even temporarily degraded as certain designed developments occur (e.g., transition of squadron aircraft to newer models or increases of maintainers that require training) but the R2F will help ensure continued investment in vital areas and accurately measure progress.

The Combatant Commands (CCMD) face distinct challenges and priorities, which must be addressed to effectively implement readiness recovery plans, fulfill steady state demand, and counter national security threats. Increased Combat Training Center (CTC) rotations and home station training will help the Army develop crucial anti-access and area-denial (A2AD) capabilities for full-spectrum warfare. The Navy will continue implementation of its Optimized Fleet Response Plan (OFRP), balance critical maintenance, and train while maximizing employability of its forces. The Marine Corps will prioritize modernization while sustaining near-term readiness and maintain its role as the nation's crisis response force. The Air Force will optimize funding of its Flying Hour Program (FHP) and invest in training (e.g., increased capacity and modernization), though challenged by persistent operational tempo, sustained combat operations, mission complexity, and time limitations.

Historically, readiness recovery has been limited by budget constraints and uncertainty (e.g., Budget Control Act of 2011 and numerous Continuing Resolutions). The FY 2019 budget identifies and improves the DoD's most pressing readiness shortfalls while concurrently pursuing efforts to achieve program balance (e.g., operational demand against full-spectrum warfare readiness) and to build a larger, more capable, and lethal force.

Each Military Service has a tailored and detailed readiness recovery plan. The FY 2019 budget request will advance each plan through effective resourcing strategies, investments, and capabilities that target the following:

- The Army will restore a larger, more capable, and lethal modernized force to defeat emerging regional and global peer adversaries
- The Navy will reduce its long-term maintenance backlog using the OFRP model to ensure maximum efficiency and effectiveness in the maintenance and employment of the Fleet
- The Marine Corps will prioritize modernization while making key investments to sustain near-term readiness and support long-term force structure improvements in line with its Marine Corps Force 2025 (MCF 2025) initiative
- The Air Force will rebuild readiness with an increased focus on operational training infrastructure, improved manning, and weapon system modernization

UNITED STATES ARMY



The Army is globally engaged with 186,250 trained and ready Soldiers committed to CCMD's deterrence and counterterrorism requirements. This includes major Regular Army combat formations assigned or allocated to CCMDs, and Soldiers prepared to deploy in support of CCMD requirements.

The Army must be ready to face rival nations that have aggressively updated their armed forces and increased their threat to the Joint Force and its contingency missions. To keep pace, the Army will restore ready and lethal formations to meet major war plan requirements.

Readiness Recovery

The Army continues to build readiness, counter threats posed by near-peer competitors, and address budgetary pressure caused by inadequate and unpredictable funding. The Army is also balancing its current readiness with modernization in order to face future threats.

In accordance with the National Military Strategy, the Army's readiness recovery goal sources current operations with ready forces while simultaneously ensuring sufficient forces are ready to achieve CCMD contingency requirements. Achieving its goal is heavily influenced by three factors: (1) demand for Army forces; (2) end strength and force reorganization efforts; and (3) time required to regain proficiency in Decisive Action (DA) against near-peer adversaries.

The Army's new force generation methodology, "Sustainable Readiness", provides a framework that allows its leaders to restore and sustain readiness longer, regaining combined arms lethality, and develop key capabilities. This new methodology facilitates the increased ability to integrate the Army Reserve forces into global management and readiness decisions and efforts. The Army's Sustainable Readiness framework underpins its objective training requirements.

The Army is adjusting force structure to align Brigade Combat Team (BCT) balance to the existing threat environment by converting units as required, upgrading Combat Aviation Brigades, and increasing the number of Multiple-Launch Rocket System battalions. Additionally, one of the readiness degraders impacting recovery is the impact of mission-specific tasks, such as partnering with allies to conduct train, advise and assist operations, which can separate a ready battalion and impact its ability to train for more complex operations. The Army is establishing Security Force Assistance Brigades to meet these tailored requirements, alleviate the readiness burden on the BCTs, and provide the ability to increase the number of full brigades if required.

Training and Manpower

In FY 2019, the Army will implement training policies that enable it to rebuild and achieve higher readiness levels, refill unit end strength requirements, and build a new force structure. These policies will apply to home station training (e.g., individual and small unit tasks) and to CTC rotations (e.g., combined arms team tasks).

The current strategic environment requires the Army to focus on joint operations against a broad range of threats. To counter these threats, the Army will use its most demanding challenge, DA in support of Unified Land Operations (DA/ULO), as its benchmark. The Army will recreate a DA/ULO training environment, which focuses on missions against a near peer competitor for all echelons of command; an effort that requires sustained funding resources.

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The suspension of DA/ULO CTC rotations was unproductive and negatively affected the readiness of the units. In 2017, the Army completed 18 DA rotations, and plans to incrementally increase its rotations across the FYDP, see Figure 3.5.

Figure 3.5. Required, Planned, and Executed Army (Regular, Reserve, Guard) Rotations through Maneuver CTCs DA/ULO, and Warfighter Exercises (WFX)

CTC Training	FY 2017		FY 2018	FY 2019	FY 2020-2023
	Planned	Actual	Planned	Planned	Planned
Combat Training Center (CTC) Capacity – Brigade Combat Teams (BCTs)	21	21	21	21	21
Planned BCT CTC Rotations	19 DA/ULO	18 DA/ULO	19 DA/ULO	20 DA/ULO	21 DA/ULO
Planned Security Force Assistance Brigade (SFAB) Cumulative Training Exercises (CTE)	--	--	2 CTE	2 CTE	2 CTE
Planned Warfighter Exercises (WFX)	15 WFX	15 WFX	16 WFX	15 WFX	16/15 WFX*
Planned Emergency Deployment Readiness Exercise (EDRE) (CONUS)	1	1	2	2	2
Planned EDRE (OCONUS)	N/A	N/A	1	1	2**

* Warfighter exercises alternate between 15 and 16 annually, odd and even numbered years respectively.

** Begin a division level EDRE to an OCONUS location each year beginning in FY2020.

Note: Decisive Action (DA) training prepares warfighters for the continuous, simultaneous combinations of offensive, defensive, and stability or defense support of civil authorities' tasks. DA is a subset of ULO. ULO integrates four foundations (e.g., initiative, decisive action, core competencies, and mission command) to strategically implement the operational concept.

The Army, Army National Guard (ARNG), and Army Reserve units, as a Total Force, regularly deploy as integral elements of contingency plans. To enhance the ARNG and the Army Reserve readiness, the Army has programmed increased manning, training days, and CTC rotations in the FY 2019 budget request. Additionally, increased training days will ensure units required for immediate availability (e.g., ARNG Armored Brigade Combat Teams (ABCTs) and Stryker Brigade Combat Teams) meet CTC rotation requirements. Conversely, units allowed more time to deploy will utilize fewer additional training days within its prescribed plans.

The Army continues to couple training with strategic force deployment during training exercises (e.g., heel-to-toe rotation of ABCTs in Europe). When conducting DA training aligned with a unit's Core Mission Essential Task List during training exercises with allies abroad, unit deployments do not consume readiness, and in some cases may build readiness.

The Army will deploy a Combat Aviation Brigade (CAB) with heel-to-toe rotations to accompany ABCT deployments to Europe. Similar efforts to simultaneously assure allies and build readiness in Korea will occur by rotating a Heavy Aviation Reconnaissance Squadron to round out the forward-deployed CAB in Korea. Despite the Army's best efforts, most missions consume readiness at a rate that the Army struggles to maintain. The Army requires additional manpower, training, and equipment to ensure readiness. This increase is reflected in the FY 2019 budget request.

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Equipment

The Army is focused on six modernization priorities in the FY 2019 budget request: Long Range Precision Fires, Next Generation Combat Vehicle, Future Vertical Lift, Network, Air and Missile Defense, and Soldier Lethality, which will regain the technological advantage for Army Soldiers and formations against near-peer threats. The FY 2019 budget will accelerate many existing programs to modernize against current threats while attempting to gain trade space that will enable the transition to new platforms with leap-ahead capabilities in the near-term. Each modernization priority is supported by Cross-Functional Teams organized to exploit key provisions of the acquisition reforms enabled by the Congress.

Sustainment

Unpredictable fiscal environments (e.g., recurring Continuing Resolutions and Budget Control Act of 2011 funding caps) negatively impact sustained production and workforce skillsets in the industrial base. The Army will align capabilities and capacities to meet readiness and modernization requirements, while publishing policies to increase organic industrial base efficiency and effectiveness. Additionally, the Army will leverage public/private partnerships opportunities to facilitate sustainment.

The Army's strategic focus on the industrial base, assessment, and investment will ensure critical capabilities and skillsets are available to sustain the long-term strength of the force and a viable industrial base. A viable industrial base will sustain readiness and enable the reconstitution of combat losses.

Installations

The Army's installations generate, project, and sustain every aspect of its combat capabilities. In the FY 2019 budget request, the Army made deliberate choices to ensure Soldiers are prepared to train, fight, and win against adversaries. Approximately \$10.8 billion is dedicated to improving maintenance and adequately repairing mission facilities (e.g., airfields, training areas, maintenance facilities, roads, ports, dams, bridges, housing, and barracks), which directly enhance and enable readiness and morale.

UNITED STATES NAVY



Ship depot maintenance and aviation readiness remain the Navy's top two readiness recovery priorities. In addition to conducting scheduled maintenance, including reducing backlog where appropriate, other ship maintenance efforts include improvements in the planning process and continuing to build workforce capacity in the Naval Shipyards. The combination of an aging F/A-18 fleet and limited amounts of repair/supply parts, coupled with delays in the F-35 aircraft, creates a lack of ready aircraft for the Navy. The F/A-18 aircraft was designed for 6,000 flight hours, but given the surge in flight hours from the contingency operations and delays in the introduction of the F-35 aircraft, the Department of the Navy is extending the aircraft's life out to 10,000 hours, with inspections at 8,000 and 9,000 hours. Additionally, the Navy is accelerating the transition from F/A-18A-D to F/A-18 E/F, which will provide additional F/A-18A-D aircraft for the Marine Corps. Thus far, the F/A-18 E/F service life extension process is on track, but maintenance demand is projected to grow over the FYDP.

Readiness Recovery

The Navy must achieve readiness recovery balance across the seven readiness pillars. The seven readiness pillars are personnel, equipment, supply, training, ordnance, networks, and installations (PESTONI):

- Personnel. The end strength and total ownership costs of manpower must be resourced to meet the mission tasking. In addition, Sailors require compensation, training, quality-of-work, and quality-of-life to ensure duties are performed.
- Equipment. Equipment sustainment is fundamental to mission success. Proper maintenance and modernization ensures equipment can reach the end of its design service life with the ability to counter the current threat.
- Supply. Supply management ensures the fleet has the right level of spares, repair parts, and consumables.
- Training. Training increases interoperability and ensures the forces remain proficient and effective.
- Ordnance. Ordnance includes the capacity to load and reload naval forces to meet OPLAN requirements, as well as the ability to conduct maintenance and to safely handle and store weapons, missiles, ammunition and other munitions.
- Networks. Maintenance and modernization to afloat and ashore networks, improve cyber security, support Command and Control (C2), and battle space awareness in contested communications environments.
- Installations. The Installations pillar includes military construction and Facilities Sustainment, Restoration and Modernization of enabling shore assets, including shipyards, piers, runways, barracks, and mission-critical facilities.

Today's most pressing PESTONI issues limiting the ability to achieve full readiness recovery and sustainment objectives include:

- Equipment (e.g., ship depot maintenance)
- Supply (e.g., aviation readiness)
- Ordnance (e.g., ordnance capacity, storage and infrastructure)
- Networks (e.g., network modernization and assured C2)
- Installations (e.g., shore readiness, construction, restoration and modernization)

The Navy will continue implementation of its OFRP model to counter its PESTONI issues, meet sustainment objectives, and achieve readiness recovery. To ensure the Navy is capable of meeting its maritime capability and power projection requirements, the Navy will prioritize the preservation of critical training necessary to meet full-mission readiness standards and maximize the employability of the force.

Figure 3.6. Programmed Navy Training Throughput

	FY 2017 Executed		FY 2018 Planned		FY 2019 Planned	
	BASIC	INT*	BASIC	INT*	BASIC	INT*
Carriers	5	4	4	3	4	4
Carrier Air Wings	4	4	4	3	4	4
CG/DDG/ LCS	38	30	41	21	33	27
LHA/LHD/LPD/LSD	14	9	16	9	15	13
Attack Submarines	14	34	12	30	16	35

*INT - Integrated refers to aggregated training of all units in a CSG/Amphibious Ready Group (e.g., Airwing training at Naval Air Station Fallon, NV; COMPTUEX (Composite Training Unit Exercise); JTFEX (Joint Force Training Exercise)).

To date, the Navy has inducted all Maritime Patrol and Reconnaissance Squadrons (P3 Orion/P8 Poseidon), Naval Expeditionary Combat Command forces, and attack submarines, as well as guided missile submarines, into the OFRP. Because of the number of ships involved, CSGs and ARGs are being phased into the plan. There are currently seven CSGs and eight ARGs. The NIMITZ Strike Group will enter the OFRP in FY 2019.

Operation and Maintenance

Ships: The FY 2019 funding request supports the continued implementation of the OFRP. The OFRP maximizes operational availability across the force while preserving platform service-life through a sustainable and predictable presence model. Once fully instituted across the Fleet, OFRP will provide a more holistic and comprehensive alignment of resources to enhance long-term force generation capacity. As one part of the process, there is a continued focus on level-loading carrier maintenance over three OFRP cycles to deliver a more consistent output. With the funding levels reflected in the FY 2019 budget request, the OFRP is on track to achieve overall readiness recovery goals and maximize the employability of operational units for both sustainable presence and contingency response. The Navy's plan for readiness recovery remains dependent on the proper execution of OFRP, which requires adequate funding levels across the major readiness accounts. Adequate resources over the FYDP are critical to support ongoing readiness recovery efforts designed to overcome current sporadic reductions in surge capacity and achieve sustainable supply levels of ready forces to meet presence and contingency response requirements.

The FY 2019 budget request funds ship operations to the anticipated level of required operational days. The FY 2019 budget request funds required ship maintenance, including reducing maintenance backlog consistent with ship availability type. The material condition reset of the Navy's capital assets will require continuing investment through the FYDP. Together with protecting the time to train and maintain, this material condition reset is also essential to the long term readiness of the force.

Aviation: The intent of the Flight Hour Program with FY 2019 funding is to deliver Carrier Air Wing presence as directed by the Global Force Management Allocation Plan. These deployed presence levels are only attainable at the expense of non-deployed units, due to the effects of F/A-18 Hornet readiness. This is caused by both the aviation depot throughput challenges and the Ready Basic Aircraft gap due to flight line maintenance issues. All units will continue to execute the Fleet Readiness Training Plan and be ready to deploy; however, sustainment levels will be affected by these issues. To recover, the Navy is increasing investment across Aviation Readiness accounts and is realigning funding into engineering and program-related logistics, providing increased engineering support in the aviation depots and flight line assessments of

Overview – FY 2019 Defense Budget

aircraft to speed the repair process. The FY 2019 budget request sustains funding in aviation support and enabler accounts directed at reducing depot work in process. Similar to shipyard hiring actions, the Navy has also stepped up hiring in its Aviation Depots. The FY 2019 budget request funds Aviation Depot Maintenance inductions to an executable level given the current level of work in process.

Manpower

Manning units with the right number and type of properly trained and experienced Sailors is a critical element of readiness. To ensure continued readiness in FY 2019, the Navy tracks how many billets are filled, and whether they are filled by individuals with the requisite qualifications. This information is closely managed by the Fleets, each warfare community, and by individual units to predict future readiness and correct critical shortfalls for deploying units. In FY 2019, the Navy is funding an increase in end strength to reduce gaps in critical manning.

Installations

As the Navy funds installation operations, it continues to prioritize fleet operations, quality-of-life programs, base security, and public safety while taking increased risk across other base support programs. This budget request provides infrastructure to support CCDRs, enable initial operational capability for new platforms and missions, upgrade energy and utility systems, improve ordnance storage and recapitalize naval shipyards. The Navy maintains a commitment to meeting the key needs of service members and its families.

UNITED STATES MARINE CORPS



The Marine Corps is committed to sustaining a force capable of rapid response to crises anywhere in the world. The Marines are forward deployed, protecting the nation's security by conducting operations to defeat and deter adversaries, support partners, and create decision space for national leaders. The FY 2019 budget request continues to support these activities in furtherance of National security.

In crafting its FY 2019 budget, the Marine Corps produced a balanced program, which reflects a rational trade-off between modernization, readiness, force structure and capacity, and infrastructure sustainment in line with the Secretary of Defense's Force Planning Priorities.

Readiness Recovery

Three major readiness investments of the Marine Corps includes the full requirement of (1) operating forces; (2) sustained field intermediate and organizational level maintenance; and (3) core aviation readiness accounts (e.g., FHP, aviation depot maintenance, air systems support, aviation logistics, and spares/consumables), which reflect the criticality of aviation in the early stages of conflict.

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Figure 3.7. FY 2019 Marine Corps Planned Large Training Exercises

Annual Training Exercises						
	FY 2017		FY 2018		FY 2019	
	Integrated Training Exercises	Mountain Exercises	Integrated Training Exercises	Mountain Exercises	Integrated Training Exercises	Mountain Exercises
Marine Air Ground Task Force CE	5	0	5	0	5	0
Infantry Battalion	10	2	10	2	10	6
Artillery Battalion (-)	4.5	0	4.5	0	5	0
Logistics Battalion	5	0	5	0	5	0
Squadrons	30	0	30	0	25	0

Note: Figures represent maximum number of service-level funded exercises. Maximum sourcing of each force element will depend on unit availability in light of operational demand.

Force Structure and Capacity

The Marine Corp's FY 2019 budget supports an 186,100 active duty and 38,500 reserve end strength, an increase of 100 active duty over the National Defense Authorization Act for Fiscal Year 2018 (Public Law 115-91). Further, using limited and targeted total force solutions, the budget request supports an aggregate 1:2 deploy-to-dwell ratio for active duty forces and 1:4 for reserves. This postures the Marine Corps to preserve forward presence and crisis response capabilities, which create options and decision space for the nation's leaders but also assumes acceptable risk in major combat operations.

The FY 2019 budget request also lays the foundation for the MCF 2025 force structure investments, which support full-spectrum military operations in the future operating environment. These investments cover four major areas:

- Information environment operations capabilities for the Marine Air Ground Task Force Command Element
- Lethality and enhanced maneuver for the Ground Combat Element
- Information Processing, Exploitation, and Dissemination (PED) capabilities for the Aviation Combat Element as well as increased capacity; and
- Logistics capabilities for the Logistics Combat Element to support operations in a distributed environment

Infrastructure Sustainment

The Marine Corp's installations are the power projection platforms critical to generating readiness. They provide the capability and capacity to build, train, launch, and support combat-ready forces; therefore, sustainable readiness is highly dependent on the availability and condition of property and infrastructure.

- The FY 2019 budget request advances an infrastructure reset strategy to realize long-term cost savings through a combination of infrastructure consolidation and new investment. Key elements to the strategy are:
- Eliminating redundant and obsolete infrastructure
- Reducing requirements by decreasing the legacy infrastructure footprint through demolition, with resulting savings reinvested to support base operating support functions

Overview – FY 2019 Defense Budget

The FY 2019 budget request funds facility sustainment in line with DoD guidelines while making deliberate choices to improve efficiency over the long-term. Through its infrastructure reset strategy, the Marine Corps will continue to optimize base operations support and leverage improved training infrastructure to ensure the readiness of its expeditionary forces.

UNITED STATES AIR FORCE



The FY 2019 budget will balance the Air Force's strategy-based modernization, acquisition, and readiness recovery in order to deter and defeat potential adversaries. To strengthen nuclear deterrence, the Air Force will continue to rapidly develop the B-21 Raider bomber; and to modernize the B-52 Stratofortress and B-2 Spirit bombers. The F-35A Lightning II aircraft will provide critical space capabilities globally. Additionally, the KC-46 Pegasus air refueling tanker is slated to replace a significant portion of the Air Force's aging tanker fleet. Overall, recapitalization and modernization efforts will improve long-term capability and capacity.

To support current strategic requirements, the Air Force will remain postured and ready to initiate a global rapid response. Balancing rotational requirements with full-spectrum training will remain a significant element of the Air Force's strategy.

Readiness Recovery

The Air Force employed its "Five Levers of Readiness" model to inform its FY 2019 budget request. The levers articulate resource and policy requirements as follows:

- Critical Skills Availability includes funding for skills that aid in aircraft availability or qualified enabler production (e.g., specialty-level enlisted training, special certifications and other skills)
- Training resources availability includes funding for training ranges, operational training infrastructure, and capabilities to replicate realistic threat training
- Weapons System Sustainment (WSS) includes funding for aircraft availability production and enabling warfighting systems
- The Flying Hour Program (FHP) includes funding for consumable items and spare parts
- Operations and Personnel Tempo (OPTEMPO and PERSTEMPO), includes employed-in-place operations, deploy-to-dwell rates, and overall force capacity to meet current tasking

Through measured and balanced allocations, the FY 2019 budget addresses the five Air Force levers. Each interdependent variable works to produce a full-spectrum force. Since the levers are interrelated, funding one without appropriately funding the other, will not produce the full-spectrum readiness outcome required. Conversely, underfunding one lever can independently limit readiness growth overall.

The Air Force's FY 2019 budget request balances capability, capacity, readiness, weapon system modernization, and infrastructure. In particular, readiness investments will prioritize increased end strength, training infrastructure, and critical roles (e.g., nuclear deterrence, space, and cyber).

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Manpower

The principal personnel challenges impeding readiness recovery are skilled maintenance personnel and aircrew. The first priority is addressing the Active Component end strength growth with 329,100 in FY 2019, and 338,800 across the FYDP. The Air Force continues to increase its maintenance personnel training pipeline and expects to address shortfalls by the end of FY 2019. The Air Force is working toward reducing the experience gaps in the maintenance career fields to improve overall maintenance health and readiness recovery. Similarly, the Air Force will also address aircrew shortages via production and retention mitigations (e.g., increased student training pipeline and financial bonuses).

Training Infrastructure and Weapon System Sustainment (WSS)

Training and WSS are long-lead items that require steady and focused investments over time. The Air Force's FHP, WSS, and Operational Training Infrastructure (OTI) are inextricably linked. For example, funding flying hours without funding sustainment will place aircraft availability at risk and potentially prevent the execution of additional flying hours. The FY 2019 budget request funds the FHP to fully executable levels at 1.2 million hours; it is expected to increase across the FYDP. Further, to bolster readiness gains, the Air Force will fund WSS to 90 percent with baseline and Overseas Contingency Operations (OCO) funding.

In addition, the budget request supports full-spectrum training and operational readiness. The Air Force OTI investment will increase pilot training and absorption; provide realistic training opportunities; and upgrade critical elements of the training enterprise, thereby, improving training integration for 4th and 5th generation aircraft and generating full-spectrum readiness. The FY 2019 budget request also supports operational upper tier joint training support (e.g., RED FLAG, GREEN FLAG, Adversary Air, and other instrumented ranges) as seen in Figure 3.8.

Figure 3.8. Historical and Planned Full-Spectrum Air Force Training Exercises

	FY 2017 Executed	FY 2018 Planned	FY 2019 Planned
RED FLAG Nellis	4	4	4
RED FLAG Alaska	3	3	3
GREEN FLAG West	9	9	9
GREEN FLAG East	9	9	9

UNITED STATES SPECIAL OPERATIONS COMMAND



The USSOCOM's FY 2019 budget request focuses on delivering innovative, low-cost, small footprint solutions to the Geographic Combatant Commands (GCCs) to achieve the nation's current and future security objectives. The budget request focuses on achieving USSOCOM's key objectives: (1) maintain readiness; (2) balance risk; and (3) expand research into and development of new, cutting edge warfighting technologies.

The Department's readiness, one of USSOCOM's chief concerns, directly affects its Special Operations Forces (SOF) mission set. In addition, USSOCOM will leverage FY 2019 funding to provide SOF support to the GCCs. As the coordinating authority, USSOCOM will serve to counter violent extremist organizations and weapons of mass destruction. Lastly, USSOCOM will continue to leverage joint exercises, rotational and permanent forward presence, and robust military advisory capabilities during its service as a security partner to global nations and organizations.

Readiness Recovery

The USSOCOM's overall readiness is healthy. Efforts to sustain counterterrorism (include: SOF train, advise, and assist missions) and a crisis response capability have reduced modernization programs in order to preserve operational readiness. The FY 2019 request will allow SOF to improve its technological superiority and revitalize essential recapitalization and modernization programs.

The USSOCOM continues to pursue increased readiness through a multi-pronged approach. Under the direction of the Secretary of Defense to conduct a 60-day Readiness Review, and during follow-on R2F discussions, USSOCOM will invest to increase contracted Scan Eagle orbits, improve MQ-9 capability, enhance aircraft contractor logistical support (CLS), and accelerate transition to an all A/MC-130J model fleet. The FY 2019 budget increases continue to mitigate capacity readiness challenges in command and control; cyber; Intelligence, Surveillance, and Reconnaissance (ISR); precision strike munitions; and air and maritime mobility, all of which are expected to increase SOF readiness.

To balance an unyielding demand for SOF, the Department is aggressively enforcing a sustainable deployment tempo for the long-term health of the Department, including recruiting and retaining highly skilled personnel. A combined increase of approximately 1,700 military and civilian personnel in FY 2019 will close gaps for enablers while the Department works across the SOF enterprise to adhere to the SECDEF directed goal of 1:2 deployment to dwell for Active Forces and 1:5 for Reserve Component Forces.

The FY 2019 budget continues USSOCOM investment in three critical mission areas: (1) ISR; (2) Precision Strike; and (3) Specialized Air Mobility. The lack of overall Airborne ISR/PED capability and capacity continues to be one of USSOCOM's top readiness concerns. Currently, airborne ISR output exceeds its PED capacity. In FY 2018, USSOCOM aims to support six additional airborne ISR orbits, and in FY 2019, expects PED support to begin to match the overall airborne ISR capacity. The USSOCOM ISR investments will increase the survivability and sensory capabilities of existing platforms; increase PED capacity; launch and recovery; and maintenance. Investments will also increase the number of available orbits and operating sites, while reducing limiting factors currently restricting optimization of the fleet.

In the Precision Strike and Specialized Air Mobility capability areas, the ongoing C-130 recapitalization effort, which transitions AC-130 gunships and MC-130 penetrating airlift (including its corresponding trainers, back-up, and primary mission inventory) to a J-model baseline, will increase SOF capabilities and provide greater aircraft availability. The AC/MC-130 recapitalization is a one-for-one replacement of older aircraft variants (e.g., MC-130E, MC-130P, MC-130H, AC-130H, AC-130U, AC-130W), not an increase in total inventory. In FY 2019, USSOCOM intends to continue J-model conversion acceleration from four to five per year, which began in FY 2018. Similarly, investment in CV-22 sustainment will increase utilization rates and accelerate platform improvements. The FY 2019 continued investment in CLS for SOF aircraft and acceleration in terrain following radar modifications for the MC-130J continue FY 2019 readiness recovery for these capabilities.

The OCO funding is critical to USSOCOM's ability to ensure SOF readiness and respond to today's global, transregional threats. To effectively prepare for the future, USSOCOM must reduce its reliance on OCO for enduring baseline requirements. The migration of enduring requirements will provide SOF a degree of certainty in a highly uncertain and turbulent security environment.

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Training and Engagements

The FY 2019 budget continues to cultivate USSOCOM's premier global training venue, the Joint/Combined Exchange Training. The Joint/Combined Exchange Training allows a light-footprint SOF detachment to closely partner with host nation countries.

Research, Development, Test, and Evaluation

To maintain SOF superiority against emerging threats, innovative technologies are necessary. The USSOCOM continually researches, develops, and acquires new technology to provide the GCCs and future operators with cutting edge technology and capabilities to defeat emerging threats.

The USSOCOM aligns resources and capabilities to maintain a ready and capable force. The changes reflected in the FY 2019 budget request provide greater balance between capability, capacity, and readiness; enhances SOF support to the GCCs; and enables USSOCOM to meet future challenges.

JOINT CAPABILITIES

Combatant Command Exercise and Engagement and Training Transformation

The Combatant Command Exercise and Engagement (CE2) and Training Transformation (T2) program, collectively referred to as “CE2T2,” is the only DoD Joint training program that ensures the CCMDs and Services are able to train fully capable Joint/coalition forces to meet wartime requirements.

The FY 2019 budget request of \$602.2 million supports the exercise and engagement requirements of the ten combatant commands. These events improve the readiness of the force to conduct joint operations, highlight U.S. capabilities, deter potential adversaries, and build partner capacity. For the combatant commands, exercise and engagement events are a cost-effective way to provide United States presence, reassure allies, and hedge against destabilization in high-risk areas. More specifically, this funding supports over 121 major exercises annually that prepare U.S. forces to execute operational plans, train the combatant command staffs, provide presence and regional expertise with U.S. allies and partners, and build relationships and trust. A combination of performance measures and qualitative evidence are used to support decisions about CE2T2 and to reduce uncertainty around those decisions. Stakeholders report quarterly results using a Desired Outcome approach for performance measures and align their efforts to a risk framework published in the CE2T2 Program Goals and Objectives.

The exercise portion of the program budgets for the planning and execution of the exercises, transportation of personnel and equipment, and incremental costs incurred by the Services to participate in CCMD exercises. Selected major CCMD exercises for FY 2019 include:

- U.S. Africa Command (USAFRICOM): JUDICIOUS RESPONSE/EPIC GUARDIAN 19 — An annual joint headquarters readiness exercise designed to demonstrate multi-CCMD coordination, C2, and integration of capabilities. Trains the headquarters staff to conduct operational to strategic level planning, cross-CCMD coordination, and C2 required to execute complex operations across multiple joint operating areas within the USAFRICOM's area of responsibility (AOR).

- U.S. Central Command (USCENTCOM): EAGER LION 19 — A USCENTCOM-executed multi-lateral exercise hosted by the Hashemite Kingdom of Jordan intended to strengthen relationships and interoperability in the conduct of global contingency operations.
- U.S. Cyber Command (USCYBERCOM): CYBER FLAG 19 — A tactically-focused joint exercise fusing offensive and defensive cyberspace operations with DoD full-spectrum combined arms operations against capable and thinking adversaries in a realistic virtual environment.
- U.S. European Command (USEUCOM): AUSTERE CHALLENGE (AC) 19 — USEUCOM's premier warfighting exercise. AC19 is a biennial, distributed command post exercise designed to train HQ USEUCOM staff and Components in the planning and execution of large-scale, complex Joint Operations.
- U.S. Northern Command (USNORTHCOM)/North American Aerospace Defense Command (NORAD): VIGILANT SHIELD 19 — A Tier 1 command post exercise, designed to train USNORTHCOM/NORAD HQ battlestaffs in Homeland Defense (HD) missions and staff processes. Tentatively scheduled to be linked to the following exercises: Joint Staff POSITIVE RESPONSE 19-1, USSTRATCOM GLOBAL THUNDER 19, and Canadian Joint Operations Command DETERMINED DRAGON 19.
- U.S. Pacific Command (USPACOM): ULCHI FREEDOM GUARDIAN 19 — A bilateral exercise focused on USPACOM and U.S. Forces Korea/Combined Forces Command operational plans supporting the defense of the Republic of Korea. It examines the strategic, operational, and tactical aspects of military operations in the Korean theater of operations.
- U.S. Southern Command (USSOUTHCOM): BEYOND THE HORIZON 19 — An annual field training exercise training joint and combined combat engineer, medical and combat service support forces in an austere environment within the USSOUTHCOM AOR.
- U.S. Strategic Command (USSTRATCOM): GLOBAL THUNDER 19 — A strategic battle staff readiness training event designed to maintain battle staff critical task proficiency as the exercise scenario begins with a conventional attack and evolves toward nuclear deterrence. Designed to exercise all the mission areas assigned to USSTRATCOM.
- U.S. Transportation Command (USTRANSCOM): TURBO CHALLENGE 19 — A primary battle staff command post exercise, linked annually to a supported geographic combatant command joint exercise to train and assess the USTRANSCOM HQ, Component Commands, the Joint Enabling Capabilities Command (JECC), and Distribution Process Owners (DPO), as warranted, to conduct fused planning and integrated operations in support of the national security strategy and defense of the US homeland.

The program also funds joint training enablers that build on Military Department-specific training and readiness capabilities and helps close Service training deficiencies that exist in the seams between the tactical and operational levels of war. The program funds joint training enablers in the “no man's land” between the Departments’ training and joint operating force training. The major enablers that the program funds are:

- The Joint Training Enterprise Network (JTEN) is a system that links the geographically separated live, virtual, and constructive training capabilities of the combatant commands and the Departments, and integrates them into a realistic joint training environment. The JTEN bridges the gap between tactical and operational level training and mission rehearsal activities by providing real-time connectivity and simulations of higher headquarter authorities.

Overview – FY 2019 Defense Budget

- The Joint Training Coordination Program (JTCP) enables the participation of one Military Department's assets in the tactical-level exercises of another Military Department. Specific exercises receiving JTCP funding in FY 2019 include: the Air Force's RED FLAG and GREEN FLAG exercises held at Nellis Air Force Base, NV; the Navy's Fleet Readiness exercises held at Air Wing Fallon, NV; the Marine Corps' Tactical Operations Group Exercise held at Twenty Nine Palms, CA; and the Army's National Training Center Program events in Fort Irwin, CA. These joint training venues prepare the Military Departments for the tactics used in ongoing operations in theaters across the globe.
- Other critical efforts include joint individual training that prepares service members to operate in a joint environment; service-unique training simulations allowing personnel to operate in a realistic joint environment and with U.S. international partners; replication of robust opposing forces (OPFOR) that optimize training on Departmental tactical ranges for both the host Military Department and other Military Department participants; and development of a virtual training environment that facilitates 24/7 online joint training from the individual to the joint task force level.

4. OVERSEAS CONTINGENCY OPERATIONS (OCO)

We will retain the necessary American military presence in the region to protect the United States and our allies from terrorist attacks and preserve a favorable regional balance of power. We will assist regional partners in strengthening their institutions and capabilities, including in law enforcement, to conduct counterterrorism and counterinsurgency efforts.

National Security Strategy

The Fiscal Year (FY) 2019 Budget requests \$69.0 billion for Overseas Contingency Operations (OCO) spending. This request focuses on Operation FREEDOM'S SENTINEL (OFS) in Afghanistan, Operation INHERENT RESOLVE (OIR) in Iraq and Syria, expanding efforts to deter Russian aggression, global counterterrorism operations, and building military readiness. It also includes OCO funding for base requirements given the limited available base budget funding. Figure 4.1 displays requested OCO funding by Operation and Activity.

Sections
<ul style="list-style-type: none"> Force Level Budget Assumptions Overseas Contingency Operations Trends OCO Functional/Mission Category

The request supports the following activities:

- Maintaining increased U.S. troop levels in Afghanistan to support the President's South Asia strategy
- Sustaining personnel forward deployed to the Middle East to continue operations to defeat and prevent the reemergence of the Islamic State of Iraq and Syria (ISIS)
- Building the capacity of the Iraqi Security Forces and Syrian opposition forces to counter ISIS in support of the United States' comprehensive regional strategy
- Conducting U.S. Central Command in-country and in-theater support activities, including intelligence support to military operations
- Supporting U.S. partner nations through a sustainable approach to security cooperation
- Enhancing U.S. deterrence activities in Eastern Europe to assure North Atlantic Treaty Organization (NATO) allies and partners and deter aggressive actors
- Replenishing and replacing munitions used in combat and equipment destroyed, damaged, or worn out due to use in contingency operations and

Figure 4.1 Overseas Contingency Operations (OCO) Funding by Operation/Activity (\$ in billions)

Operation/Activity	FY 2018 PB Request	FY 2019 PB Request	Delta FY 2018–FY 2019
Operation FREEDOM'S SENTINEL (OFS) and Related Missions	47.1	46.3	-0.8
Operation INHERENT RESOLVE (OIR) and Related Missions	13.0	15.3	2.3
European Deterrence Initiative (EDI)	4.8	6.5	1.7
Security Cooperation	0.9	0.9	-
Grand Total	65.8	69.0	3.2

Overview – FY 2019 Defense Budget

In Afghanistan, the Department continues to execute its dual counterterrorism (CT) and Train, Advise, Assist (TAA) missions supporting the Afghan National Defense and Security Forces (ANDSF). The President's new South Asia strategy and related troop increase provide critical flexibility and capability to U.S. forces to better support the ANDSF by allowing TAA efforts at the tactical level and providing more key enabling capabilities. This increased support will enable the ANDSF to increase their offensive operations and secure more of the population from Taliban influence and control.

In Iraq and Syria, the United States has made significant progress in the campaign to defeat ISIS, liberating nearly 100 percent of the former physical caliphate since the inception of OIR in the fall of 2014. As ISIS loses territory, the Department is focused on ensuring its defeat by consolidating gains and setting the conditions for a more stable region. Working by, with, and through Iraqi and Syrian partners, the Department is helping to provide security in liberated areas, prevent the reemergence of the ISIS threat, and set conditions for long-term stability.

FORCE LEVEL BUDGET ASSUMPTIONS

The FY 2019 OCO budget request funds military presence in Afghanistan in support of OFS and in Iraq and Syria in support of OIR. The OCO budget also funds in-theater presence supporting both operations and additional support in the Continental United States (CONUS). Figure 4.2 displays the force levels assumed in the Department's FY 2019 OCO budget, expressed as annual average troop strength.

In August 2017, following a comprehensive review of the Department's South Asia strategy, the Department announced an increase in forces in Afghanistan of approximately 3,500 troops. Also announced was a change from the previous accounting methodology to capture additional forces in various stages of deployment and supporting roles. These changes account for the current force level of approximately 14,000 troops in Afghanistan. Consistent with previous budgets, temporary enabling forces remain included in "in-theater support". The Department identifies 11,958 troops in Afghanistan for budgeting purposes, consistent with the FY 2018 amended request.

In Iraq and Syria, the FY 2019 OCO request maintains the current force posture of 5,765 troops. The budgeted force levels represent the forces associated with enabling ongoing counter-ISIS operations and conducting Iraq and Syria train and equip efforts.

In-theater and in-CONUS, forces provide support for OFS and OIR, and also include Combined Joint Task Force-Horn of Africa (CJTF-HOA), counterterrorism (CT) operations in northwest Africa, and the European Deterrence Initiative (EDI).

Figure 4.2. U.S. Force Level Assumptions in DoD OCO Budget

(Average Annual Troop Strength)

	FY 2018 PB Request	FY 2019 PB Request
Afghanistan (OFS)	11,958	11,958
Iraq/Syria (OIR)	5,765	5,765
In-Theater Support ¹	56,310	59,463
In-CONUS ² /Other Mobilization	16,610	16,610
Total Force Levels	90,643	93,796

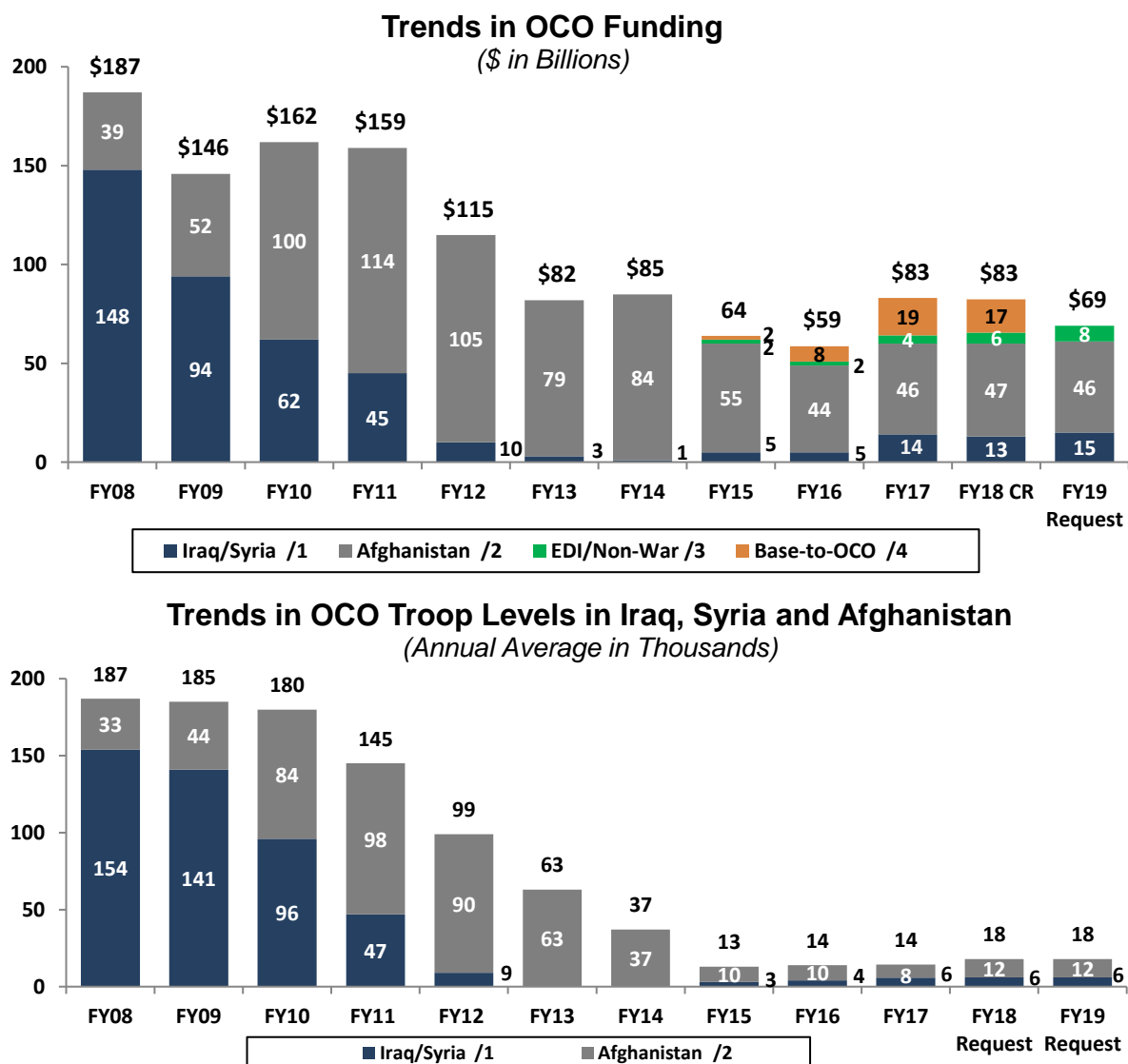
¹ In-Theater support includes support for Afghanistan/Iraq, Combined Joint Task Force (CJTF) HOA, NW Africa CT, and EDI. In-theater support also includes temporary enabling forces supporting OFS in Afghanistan.

² In-CONUS = In the Continental United States

OVERSEAS CONTINGENCY OPERATIONS TRENDS

The FY 2019 OCO budget request reflects a \$3.2 billion increase from the amended FY 2018 request of \$65.8 billion. Figure 4.3 shows the trends in OCO funding and in-country troop levels by area of operation.

Figure 4.3. OCO Funding and Troop Level Trends



^{1/} Iraq/Syria data is for Operation IRAQI FREEDOM (OIF), Operation NEW DAWN (OND), OIR, and follow-on Iraq activities.

^{2/} Afghanistan data is for Operation ENDURING FREEDOM (OEF) and Operation FREEDOM'S SENTINEL (OFS).

^{3/} Data is for the European Deterrence Initiative (formerly European Reassurance Initiative) and non-war funding, which includes Security Cooperation in FY 2017-2019, and the former Counterterrorism Partnerships Fund in FY 2015 and FY 2016.

^{4/} Base budget requirements funded in OCO. In FY 2017, this includes Bipartisan Budget Act compliance, congressional base-to-OCO (Title II to Title IX transfers), and congressional adds (Title X base requirements).

Note: Funding levels displayed are enacted amounts and do not reflect budget execution. The FY 2013 level includes a \$5 billion downward adjustment from the enacted appropriation due to sequestration.

Overview – FY 2019 Defense Budget

The total OCO funding has not declined at the same rate as the in-country troop strength shown in Figure 4.3 due to the fixed, and often inelastic, costs of infrastructure, support requirements, and in-theater presence to support contingency operations. While Figure 4.3 includes the costs of these functions, it only reflects in-country troop levels and does not capture the forces associated with those in-theater and in-CONUS support requirements. These support costs are further categorized in Figure 4.4, which breaks out the FY 2019 OCO request by functional/mission category. The cost drivers include:

- In-theater support, which includes infrastructure costs like command, control, communications, computers, and intelligence (C4I) and base operations for U.S. Central Command (USCENTCOM) locations.
- Demand for combat support such as intelligence, surveillance, and reconnaissance (ISR) assets remains high as these systems are used to enhance force protection.
- Equipment reset, which significantly lags troop level changes and procurement of contingency-focused assets like munitions, unmanned aerial vehicles and force protection capabilities supports operations that may not be linked directly to in-country boots on the ground.
- International programs and deterrence activities, which are linked to U.S. engagement in contingency operations and support U.S. interests but are not directly proportional to U.S. troop presence.

OCO FUNCTIONAL/MISSION CATEGORY

Funding in the FY 2019 OCO budget request is captured by operational support category in Figure 4.4, followed by brief explanations of select activities.

Figure 4.4. OCO Functional/Mission Category

(\$ in billions)

OCO Budget	FY 2018 PB Request	FY 2019 PB Request	Delta FY 2018-FY 2019
Operations/Force Protection	12.9	14.7	+1.8
In-Theater Support	19.2	20.0	+0.8
Joint Improvised-Threat Defeat	0.5	0.6	+0.1
Equipment Reset and Readiness	9.1	8.7	-0.4
Classified Programs	10.4	9.9	-0.5
Afghanistan Security Forces Fund (ASFF)	4.9	5.2	+0.3
Support for Coalition Forces	1.3	1.1	-0.2
Counter-ISIS Train and Equip Fund (CTEF)	1.8	1.4	-0.4
Security Cooperation	0.9	0.9	-
European Deterrence Initiative (EDI)	4.8	6.5	+1.7
Total	65.8	69.0	+3.2

Numbers may not add due to rounding

Overview – FY 2019 Defense Budget

Operations/Force Protection (\$14.7 billion): This category of incremental cost includes the full spectrum of military operations requirements for U.S. personnel operating in Afghanistan, Iraq, and Syria such as:

- Personnel special pays and subsistence for deployed forces;
- Personnel pay for mobilized forces;
- Operating tempo (ground vehicles/equipment, combat aviation, Special Operations Forces);
- Communications;
- Pre-deployment training;
- Transportation cost to sustain and support the forces, including the retrograde of U.S. equipment from Afghanistan;
- Various classes of supplies;
- Deployment and redeployment of combat and support forces;
- Life support and sustainment; and
- Additional body armor and personal protective gear.

In-Theater Support (\$20.0 billion): Funds requested in this category provide for critical combat and other support for personnel in Afghanistan, Iraq, and Syria that comes from units and forces operating outside Afghanistan, Iraq and Syria. This category also includes funding to support other operations conducted outside Afghanistan, Iraq, and Syria.

The types of cost incurred for in-theater operations are similar to those outlined in the “Operations/Force Protection” category. However, this category also includes incremental costs for afloat and air expeditionary forces, engineers, fire support, and other capabilities located elsewhere that support operations in Afghanistan, Iraq, Syria, and other important missions. It also includes support for some activities operating from the United States (such as remotely piloted aircraft and reach back intelligence, surveillance, and reconnaissance (ISR) capabilities). Additional in-theater programs include:

- *Office of Security Cooperation — Iraq (OSC-I) (\$45 million):* This program is DoD’s cornerstone for achieving the long-term U.S. goal of building partnership capacity in the Iraqi Security Forces (ISF). The OSC-I conducts the full range of traditional security cooperation activities such as joint exercise planning, combined arms training, conflict resolution, multilateral peace operations, senior level visits, and other forms of bilateral engagement. Additionally, the OSC-I conducts security cooperation activities in support of the ISF to include: CT training, institutional training; ministerial and service level advisors; logistic and operations capacity building; intelligence integration; and interagency collaboration. The OSC-I is the critical Defense component of the U.S. Mission in Iraq and a foundational element of the long-term strategic partnership with Iraq. This is a unique and separate mission from ISIS-focused train and equip operations.
- *Commander’s Emergency Response Program (CERP) (\$10 million):* This program provides a vital resource that allows military commanders on the ground in Afghanistan to respond to urgent humanitarian relief and reconstruction needs within their areas of responsibility by carrying out programs that will immediately assist the Afghan people and assist U.S. forces to enhance force protection and support of DoD’s counterterrorism and TAA missions.

Joint Improvised-Threat Defeat (\$0.6 billion): Pending FY 2018 appropriations language recommends termination of the Joint Improvised-Threat Defeat Fund (JITDF). In accordance with

Overview – FY 2019 Defense Budget

congressional intent, the Department has transitioned all appropriations requested for the Joint Improvised-Threat Defeat Organization (JIDO) to regular Defense-wide OCO appropriation accounts (i.e. O&M, RDT&E, and Procurement) under control of the Defense Threat Reduction Agency (DTRA). These funds help close the gap between the enemy's innovation cycle and effective countermeasures by continuously monitoring improvised-threat weapon capabilities, anticipating changes to enemy use of technology and tactics, and rapidly developing and delivering capabilities for use by Joint and Coalition Forces.

Equipment Reset and Readiness (\$8.7 billion): The request funds the replenishment, replacement, and repair of equipment and munitions expended, destroyed, damaged, or worn out due to prolonged use in combat operations. The major items that will be repaired or replaced include unmanned aerial vehicles, helicopters, fixed wing aircraft, trucks, other tactical vehicles, radios, and various combat support equipment. The FY 2019 OCO budget funds the replenishment and forecast of Hellfire, Guided Multiple Launch Rocket System, Small Diameter Bomb (SDB), Joint Direct Attack Munition (JDAM), rockets, missiles and conventional ammunition. Upon returning from war zones, units restore their equipment to a condition that enables them to conduct training exercises, achieve required readiness levels, and prepare for future deployments. As personnel and equipment return from theater to their home stations, the need for equipment reset will continue.

Classified Programs (\$9.9 billion): The request funds \$9.9 billion for classified programs.

Afghanistan Security Forces Fund (ASFF) (\$5.2 billion): This request funds the procurement, sustainment, operations, and training required to support 352,000 members of the ANDSF (93,000 Afghan National Army (ANA), 116,000 Afghan National Police (ANP), 11,000 Afghan Air Force (AAF), and 32,000 Afghan Special Security Force (ASSF)) as well as 30,000 Afghan Local Police. The request supports further development of the ANDSF as an effective and sustainable force to combat a resilient insurgent and as a reliable counter-terrorism partner with the United States. A key element of the request is funding to continue to increase the fighting capability and capacity of the AAF and ASSF in support of the President of Afghanistan's ANDSF Roadmap, which is intended to seize the initiative in the fight against insurgent and terrorist forces and strengthen and restructure the Afghan Security Institutions.

Support for Coalition Forces (\$1.1 billion): Amounts requested to finance coalition, friendly forces, and a variety of support requirements for key foreign partners that are asked to participate in U.S. military operations but lack financial means. Such support reduces the burden on U.S. forces and is critical to overall mission success. The FY 2019 budget request for support for coalition forces includes \$900 million for the Coalition Support Fund and \$150 million for the Lift and Sustain program.

Counter-ISIS Train and Equip Fund (\$1.4 billion): The United States Government's strategy to counter ISIS directed DoD to conduct a campaign to degrade, dismantle, and ultimately defeat ISIS. The focus of DoD's efforts is to work by, with, and through the Government of Iraq's Security Forces and Vetted Syrian Opposition (VSO) forces to build key security force capabilities and promote longer term regional stability.

The FY 2019 budget request for the CTEF strengthens the security capabilities of DOD partners countering ISIS to secure territory liberated from ISIS and counter future terrorist threats by training and equipping partner security forces. The training, equipment, and operational support in this request will consolidate the gains achieved against ISIS and prevent its reemergence. The \$1.4 billion request includes \$850 million for Iraq train and equip activities, \$300 million for Syria

train and equip activities, and \$250 million for border security requirements related to the counter-ISIS mission.

Security Cooperation (\$0.9 billion): The FY 2019 request includes \$900 million for Security Cooperation. This funds counterterrorism, crisis response, and other security cooperation support to partner nations. Security Cooperation funds support programs to enable partner nations to deter and defeat existing and evolving terrorist and other transnational threats. Training and equipping partner nations allows U.S. forces to be more readily available for other contingency operations, build better relationships with partners, and promote global security in a more cost-effective manner.

European Deterrence Initiative (\$6.5 billion): The FY 2019 budget request enhances the European Deterrence Initiative (EDI) (formerly “European Reassurance Initiative”) by adding new capabilities to improve deterrence and increase capabilities while continuing to reassure allies of the U.S. commitment to their security and territorial integrity as members of the NATO Alliance. The FY 2019 budget request of \$6.5 billion for EDI provides near-term flexibility and responsiveness to the evolving concerns of U.S. allies and partners in Europe and helps to increase the capability and readiness of U.S. allies and partners.

Specifically, the request enhances deterrence by continuing to implement the increased ground force posture while increasing joint capabilities and activities; continues the build-up of Army equipment stockpiled in theater to increase responsiveness and improve force effectiveness; maintains and increases the rotational presence of joint forces in-theater to participate in exercises and training; increases the capacity and resiliency of U.S. Air Force strike operations by expanding airbase infrastructure; increases joint enablers to improve effectiveness of combat forces; and increases U.S. bilateral, and multilateral training and exercises to enhance preparedness of all forces and improve interoperability with NATO Allies.

The FY 2019 budget request for EDI includes \$200 million to continue the advise, train, and equip efforts to build Ukrainian capacity to conduct internal defense operations to defend its sovereignty and territorial integrity, while also supporting needed institutional transformation efforts. This effort is focused on developing a sustainable and effective Ukrainian capacity to generate and deploy appropriately manned, trained, and equipped forces in the near term, while developing a sustainable defense sector and enhancing interoperability with NATO and other Western forces. This funding will also improve Ukraine’s ability to command and control subordinate forces, understand the operational environment, and integrate intelligence and operational data into the decision making processes.

The DoD will continue several lines of effort to accomplish the purposes of the EDI, including: (1) increased U.S. military presence in Europe; (2) additional bilateral and multilateral exercises and training with allies and partners; (3) improved infrastructure to allow for greater responsiveness; (4) enhanced prepositioning of U.S. equipment in Europe; and (5) intensified efforts to build partner capacity for newer NATO members and other partners. Funding for EDI is requested in the applicable Component accounts. Figure 4.5 provides the allocation of EDI by categories.

Overview – FY 2019 Defense Budget

Figure 4.5. Allocations for European Deterrence Initiative Categories *(\$ in millions)*

Categories	FY 2018 PB Request	FY 2019 PB Request
Increased Presence	1,732.5	1,874.7
Exercises and Training	217.7	290.8
Improved Infrastructure	337.8	828.2
Enhanced Prepositioning	2,221.8	3,235.4
Building Partner Capacity ¹	267.3	302.3
Total	4,777.1	6,531.4

¹ The FY 2019 request of \$302.3 million for the Building Partner Capacity line of effort includes \$200.0 million for the Ukraine Security Assistance Initiative to support Ukraine, aligned to Operation and Maintenance, Defense-wide, for implementation by DSCA.

5. HONORING TODAY’S AND FUTURE ARMED FORCES

Recruiting, developing, and retaining a high-quality military and civilian workforce is essential for warfighting success. Cultivating a lethal, agile force requires more than just new technologies and posture changes; it depends on the ability of our warfighters and the Department workforce to integrate new capabilities, adapt warfighting approaches, and change business practices to achieve mission success. The creativity and talent of the American warfighter is our greatest enduring strength, and one we do not take for granted.

National Defense Strategy

The DoD Workforce: Military — Active, Reserve, and National Guard — and Civilian personnel are the foundation of the Department of Defense and constitute its most valued asset. As such, DoD personnel must have the full support of the Nation to ensure the DoD successfully accomplishes the foundational mission of defending the United States of America. As the Department maximizes lethality, improves and sustain readiness, grows the force, and increases capability and capacity, it must improve the overall management of its Total Force of active and reserve military personnel, government civilian personnel, and contracted services. That means the DoD must have the right manpower and human capital resources in the right places, at the right time, at the right levels, and with the right skills to provide for the nation’s defense, while simultaneously being good stewards of taxpayer’s dollars.

Sections

- Military Compensation
- Managing the Military Health System
- Strengthening Military Families
- DoD Civilians

The Department’s commitment to a generous compensation package for those individuals willing to serve their country voluntarily is built into the Fiscal Year (FY) 2019 budget request and demonstrated by the number of initiatives and programs to support their professional development and their personal and family lives.

With the submission and subsequent enactment of the FY 2017 Amended Budget, the Department was able to halt the drawdown of military end strength and to address immediate warfighting readiness shortfalls. For FY 2018, the National Defense Authorization Act (NDAA) (Public Law 115-91) signed by President Trump on December 12, 2017, authorizes major investments in the military’s greatest weapon of all, its warfighters. The FY 2018 NDAA increases the overall size of the U.S. Armed Forces for the first time in 7 years, and provides Service members with a 2.4 percent pay raise.

The FY 2019 budget request is a bold statement supporting and advancing the objectives of the *National Defense Strategy* by sustaining the gains in FY 2017 and FY 2018 and continuing to build a bigger more lethal and ready force. Military pay and benefits funding grows by more than \$6.1 billion over the FY 2018 request. This increase includes funding for a 2.6 percent military pay raise, the largest in 9 years, and an end strength increase of 25,900 designed to increase overall capacity and improve readiness through reduced operational and personnel tempo. In addition, these end strength increases will allow the Services to better support advanced capabilities like cyber, electronic warfare, and special operations needed to contend with our most capable potential adversaries and fulfill the *National Security Strategy* charter to preserve peace through strength.

MILITARY COMPENSATION

Comprising roughly one-third of the DoD budget, military pay and benefits are, and will likely always be, the single largest expense category for the Department. Total compensation funding, including civilian personnel, consumes nearly half of the budget. People are the Department's most valuable asset, but DoD must continually balance these requirements with other investments that are critical to achieving the Department's strategic goals. Providing a robust pay and benefits package is essential and must be sustained to ensure the best warfighters are available to execute the nation's defense strategy.

Displayed in Figure 5.1 is a summary of the Department's base budget pay and benefits funding since the War on Terror began, as illustrated by FY 2001 and FY 2012 through FY 2019. The FY 2017 column reflects the impact of the National Security Presidential Memorandum on Rebuilding the U.S. Armed Forces, dated January 27, 2017, which directed the Department to submit a Request for Additional Appropriations (RAA) as the first step towards rebuilding the U.S. Armed Forces. While the RAA included funding to support higher end strength and military pay raise levels enacted in the National Defense Authorization Act for Fiscal Year 2017 (P.L. 114-328), the majority of the additional funding was directed to critical budget shortfalls in training, maintenance, equipment, munitions, modernization and infrastructure investments – resulting in military pay and benefits declining as a percentage of the overall base budget authority (33.0 percent).

The FY 2018 budget request further underscored this rebuilding effort by restoring funds that enabled the reversal of previously planned end strength reductions and begins to increase the overall size of the U.S. Armed Forces. The request also addresses resource gaps in capabilities, readiness, and capacity.

Overview – FY 2019 Defense Budget

Figure 5.1. Pay & Benefits Funding ^{1/}
(\$ in billions, Base Budget only)

Pay & Benefits Funding	FY 2001 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Request	FY 2019 Request
Military Personnel Appropriations ^{2/}	77.3	130.8	126.4	128.7	127.5	128.2	128.3	133.9	140.7
Medicare-Eligible Retiree Health Care Accruals	0.0	10.7	8.0	7.3	7.0	6.6	7.0	8.1	7.5
Defense Health Program ^{3/}	13.7	32.3	30.6	32.7	32.7	32.7	33.5	34.6	34.2
DoD Education Activity ^{4/}	1.5	3.3	3.2	3.6	3.0	3.1	2.9	3.1	3.4
Family Housing	3.7	1.7	1.5	1.4	1.1	1.3	1.3	1.4	1.6
Commissary Subsidy	1.0	1.4	1.4	1.3	1.3	1.3	1.4	1.4	1.3
Other Benefit Programs ^{5/}	2.4	3.7	4.0	3.5	3.4	3.3	3.4	3.4	3.4
Military Pay & Benefits	99.5	183.8	175.0	178.5	175.9	176.5	177.7	185.9	192.0
Civilian Pay & Benefits ^{6/}	39.8	69.6	68.4	68.4	69.6	71.4	72.3	75.2	76.4
Total Pay & Benefits	139.3	253.4	243.5	246.8	245.5	247.8	250.0	261.1	268.5
DoD Base Budget Authority (BA) ^{7/}	287.4	530.4	495.5	496.3	497.3	521.3	538.3	574.5	617.1
Mil. Pay & Benefits as % of BA	34.6%	34.6%	35.3%	36.0%	35.4%	33.8%	33.0%	32.4%	31.1%
Total Pay & Benefits as % of BA	48.5%	47.8%	49.1%	49.7%	49.4%	47.5%	46.4%	45.5%	43.5%
End Strength - Active Component ^{8/}	1,385,116	1,399,622	1,329,745	1,314,016	1,314,110	1,301,444	1,307,490	1,314,000	1,338,100
End Strength - Reserve Component ^{8/}	868,534	840,320	834,651	824,378	819,062	811,668	808,895	815,900	817,700
Civilian FTEs ^{9/}	687,305	800,052	772,741	755,692	756,334	754,182	755,339	772,561	776,027

^{1/} Base Budget only -- excludes OCO funding. FY 2018 reflects PB18 request.

Numbers may not add due to rounding.

^{2/} Includes pay & allowances, PCS move costs, retired pay accruals, unemployment compensation, etc.

^{3/} DHP funding includes O&M, RDT&E, and Procurement. It also includes construction costs funded in Military Construction, Defense-Wide.

^{4/} DoDEA funding includes all O&M, Procurement, & Military Construction costs.

^{5/} Includes Child Care & Youth Programs, Warfighter & Family Programs, MWR, Tuition Assistance and other voluntary education programs.

^{6/} Civilian Pay & Benefits amounts exclude costs funded in the DHP, DoDEA, Family Housing and Commissary Subsidy programs.

^{7/} DoD Base BA for FY 2017 includes Base funding (\$14.8B) added in Title IX and Title X of P.L. 115-31.

^{8/} Total number of active and reserve component military personnel funded in the Base Budget as of September 30th. FY 2018 reflects PB18 requested ES.

^{9/} Total Base Civilian FTEs Direct/Indirect and Foreign Hires. Excludes Classified Activity and Cemetery Expense. FY 2018 reflects PB18 requested FTEs.

To ensure the Department remains appropriately positioned to compete with the private-sector marketplace for new recruits and to retain a well-trained and quality force, the Department expects moderate and manageable increases in basic pay will continue in the near term and will match the growth in private-sector wages. In support of the Department's effort to continue to build a bigger more lethal and ready force, the FY 2019 President's budget proposes a 2.6 percent increase in military basic pay. This is the largest military pay raise in 9 years.

- The FY 2019 proposed military pay raise is equal to the 2.6 percent increase under the formula in current law, which calls for a military pay raise to equal the annual increase in the wages and salaries of private industry employees as measured by the Employment Cost Index (ECI).
- The proposed increase of 2.6 percent would be slightly larger (+0.2 percentage points) than the increase provided in FY 2018.

In addition to the annual basic pay raise proposal, the Department completed the development phase for the Blended Retirement System and began implementing this new system as of January 1, 2018 for all new accessions and those who chose to switch to the new system. The Department is diligently working to educate the force and has begun implementing the momentous changes to the military retirement system enacted by Congress.

MANAGING THE MILITARY HEALTH SYSTEM

The Military Health System (MHS) is a unique partnership of health care providers, medical educators, and medical researchers. It is prepared to respond anytime, anywhere with comprehensive medical capabilities to support military operations, natural disasters and humanitarian crises around the globe and to ensure delivery of world-class health care to all Department of Defense (DoD) service members, retirees, and their families. The MHS promotes a fit, healthy and protected force by delivering safe, high-quality care to more than 9.5 million eligible beneficiaries around the world.

The MHS consists of the Office of the Assistant Secretary of Defense for Health Affairs (ASD(HA)), the Military Medical Departments (Services), and the Defense Health Agency (DHA). It purchases more than 65 percent of the total care provided for beneficiaries through tailored contracts, such as the TRICARE contracts. Its readiness mission spans a broad portfolio of operational requirements, such as combat casualty care, disaster relief, global health engagement, and humanitarian assistance. Key enablers of the system include the Department of Defense medical school, the Uniformed Services University of the Health Sciences (USUHS), plus a full spectrum of graduate medical education programs, training platforms for all members of the health team, and robust research capabilities.

The Cost of Military Health Care

The MHS offers a rich health care benefit to 9.5 million eligible beneficiaries, which includes active military members and their families, military retirees and their families, dependent survivors, and certain eligible Reserve Component members and their families. The Unified Medical Budget (UMB), which comprises the funding and personnel needed to support the MHS' mission, consumes nearly 9% of the Department's topline budget authority. Thus, it is a significant line item in the Department's financial portfolio.

FY 2019 Budget Request

The FY 2019 UMB request is \$50.6 billion. For a number of years, the UMB has been relatively flat, the result of slower health care cost growth along with aggressively pursuing both internal efficiencies and meaningful benefit reform legislation.

In FY 2017 and FY 2018, Congress has mostly supported the Department's health benefit reform proposals. As a result, the Department will not pursue any further cost share reforms in FY 2019. Instead, the Department will pursue efforts focused on internal business process improvements and structural changes to find greater efficiencies, such as modernizing the military health care system to an integrated system; negotiating lower administrative cost for the new TRICARE contracts; continuing deployment of the MHS Genesis electronic health record; implementing health benefit reforms authorized by Congress; reforming cumbersome processes, and streamlining internal operations. Ensuring the success of these major efforts will generate

Figure 5.2. Military Health Care Funding¹
(\$ in billions, Base Budget only)

Program	FY 2019 PB Request
Defense Health (DHP)	33.7
Military Personnel ²	8.9
Military Construction ²	0.4
Health Care Accrual ³	7.5
Unified Medical Budget	50.6
Treasury Receipts for Current Medicare-Eligible Retirees ⁴	11.1

Numbers may not add due to rounding

^{1/} Excludes OCO funds and other transfers.

^{2/} Funded in Military Personnel & Construction accounts.

^{3/} Includes health care accrual contributions into the Medicare-Eligible Retiree Health Care Fund to provide for the future health care costs of personnel currently serving on active duty – and their family members – when they retire.

^{4/} Transfer receipts in the year of execution to support 2.4 million Medicare-eligible retirees and family members.

savings to be reinvested in lethality, improve our beneficiaries' health care experience, and improve our medical force readiness posture.

Transforming the MHS

Interest in transforming the MHS has expanded beyond just the health benefit and into the core structure of the MHS. Leadership began looking at both the size and mix of the medical force, as well as the overall infrastructure needed to support it.

Congress has been supportive of this effort and has provided legislation reinforcing the need to modernize the MHS. For example, the FY 2017 NDAA (Public Law 114-328) contained a number of provisions that will substantially transform the MHS, including provisions that direct the transfer of some responsibilities from the Military Department Surgeons General to the Defense Health Agency (DHA). The Congress, has expressed a desire to reform the MHS to achieve more standardization across the system, deliver a better experience to the beneficiary, achieve more efficiency, and increase our readiness posture. The MHS had been aggressively working on many of the issues Congress identified (access, quality, safety, readiness, and experience of care) and will leverage the FY 2017 and FY 2018 NDAA provisions to continue that work.

STRENGTHENING MILITARY FAMILIES

The Department will keep faith with military members and their families, who have borne the burden of over a decade of war, by continuing to provide military family assistance through programs that include child care, youth development, support for family members with special needs, relocation assistance, non-medical counseling, Morale, Welfare, and Recreation (MWR), and other military family support programs. The Department recognizes the demands that continue to be placed on the All-Volunteer Force and their families and remains committed to providing this assistance. The Military Departments plan to continue the vital assistance to military members and their families on more than 300 installations worldwide.

The major initiatives to improve the quality-of-life of military members and their families are designed to mitigate the demands of military life — especially the challenges of deployments and frequent relocations. The Spouse Education and Career Opportunities program supports spouse educational and career development, recognizing that spouses' lives are disrupted when they relocate every few years with their service member. Military OneSource, a 24/7 information and assistance service, links military members and their families to resources and support, and provides non-medical counseling to preemptively address stressful situations before they escalate. The MWR program provides much needed recreational and fitness resources for all members of the family to promote overall well-being. These are just a few examples of the network of support designed to ensure that military members can confidently attend to the larger Defense mission, as the Department recognizes that family readiness is a key enabler to mission readiness.

The FY 2019 base budget request includes \$8.3 billion (Figure 5.3) for military family support programs. The \$0.2 billion net increase from the FY 2018 requested funding level for military family support programs is driven by an increase for school construction.

Overview – FY 2019 Defense Budget

Figure 5.3 displays a summary of the Department's FY 2017 — FY 2019 budget request for these programs. Key programs are:

- **Child Care and Youth Programs:** Includes funding for child development programs, which serve over 180,000 children, and youth and teen programs, which serve over 1 million children.
- **Morale, Welfare, and Recreation programs:** Includes funding for mission--sustaining programs such as fitness centers, libraries, and single service member programs; voluntary education; and recreation programs such as outdoor recreation and auto skills centers.
- **Warfighter and Family Services:** Includes funding for family support centers, Armed Forces Exchanges, transition assistance, tuition assistance, and non-medical counseling support services for Active Duty, National Guard, and Reserve members and their families.
- **Commissary:** Includes funding for the Defense Commissary Agency to operate 237 commissary stores on military installations worldwide, employing a workforce of over 14,000 civilian full-time equivalents.
- **Department of Defense Education Activity (DoDEA) Schools:** Includes funding to support the education of students.
- **Military Spouse Employment program:** Provides funding for the Spouse Employment and Career Opportunities Program, which includes funding tuition assistance for eligible military spouses through the My Career Advancement Accounts program, employment counseling, and assistance to all military spouses to obtain employment and career opportunities through the Military Spouse Employment Partnership.

Figure 5.3. Military Family Support Programs

(\$ in billions, Base Budget only)

Program	FY 2017 Actual	FY 2018 PB Request	FY 2019 PB Request
Child Care and Youth Programs	1.2	1.2	1.2
Morale, Welfare and Recreation	1.5	1.6	1.6
Warfighter and Family Services	1.5	1.6	1.6
Commissary	1.4	1.4	1.3
DoDEA Schools	2.1	2.2	2.5
Military Spouse Employment	0.1	0.1	0.1
Total	7.9	8.1	8.3

Numbers may not add due to rounding

As the Department continues to reshape its forces for current and future missions, it is committed to sustaining a balanced portfolio of family assistance programs that are fiscally sustainable and continue to promote service member and family readiness. The overall funding for family assistance programs was determined strategically, based on the number of military members and families served, but without degradation in the quality of the programs provided.

DOD CIVILIANS

The FY 2019 budget request supports a properly sized and highly capable civilian workforce that is aligned to mission and workload, and is shaped to reflect changes commensurate with the Department's military force structure. Civilian personnel within the Department of Defense (DoD) are key to warfighter readiness, essential enablers to DoD's mission capabilities and operational readiness, and critical to supporting our All-Volunteer Force and their families. The Department's civilians perform critical functions in intelligence, equipment maintenance, medical care, family support, base operating services, and other activities that directly support the military forces and readiness. The Department's civilian workforce brings to bear capabilities, expertise, and skills directly impacting DoD's operational warfighting capabilities. From maintaining weapons systems at depots and shipyards; to child care centers and schools around the world; to our airfields, ranges, and armories; to the backbone of installation family programs and support – whether operating shoulder-to-shoulder in theater with their uniformed counterparts or stateside in support of our military families – DoD's civilians are an essential part of our National Defense Strategy.

The FY 2019 budget request continues the Department's ongoing efforts to ensure that its civilian workforce is appropriately sized to complement our military. For the DoD, "right sizing" will necessitate targeted civilian growth to both restore readiness and increase the lethality, capability, and capacity of our military work force. As part of a broader agency reform effort, the Department prepared a Workforce Rationalize Plan (WRP) that provides a strategic roadmap for how the DoD will work to optimize its Total Force, maximize lethality, recover readiness, grow the force, and increase capability and capacity. The size and composition of the civilian workforce reflects and recognizes evolving critical demands such as emerging cyber technologies and threats, and guards against the erosion of organic skills and an overreliance on contracted services.

The DoD civilian workforce presented in the FY 2019 budget request is sized to preserve mission essential skills and capabilities, regenerate and sustain readiness, and enhance lethality. While making investments in the civilian workforce, the FY 2019 budget also recognizes the continued need for agency reform, increased efficiencies, and ensuring Defense resources are aligned to mission priorities. As such, the FY 2019 budget request continues previous efforts with respect to reducing the Major DoD Headquarters Activities (MHA).

The Department estimates the number of civilian Full-Time Equivalents (FTEs) (excluding Classified Activities, Cemeteries, and Foreign National Indirect Hire) will increase 0.4 percent, from 742,000 in FY 2018 to 745,000 in FY 2019. The Department continues to improve business practices by eliminating unintended redundancies within the workforce and by consolidating and improving our Human Resources Information Technology (IT) systems. Projected civilian increases are tied to skillsets directly related to the operational requirements, such as depot maintenance supporting shipyards and logistics depots, operational requirements in the cyber and intelligence domains, science, technology, engineering, and mathematics (STEM) occupations that support lethality, readiness regeneration and force structure sustainment functions, and ensuring that our military members and their families receive unparalleled support.

Overview – FY 2019 Defense Budget

Figure 5.4. Civilian FTEs (Base and OCO)^{1/}

Program	FY 2018 ^{2/} Estimate	FY 2019 ^{2/} Request	Percent Change
Army	182.9	182.4	-0.2%
Navy	197.6	200.8	1.6%
Air Force	171.9	171.9	-
Defense Wide	189.1	189.4	0.2%
Total DoD	741.5	744.5	0.4%
U.S. Direct Hires	726.5	729.8	0.5%
Foreign Direct Hires	14.9	14.7	-1.7%
Numbers may not add due to rounding			

^{1/} Excludes Classified Activity, Cemetery Expense, and Foreign National Indirect Hire (FNIH) FTEs

^{2/} Includes 420 OCO FTEs in FY 2018 and 434 in FY 2019; excludes 31,511 of Foreign National Indirect Hire (FNIH) FTEs in FY 2018 and 32,056 in FY 2019

6. THE DEPARTMENT OF DEFENSE AUDIT

Better management begins with effective financial stewardship. The Department will continue its plan to achieve full auditability of all its operations, improving its financial processes, systems, and tools to understand, manage, and improve cost.

National Defense Strategy

The Department of Defense Audit

The Department of Defense (DoD) began a consolidated DoD-wide financial statement audit in Fiscal Year (FY) 2018. For the first time, the Department will complete an independent full audit across its business processes and systems, as required by law. Going under a DoD-wide, full financial audit also fulfills the President's promise and underscores Secretary Mattis' commitment to business reform and improved readiness.

Sections

- The DoD Consolidated Audit Strategy
- Audit Remediation

A financial statement audit is comprehensive, occurs annually, and it covers more than just financial management. During a financial statement audit, an independent public accounting firm or the DoD Office of Inspector General (DoD OIG) examines the Department's books and records. Financial statement audits give management independent validation and feedback on the effectiveness of each reporting entity's business systems and internal processes and controls. The financial statement audit helps drive enterprise-wide improvements to standardize our business processes and improve the quality of our data. Audits also ensure Department leaders have visibility over the counts, locations, and conditions of DoD property. This relates directly to readiness and making programming, budgeting, and investment decisions.

"When the President made a promise to the American people to rebuild the U.S. Armed Forces, he also made a commitment to start the audit. We have asked the American taxpayers to entrust us with over \$600 billion each year. We should welcome the accountability. "

Patrick M. Shanahan

For years, the Department has received a disclaimer of opinion on the DoD-wide financial statements from the DoD OIG. These disclaimers were based on management's assertions, not independent audit testing. Results of the FY 2018 DoD-wide financial statement audit and all future audit opinions will be based on independent audit testing. The DoD consolidated audit will continue year after year, the audit will become more efficient and the auditors will continue to provide business process improvements. This will improve the

quality of data used to support strategic decision making and improve the accuracy of the financial statements. Remediating audit findings is at the center of our financial improvement strategy.

The DoD owes accountability to the American people. The taxpayers deserve a level of confidence that DoD's financial statements present a true and accurate picture of its financial condition and operations. Transparency, accountability, and business process reform are some of the benefits the Department will receive from the financial statement audit even before achieving a positive opinion.

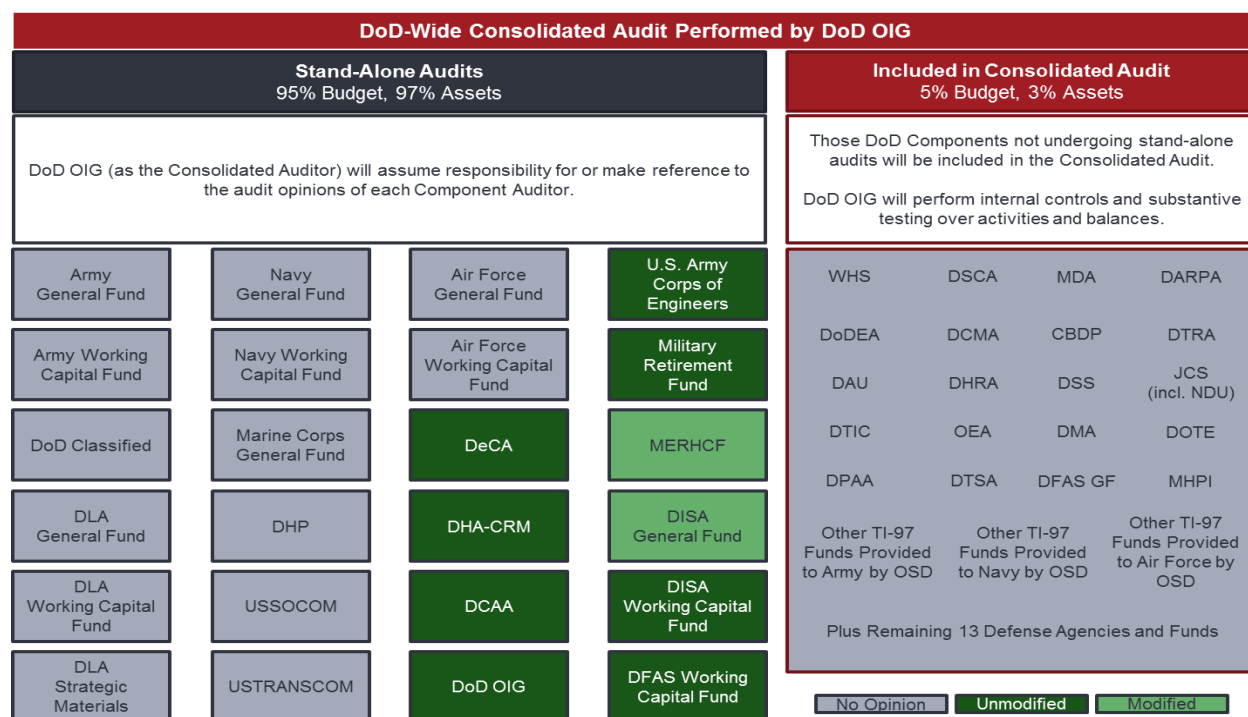
Overview – FY 2019 Defense Budget

THE DEPARTMENT OF DEFENSE CONSOLIDATED AUDIT STRATEGY

The DoD consolidated audit will assess all four financial statements and include activity for both General Funds and Working Capital Funds. The DoD consolidated audit will include auditing \$2.6 trillion in assets on the balance sheet, \$1.1 trillion in budgetary resources, and \$638 billion in net cost of operations. This audit will be one of the largest audits ever undertaken, comprised of more than 24 stand-alone audits and an overarching consolidated audit as shown in Figure 6.1. The Independent Public Accounting (IPA) firms will conduct the stand-alone audits while DoD's consolidated audit will be performed by the DoD OIG serving as the DoD-Wide Consolidated Auditor.

There are several DoD reporting entities already under annual full financial statement audit and sustaining positive opinions. Those reporting entities are the Military Retirement Trust and Payment Funds; the U.S. Army Corps of Engineers; the Defense Health Agency – Contract Resource Management; the Medicare-Eligible Retiree Health Care Trust and Payment Funds; the Defense Commissary Agency; the Defense Information System Agency, General Fund; the Defense Information System Agency, Working Capital Fund; the Defense Finance and Accounting Service, Working Capital Fund; the Defense Contract Audit Agency; the Department of Defense Office of Inspector General; and the National Reconnaissance Office.

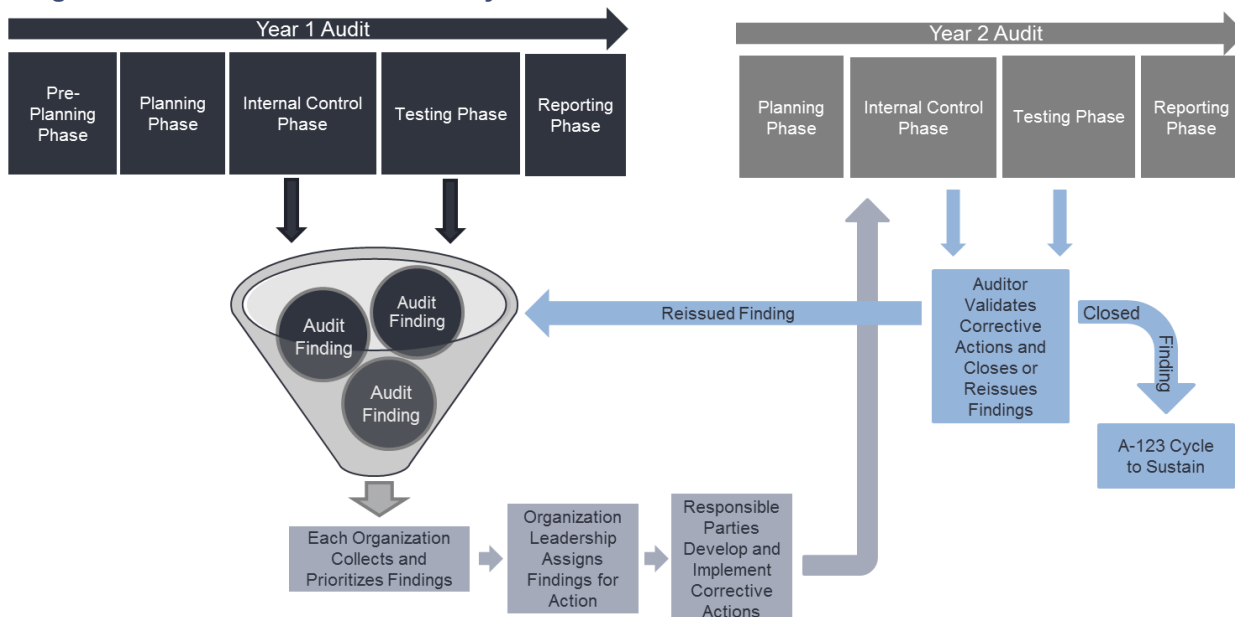
Figure 6.1. DoD Consolidated Audit Structure



AUDIT REMEDIATION

As the Department begins full financial statement audits, work is refocused from audit readiness to audit remediation. Remediating past audit findings has already resulted in benefits, including discovery of Real Property and General Equipment not being recorded in the proper system and freeing up money previously obligated but not executed. Progress will be measured through the annual audit process and auditor confirmation that an audit finding/condition is closed. Figure 6.2 shows the annual audit feedback cycle.

Figure 6.2. DoD's Audit Feedback Cycle



In order to track progress, the Department has established a tool and a process to capture, prioritize, assign responsibility for, and develop corrective actions to address audit findings. Each year, the auditors will assess and report on whether the Department has successfully addressed the findings. Going forward, the Department will measure and report progress toward achieving a positive audit opinion using the number of audit findings resolved.

After completing an audit, the auditor loads each notice of finding and recommendation (NFR) into the database. The auditor also aligns each NFR to one of DoD's known area of weakness. The auditor will use the database to issue new NFRs, re-issue an ongoing NFR, or close a successfully remediated NFR, so that the Department can track progress and status. The Department wide NFR Database became operational October 1, 2017.

After the auditor has entered each finding into the database, the reporting entity assigns that finding to a contributing and responsible organization. This assigns ownership of each issue and respective remediation strategy to an individual organization or command and ensures accountability closest to the root cause of the finding.

The responsible organization then develops a corrective action plan or plans and associated milestones for correcting that condition. Details of the corrective action plans are maintained at the component level; however, status information is entered in the database.

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Each reporting entity must regularly report progress on implementing their corrective action plans. The FIAR Governance Board (FGB) will monitor progress. The FGB is comprised of senior Department leaders and was established to monitor progress toward audit readiness and financial process improvement and remediation. The FGB is responsible to ensure that the Department continues to make improvements and reporting the status of the Department's efforts to both internal and external stakeholders. Going forward, the Department will have improved visibility into the pervasiveness of deficiencies and be better able to monitor NFRs, conditions, and corrective action plans, and report progress status.

CONCLUSION

The Department's annual audit regimen directly supports Secretary Mattis' 2018 National Defense Strategy. In a memorandum dated October 5, 2017, the Secretary of Defense defined business reform to all DoD personnel as the line of effort that “instills budget discipline and effective resource management, develops a culture of rapid and meaningful innovation, streamlines requirements and acquisition processes, and promotes responsible risk-taking and personal initiative.” Remediating findings from annual audits and instituting audit rigor into DoD systems, processes, and controls are fundamental to meeting the Secretary's charge. By improving the quality of financial information, decision makers will have the information they need to strive, as Secretary Mattis wrote, to “leave this Department in even better shape for those that follow.”

7. BUSINESS OPERATIONS REFORMS

We must transition to a culture of performance where results and accountability matter. We will put in place a management system where leadership can harness opportunities and ensure effective stewardship of taxpayer resources.

National Defense Strategy

The Department has previously focused its primary efforts on promoting effectiveness in combat operations and readiness, with the efficiency and effectiveness of its business operations receiving lesser priority. However, Secretary Mattis appreciates and places value on reforming the business operations for the benefit of increasing readiness, recapitalizing the force, and further developing of advanced capabilities – all of which contribute to increased lethality and expansion and strengthening of alliances and partnerships.

As informed by Executive Orders, direction from OMB and the U.S. Congress, the Department has set near-term goals for codifying and implementing business reform initiatives in the 2019-2023 Future Years Defense Program. The Department of Defense will work closely with Congress to identify and implement reforms that require congressional authorization.

The Deputy Secretary of Defense has established the Reform Management Group (RMG), which relies on cross-functional teams to drive efficiency by using shared, centralized services throughout the department with the goal of making each area maximally effective. The RMG's central goal is to leverage best practices, centers of excellence, and private sector sources to benchmark and best align business operations. Initial Reform Teams are focused on evaluating operations in the following areas:

- Information Technology
- Healthcare
- Real Property
- Human Resources
- Financial Management
- Contracted Services and Goods
- Logistics and Supply Chain
- Community Services
- Testing and Evaluation

Goals and performance metrics are crucial to measuring the benefit-to-cost and value generated as business processes are optimized. Key to this reform effort is generating relevant, accurate, and timely data. This data will ensure that decision makers have access to the best information on a real-time basis. As reform efforts are underway, the longer-term objective is to institutionalize the behavior of continuous improvement throughout the culture of the Department.

Sections

- Defense Reforms
- Acquisition Reform
- Cost Accounting Framework
- Financial Management Reform
- Contract and Management Oversight

DEFENSE REFORMS

As part of the FY 2019 President's Budget, the Department implements \$6.0 billion in reform initiatives that reduce the operating costs of the Department of Defense's institutional activities and allow those resources to be reallocated to readiness, modernization, and recapitalization. The Department is ensuring that the savings associated with better business practices from previous Presidents' Budgets are fully implemented, including streamlining major headquarters activities and eliminating redundancy.

The Department has previously undergone several reviews that identified redundancies, work not conducted at the appropriate organizational level, and work not providing added net value. These reviews prompted initiatives that placed the Department on a path to steadily reduce both headquarters' manpower and operating costs.

In FY 2019, the Department achieves an additional \$2.9 billion in savings from the ongoing reform initiatives started in prior years. The FY 2019 Defense Reform Initiatives focus on pursuing the consolidation of business activities throughout the enterprise to achieve greater efficiency and savings for information technology and health care management; divestiture of equipment that is no longer needed; and improved financial management.

ACQUISITION REFORM

Organize for innovation. The Department's management structure and processes are not written in stone, they are a means to an end—empowering the warfighter with the knowledge, equipment and support systems to fight and win.

National Defense Strategy

There are several efforts currently underway to improve the Department's ability to acquire and field products and services that provide for significant increases in mission capability and operational support in the most cost effective and schedule efficient manner possible. A Defense Acquisition System that facilitates speed and agility in support of the aforementioned objective is key. As threat capabilities have continued to rapidly evolve, it is essential that the system supports out-pacing of the Nation's near-peer adversaries' capabilities.

The Department's FY 2019 acquisition reform activities are focused in two areas: 1) Reorganization, which disestablishes the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics (OUSD(AT&L)) in favor of establishing the Offices of the Under Secretaries of Defense for Acquisition and Sustainment (A&S) and Research and Engineering (R&E). The OUSD(A&S) focuses on timely, cost-effective delivery and sustainment of products and services. The OUSD(R&E) is responsible for advancing technology and innovation in the Department and identification of additional reform initiatives to improve efficiency and effectiveness through increased agility in the acquisition system.

The OUSD(A&S) and OUSD(R&E) were established on February 1, 2018; however, in order to ensure optimization of the organizations in support of acquisition speed and agility, this full organizational transformation will occur over the course of 2 years.

In regard to other acquisition reform efforts, the Department is acting on numerous authorities granted by Congress via the FY 2016 and FY 2017 NDAA's, such as "middle tier" acquisition (rapid prototyping/rapid fielding programs) and use of Other Transaction Authorities. The Department is implementing the FY 2018 NDAA authorities, including contracting, the acquisition workforce,

Overview – FY 2019 Defense Budget

and an online platform for procuring commercially available items. The Department is also conducting a review of acquisition related statutes to identify potential changes in support of facilitating improvements in speed and agility. Additionally, the Department has been engaged with the independent advisory panel on streamlining and codifying acquisition regulations which was established by section 809 of the FY 2016 NDAA and amended by section 863 of the FY 2017 NDAA. This effort also includes potential recommendations for new statutes as well as amendments or repeal of existing statutes.

The Department looks forward to working with the Congress to provide the right capabilities to the warfighters when needed and at an affordable cost. A Defense Acquisition System that facilitates speed and agility in support of the aforementioned objective is key in this regard.

COST ACCOUNTING FRAMEWORK

As the Department faces increasing national security demands, the DoD must deliver agile, efficient, and effective cost information related to operations and the overall mission. To support this objective, the Department has been improving the quality and timeliness of financial information and using accounting and financial data for management decisions.

As part of this effort, the Office of the Under Secretary of Defense (Comptroller), the Office of the Chief Management Officer (CMO), the Military Departments, and associated Defense Agencies have established a Cost Decision (CODE) framework that leverages commercial best practices, adapted to DoD operations. The CODE framework is the authoritative source for enterprise lines of business cost information. The CODE will deliver decision makers the information they need to make cost based decisions to improve business management. The Department has a phased approach to implement this framework across various lines of business with the objective to support financial statement auditability through cost accounting.

FINANCIAL MANAGEMENT REFORM

Drive budget discipline and affordability to achieve solvency. Better management begins with effective financial stewardship.

National Defense Strategy

The DoD must reform the way we do business to provide opportunities to reinvest in lethality across the Department. For the Financial Management (FM) Community this means we must enable better data-driven decisions through improved quality and timeliness of financial, and cost information. To support this objective, the FM Reform team will transform the Department of Defense Financial Management/Business environment by simplifying

and standardizing our processes, policies, and technology. This will be achieved through fewer and better integrated systems and the development and enforcement of enterprise data standards.

As part of this effort, the team will identify enterprise wide initiatives and develop requirements and implementation plans to drive the necessary change across the Department. The goal of all FM Reform efforts will be to achieve a DoD Financial Management environment that is authoritative, standard, simplified, timely, affordable, and secure.

CONTRACT MANAGEMENT AND OVERSIGHT

The establishment of the Defense Contract Audit Agency (1965) and Defense Contract Management Agency (2000) consolidated the audit and contract management functions, previously performed by the Military Services, into independent organizations that now apply consistent and methodical audit, contract management, and assessment regulations and principles across the Department.

The **Defense Contract Audit Agency (DCAA)** performs contract audit functions for all DoD Components plus other Federal agencies. In FY 2017, the DCAA audited \$226.1 billion of costs incurred on contracts and issued 761 forward pricing proposal audit reports totaling approximately \$51.4 billion. In FY 2017, DCAA audit efforts resulted in \$3.5 billion in net savings for the Department and the taxpayer.

The DCAA will continue efforts to maintain a reasonable incurred cost inventory in order to (1) assist in achieving auditable financial statements, a Secretary of Defense priority; (2) assist the Department in closing completed contracts; and (3) prevent undue delays in payments of fees to contractors (a portion of fees to contractors is delayed until the contract is closed). During FY 2019, DCAA will also begin to utilize qualified private auditors on incurred cost audits based on the FY 2018 NDAA. The DCAA entire portfolio of audit work including incurred cost, forward pricing, terminations and claims, business systems, Cost Accounting Standards (CAS), Voucher Payments and Truth in Negotiation (TiN) compliance audits enables DCAA to fulfill its role in the financial oversight of government contracts and is critical to ensuring DoD gets the best value for every dollar spent on defense contracting.

The **Defense Contract Management Agency (DCMA)** is DoD's independent acquisition eyes and ears and is a key partner to the Component Services' buying commands, DoD partners, and Allied customers. The DCMA's insight enables maximum military readiness and lethality, reduces acquisition enterprise risk, and informs DoD affordability decisions.

The DCMA performs contract administration services in over 1,000 locations, managing over 19,432 contractors and approximately 337,900 active contracts. These contracts have a total face value of \$5 trillion. The Agency's responsibilities include managing Acquisition Category I and II programs, \$163.4 billion of Government in-plant property, \$20.8 billion in-progress payments, and \$11.3 billion in performance-based payments, ensuring each complies with Federal acquisition and auditability standards. Essentially all DoD Weapon Systems and Combat Platform production and depot maintenance work performed by Industry are directly managed by the DCMA. In 2017, the DCMA's return on investment to the Department and other customers was \$4 for each \$1 invested by DoD. The DCMA is designated as a combat support agency and deploys civilians to Theater in support of contingency operations.

Created by the Inspector General Act of 1978, the DoD **Office of the Inspector General (OIG)** is an independent, objective agency within the Department of Defense. The DoD OIG is responsible for conducting audits, investigations, and inspections, and recommends policy and procedure changes to promote economic, efficient, and effective use of agency resources and programs that prevent fraud, waste, abuse, and mismanagement. In FY 2017, the DoD OIG identified \$1.2 billion in potential monetary benefits and recovery.

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In FY 2019, the OIG will continue its efforts in serving the warfighter, and the taxpayer, by conducting audits, investigations, inspections, and assessments that provide guidance and recommendations for both the Department and Congress.

Figure 7.1 provides the funding and civilian manpower for each of these organizations.

Figure 7.1. Contract Management and Oversight (\$ in billions)
Base Budget only FY 2018/2019, Direct FTEs in whole numbers

	FY 2017 Actuals*	FY 2018 Request	FY 2019 Request
Defense Contract Audit Agency	\$0.6	\$0.6	\$0.6
DCAA Full-Time-Equivalents	3,959	4,207	4,195
Defense Contract Management Agency	\$1.4	\$1.5	\$1.5
DCMA Full-Time-Equivalents w/OCO	10,406	10,301	10,434
Office of Inspector General	\$0.3	\$0.3	\$0.3
OIG Full-Time-Equivalents	1,389	1,617	1,554
Total – Audit and Contract Management	\$2.3	\$2.4	\$2.4
Total Civilian Full-Time-Equivalents	15,754	16,125	16,183

Source: FY 2019 President's Budget

Numbers may not add due to rounding

* Excludes Overseas Contingency Operations data

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8. MILITARY DEPARTMENTS

The Department of Defense's enduring mission is to provide combat-credible military forces needed to deter war and protect the security of our nation. Should deterrence fail, the Joint Force is prepared to win. Reinforcing America's traditional tools of diplomacy, the Department provides military options to ensure the President and our diplomats negotiate from a position of strength.

National Defense Strategy

The Military Departments generally use several means to report to the Congress on their activities. Consistent with Title 10 Section 113 (c)(1)(A), each of the Military Departments is providing a summary of their Fiscal Year (FY) 2019 Budget submission for inclusion in the DoD Budget Overview. Additional data are contained in Appendix A, Resource Exhibits.

DEPARTMENT OF THE ARMY OVERVIEW

<i>Discretionary Budget Authority in Thousands</i> Army Base + OCO + Emergency	FY 2018*	FY 2019 Request	Delta FY19 - FY18
Military Personnel	57,966,897	63,746,449	+5,779,552
Operation and Maintenance	67,849,660	77,491,536	+9,641,876
Procurement	22,148,297	27,820,028	+5,671,731
RDT&E	8,636,503	10,484,483	+1,847,980
Military Construction	1,028,931	1,580,855	+551,924
Family Housing	479,886	707,169	+227,283
Revolving and Management Funds	243,649	165,365	-78,284
Total Department of the Army	158,353,823	181,995,885	+23,642,062

* Reflects the Continuing Resolution funding level and Division B of Public Law 115-96 (Department of Defense Missile Defeat and Defense Enhancements Appropriations Act, 2018).

Numbers may not add due to rounding.

Introduction

America's Army remains globally engaged securing the United States interests in a complex, dynamic, and increasingly uncertain world. It remains the most skilled, combat hardened, and ethical Army in this Nation's history.

Conducting current operations, sustaining current readiness, and making progress towards a more modern, capable, and lethal future Army requires consistent, predictable and sufficient funding. For the U.S. Army to fulfill the security demands placed on it by the country in FY 2019 and beyond, appropriations bills should be enacted at the start of the fiscal year. The Nation cannot afford to perpetuate the uncertainty and instability created by long-term Continuing Resolutions (CRs) and the looming return to Budget Control Act of 2011 (BCA) sequestered funding levels. Under these conditions, the Army simply cannot sustain readiness or build the Army that this Nation requires in the future.

The FY 2019 budget request supports Secretary of Defense priorities to improve warfighter readiness, achieve program balance, and set the conditions for a more lethal force by adequately

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resourcing responsible increases in manpower, filling warfighter gaps, acquiring modernized equipment, maintaining and restoring critical infrastructure and facilities for training and deployments necessary to meet Defense Planning Guidance requirements.

The FY 2019 budget takes into account the Army's Leadership priorities with those of the Secretary of Defense and provides the framework to meet the Army's readiness, modernization, and reform initiatives, while taking care of the Soldiers, Civilians and Families. This request supports the Army's effort to balance both current and future readiness and sets conditions for the Army to meet its readiness recovery goals by FY 2021-FY 2023.

Fiscal Environment

Since 2002, the Army's focus and fiscal emphasis was directed to defeat an adaptive enemy in counterinsurgency operations. Modernization efforts to achieve or retain overmatch capabilities against potential near-peer competitors was not the primary focus. The Army built and sustained a force necessary for success in the counterinsurgency environment; more heavily weighing near-term readiness over modernization. Required tradeoffs to ensure the greatest protection to Soldiers in harm's way created the unintended consequence of underfunding modernization. The Army's historic competitive advantage is now on the verge of being selectively outgunned and outranged on a future battlefield with potential near-peer competitors.

The Army reemphasized and resourced combined arms maneuver capabilities while preserving wide area security beginning in FY 2017. In addition, while sustaining counterterrorism competencies, the Army increased funding for cyber capability/capacity, special operations-general force integration, no-fail ballistic missile defense, and increased Reserve Component training resources through associated unit pilots. To ensure this momentum continues, the Army requires sufficient and predictable funding commensurate with its requirements to build readiness for the current fight and to prepare the Army for any future fight.

Readiness:



Readiness remains the Army's number one priority. The changing operational environment and character of war requires the Army to build the readiness needed now, not only for current operational demands but also in anticipation of the next fight.

In FY 2018, as part of the Joint Force, the Army continues to provide a credible and capable element of national power, specifically, strategic land power that is decisive, expeditionary, and adaptive. The Army has 186,520 Soldiers committed worldwide, with over 99,000 Soldiers overseas in over 140 countries and another 87,000 Soldiers within the U.S. and its territories. These Soldiers are in support of Combatant Commands (CCMDs), ten of the SECDEF's named contingency operations, various exercises and theater security cooperation activities. The Army continues to provide an unparalleled capability to prevent conflict, shape the environment, and if necessary, win decisively.

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Sustaining global commitments goes beyond just the current “boots on the ground.” It takes sufficient capacity and inventory to generate and rotate ready units for each CCMD mission. With current and emerging requirements, the Army consumes readiness almost as quickly as it is generated. In the FY 2019 budget, the Army invests in continued recovery of near-term readiness for the current fight while concurrently adapting, innovating, and building readiness for the future.

The FY 2019 budget request seeks a Regular Army end strength increase of 4,000 Soldiers above the FY 2018 NDAA level to facilitate fully manned formations and growing specific capabilities in critical formations, i.e. fires, air defense, cyberspace, and electronic warfare. This request supports being globally responsive, balancing readiness across the Total Army Force for contingency surge demands. It resources additional Security Force Assistance Brigades (SFAB), incorporates, sustainable readiness as the Army’s force generation capability, improves the Army’s “set the theater” capability, and improves installations’ ability to project national power with prepositioned stocks, mission command, emergency deployment readiness exercises (EDREs), and sea emergency deployment readiness exercises (SEDREs).

The Army uses its force generation model, “Sustainable Readiness” to assign readiness objectives to units in order to optimize the Army’s ability to meet both known and contingency demands. The process also provides an assessment of risk. The Army’s budget resources units to meet assigned training readiness objectives with moderate risk. This request also supports training needed to build and restore decisive action competency across the force by FY 2021.

To assure a standard measure, the Army is adopting objective measures of training readiness. In FY 2019, 164 unit types, ~96% of the Operating Forces, adopted readiness objectives. These measures will include an assessment of leadership as the multiplying and unifying element of combat power reported in the Commander’s training Unit Status Report.

In FY 2019, Combat Training Centers (CTC) will challenge units by increasing the intensity of many diverse training activities, such as: decisive action operations, integrating hybrid threats that include greater exposure to electronic warfare, enemy unmanned aerial systems, cyber-attacks, and increased use of enemy precision guided munitions and indirect fire. It is essential this training remains relevant with near-peer capabilities. In doing so, the Army is allocating 4 of 20 annual CTC rotations to Army National Guard Brigade Combat Teams.

At home and abroad, the Army secures, operates, and defends its networks and conducts cyberspace operations against a growing array of sophisticated adversaries. The Army operates its global enterprise network through four Theater Signal Commands and five Regional Cyber Centers. The Army’s 62 Cyber Mission Force (CMF) teams conduct cyberspace operations against ISIS and other global cyber-related threats. These teams deliver effects against adversaries in support of ground commanders, defend military networks, secure Army weapons platforms, and protect critical U.S. infrastructure. CMF teams are only a part of the growing capability and capacity that will support multi-domain battle as a critical part of Army and Joint Operations. The FY 2019 budget request continues to modernize and secure the global enterprise network and advance defensive and offensive cyber capabilities to safeguard the Nation’s security interests.

To posture the Army for the future, this budget request strikes a greater balance between current readiness, growing capacity, and improving capabilities. With the FY 2019 budget request, the Army aligned funding in Research Development Test and Evaluation and Procurement against six priorities (see the following Modernization paragraph). The Army is developing new concepts and doctrine, conducting selective modernization and force mix adjustments to close gaps, and developing leaders prepared to fight a peer adversary in the new operational environment.

Additionally, the Army is updating institutional processes, prototyping and testing future systems, and conducting wargames and experiments with new concepts.

Modernization

The need for modernization is critical to Soldier and unit readiness, requiring the development of new capabilities. The impact to readiness due to a lack of investment in modernization enabled adversaries to close the gap on the Army's competitive advantage. As the Army focused on counterinsurgency operations, adversaries watched, adapted, and made improvements to its modernization efforts. Today, the U.S. is challenged in every domain of warfare: land, maritime, air, cyber, and space; and the challenges are growing in scale and complexity.

The Army must regain its competitive advantage against emerging threats, competitors, and adversaries. To accomplish this goal the Army's modernization priorities are as follows:

- A Long-Range Precision Fires capability that restores U.S. Army dominance in range, munitions, and target acquisition
- A Next Generation Combat Vehicle – along with other close combat capabilities in manned, unmanned, and optionally-manned variants – with the most modern firepower, protection, mobility, and power generation capabilities, to ensure the Army's combat formations can fight and win against any foe
- Future Vertical Lift platforms – attack, lift, reconnaissance – in manned, unmanned, and optionally-manned variants that are survivable on the modern and future battlefield
- An Army Network with sufficient mobile and expeditionary hardware, software, and infrastructure that incorporates Assured Positioning, Navigation, and Timing solutions so it can be used to fight cohesively in any environment where the electromagnetic spectrum is denied or degraded
- Air and Missile Defense capabilities that ensure future combat formations are protected from modern and advanced air and missile delivered fires, including drones
- Finally, Soldier lethality that spans all fundamentals – shooting, moving, communicating, protecting, and sustaining. Fielding encompasses not only next generation, but also improved weapons, protective equipment, and radios. At the Soldier level, emphasis on improving human performance and decision making through increased training and assessment requires a rapid expansion of the Army's synthetic training environment and deeper distribution of simulations capabilities down to battalion and companies.

People

The collective strength of the United States Army comes from its people. The Army's Total Force management combines the distinct contributions of the three military components and a civilian workforce who, along with contracted support, perform the missions of the Army. The following principles guide the Army's manning efforts: maintain a trained and ready force; increase end strength while maintaining standards; access and retain quality Soldiers through talent management, incentives, and promotion opportunities; and communicate with the Nation. Growing competent and capable leaders takes many years – it is the Army's largest and most important investment.

The Army remains committed to sustaining a diverse, ready, and capable All-Volunteer Force that makes it the most ready, lethal land force in the world by continuing to recruit, retain, and develop quality Soldiers and leaders. The Army remains committed to maintaining standards of

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excellence to build a ready force. The Army will expand recruiting populations through an aggressive information campaign and increased marketing while leveraging policy and incentives to expand its eligible retention population. The Army expects to achieve its retention and accession missions sufficiently to support end strength increases and maintain the highest quality force. The increases to all three components will allow the Army to improve readiness levels and support combatant commanders' requirements.

The Army's civilian workforce continues to perform vital functions in support of readiness. As part of the Total Force, the civilian workforce partners with uniformed personnel in many areas of the Generating Force including, but not limited to medical, family care, and soldier support; maintaining the Army's infrastructure; providing essential training; and executing key roles in cyber and intelligence. To ensure that the Army is postured to support the growth in end strength and missions, the civilian manpower is growing in selective areas. These areas include support to missions in Europe such as equipment maintenance and cyberspace operations. For clear oversight of the modernization workforce, approximately 3,500 civilian full-time-equivalents have been realigned from reimbursable to direct budget authority payroll accounts.

People are the Army's greatest asset. The Army continues to establish policies and provide the resources necessary to ensure quality support to its Soldiers, Civilians, and their Families. The Army continues to support high priority programs that protect the force, e.g. Sexual Harassment and Assault Response, Suicide Prevention, Wounded Warrior, and Insider Threat. Priority programs, like Strong Bonds, strengthen resilience, improve cohesion, and reinforce values. The Army will make every effort to take care of its civilians through retraining and directed re-assignment. Every Soldier, Family member, and Civilian is a valued member of the Army team and critical to its readiness and mission accomplishment.

Reform

The Army is committed to bold reform that provides America's Soldiers with the weapons and tools it needs to fight and win this Nation's wars. In doing so, the Army must improve business processes to generate financial resources and manpower to make the total Army more lethal, capable, and efficient. The Army is undertaking five acquisition reform efforts designed to promote unity of effort, unity of command, efficiency, cost effectiveness, and leader accountability. First, the Army will consolidate the modernization enterprise under one organization. Second, the Army will leverage authorities contained in FY 2016 and FY 2017 NDAs to simplify contracting and sustainment processes in order to deliver capabilities to Soldiers faster. Third, the Army established eight Cross-Functional Teams (CFTs) enabling leadership to identify and manage investments across the Army's six modernization priorities. Fourth, the Army will ensure that technological solutions are mature before beginning programs of record. Fifth, the Army directly engages with Army senior leadership to reinvigorate the requirements oversight counsel process.

The Army is developing a culture that supports auditable records at all levels. In September 2017, the Army notified the Department that it was prepared for a full financial statement audit. In support of the audit, the Army established accountable practices that set conditions to enable full financial statement audits and demonstrate good stewardship of taxpayer funds. The Army has made huge investments in implementation of modern enterprise systems that will ensure compliance with accounting standards. Furthermore, the Army is standardizing business processes to ensure compliance with accounting standards. The end state for the Army is a culture of transparency and accountability in which every Soldier, Civilian, and leader executes the actions necessary to maintain a posture that enables sustained clean audit opinions.

Conclusion

The Army's FY 2019 budget request provides resources to defeat an adaptive enemy in counterinsurgency operations, reinvigorates Army competencies across the full spectrum of operations, and targets modernization efforts to retain and regain overmatch capabilities against potential near-peer competitors. Consistent, predictable and sufficient funding, achieved through the timely enactment of both authorization and appropriations bills provides the necessary resources for the Army to develop and execute balanced programs, remaining the world's preeminent ground fighting force.

DEPARTMENT OF THE NAVY OVERVIEW

<i>Discretionary Budget Authority in Thousands</i> Navy Base + OCO + Emergency	FY 2018*	FY 2019 Request	Delta FY19 - FY18
Military Personnel	46,229,402	50,182,295	+3,952,893
Operation and Maintenance	57,569,871	63,372,009	+5,802,138
Procurement	49,672,921	58,482,593	+8,809,672
RDT&E	17,478,513	18,649,478	+1,170,965
Military Construction	1,649,211	2,965,413	+1,316,202
Family Housing	392,244	419,117	+26,873
Revolving and Management Funds	--	--	--
Total Department of the Navy	172,992,162	194,070,905	+21,078,743

* Reflects the Continuing Resolution funding level and Division B of Public Law 115-96 (Department of Defense Missile Defeat and Defense Enhancements Appropriations Act, 2018).

Numbers may not add due to rounding.

The United States of America supports maritime operations worldwide. For more than two centuries, the Navy and Marine Corps—the Sea Services—have operated throughout the world to protect American citizens and defend U.S. interests by responding to crises and, when necessary, fighting and winning wars. Forward-deployed and forward-stationed naval forces use the global maritime commons as a medium of maneuver, assuring access to overseas regions, defending key interests in those areas, protecting U.S. citizens abroad, and preventing adversaries from leveraging the world's oceans against the United States. The ability to sustain operations in international waters far from U.S. shores constitutes a distinct advantage for the United States—a Western Hemisphere nation separated from many of its strategic interests by vast oceans. Maintaining this advantage in an interconnected global community that depends on the oceans remains an imperative for the Sea Services and the Nation.

The FY 2019 baseline budget submission of \$179.1 billion for the Department of the Navy (DoN) is an increase of \$6.3 billion (4%) from the FY 2018 budget request. This request sustains and protects readiness and begins increasing the capability and capacity of the Navy and Marine Corps. As directed within the 2018 National Defense Strategy, the PB19 budget submission supports building a more lethal, resilient, and agile force to deter and defeat aggression in all domains and across the conflict spectrum. The guidance from the Secretary of the Navy is clear and focuses on:

- People
- Capabilities
- Processes

The FY 2019 request for overseas contingency operations (OCO) of \$15.0 billion continues to fund the incremental costs to sustain ongoing operational commitments, equipment/infrastructure repair, manpower, as well as equipment replacement. The FY 2019 budget reflects how best to improve readiness, address shortfalls, and take steps to add capacity and lethality to the DoN forces. The Department will grow the capacity and capability of Navy and Marine Corps forces; while properly balancing the readiness requirements to meet Combatant Commanders' needs around the globe. The DoN will continue to modernize the undersea deterrent of the nuclear triad as DoD and DoN priorities dictate. The DoN will undergo a full-scope financial statement audit beginning in 2018 that will drive improved financial processes and drive the best possible value

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from every tax dollar. The DoN will continue to provide necessary infrastructure and recruit the right people with the right skills to enable the Fleet and its warfighting missions, while maintaining a modern industrial base.

This will be done by focused investments that further enhance both immediate and longer term readiness, including modest personnel increases; procurement of additional ships and aircraft; enhanced weapons procurement; investments in key technologies that better posture the Department for the threats of the future; and significant investment in the DoD infrastructure.



America's Sea Services uniquely provide forward postured capability around the globe. During peacetime and times of conflict, across the full spectrum, from supporting an ally with humanitarian assistance or disaster relief to deterring or defeating an adversary in kinetic action, Sailors and Marines are deployed at sea and in far-flung posts wherever and whenever needed. Coming from the sea, the DoN gets there sooner, stays there longer, brings everything that it needs, and doesn't have to ask anyone's permission.

The founders of the United States recognized this Nation as a maritime Nation and the importance of maritime forces, including in the U.S. Constitution the requirement that Congress "maintain a Navy." In today's dynamic security environment, with multiple challenges from state and non-state actors that are often fed by social disorder, political upheaval, and technological advancements, that requirement is even more fundamental.

The Department's responsibility to the American people dictates an efficient use of DoD fiscal resources and an approach that adapts to the evolving security environment. Supporting DoD people, building the right platforms, powering them to achieve efficient global capability, and developing critical partnerships are key.

The budget provides for a deployable battle force of 280 ships in FY 2019. This level of operational funding supports 11 aircraft carriers and 32 large amphibious ships that serve as the foundation upon which the DoN carrier and amphibious ready groups are based.

- Ship procurement funds 10 new-construction ships in FY 2019 (3 DDG, 1 LCS, 2 SSN 774, 1 ESB, 1 T-ATS, 2 T-AO) and 54 total ships across the Future Years Defense Plan (FYDP)
- Aircraft procurement funds 120 airframes in FY 2019 and 655 airframes across the FYDP. Major aviation procurement in FY 2019 includes: 29 F-35, 24 F/A-18E/F, 10 P-8A, 2 C-40, 8 CH-53K, and 25 AH-1Z

The FY 2019 budget request supports requirements for the DoN's Carrier Strike Groups (CSGs), Amphibious Ready Groups (ARGs), and Marine Expeditionary Forces (MEFs) to respond to persistent and emerging threats. The Navy deploys full-spectrum-ready forces to further security objectives in support of U.S. interests. More than 100 ships and submarines are on watch around the globe every day. Sailors, Marines, Civilians, and their families enable the Navy and Marine Corps to remain ready, forward, and engaged in challenging times. The men and women who comprise today's all-volunteer military are of superb caliber, and the DoN continues to invest to

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sustain this impressive force. Civilian personnel levels grow slightly to accommodate shipyards, security, and acquisition while maintaining the force of engineers, scientists, medical professionals, and skilled laborers.

Military basic pay will increase by 2.6% in FY 2019. The Department's military personnel are the cornerstone of the Navy. The DoN's mission objectives are accomplished because Sailors adhere to DoD's core values enhancing the trust and confidence of the American people. Over the next 5 years, the Navy will continue to make adjustments to properly size manpower accounts to reflect force structure decisions, reduce manning gaps at sea, and improve Fleet readiness. The FY 2019 active duty end strength level will be 335,400.



The Marine Corps remains dedicated to DoD's essential role as the Nation's expeditionary force and most ready force when the Nation is least ready. The FY 2019 Military Personnel, Marine Corps (MPMC) budget request funds active duty end strength of 186,100. The makeup of this force was informed by Marine Corps Force 2025, an exhaustive ground-up review that focused on the changes necessary to successfully operate in an increasingly complex global environment. At 186,100 Marines, the Marine Corps will improve the capability and capacity in fields such as information warfare, to allow commanders

the ability to fight in all five operational domains (i.e. ground, air, sea, space, and cyber) while maintaining effective command and control. The inventory of Marines with special skills – intelligence, electronic warfare, and cyber – will keep pace with the ever-increasing demand for these technical specialties.

Overall, the Department's investments in readiness and infrastructure in the FY 2019 Budget request are essential to generating the combat ready forces that support the Combatant Commanders throughout the globe, enabling critical presence in the strategic maritime crossroads spanning the Middle East, Europe, Africa, the Western Pacific, and South America.

Forward Presence and Partnership

Naval forces operate forward to shape the security environment, signal U.S. resolve, and promote global prosperity by defending freedom of navigation in the maritime commons. By expanding this Nation's network of allies and partners and improving the Department's ability to operate alongside them, naval forces foster a secure environment essential to an open economic system based on the free flow of goods that promote stability, deter conflict, and shorten the DoN response time to aggression. During crises, forward naval forces provide the President immediate options to defend U.S. interests, de-escalate hostilities, and keep conflict far from U.S. shores.

During wartime, forward naval forces fight while preserving freedom of access—and action—for follow-on forces.

The DoN's budget submission provides forward postured capabilities as the Department continues to "forge to the future." This includes forward-based naval forces in Guam, Japan, and Spain; forward-operating forces deploying from overseas locations and rotationally-deployed

forces that operate from the United States. The global employment of Naval Forces remains extensive. For the past 30 years, despite a large decrease in the size of the U.S. Fleet, the Navy has maintained a consistent number of ships deployed worldwide. This resulted in an increasing percentage of the Fleet deployed. At this moment, over 100,000 Sailors and Marines are forward based or deployed around the world. They have operated across the Baltic, Black, Mediterranean, Red and Arabian Seas; the Atlantic, Indian and Pacific oceans and on the ground in 37 countries.

Stewardship

The Department of the Navy will identify, pursue and achieve effectiveness and efficiency in all that it does. Across the spectrum, there is room for improvements, which will have the effect of liberating precious resources that can be reapplied to the DoD priorities. This effort is not solely tied to financial savings, but can have an operational effect as well underscoring the DoD's commitment to urgency.

Responsible military spending remains a focus in this budget, incorporating savings of ~\$3.5 billion across the FYDP, reflecting better buying power for acquisition programs, improved business operations reducing overhead, information technology improvements, and personnel reductions for Major headquarters activities and restructurings. Specifically, Process to Improve Expenditure Efficiency (PIEE) is the DoN's single largest reform effort. Nine initiatives identified root causes and solutions that require USD(C), OMB, and/or congressional action.

Beginning in January 2018, Navy will undergo a full-scope financial statement audit on all four of its financial reports. This event is a culmination of several years of preparation, including three limited scope audits by private sector accounting firms. These previous audits confirmed that the Navy has significant internal control deficiencies in its business environment. Most of the weaknesses pertained to business information technology (IT) systems but also comprised business processes, e.g., including receipt and acceptance of goods and services, asset accountability, and financial statement compilation. Remediating these and other internal control deficiencies will bring the Navy into compliance with accepted accounting standards; these corrective actions will assure Congress and the public that the Navy's business and financial managers are accountable and funds are not susceptible to misuse.

The Marine Corps was the first Service to undergo a full-scope audit on all of its statements beginning in FY 2017; findings from this audit have served as "lessons learned" for the Navy and other Services. Navy and Marine Corps financial statements will be completely integrated for audit beginning in FY 2020. Annual financial statement audits will highlight changes, which must be made to bring the Department of the Navy in line with accepted business practices and will also spotlight progress in moving to compliance.

The Department of the Navy leadership has a two-prong strategy to tackle audit deficiencies and achieve a favorable audit opinion. The two elements will be pursued simultaneously – first, achieving baseline financial statement beginning balances as a foundation; and second, ensuring improvements made over time can be sustained. The strategy's timeline calls for setting the baseline over the next three fiscal years while progressively shoring up the business infrastructure to "sustain the gains." Success in this plan depends on leadership's support and investment in improvements to the Department of the Navy's global and complex business environment. It will also critically depend on the Department of the Navy leadership's continued support, along with the forbearance of Congress and the public, to see these corrective actions through to the end. It is imperative that the Department maintain the trust and treasure of the Nation as the Department continually refines and improves the good stewardship of every dollar utilized.

Conclusion

The DoN will increasingly leverage its Sea Services in the pursuit of its national security objectives. In this turbulent world, the Sea Services provide the Nation with credible, flexible, and scalable options to sustain freedom of the seas, rapidly respond to crises, and deter and defeat aggression. Through institutional innovation, balanced investments, and a commitment to developing DoN Service members, the DoN will build a future force that is capable and combat-ready.

As the Secretary of the Navy has shared, “We need the right **processes** in place to recruit, train, equip, and organize our **people** in a sustainable, responsible manner, giving them the **capability** to win at anytime, anywhere”.

DEPARTMENT OF THE AIR FORCE

<i>Discretionary Budget Authority in Thousands</i> Air Force Base + OCO + Emergency	FY 2018*	FY 2019 Request	Delta FY19 - FY18
Military Personnel	35,607,366	38,954,308	+3,346,942
Operation and Maintenance	58,191,005	61,407,391	+3,216,386
Procurement	45,654,160	50,541,275	+4,887,115
RDT&E	28,198,426	40,492,614	+12,294,188
Military Construction	2,191,451	2,303,699	+112,248
Family Housing	333,500	395,720	+62,220
Revolving and Management Funds	63,533	77,644	+14,111
Total Department of the Air Force	170,239,441	194,172,651	+23,933,210

* Reflects the Continuing Resolution funding level and Division B of Public Law 115-96 (Department of Defense Missile Defeat and Defense Enhancements Appropriations Act, 2018).

Numbers may not add due to rounding.

Introduction

The United States now faces a more competitive and dangerous international security environment than it has seen in generations. With global trends and intensifying pressure from major challengers, the U.S. relative advantage in air and space is eroding in a number of critical areas.

This budget builds on the progress the Air Force is making in 2018 to restore the readiness of the force and advances the Air Force in the direction of multi-domain warfare. In alignment with the National Defense Strategy, the Air Force's budget for Fiscal Year (FY) 2019 prioritizes long-term competition with China and Russia by investing in key capabilities to increase the lethality of the force through cost-effective modernization.

Readiness

Improving full-spectrum warfighter readiness is a primary objective of the FY 2019 Budget, and at the heart of it is the Air Force's most important investment – people. To continue readiness gains, the Air Force must achieve end strength growth commensurate with current and increasing global requirements. The Air Force continues to focus on addressing gaps in critical career fields, such as aviation; maintenance; intelligence, surveillance and reconnaissance; cyber; and nuclear; while expanding training capacity. In addition, this budget funds important support to Airmen and their families with a 2.6% military pay raise, increased housing and subsistence allowances, and family support programs. This budget also supports the Battlefield Airmen program, the DoD's only Air to Ground integration force, to deliver what the Air Force needs today and ensure technological asymmetry in the future.

The Air Force also retains its focus on core Flying Hour and Weapons System Sustainment readiness programs, while building munitions stockpiles and investing in infrastructure. The FY 2019 budget funds Flying Hours to executable levels, increasing training hours to focus on pilot production and pilot seasoning. In addition, Weapons System Sustainment requirements continue to grow as more advanced platforms are fielded alongside current Air Force weapon systems. This budget invests in operational training infrastructure needed to provide relevant and realistic training for multi-domain full-spectrum employment. The challenge to meet the demand for munitions in support of current operations while also preparing for future requirements is

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significant. In the FY 2019 budget, preferred munitions are fully funded to industry capacity. This includes Hellfire missiles for both Reaper and Predator systems; the Joint Direct Attack Munition to provide accurate guidance kits against a variety of fixed and mobile targets for general purpose bombs; the Small Diameter Bomb Increment I for increased kills per sortie; and the Advanced Precision Kill Weapon System for mobile and stationary soft targets. Additionally, the FY 2019 budget continues to support infrastructure priorities to bed down new weapon systems like the F-35A aircraft, KC-46A aircraft and Presidential Airlift Recapitalization, while providing facilities essential for meeting fifth generation fighter training requirements. Furthermore, the FY 2019 budget reinforces DoD's commitment to international partners through programs such as the European Deterrence Initiative in order to better posture the United States to face emerging threats.

Nuclear Deterrence

The FY 2019 budget reflects the U.S. commitment to maintain a safe, secure, and effective nuclear deterrent. Intercontinental Ballistic Missiles (ICBM) and strategic bombers provide two legs of the Nation's nuclear triad. Dual-capable bombers and fighters extend deterrence and provide assurance to U.S. allies and partners. The FY 2019 budget invests in modernizing integrated terrestrial, air and space-based Nuclear Command, Control and Communication systems to ensure secure, survivable connectivity with the President and national command leadership.

The Air Force continues the modernization of the nuclear enterprise, providing flexible and tailored capabilities that reinforce strategic stability. This budget begins development of the B-52 engine replacement. It also continues development of the Long Range Stand Off missile, as well as the replacement for the Minuteman III. Finally, the FY 2019 budget further modernizes the B-1 and B-2 bomber fleets to maintain the Air Force's long range strike capabilities.

Modernization

The FY 2019 budget continues to fund the Air Force's top three modernization initiatives with the purchase of F-35A aircraft, KC-46A tankers, and the development of the B-21 bomber. The F-35A Lightning II aircraft will be the backbone of future joint air operations, providing unparalleled global precision attack capability against current and emerging threats while ensuring interoperability through a joint/multi-national framework that includes Air Force, Navy, Marine Corps, and eight international partners. Overall, fifth generation aircraft complement legacy



aircraft providing an equilibrium in force structure that balances today's need for readiness, capability, and capacity. Tanker recapitalization remains one of the Air Force's top acquisition priorities. The multi-role KC-46 Pegasus will be capable of refueling joint and coalition aircraft, and will augment the airlift fleet with improved cargo, passenger, and aeromedical evacuation capabilities. In addition, the FY 2019 budget continues to develop the B-21 Raider as a key component to the joint portfolio of conventional and nuclear deep-strike capabilities. The FY 2019 budget also

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supports the purchase of the Combat Rescue Helicopter confirming the Air Force's commitment to "leave no one behind" as well as continues the development efforts to replace the Vietnam era UH-1N helicopter fleet.

The FY 2019 budget begins transforming the Theater Air Control System and reflects the Air Force's commitment to providing multi-domain command and control across the range of joint and coalition military operations. This budget request incorporates an innovative, phased approach that lays the foundation for future networked warfare in a highly contested environment, known as Advanced Battle Management System. The Air Force does this by investing in sensors and agile communication to maximize survivability, improve capability and lethality, and expand the networked warfare capability of Control and Reporting Centers. Additionally, the FY 2019 request bridges to the future through investments in hypersonic, nanotechnology, directed energy, and other innovative technologies. Furthermore, the FY 2019 request accelerates DoD's investments in the Joint Simulation Environment, capable of replicating a high density, high end threat, enabling different aircraft to test and train in the same simulations, avoiding the need for costly platform-unique solutions.

Space Superiority

The Department's joint and allied forces rely on the space capabilities provided by the Air Force to effectively and efficiently project power globally. However space is now a contested domain, with adversaries rapidly challenging United States space superiority. The FY 2019 request begins a distinct pivot to address the threat and ensure space capabilities persist in multi-domain operations today and in the future. It begins the transition to a new architecture focused on space resiliency. The Air Force is transitioning to the next-generation Overhead Persistent Infrared system designed for survivability, which will detect and report on current, emerging, and anticipated threats.

The FY 2019 request also protects satellite communications through improvements in Advanced Extremely High Frequency maneuver capability, initiation of Evolved Strategic Satellite Communications, and additional tactical/hostable payloads. The FY 2019 request increases funding for anti-jam, anti-spoof, and anti-tamper military GPS development and integration into multiple joint platforms, and continues to grow Space Situational Awareness and Space Control capabilities to address growing threats while enhancing the Air Force's ability to identify, characterize, and attribute threatening actions. Finally, the Air Force funds a Weather Satellite follow-on program with sensors to conduct timely, reliable, and high-quality space-based capabilities to meet joint force combatant requirements for atmospheric, terrestrial, and oceanographic observations.

Air Superiority

The FY 2019 request provides significant investment in efficient fourth generation assets to retain affordable capacity while recapitalizing the fighter fleet and developing innovations to maintain air dominance into the future. The Air Force also will continue its modification of F-16C aircraft to include an Active Electronically Scanned Array radar capability, advancing electronic protection capabilities as well as improved reliability and maintainability. The F-15C/D/E aircraft will undergo multiple offensive and defensive upgrades to ensure capability and survivability in the current and future threat environments, as well as an Infrared Search and Track system that will be vital for continued capability of the F-15C/D/E into the mid-2020s.

The Air Force leadership continues to assess A-10 fleet sustainability and alternatives for meeting warfighter close air support demands, particularly in low-end warfare environments. The FY 2019

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request continues to explore the operational effectiveness and economic viability of options, such as light attack aircraft, to support countering violent extremist organizations, build capacity, and deepen U.S. partnerships. This budget also invests in developing an integrated family of systems that can establish and maintain air superiority in a contested environment. The Joint Force depends on DoD's ability to gain and maintain air superiority when needed against peer or near peer adversaries in 2030 and beyond.

Science and Technology

The FY 2019 request increases emphasis on basic and applied research to drive long-term innovation and dominance in air and space power.

Reform

In line with the Department's reform initiative, the Air Force is conducting a zero-based review of all programs, budget accounts, and manpower authorizations. Additionally, the Air Force initiated several streamlining efforts, including a 100% review of internal Air Force instructions to eliminate duplication and reduce non-value added requirements. Furthermore, the Air Force initiated its first ever full financial statement audit in 2018 and will work closely with the audit community to address the issues necessary to achieve a clean audit opinion. Together these efforts will achieve greater efficiency in business operations.

Conclusion

The Air Force FY 2019 budget builds on the progress made in 2018 to restore the readiness of the force, increase lethality and cost effectively modernize to meet the objectives of the National Defense Strategy.

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9. PERFORMANCE IMPROVEMENT AND AGENCY STRATEGIC PLAN

PERFORMANCE IMPROVEMENT

Introduction

This chapter satisfies the requirements of the Government Performance and Results Act of 1993 (GPRA), the GPRA Modernization Act (GPRAMA) of 2010, and Office of Management and Budget (OMB) Circular A-11 — which call for integration of annual performance goals and results with congressional budget justifications. This chapter complements the appropriation-specific budget justification information that is submitted to Congress by providing:

- A performance-focused articulation of the Department’s strategic goals and objectives; and
- A limited number of Department-wide performance improvement priorities for senior level management attention in 2018 and 2019.

The Department looks forward to working with the Administration and Congress to meet the challenge of creating more effective and efficient operations while delivering a high-value return for the American taxpayer’s investment in the Defense Department.

FY 2017 DOD ANNUAL PERFORMANCE REPORT

The Department of Defense (DoD) Annual Performance Report (APR) for Fiscal Year (FY) 2017 provides performance-related results and progress towards strategic objectives, performance goals, and Agency Priority Goals in the DoD Agency Strategic Plan (ASP), FY 2015-FY 2018, version 2.0. This report closes out the FY 2015-FY 2018 strategic plan that was last updated in 2016. The Department will publish and submit to Congress the FY 2018-FY 2022 DoD Agency Strategic Plan with the FY2019 President’s Budget Request in February 2018. This revised strategic plan will align to Secretary of Defense Mattis’s priorities and support the Administration’s management agenda. Reflecting these changes, updated planned performance targets for FY 2018-FY 2019 for the FY 2019 Annual Performance Plan will be included as an appendix to the FY 2018-FY 2022 ASP.

This chapter presents an excerpt from the full report, available at:

<http://dcmo.defense.gov/Publications/AnnualPerformancePlanandPerformanceReport.aspx>.

Cross-Agency Priority Goals

In section 115 of title 31, U.S. Code, the Congress requires the identification of Cross-Agency Priority (CAP) Goals in areas where increased cross-agency coordination on outcome-focused areas is likely to improve progress. The Department will be actively contributing to the Cross Agency Performance goals that will be reflected in the FY 2020 Annual Performance Plan, published with FY 2020 President’s Budget Request.

High Risk Areas

To drive increased accountability and efficiencies in the Federal government, the Government Accountability Office (GAO) determines high risk areas across the Federal government based on vulnerability to fraud, waste, abuse, or mismanagement, and changes required to address major economic, efficiency, or effectiveness challenges. The GAO has published biennial high-risk

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series updates since 1990 (see <http://www.gao.gov/highrisk/overview>). The Defense Department either leads or shares responsibility for the following areas on the GAO high risk list:

- *DoD Supply Chain Management
- *DoD Weapon System Acquisition
- *DoD Financial Management
- *DoD Business Systems Modernization
- *DoD Support Infrastructure Management
- *DoD Approach to Business Transformation
- *DoD Contract Management
- Strategic Human Capital Management
- Ensuring the Security of Federal Information Systems and Cyber Critical Infrastructure and Protecting the Privacy of Personally Identifiable Information
- Managing Federal Real Property
- Ensuring the Effective Protection of Technologies Critical U.S. National Security
- Improving Management of IT Acquisitions and Operations
- Managing Risks and Improving VA Health Care
- Establishing Effective Mechanisms for Sharing and Managing Terrorism-Related Information to Protect the Homeland
- Limiting Federal Government's Fiscal Exposure by Better Managing Climate Change Risks
- Mitigating Gaps in Weather Satellite Data
- U.S. Government's Environmental Liabilities (added in 2017)

*=DoD lead

Status updates to GAO high risk areas are addressed on the GAO High Risk website at: <http://www.gao.gov/highrisk/overview>

DoD Major Management Challenges

The Office of the Inspector General (IG) works to promote efficiency, effectiveness, and integrity in the programs and operations of the Department. The DoD IG identified the following areas as presenting the most serious management and performance challenges:

- Countering Global Strategic Challenges
- Addressing Challenges in Overseas Contingency Operations in Iraq/Syria and Afghanistan
- Enabling Effective Acquisition and Contract Management
- Increasing Cyber Security and Cyber Capabilities
- Improving Financial Management
- Maintaining the Nuclear Enterprise
- Optimally Balancing Readiness, Modernization, and Force Structure
- Ensuring Ethical Conduct

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- Providing Effective, Comprehensive, and Cost Effective Health Care
- Identifying and Implementing Efficiencies in the DoD

Detailed information regarding these challenges, the DoD IG's assessment of the Department's progress, and the Department's management response can be found with the report at <http://www.dodig.mil>

AGENCY STRATEGIC PLAN

THE DOD STRATEGIC PLAN: A ROADMAP TO REFORM

The Department of Defense (DoD) Agency Strategic Plan (ASP) is the roadmap to manage and reform the business operations and mission support infrastructure needed to sustain the warfighter, as well as support the goals articulated in the President's National Security Strategy and the Department's National Defense Strategy (NDS). Establishing goals is a powerful way to motivate people, communicate priorities, and improve organizational performance. The ASP presents the strategic goals and objectives that the Department will accomplish, with specific and measurable priority and performance goals. Together, these goals support outcomes for each DoD strategic objective for which departmental leaders are held accountable.

The strategic goals for Fiscal Years 2019–FY 2023 reflect the Secretary's priorities:

- Increase the lethality of the Joint Force
- Strengthen U.S. alliances and build new partnerships
- Reform the Department to reinvest resources in warfighter priorities

The plan's content was coordinated across the Department, to include the Military Departments. This plan will continually grow and evolve as performance management efforts within the Department are aligned and specific reform initiatives are developed, approved, and implemented.

The lines of effort are this plan's strategic goals, with supporting strategic objectives that are mutually reinforcing. For example, one focus area under Strategic Goal 3 is logistics and supply chain management, wherein the Department seeks to transform sustainment to enhance operational readiness, which is captured under Strategic Goal 1.

Building a more lethal force is the Department's principal goal. This aligns directly with the Department's mission to provide the military forces needed to deter or win a war and to provide security for this nation, both in the near term, with a focus on enhancing Joint Force readiness, as well as in the longer term, through recapitalization and modernization of the force. This plan's strategic objectives contribute to increasing the capacity and lethality of military capabilities by ensuring that the warfighters have the best support available to prepare for DoD wartime missions.

Strengthening U.S. alliances and attracting new partners is a key departmental priority. Alliances and partnerships provide avenues for peace, fostering conditions for economic growth with countries sharing the same vision. Strong alliances temper the plans of those who would attack other nations or try to impose their will over the less powerful. Alliances such as the North Atlantic Treaty Organization, Association of South East Asian Nations, and the Defeat-ISIS coalition, as

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well as other alliances and partnerships reinforce the safety and security of and underpins peace and economic prosperity for all nations. Years of high operational tempo, coupled with fiscal constraints and legacy business practices, have adversely affected the Department's ability to sustain readiness. The Department focuses on increasing investments in modern technology, improving business practices, and streamlining organizations. More efficient and effective business practices will free up resources to enable the Services to rebuild the Joint Force, increase readiness, and more rapidly acquire advanced capabilities.

The ASP includes many reforms, aligned with specific guidance and direction provided through several National Defense Authorization Acts (NDAA) for recent fiscal years. For example, direction given in section 1241 of the Fiscal Year (FY) 2017 NDAA forms the basis of the Strategic Objective "Reform the Security Cooperation Enterprise" under Strategic Goal 2, "Strengthen U.S. Alliances & Build New Partnerships." Through the Strategic Objective "Optimize OSD Organizational Structures" under Strategic Goal 3, "Reform the Department to Reinvest Resources in Warfighter Priorities," the Department will restructure the Office of Chief Management Officer (OCMO) into the Office of Chief Management Officer as prescribed in section 901 of the FY 2017 NDAA. Additionally, the Department established cross-functional teams, as authorized in section 911 of the FY 2017 NDAA. Reporting directly to the Deputy Secretary of Defense, these cross-functional teams have a mandate to follow-through on previously identified reform initiatives and to find and pursue additional initiatives that will free up resources to reinvest in warfighter priorities. The ASP also fulfills the requirements of section 912 of the FY 2017 NDAA that requires the Department to identify its policy, organization, management goals and priorities, including annual performance measures and targets. Further, the ASP and the Annual Performance Plan (APP), in Appendix A & B, address layering through execution of a plan to reduce major headquarters activity across the Department. This includes performance goals and measures that affect force management and track major reform initiatives underway across the Department.

In addition to identifying savings through efficiencies and reform, the ASP serves as a blueprint to ensure that the Department provides the most effective business operations to support the warfighter. The FY 2018-FY 2022 ASP implements a number of recent Office of Management and Budget (OMB) and departmental requirements. In April 2017, OMB directed Federal agencies to identify reform initiatives, as outlined in OMB memorandum M-17-22, "Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce." The guiding principle is that "the Federal Government can – and should – operate more effectively, efficiently, and securely." The memorandum builds on Executive Order 13781, "Comprehensive Plan for Reorganizing the Executive Branch" issued by the President on March 13, 2017, as well as Secretary Mattis' memorandum, dated January 31, 2017, "Implementation Guidance for Budget Directives in the National Security Presidential Memorandum on Rebuilding the U.S. Armed Forces." Secretary Mattis' memorandum charged the Department to take immediate action on the President's guidance of January 27, 2017, directing a 30-day readiness review, and an FY 2017 budget amendment for military readiness, to include a clear picture of the FY 2018 resources necessary to improve readiness conditions and address risks to national security. The memorandum also directs development of a "plan of action to achieve the levels of readiness identified in the Secretary's Readiness Review before FY 2019." This Strategic Plan also fulfills other mandated federal agency strategic planning requirements, including the Government Performance Results Act, the Modernization Act of 2010 (P. L. 111-352) and implementation guidance from OMB Circular A-11, Part 6 (2017).

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The strategic goals and objectives outlined below, coupled with the performance goals and measures in Appendices A and B, outline how the Department intends to accomplish its strategic goals and measure progress toward achievement.

STRATEGIC GOAL 1: INCREASE THE LETHALITY OF THE JOINT FORCE

The Department exists to deter or win wars when called upon to protect this Nation's security. The U.S. has been involved in armed conflict for over sixteen years, thwarting the growth and spread of radical Islamic terrorism. These complex threats remain a central challenge. At the same time, global and regional security are threatened by potential state adversaries as well as the risks posed by failed or failing state regimes. As the Secretary stressed in an October 5, 2017, memorandum to all DoD personnel, through execution of a multi-year plan, DoD will "rapidly rebuild the warfighting readiness of the Joint Force, filling holes in both capacity and lethality while preparing for sustained future investment." Maintaining a safe and secure nuclear deterrent, a decisive conventional force, and irregular warfare competencies all require improved readiness and recapitalization of the force with modern weapons systems and equipment.

The world's scientific and engineering knowledge continues to advance. New concepts, materials, and manufacturing processes can disrupt and displace existing capabilities more quickly than ever. The proliferation of advanced capabilities has increased the complexity of modern warfare, and ready access thereof puts the military's qualitative edge at risk. In this environment, it is critical to sustain the Department's science and technology pipeline. The Department must reap the benefits of innovation while guarding against the risks of ever-changing cyber defense and information technologies.

People are central to military readiness. It is imperative to the success of the DoD mission to attract, recruit, develop, and retain the right quality skilled personnel to meet the wide-range of evolving mission and mission support requirements. The Department works to support and retain the workforce by fostering and encouraging initiatives to ensure people are trained and engaged.

Fundamental to organizing the U.S. Armed Forces is ensuring that the Department leverages the right type, mix, and level of talent to execute each mission and function, whether it be uniformed — both Active and Reserve Components — personnel, government civilians, or contracted support. The Department continues to assess and adjust, as necessary, this Total Force mix to ensure that the American public continues to be confident that the Department is both effective and efficient in the successful execution of its mission.

STRATEGIC GOAL 2: STRENGTHEN U.S. ALLIANCES & BUILD NEW PARTNERSHIPS

The Department understands its role and contribution to U.S. national security. The DoD is part of a broad interagency team working with the State Department and other stakeholders to build international cooperation through bilateral, regional, and broader relationships toward mutually beneficial strategic and operational outcomes. The Department's contribution to strengthening alliances and partnerships consists of a wide range of programs and activities designed to improve security and foster interoperability and preparedness, both in terms of capability and capacity. These programs include provision of defense articles and services, institutional capacity building, exercises and training events, military-to-military exchanges, professional military education at U.S. military schools, and partnering to develop key technological capabilities. The Department will ensure these programs and activities are calibrated and coordinated so that the

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DoD fully and appropriately contributes to the achievement of the broader national security objectives. This effort includes assessing and reforming U.S. security cooperation organizations and structures, the workforce, and processes.

STRATEGIC GOAL 3: REFORM THE DEPARTMENT TO REINVEST RESOURCES FOR WARFIGHTER PRIORITIES

The Department continues to instill budget discipline and effective resource management and find innovative approaches to reduce the risk to the U.S. qualitative edge and the ability to protect and sustain U.S. combat forces wherever and whenever they deploy into harm's way. Innovation extends to how the Department acquires warfighting capabilities, to ensure it delivers the right capability on time with the best value. The Department routinely examines the functions it performs, how each function contributes to lethality and, if the function is still necessary, how it can better organize and execute its business operations and support functions in an effective and efficient manner. A major component of good stewardship is developing a better understanding of what something does and should cost during the execution of the PPBE process. Cost accounting, cost data analysis, and undergoing a full financial audit are fundamental components of the broader effort to find and achieve savings that the Department can reinvest to increase force readiness.

Governmental reform is a top priority for this Administration and the Secretary of Defense. To achieve the business reform and efficiencies necessary to restore military readiness and build a more lethal force, the Secretary directed the DoD components to conduct a thorough business review and identify viable reform initiatives to make the Department more effective and efficient in the following lines of business:

- Human Resource (HR) Management
- Financial Management
- Real Property Management
- Acquisition and Contract Management
- Logistics and Supply Chain Management
- Healthcare Management
- Community Services
- Cyber Defense and Information Technology Management

Working collaboratively with all DoD Components, the Department identified an initial set of reforms to pursue at the Department level. Additionally, more than 30,000 public comments and suggestions were provided to the Department in an effort to identify potential reform solutions, inform the selection of initiatives, and prioritize the order and timing. Leadership reviewed all of the reform initiatives to determine the feasibility of implementation, identify the rough order of magnitude of potential savings or cost avoidance, and the proposed implementation timeframe. Those selected initiatives formed the basis of a DoD Reform Plan, which DoD submitted to OMB in September 2017, and subsequently have been integrated into this plan as performance goals.

The FY 2019 DoD Defense Budget Overview Book provides a summary of Agency Strategic Plan (ASP). The full report is available at: <http://cmo.defense.gov/Publications/NDBOP.aspx>

APPENDIX A: RESOURCE EXHIBITS

Table A-1. Combat Force Structure Overview

Service	FY 2018*	FY 2019	Delta FY18- FY19
Army Active			
Brigade Combat Teams (BCT)	31	31	-
Combat Aviation Brigades (CAB)	11	11	-
Army National Guard			
BCT	26	27	+1
CAB/ECAB	8	8	-
Army Reserve			
ECAB	2	2	-
Navy			
Number of Ships	292	299	+7
Carrier Strike Groups	11	11	-
Marine Corps Active			
Marine Expeditionary Forces	3	3	-
Infantry Battalions	24	24	-
Marine Corps Reserve			
Marine Expeditionary Forces	-	-	-
Infantry Battalions	8	8	-
Air Force Active			
Combat Coded Squadrons	40	42	+2
Aircraft Inventory (TAI)	4,015	4,050	+35
Air Force Reserve			
Combat Coded Squadrons	3	3	-
Aircraft Inventory (TAI)	328	332	+4
Air National Guard			
Combat Coded Squadrons	21	20	-1
Aircraft Inventory (TAI)	1,073	1,044	-29

^{1/} FY 2018 reflects the FY 2018 President's Budget Request.

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Table A-2. Active Component End Strength (in Thousands)

Service	FY 2018*	FY 2019	Delta FY18 - FY19
Army	476.0	487.5	+11.5
Navy	327.9	335.4	+7.5
Marine Corps	185.0	186.1	+1.1
Air Force	325.1	329.1	+4.0
TOTAL	1,314.0	1,338.1	+24.1

* FY 2018 reflects FY 2018 PB Request. FY 2018 NDAA increases Army and Marine Corps by +7.5K and +1.0K, respectively. *Numbers may not add due to rounding*

Table A-3. Reserve Component End Strength (in Thousands)

Service	FY 2018*	FY 2019	Delta FY18 - FY19
Army Reserve	199.0	199.5	+0.5
Navy Reserve	59.0	59.1	+0.1
Marine Corps Reserve	38.5	38.5	--
Air Force Reserve	69.8	70.0	+0.2
Army National Guard	343.0	343.5	+0.5
Air National Guard	106.6	107.1	+0.5
TOTAL	815.9	817.7	+1.8

* FY 2018 reflects FY 2018 PB Request. FY 2018 NDAA increases Army Reserve and National Guard by 0.5K each. *Numbers may not add due to rounding*

Table A-4. DoD Total (Base + OCO + Emergency) Budget by Appropriation Title

<i>Discretionary Budget Authority in Thousands</i> Base + OCO + Emergency	FY 2018*	FY 2019 Request	Delta FY19 - FY18
Military Personnel	139,803,665	152,883,052	+13,079,387
Operation and Maintenance	261,643,237	283,544,068	+21,900,831
Procurement	125,555,519	144,340,905	+18,785,386
RDT&E	74,592,398	92,364,681	+17,772,283
Revolving and Management Funds	1,927,662	1,557,305	-370,357
Defense Bill	603,522,481	674,690,011	+71,167,530
Military Construction	7,079,659	9,801,405	+2,721,746
Family Housing	1,242,791	1,582,632	+339,841
Military Construction Bill	8,322,450	11,384,037	+3,061,587
Total Base + OCO + Emergency	611,844,931	686,074,048	+74,229,117

* Reflects the Continuing Resolution funding level and Division B of Public Law 115-96 (Department of Defense Missile Defeat and Defense Enhancements Appropriations Act, 2018).

Numbers may not add due to rounding.

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Table A-5. DoD Total (Base + OCO + Emergency) Budget by Military Department

<i>Discretionary Budget Authority in Thousands</i> Base + OCO + Emergency	FY 2018*	FY 2019 Request	Delta FY19 - FY18
Army	158,353,823	181,995,885	+23,642,062
Navy	172,992,162	194,070,905	+21,078,743
Air Force	170,239,441	194,172,651	+23,933,210
Defense-Wide	110,259,505	115,834,607	+5,575,102
Total Base + OCO + Emergency	611,844,931	686,074,048	+74,229,117

* Reflects the Continuing Resolution funding level and Division B of Public Law 115-96 (Department of Defense Missile Defeat and Defense Enhancements Appropriations Act, 2018).

Numbers may not add due to rounding.

Table A-6. DoD Total (Base + OCO + Emergency) Budget by Military Department and Appropriation Title

<i>Discretionary Budget Authority in Thousands</i> Army Base + OCO + Emergency	FY 2018*	FY 2019 Request	Delta FY19 - FY18
Military Personnel	57,966,897	63,746,449	+5,779,552
Operation and Maintenance	67,849,660	77,491,536	+9,641,876
Procurement	22,148,297	27,820,028	+5,671,731
RDT&E	8,636,503	10,484,483	+1,847,980
Military Construction	1,028,931	1,580,855	+551,924
Family Housing	479,886	707,169	+227,283
Revolving and Management Funds	243,649	165,365	-78,284
Total Department of the Army	158,353,823	181,995,885	+23,642,062

* Reflects the Continuing Resolution funding level and Division B of Public Law 115-96 (Department of Defense Missile Defeat and Defense Enhancements Appropriations Act, 2018).

Numbers may not add due to rounding.

<i>Discretionary Budget Authority in Thousands</i> Navy Base + OCO + Emergency	FY 2018*	FY 2019 Request	Delta FY19 - FY18
Military Personnel	46,229,402	50,182,295	+3,952,893
Operation and Maintenance	57,569,871	63,372,009	+5,802,138
Procurement	49,672,921	58,482,593	+8,809,672
RDT&E	17,478,513	18,649,478	+1,170,965
Military Construction	1,649,211	2,965,413	+1,316,202
Family Housing	392,244	419,117	+26,873
Revolving and Management Funds	--	--	--
Total Department of the Navy	172,992,162	194,070,905	+21,078,743

* Reflects the Continuing Resolution funding level and Division B of Public Law 115-96 (Department of Defense Missile Defeat and Defense Enhancements Appropriations Act, 2018).

Numbers may not add due to rounding.

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<i>Discretionary Budget Authority in Thousands</i> Air Force Base + OCO + Emergency	FY 2018*	FY 2019 Request	Delta FY19 - FY18
Military Personnel	35,607,366	38,954,308	+3,346,942
Operation and Maintenance	58,191,005	61,407,391	+3,216,386
Procurement	45,654,160	50,541,275	+4,887,115
RDT&E	28,198,426	40,492,614	+12,294,188
Military Construction	2,191,451	2,303,699	+112,248
Family Housing	333,500	395,720	+62,220
Revolving and Management Funds	63,533	77,644	+14,111
Total Department of the Air Force	170,239,441	194,172,651	+23,933,210

* Reflects the Continuing Resolution funding level and Division B of Public Law 115-96 (Department of Defense Missile Defeat and Defense Enhancements Appropriations Act, 2018).

Numbers may not add due to rounding.

<i>Discretionary Budget Authority in Thousands</i> Defense-Wide Base + OCO + Emergency	FY 2018*	FY 2019 Request	Delta FY19 - FY18
Military Personnel	--	--	--
Operation and Maintenance	78,032,701	81,273,132	+3,240,431
Procurement	8,080,141	7,497,009	-583,132
RDT&E	20,278,956	22,738,106	+2,459,150
Military Construction	2,210,066	2,951,438	+741,372
Family Housing	37,161	60,626	+23,465
Revolving and Management Funds	1,620,480	1,314,296	-306,184
Total Defense-Wide	110,259,505	115,834,607	+5,575,102

Total Base + OCO + Emergency	611,844,931	686,074,048	+74,229,117
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* Reflects the Continuing Resolution funding level and Division B of Public Law 115-96 (Department of Defense Missile Defeat and Defense Enhancements Appropriations Act, 2018).

Numbers may not add due to rounding.

APPENDIX B: Acronym List

NOTE: This is not a comprehensive list of all acronyms used in the Overview.

Acronym	Definition
A2AD	Anti-Access and Area-Denial
ABCTs	Armored Brigade Combat Teams
AC	Active Component
ACA	Aerospace Control Alert
ACC	Air Combat Command
AD	Area Denial
ADFM	Active Duty Family Members
ADCP	Advanced Display Core Processor
ADS-B	Automatic Dependent Surveillance-Broadcast
AEA	Airborne Electronic Attack
AEHF	Advanced Extremely-High Frequency
AESA	Active Electronically Scanned Array
AFGSC	Air Force Global Strike Command
AFMC	Air Force Material Command
AFSOC	Air Force Special Operations Command
AGM	Advanced Guided Missile
AH	Apache Helicopter
ASD/HA	Assistant Secretary of Defense for Health Affairs
AIM	Air Intercept Missile
ALCM	Air Launched Cruise Missile
AMDR	Air and Missile Defense Radar
AMP	Aircraft Modernization Program
AMPV	Armored Multi-Purpose Vehicle
AMRAAM	Advanced Medium Range Air-to-Air Missile
ANA	Afghanistan National Army
ANP	Afghanistan National Police
ANDSF	Afghan National Defense and Security Forces
AoA	Analysis of Alternatives
AORs	Areas of Responsibility
APG	Agency Priority Goal
APP	Annual Performance Plan
APS	Army Pre-Positioned Stocks
ARI	Aviation Restructuring Initiative
ARNG	Army Reserve/National Guard
ASD	Assistant Secretary of Defense
ASD/HA	Assistant Secretary of Defense for Health Affairs
ASFF	Afghanistan Security Forces Fund
ASP	Agency Strategic Plan
AT&L	Acquisition, Technology, and Logistics
AWACS	Airborne Warning and Control System

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BA	Bomb Assembly
BA	Budget Authority
BAH	Basic Allowance for Housing
BAS	Basic Allowance for Subsistence
BBA	Bipartisan Budget Act of 2013
BBP	Better Buying Power
BCA	Budget Control Act of 2011
BCT	Brigade Combat Team
BMD	Ballistic Missile Defense
BMDS	Ballistic Missile Defense System
BRAC	Base Realignment and Closure
BRS	Blended Retirement System
BSRF	Black Sea Rotational Force
C2	Command and Control
CAB	Combat Aviation Brigade
CAF	Combat Air Forces
CANES	Consolidated Afloat Networks and Enterprise Services
CAP	Cross-Agency Priority
CCDR	Combatant Commander
CCMD	Combatant Command
CCP	Cyber Campaign Plan
CTCs	Combat Training Centers
CE2	Combatant Command Exercise and Engagement
CENTCOM	Central Command
CERP	Commanders Emergency Response Program
CH	Chinook helicopter
CNS/ATM	Communications Navigation and Surveillance/Air Traffic Management
CMF	Cyber Mission Force
COD	Carrier Onboard Delivery
CODE	Cost Decision
COLA	Cost-Of-Living Allocation
CONUS	Contiguous United States
COTS/GOTS	Commercial Off-The-Shelf/Government Off-The-Shelf
CRs	Continuing Resolutions
CRC	Control Reporting Center
CRH	Combat Rescue Helicopter
CSA	Chief of Staff of the Army
CSA	Critical Skills Availability
CSGs	Carrier Strike Groups
CT	Counterterrorism
CTC	Combat Training Center
CTPF	Counterterrorism Partnerships Fund
CV	Carrier Variant
CVN	aircraft carrier, fixed wing, nuclear powered

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CVR	Common Very Low Frequency
CWMD	Chemical Weapons of Mass Destruction
D5LE	Trident II D5 Life Extension
DA	Decisive Action
DA/ULO	Decisive Action in support of Unified Land Operations
DAWDF	Defense Acquisition Workforce Development Fund
DAWIA	Defense Acquisition Workforce Improvement Act
DCA	Dual-Capable Aircraft
DCAA	Defense Contract Audit Agency
DCGS	Distributed Common Ground System
DCMA	Defense Contract Management Agency
DCO	Defensive Cyberspace Operations
DCMO	Defense Chief Management Officer
DCS	Direct Care System
DDG	Destroyers
DFAS	Defense Finance and Accounting Service
DHA	Defense Health Agency
DHP	Defense Health Program
DII	Defense Innovation Initiative
DIU	Defense Innovation Unit
DLIFLC	Defense Language Institute Foreign Language Center
DME	Durable Medical Equipment
DMS	Defensive Management Systems
DMS	Diminishing Manufacturers' Source
DMSP	Defense Meteorological Satellite Program
DoD	Department of Defense
DoDEA	Department of Defense Education Activity
DoD IG	Department of Defense Office of the Inspector General
DoDIN Ops	DoD Information Network Operations
DoN	Department of the Navy
DOPMA	Defense Officer Personnel Management
DPG	Defense Planning Guidance
D-RAPCON	Deployable Radar Approach Control
DTRA	Defense Threat Reduction Agency
ECI	Employment Cost Index
EDI	European Deterrence Initiative
EELV	Evolved Expendable Launch Vehicle
EPAA	European Phased Adaptive Approach
EPAWSS	Eagle Passive/Active Warning Survivability System
EPF	Expeditionary Fast Transports
ERI	European Reassurance Initiatives
EW	electronic warfare
FCP	Federal Ceiling Price
FERS	Federal Employees Retirement System

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FHP	Flying Hour Program
FIAR	Financial Improvement and Audit Readiness
FM	Financial Management
FMS	Flight Management System
FNIH	Foreign National Indirect Hire
FSRM	Facilities Sustainment, Restoration and Modernization
FTEs	Full-Time Equivalents
FY	Fiscal Year
FYDP	Future Years Defense Program
GAO	Government Accountability Office
GBI	Ground-Based Interceptors
GBSD	Ground Based Strategic Deterrent
GBU	Guided Bomb Unit
GCCs	Geographic Combatant Commands
GMD	Ground-based Midcourse Defense
GO	Global Officer
GO/FO	General Officer/Flag Officer
GIO	Globally Integrated Operations
GPF	General Purpose Forces
GPRA	Government Performance and Results Act of 1993
GPRAMA	GPRA Modernization Act of 2010
GPS	Global Positioning System
GRP	Gross Retired Pay
GT	Global Thunder
HC	Combat King Helicopter
HH	Combat Rescue Helicopter
HMO	health maintenance organization
HRET	Health Research & Educational Trust
HQ	Headquarter
IBCS	Integrated Air and Missile Defense Battle Command System
IBCT	Infantry Brigade Combat Team
ICBM	Intercontinental Ballistic Missile
IED	Improvised Explosive Device
IG	Inspector General
IPA	Independent Public Accountant
IMTP	Integrated Master Test Plan
ISF	Iraqi Security Forces
ISIL	Islamic State in Iraq and the Levant
ISIS	Islamic State of Iraq and Syria
ISR	Intelligence, Surveillance, and Reconnaissance
IT	Information Technoogy
ITEF	Iraq Train and Equip Fund
ITX	Integrated Training Exercise
JADGE	Japan Aerospace Defense Ground Environment

Overview – FY 2019 Defense Budget

JASSM-ER	Joint Air-to-Surface Standoff Missile-Extended Range
JCET	Joint Combined Exchange Training
JIDA	Joint Improvised-Threat Defeat Agency
JIE	Joint Information Environment
JLTV	Joint Light Tactical Vehicle
JSF	Joint Strike Fighter
JSpOC	Joint Space Operations Center
JSTARS	Joint Surveillance Target Attack Radar System
JTCP	Joint Training Coordination Program
JTEN	Joint Training Enterprise Network
KFF	Kaiser Family Foundation
KV	Kill Vehicle
LAIRCM	Large Aircraft Infra-red Counter Measure
LCS	Littoral Combat Ship
LCUC	Landing Craft, Air Cushion
LOAs	Lines of Action
LHA	Landing Helicopter Assault
LOSSM	Low Observable Signature and Supportability Modification
LPD	Landing Platform Dock
LRASM	Long-Range Anti-Ship Missile
LRDR	Long Range Discriminating Radar
LRS	Long Range Strike
LRS-B	Long Range Strike-Bomber
LRSO	Long Range Stand-Off
LTC	Language Training Centers
LVC	Live, Virtual, and Construct
MAGTF	Marine Air Ground Task Forces
MARSOC	Marine Forces Special Operations Command
MCRMC	Military Compensation and Retirement Modernization Commission
MDA	Missile Defense Agency
MEB	Marine Expeditionary Brigade
MEU	Marine Expeditionary Unit
MFD	Multi-function Displays
MGUE	Military GPS User Equipment
MH	Mission Helicopter
MHA	Major DoD Headquarters Activities
MHS	Military Health System
MILCON	Military Construction
MILSATCOM	Military SATCOM
MRAP	Mine-Resistant Ambush Protected
MRE	Mission Rehearsal Exercises
MSE	Missile Segment Enhancement
MSO/VSO	Military and Veteran Service Organizations
MTF	Military Treatment Facility

Overview – FY 2019 Defense Budget

MWR	Morale, Welfare, and Recreation
NAOC	National Airborne Command Center
NSA	National Security Agency
NATO	North Atlantic Treaty Organization
NDAA	National Defense Authorization Act
NDS	National Defense Strategy
NGEN	Next Generation Enterprise Network
NHE	National Health Expenditure
NGJ	Next Generation Jammer
NMS	National Military Strategy
NNSA	National Nuclear Security Administration
NORAD	North American Aerospace Defense Command
NSEP	National Security Education Program
NSA	National Security Agency
NSS	National Security Strategy
NSWC	Naval Special Warfare Command
OA	Open Architecture
OCO	Overseas Contingency Operations
OCX	Operational Control System
ODO	Other Defense Agency
OFP	Operational Flight Program
OFRP	Optimized Fleet Response Plan
OFS	Operation Freedom's Sentinel
OIB	Organic Industrial Base
OIG	Office of the Inspector General
OIR	Operation Inherent Resolve
OMB	Office of Management and Budget
OPFOR	Opposing Forces
OPLAN	Operational Plans
OPIR	Overhead Persistent Infrared
ORS-8	Operationally Responsive Space 8
OPTAR	Operating Target
ORT	Operation Rolling Tide
OSC-I	Office of Security Cooperation - Iraq
OSD	Office of the Secretary of Defense
OT	Occupational Therapy
OTI	Operational Training Infrastructure
USD	Under Secretary of Defense
OUSDC	Office of the Under Secretary of Defense (Comptroller)
OUSDP&R	Office of the Under Secretary of Defense (Personnel and Readiness)
PAC-3	Patriot Advanced Capability-3
PAR	Presidential Aircraft Recapitalization
PB	President's Budget
PCS	Permanent change of station

Overview – FY 2019 Defense Budget

PCTE	Persistent Cyber Training Environment
PII	Personally Identifiable Information
POA	Period Of Availability
POS	Point of Service
PPV	Public-Private Ventures
PR	Personnel Recovery
PSCS-A	Protected Satellite Communications System – Aggregated
PSP	Precision Strike Package
PT	Physical Therapy
QDR	Quadrennial Defense Review
QRMC	Quadrennial Review of Military Compensation
R2F	Readiness Recovery Framework
RAA	Request for Additional Appropriations
RAF	Royal Air Force
RAF	Regionally Aligned Forces
RC	Reserve Components
RCOH	Refueling Complex Overhauls
RD&A	Research Development and Acquisition
RDT&E	Research, Development, Test, and Evaluation
REKV	Redesigned Exo-atmospheric Kill Vehicle
RF	radio frequency
RKV	Redesigned Kill Vehicle
RMC	Regular Military Compensation
ROK	Republic of Korea
ROTC	Reserve Officer Training Corps
RPA	Remotely Piloted Aircraft
SA	Secretary of the Army
S&I	Special and Incentive
S&T	Science and Technology
SATCOM	Satellite Communication
SBA	Schedule of Budgetary Activity
SBCTs	Stryker Brigade Combat Teams
SBEM	Space Based Environmental Monitoring
SBIRS	Space Based Infrared System
SBR	Statements of Budgetary Resources
SBSS	Space-Based Space Surveillance
SBX	Sea-Based X-Band Radar
SCP	Service Cost Position
SDB II	Small Diameter Bomb Increment II
SHARP	Sexual Harassment/Assault Response & Prevention
SKR	Silent Knight Radar
SLEP	Service Life Extension Program
SLTE	Service Level Training Exercise
SM-3	Standard Missile-3

Overview – FY 2019 Defense Budget

SOCAFRICA	Special Operations Command, AFRICOM
SOF	Special Operations Forces
SOF-P	SOF-Peculiar
SOPGM	Standoff Precision Guided Munitions
SPMAGTF	Special Purpose Marine Air Ground Task Force
SPMAGTF-CR	SPMAGTF Crisis Response
SPMAGTF-CR-AF	SPMAGTF-CR-Africa
SPMAGTF-CR-CC	SPMAGTF-CR-Central Command
SSA	Space Situational Awareness
SSBN	Submersible, Ballistic, Nuclear (submarine)
SSN	Submarine Nuclear
STEF	Syria Train and Equip Fund
STEM	Science, Technology, Engineering and Mathematics
STOVL	Short Take Off and Vertical Landing
SV	Space Vehicle
T2	Training Transformation
TAA	train, advise, and assist
T-AO(X)	Transport Oiler (Next Generation)
TAI	Total Active Inventory
TAWS	Terrain Awareness and Warning System
TC	Turbo Challenge
TF/TA	Terrain Following/Terrain Avoidance
TFCA	Task Force Cyber Awakening
TFL	TRICARE-for-Life
THAAD	Terminal High-Altitude Area Defense
TLAMs	Tomahawk land-attack cruise missiles
TRA	Training Resources Availability
TRJE	Trident Juncture
TSP	Thrift Savings Plan
TWCF	Transportation Working Capital Fund
UDP	Unit Deployment Program
UH	Utility Helicopter
ULO	Unified Land Operations
U.S.	United States
USAFRICOM	United States Africa Command
USAFE	United States Air Forces in Europe
USAR	United States Army Reserve
USASOC	United States Army Operations Command
USCENTCOM	United States Central Command
USCYBERCOM	United States Cyber Command
USEUCOM	U.S. European Command
USFHP	Uniformed Services Family Health Plans
UG	Ultimate Guardian
USNORTHCOM	U.S. Northern Command

Overview – FY 2019 Defense Budget

USPACOM	United States Pacific Command
USSOCOM	United States Special Operations Command
USSOUTHCOM	United States Southern Command
USSTRATCOM	United States Strategic Command
USTRANSCOM	United States Transportation Command
VA	Department of Veterans Affairs
VCS	VIRGINIA Class submarines
VPM	VIRGINIA Payload Module
VSO	Vetted Syrian Opposition
WCS	Wideband Communications Service
WIN-T	Warfighter Information Network – Tactical
WS3	Weapons Storage and Security System
WSCR	Weapons Systems Cyber Resiliency
WSF	Weather System Follow-On
WSS	Weapons System Sustainment
YOS	Year of Service

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