

US Department of Defense

FISCAL YEAR 2018 BUDGET REQUEST



Office of the Under Secretary of Defense (Comptroller) / CFO

MAY 2017

Rebuilding the U.S. Armed Forces

- Get Ready
 - FY 2017 added resources to improve near term readiness
- Get Balanced
 - FY 2018 budget request builds on readiness improvements in the FY 2017 budget and adds resources to balance the force
- Get Bigger and More Lethal
 - The goal in FY 2019 will be to sustain the gains in FY 2017/FY 2018 and, informed by the new defense strategy, build further to achieve a bigger more lethal and ready force



FY 2018 Budget Request

Base Budget Request:	\$574.5 billion
Overseas Contingency Operations (OCO):	<u>\$64.6 billion</u>
Total	\$639.1 billion

- Base budget request is \$52 billion above DoD's share of the FY 2018 Defense budget cap in current law
- Must increase the Defense budget cap in order to adequately protect U.S. national security
- Since enactment of the BCA, the world has become a more dangerous place with rising terrorism and more aggressive potential adversaries
- Under the BCA, the military has become smaller, readiness has eroded, and modernization has been deferred
- This budget begins to balance the Defense program and establishes a foundation for rebuilding the U.S. military into a more capable, lethal and ready joint force

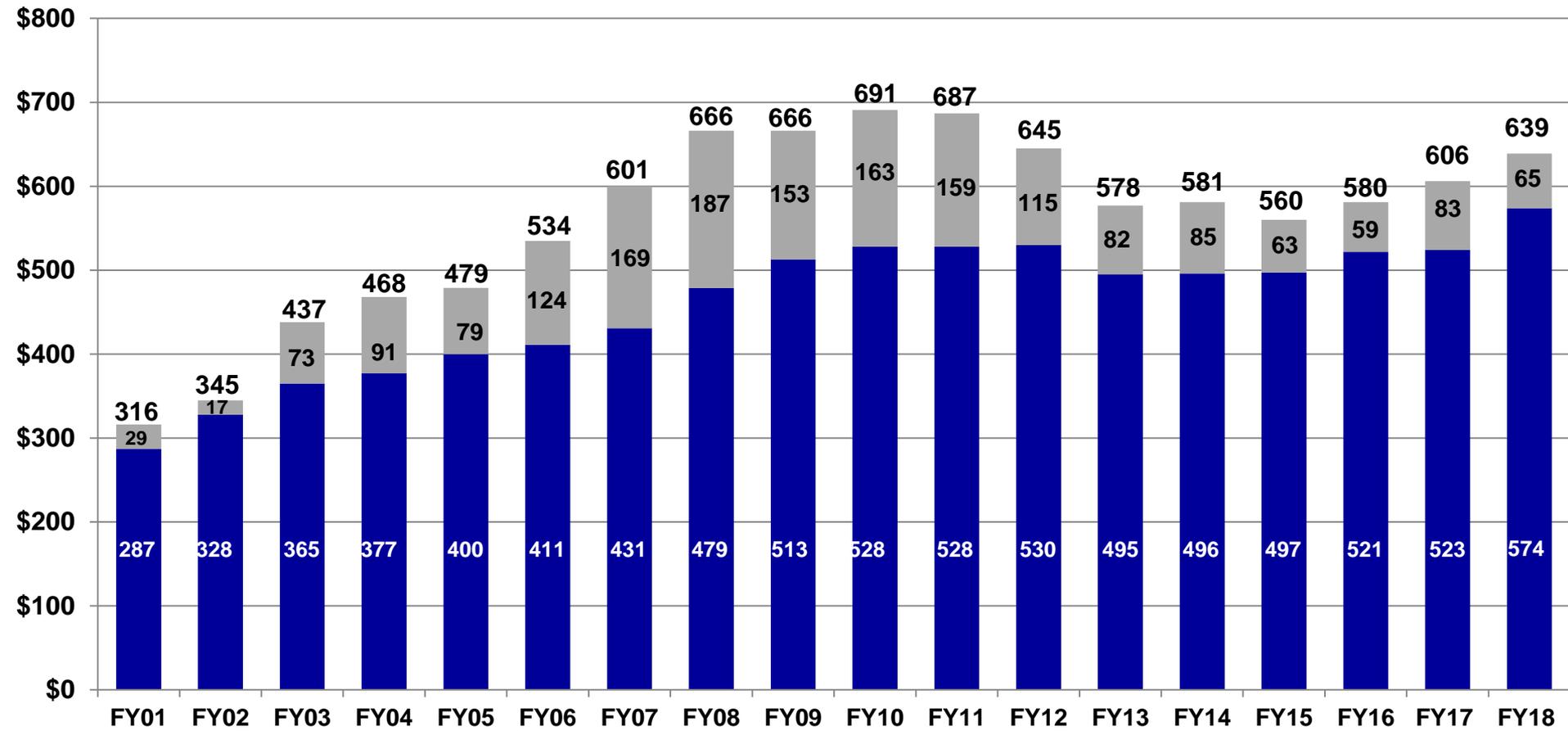
FY 2018 Themes

- Improving warfighter readiness
 - More aircraft in the air, ships at sea, troops in the field, and munitions on hand to rebuild the current force
- Address evolving national security challenges
 - Retain counterterrorism/counter insurgency competencies
 - Preserve competitive advantage versus major adversaries
 - Sustain capability development for new warfighter concepts
- Recapitalize and modernize nuclear enterprise
- Prioritize key investments in cyber and space capabilities
- Focus on innovation to maintain technological advantage
- Sustain the finest fighting force in the world
- Identify reforms to improve efficiencies and achieve cost savings



DoD Funding from 9/11 Through FY 2018 Request

(Discretionary Budget Authority)



DoD Topline, FY 2001 – FY 2018

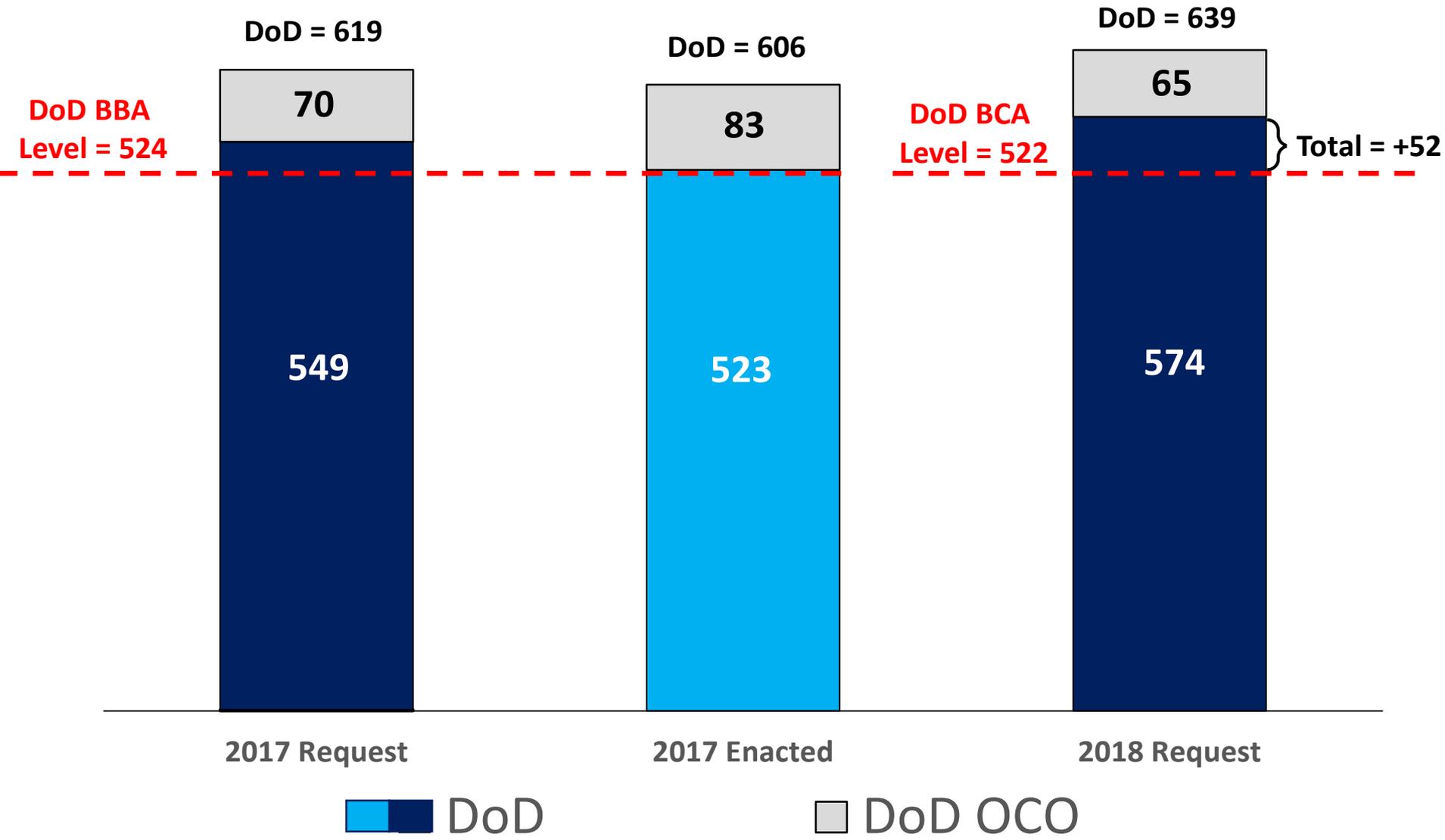
(Current Dollars in Billions)

Numbers may not add due to rounding

■ Base Budget ■ OCO/Other Budget

Defense Budget Request

(\$ in Billions)



Numbers may not add due to rounding

Improving Warfighter Readiness

- Continues significant investments in training, maintenance, and modernization to restore near-term warfighting readiness while setting conditions for future, sustained comprehensive readiness
- Supports Combatant Command exercises and engagements to increase joint training capabilities
- Invests in critical aviation; munitions; and Intelligence, Surveillance, and Reconnaissance (ISR) capabilities in support of Combatant Command theater activities

FY 2018 enhances cross-cutting readiness investments



Restore Service Readiness

- **Army:**
 - Supports increased home station training and additional high-end collective training exercises, resulting in 19 combat training center rotations in 2018
 - Mitigates personnel gaps with the additional end strength to increase unit readiness
- **Navy:**
 - Funds ship maintenance and increases shipyard civilian personnel to improve throughput timelines to meet future deployments
 - Funds deployed flying hours while investing in maintenance and depot throughput to increase the number of available aircraft for training and deployments
- **Marine Corps:**
 - Funds forward deployed Special Purpose Marine Air Ground Task Forces and Unit Deployment Plan to sustain the DoD's Crisis Response Force
 - Invests in integrated training exercises, equipment reset, and modernization programs
- **Air Force:**
 - Invests in additional military end strength to fill critical gaps in pilot production and maintainer career fields
 - Balances readiness recovery, current weapons system sustainment, and modernization programs
- **USSOCOM:**
 - Accelerates precision strike and specialized air mobility enhancement, and expands airborne Intelligence, Surveillance, and Reconnaissance (ISR) capacity and capability
 - Supports expanded participation in regional training events, funds operational enhancements, and modernization of intelligence, targeting, and strike enablers

FY 2018 budget continues investment in readiness recovery

FY 2018 President's Budget Military End Strength

Military Component	PB18				PB17	Δ PB17-PB18
	FY 2016 ^{1/}	FY 2017 ^{2/}	FY 2018	Δ FY17-18	FY 2018	FY 2018
Active Components (AC)						
Army	475,400	476,000	476,000	--	450,000	+26,000
Navy	324,557	326,492	327,900	+1,408	322,200	+5,700
Marine Corps	183,604	184,426	185,000	+574	182,000	+3,000
Air Force	317,883	321,125	325,100	+3,975	317,000	+8,100
TOTAL AC	1,301,444	1,308,043	1,314,000	+5,957	1,271,200	+42,800
Reserve Components (RC)						
Army Reserve	198,395	199,000	199,000	--	195,000	+4,000
Navy Reserve	57,980	58,175	59,000	+825	58,900	+100
Marine Corps Reserve	38,453	38,940	38,500	-440	38,500	--
Air Force Reserve	69,364	69,000	69,800	+800	69,200	+600
Army National Guard	341,589	343,000	343,000	--	335,000	+8,000
Air National Guard	105,887	105,700	106,600	+900	105,700	+900
TOTAL RC	811,668	813,815	815,900	+2,085	802,300	+13,600
Army AC + RC	1,105,384	1,018,000	1,018,000	--	980,000	+38,000
Navy AC + RC	382,537	384,667	386,900	+2,233	381,100	+5,800
Marine Corps AC + RC	222,057	223,366	223,500	+134	220,500	+3,000
Air Force AC + RC	493,134	495,825	501,500	+5,675	491,900	+9,600
TOTAL AC + RC	2,113,112	2,121,858	2,129,900	+8,042	2,073,500	+56,400

1/ FY 2016 Actuals

2/ FY 2017 reflects request for additional appropriations projected end strength levels

Reverses end strength reductions – FY 2018 56.4K higher than PB17

Major Investments in the FY 2018 Budget

Aircraft

(Quantities/Dollars in Billions)

F-35 Joint Strike Fighter (USAF, USMC, USN)	70	\$10.8
KC-46 Tanker Replacement (Air Force)	15	\$3.1
F/A-18 Aircraft (Navy)	14	\$1.3
AH-64E Attack Helicopter (Army)	61	\$1.4
UH-60 Utility Helicopter (Army)	48	\$1.1
P-8A Aircraft (Navy)	7	\$1.6
MQ-4 Triton Unmanned Aerial Vehicle (Navy)	3	\$0.9
B-21 Long Range Strike Bomber (Air Force)	-	\$2.0

Shipbuilding

Virginia Class Submarine	2	\$5.5
DDG-51 AEGIS Destroyers	2	\$4.0
Littoral Combat ships (LCS)	1	\$1.2
CVN-78 Class Aircraft Carrier	1	\$4.6
LHA-6 Amphibious Assault Ship	-	\$1.7
Columbia Class Submarine - Advance Procurement	-	\$1.8

Space

Evolved Expendable Launch Vehicle (Air Force)	3	\$1.9
Space Based Infrared System (Air Force)	-	\$1.4

Major Investments in the FY 2018 Budget

(Continued)

Preferred Munitions	<u>(Quantities/Dollars in Billions)</u>	
Hellfire Missile	1,397	\$0.1
Joint Direct Attack Munition (JDAM)	12,822	\$0.4
Guided Multiple Launch Rocket System (GMLRS)	4,458	\$0.7
Advanced Precision Kill Weapon System (APKWS)	-	\$0.2
Small Diameter Bomb (SDB)	5,039	\$0.4
Tomahawk Missile	34	\$0.3
Ground Systems		
Joint Light Tactical Vehicle (Multi-service)	2,775	\$1.1
M-1 Tank Modifications (Army)	20	\$0.6
Amphibious Combat Vehicle (Marine Corps)	26	\$0.3
Armored Multi-Purpose Vehicle (Army)	42	\$0.4
Missile Defense Programs		
AEGIS SM-3 Missiles	40	\$1.6
Ground Based Midcourse	-	\$1.4

Focus on Technology Innovation

- Funds science and technology to further innovation (\$13.2 billion)
- Supports DoD, academic, and industry partnerships with initiatives like Army Research Lab Collaborative Research Alliances (\$58.7 million), Defense Innovation Unit-Experiment (DIUx) (\$54 million), and the pilot program with In-Q-Tel (\$60 million)
- Examples of technology initiatives
 - Alternative navigation technologies (e.g., Assured Positioning Navigation, and Timing (Army), Atomic Clocks with Enhanced Stability (ACES) (DARPA))
 - Directed energy weapons (e.g., Self-protect High Energy Laser Demonstrator (Air Force), High Energy Laser Tactical Vehicle Demonstrator (Army))
 - Electromagnetic spectrum technologies (e.g., Electromagnetic Maneuver & Control Capability (Navy))
 - High speed strike weapons (e.g., Hypersonic Flight Demonstrations (Air Force, DARPA), High-Speed Propulsion Technology (DARPA, Air Force, Navy))
 - Establishment of Hypersonics defeat program within the Missile Defense Agency
 - Low-cost unmanned systems (e.g., Low Cost Unmanned Air Systems Swarming Technology (LOCUST) (Navy), Perdix (Strategic Capabilities Office))
 - Investment across DoD to counter illicit Unmanned Aerial Systems (UAS) and other multi-domain unmanned or autonomous threats

DoD seeks to accelerate delivery of new capabilities

Facilities Investment

(Military Construction and Family Housing)

- Increases facilities investment by 25% (+\$2.0B) above the FY 2017 enacted base funded level (FY 17 \$7.8B; FY 18: \$9.8B)
 - Supports force readiness improvements:
 - Operational and training facilities (e.g., aircraft parking aprons, training ranges, beddown of new platforms such as F-35)
 - Maintenance and productions facilities (e.g., unmanned aerial vehicle hangar)
 - Remaining investments support:
 - Relocation of Marines from Japan to Guam
 - Recapitalization of schools and medical facilities
 - Improved Quality-of-Life (e.g., 9 troop housing projects)
- Seeks the authority to commence a new Base Realignment and Closure (BRAC) round in 2021
 - To reduce excess capacity and use the savings on higher priorities, such as readiness and modernization
 - DoD analyses indicate DoD has ~20% more infrastructure capacity than required
 - Based on prior BRAC experience, a new round focused on efficiency could save ~\$2B each year
 - To make the infrastructure more efficient

Reforming How the Department Does Business

- Continues to reduce DoD Major Headquarters Activities' staffs and overhead
 - Complies with FY 2016 NDAA to further reduce the MHA up to 25 percent
- Continues acquisition reform: Better Buying Power 3.0
- Service requirement review boards to evaluate Fourth Estate organizations' contracted services – consolidating contracts to reduce redundancy
- Sustains financial auditability improvements
 - Begin a full financial statement audit in FY 2018
 - Focus on remediating auditor findings
 - Identify solutions to impose business process and information technology changes

Budget continues to implement previous efficiencies

Reforming How the Department Does Business

(Continued)

- Implements FY 2017 NDAA Reforms
 - Effective February 1, 2018, reorganize the current Under Secretary of Defense for Acquisition, Technology and Logistics into two new Under Secretaries of Defense for:
 - Research and Engineering to be the chief technology officer with the mission of advancing technology and innovation
 - Acquisition and Sustainment to be the chief acquisition and sustainment officer with the mission of delivering and sustaining timely, cost-effective capabilities for the armed forces and the Department
 - Effective February 1, 2018, there is a Chief Management Officer with the mission of managing the business operations of the Department
 - Elevate Cyber Command
 - Strengthens cyber space as a warfighter domain
 - Streamline command and control of cyber space operations
 - Effective October 1, 2018, develop and implement a plan to reform the Administration of the Defense Health Agency and Military Treatment Facilities to reduce management costs, improve the delivery of healthcare, and enhance the Services' medical readiness capabilities

Continue to Pursue Compensation Reform

- Maintains the Health of Force through a competitive compensation package that reflects the unique demands and sacrifices of our service members
- Increases planned basic pay: 2.1% military pay raise
1.9% civilian pay raise
- Seeks modifications to the Military Health Care System
 - Continue to increase value (e.g., expand access through telehealth and additional nurse advice lines)
 - Exempt from cost share increase the medically retired and family members of those who die on active duty (i.e., eliminate participation fees and provide lower cost shares)
 - Seeks balanced approach to fiscal sustainability
 - Eliminate the grandfathering provision on cost share for members who joined before Jan 1, 2018.
 - Seeks additional changes to pharmacy co-pay structure to incentivize members to make the most effective choice (e.g., mail order vice retail)
- Seeks modest modifications to the Blended Retirement System to allow enlisted members who serve beyond 26 years to continue receiving government contributions for Thrift Savings Plan

Keeping Faith With Service Members and Families

- Maintains support for critical Family Assistance Programs
 - Warfighter & Family Services
 - Non-medical counseling support services
 - Financial Readiness
 - Joint Family Support Assistance through Military One Source
 - Family Advocacy Program
 - Military Spouse Education & Career Assistance
 - Morale, Recreation, & Welfare, such as fitness centers, libraries, recreations centers, and single service member programs
 - Tuition Assistance for Off-Duty Education Support
 - Child & Youth Programs serving over 1 million children
 - National Guard Youth Challenge
 - DoD Dependent Schools educating over 77 thousand students
 - Commissary Operations at 238 stores



Invests more than \$8 billion into supporting our families

FY 2018 Overseas Contingency Operations (OCO)

(Dollars in Billions)

Operation FREEDOM'S SENTINEL (Afghanistan) and Theater Posture	45.9
– Maintains in-country presence of 8,448 force level for train, advise and assist and counterterrorism efforts	
– Funds training and equipping of Afghan security forces, including Afghanistan aviation modernization (\$4.9 billion)	
– Includes other theater-wide support requirements and costs	
– Provides support for coalition forces (\$1.3 billion)	
• Operation INHERENT RESOLVE (Iraq and Syria)	13.0
– Supports ongoing operations against ISIS and maintains 5,765 force level	
– Includes training and equipping of Iraqi Security Forces and vetted Syrian opposition forces (\$1.8 billion)	
– Funds preferred munitions to maintain tempo of operations	
• European Reassurance Initiative (ERI)	4.8
– Supports the collective defense and security of NATO Allies, bolsters U.S. partners, and adds new capabilities to improve deterrence and warfighting effectiveness	
• Includes funding for train, equip, and advise efforts to build Ukrainian capacity (\$150 million)	
• Security Cooperation (SC)	<u>0.9</u>
– Builds partner capacity to conduct counterterrorism, crisis response and other SC missions through training, equipping and other activities (formerly Counterterrorism Partnerships Fund)	
TOTAL OCO REQUEST	64.6

Summary

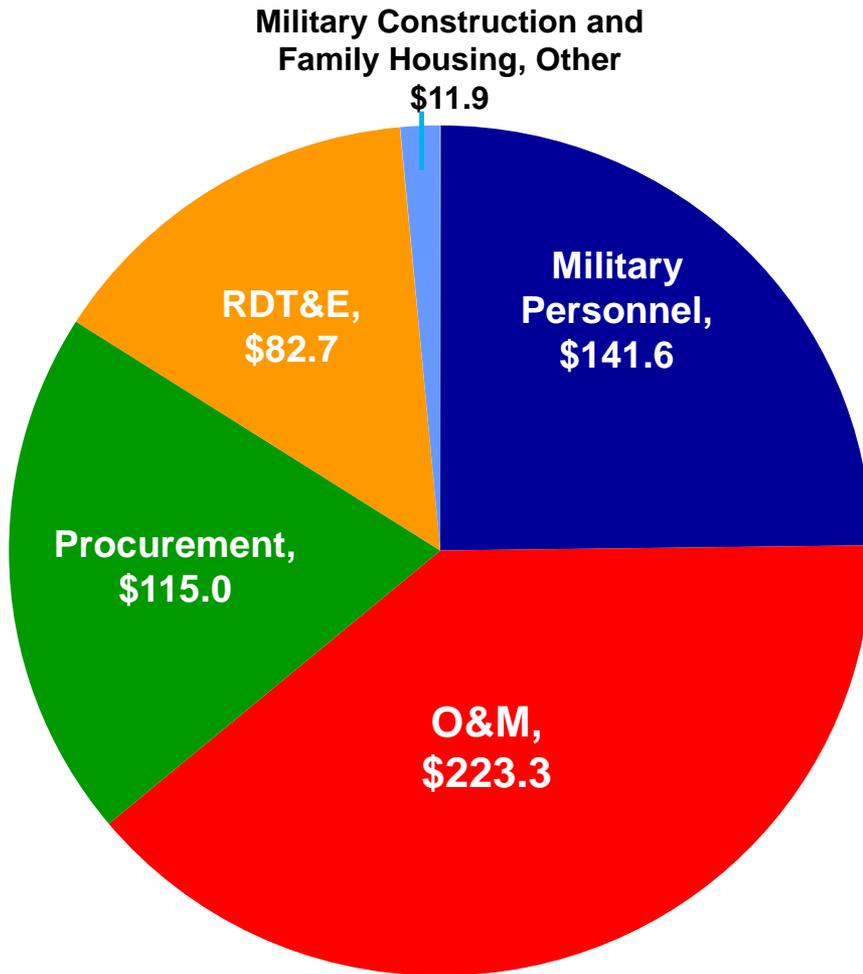
- Need to sustain and build on readiness improvements began in FY 2017
- Begin process of balancing the force to become bigger and more lethal
- Must increase Defense Budget Caps in order to support National Security Strategy and new Defense Strategy

Get ready. Get balanced. Get bigger and more lethal.

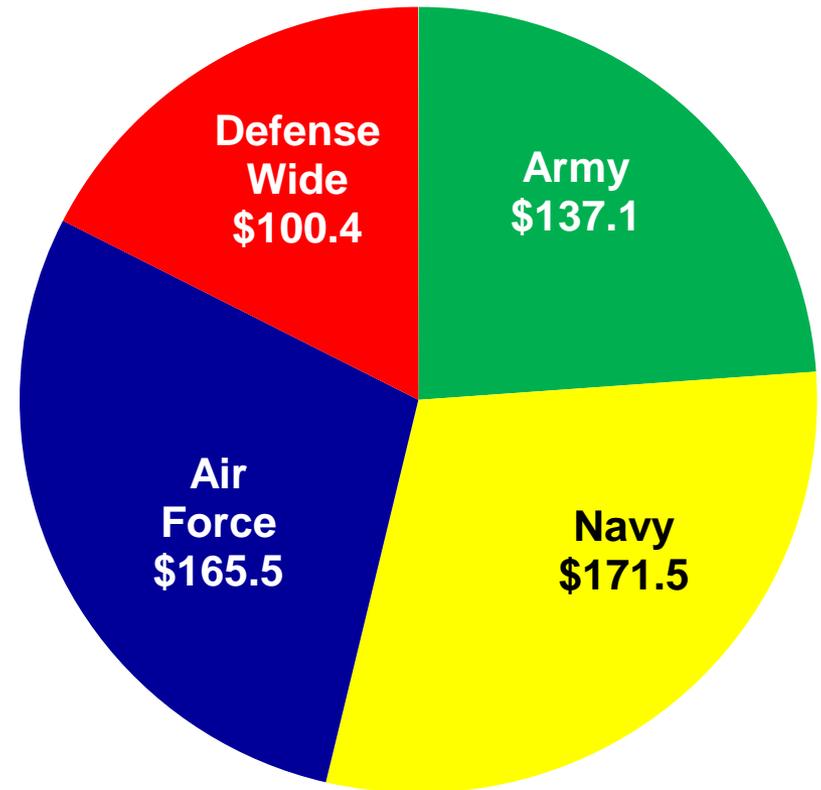


FY 2018 Base Funding

By Appropriation Title



By Military Department

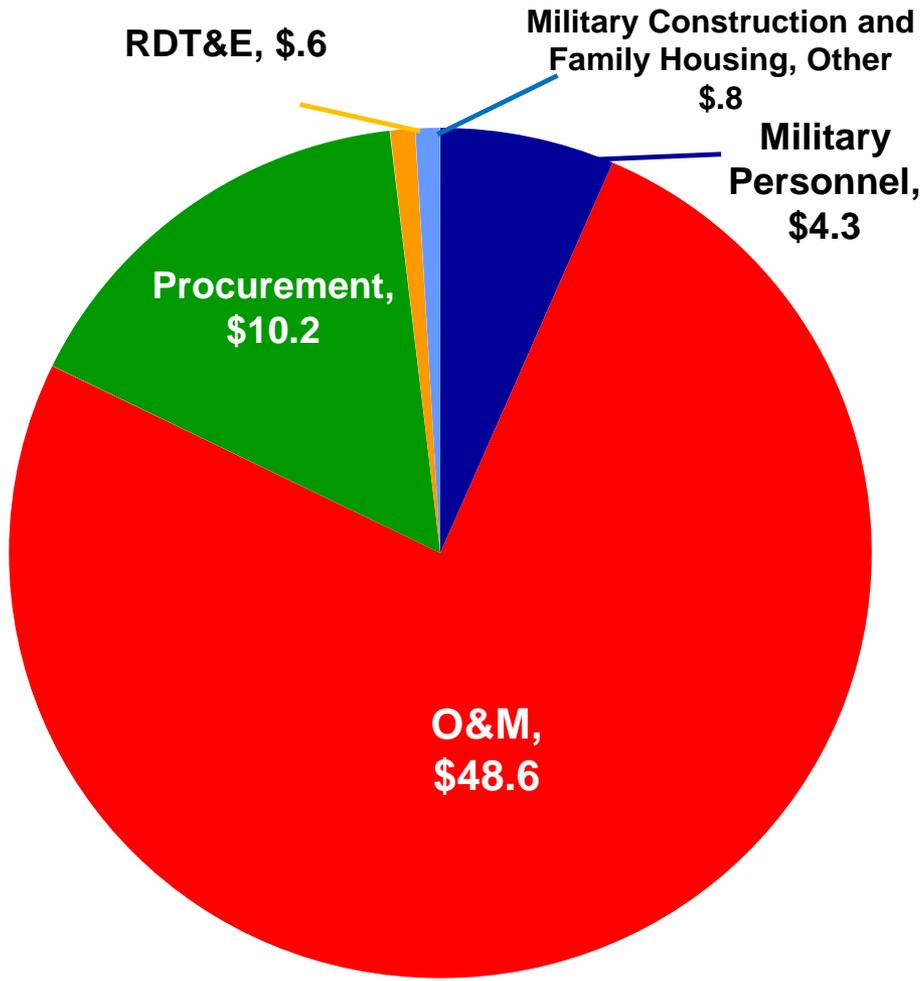


FY 2018 Request: \$574.5 billion

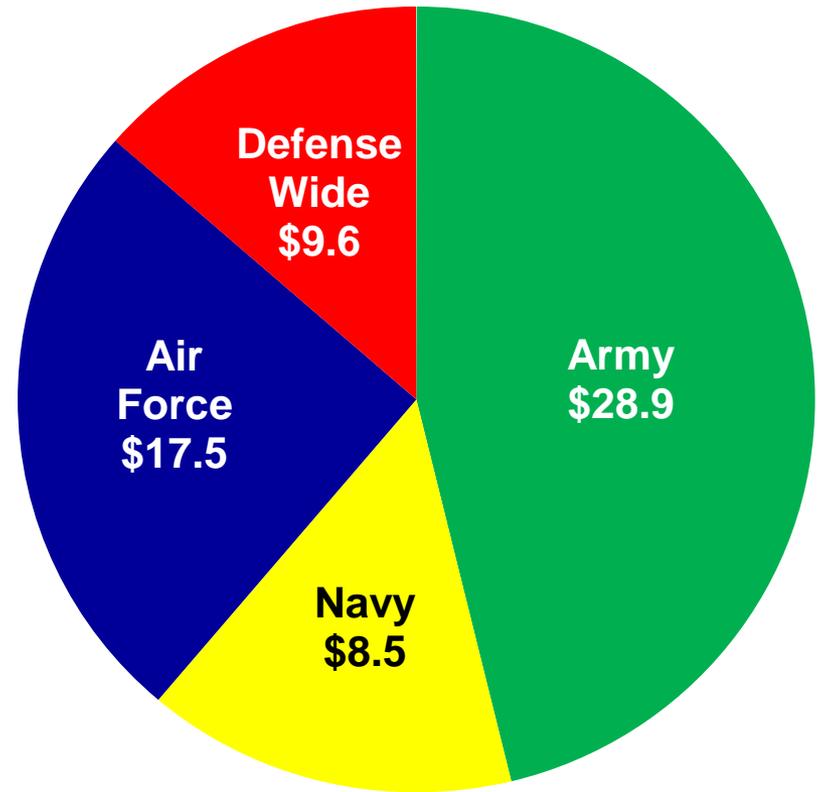
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FY 2018 OCO Funding

By Appropriation Title



By Military Department

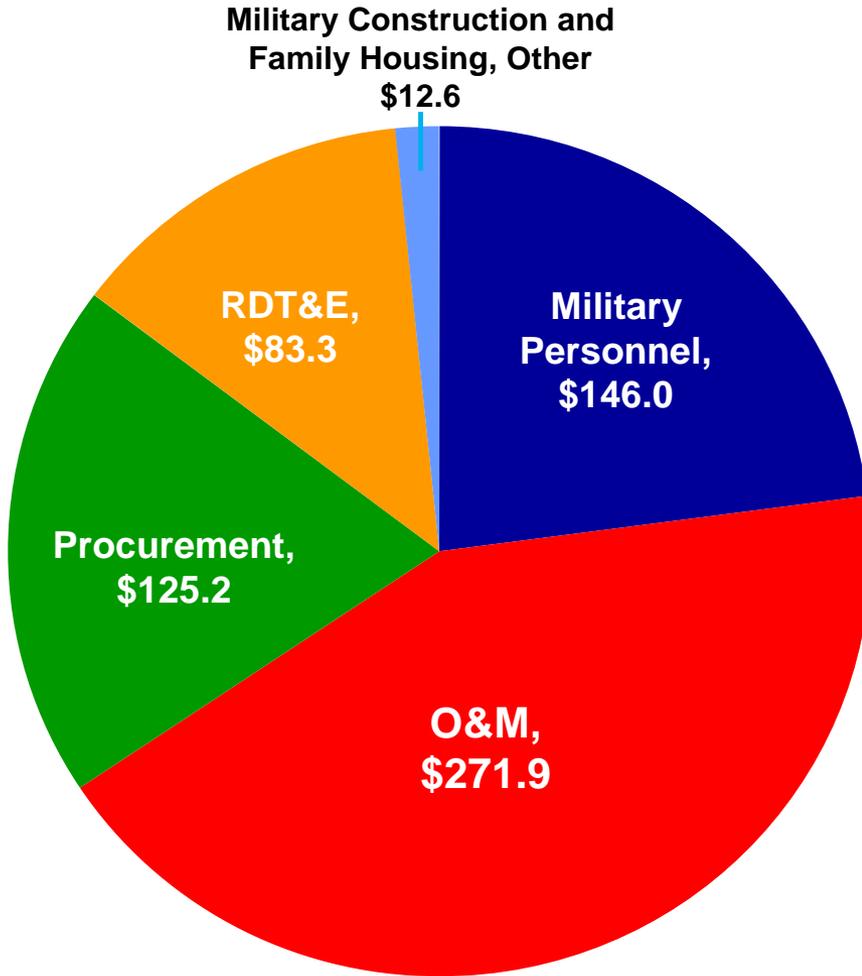


FY 2018 Request: \$64.6 billion

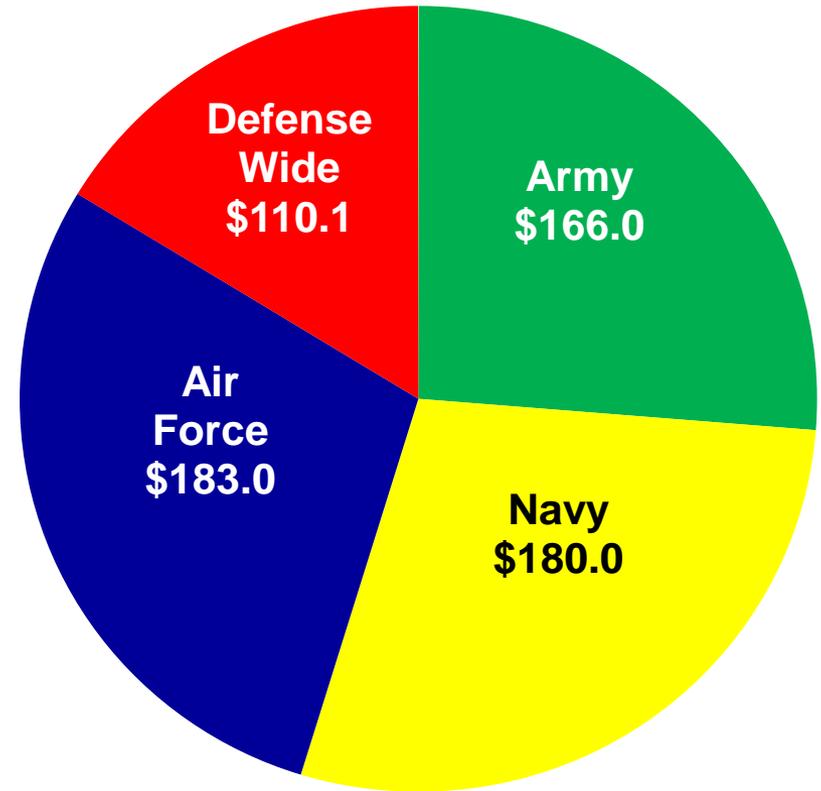
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FY 2018 Total Base and OCO Funding

By Appropriation Title



By Military Department



FY 2018 Request: \$639.1 billion

Numbers may not add due to rounding

For More Information

- Visit the website for the Office of the Under Secretary of Defense (Comptroller) at
 - www.budget.mil
 - Download the Department of Defense's FY 2018 Budget Request

