

U.S. Department of Defense FISCAL YEAR 2019 BUDGET REQUEST



Office of the Under Secretary of Defense (Comptroller) / CFO
February 2018

National Security Strategy

- **Respond to growing political, economic, military, information competitions**
 - Revisionist powers such as China and Russia
 - Regional dictators such as Iran and North Korea
 - Transnational threats, including jihadist terrorists and transnational criminal organizations
- **Protect four vital national interests**
 - Protect the American people, homeland, and way of life
 - Promote American prosperity
 - Preserve peace through strength
 - Advance American Influence

A Strategy of Principled Realism

National Defense Strategy

- **Compete, Deter, and Win to Preserve Peace through Strength**
 - Expand the competitive space leveraging all elements of national power
- **Competition with China and Russia is central challenge**
 - Continue efforts to deter and counter North Korea, Iran, and terrorists
- **Sustain U.S. influence and ensure favorable regional balances of power**
 - Build a more lethal, resilient, agile, and ready Joint Force
 - Strengthen alliances and attract new partners
 - Reform the Department's business practices for greater performance and affordability

Great Power Competition is now the Primary Focus

FY 2019 National Defense Budget Request

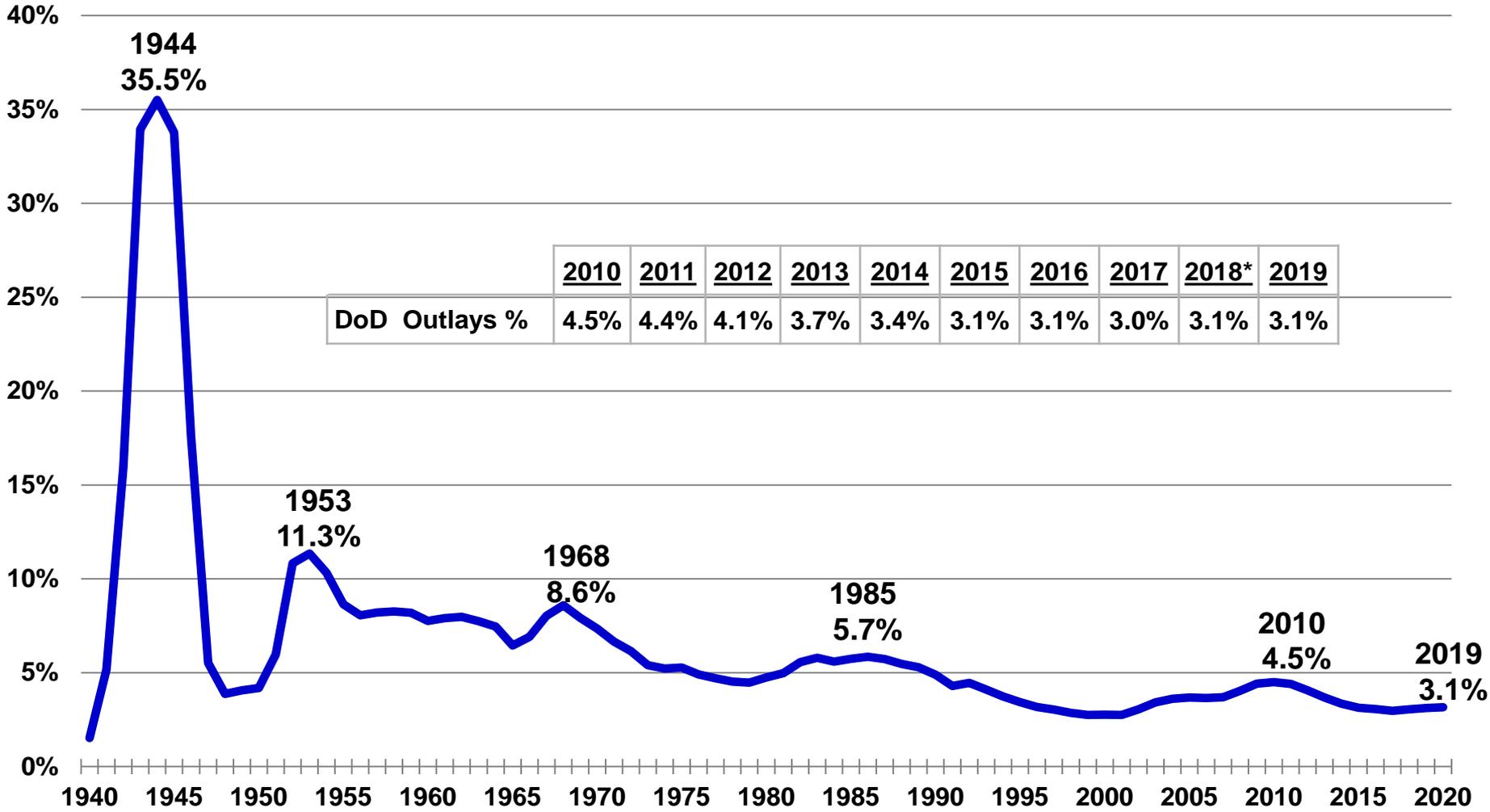
(Dollars in Billions)

DoD – Military - Base Budget Request	\$617
DoD - Military - Overseas Contingency Operations (OCO)	<u>69</u>
Total DoD Military (051)	\$686
Other National Defense (053/054)	<u>30</u>
Total National Defense (050)	\$716

- Budget driven by the National Defense Strategy
- \$74 Billion (10% real growth) over DoD's current CR levels
- Appreciative of the Congress enacting the Bipartisan Budget Act of 2018
- We are committed to being good stewards of the taxpayers' money

A Strategy Driven Budget

Defense Outlays vs. Gross Domestic Product FY 1940 – FY 2019



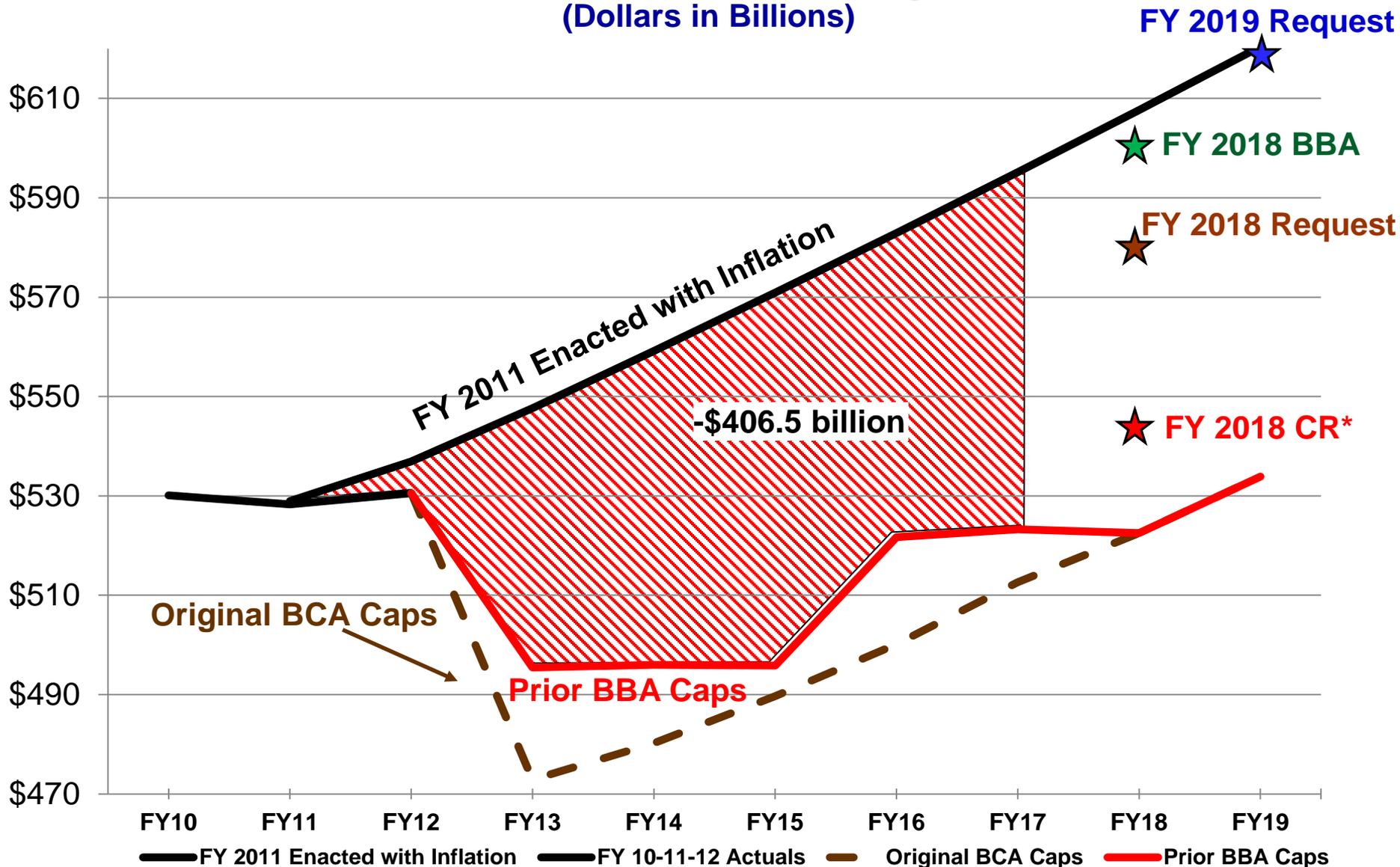
*Reflects annualized Continuing Resolution funding levels

— DoD Outlays

“America can afford survival” – Secretary Mattis

Defense Base Budget

(Dollars in Billions)

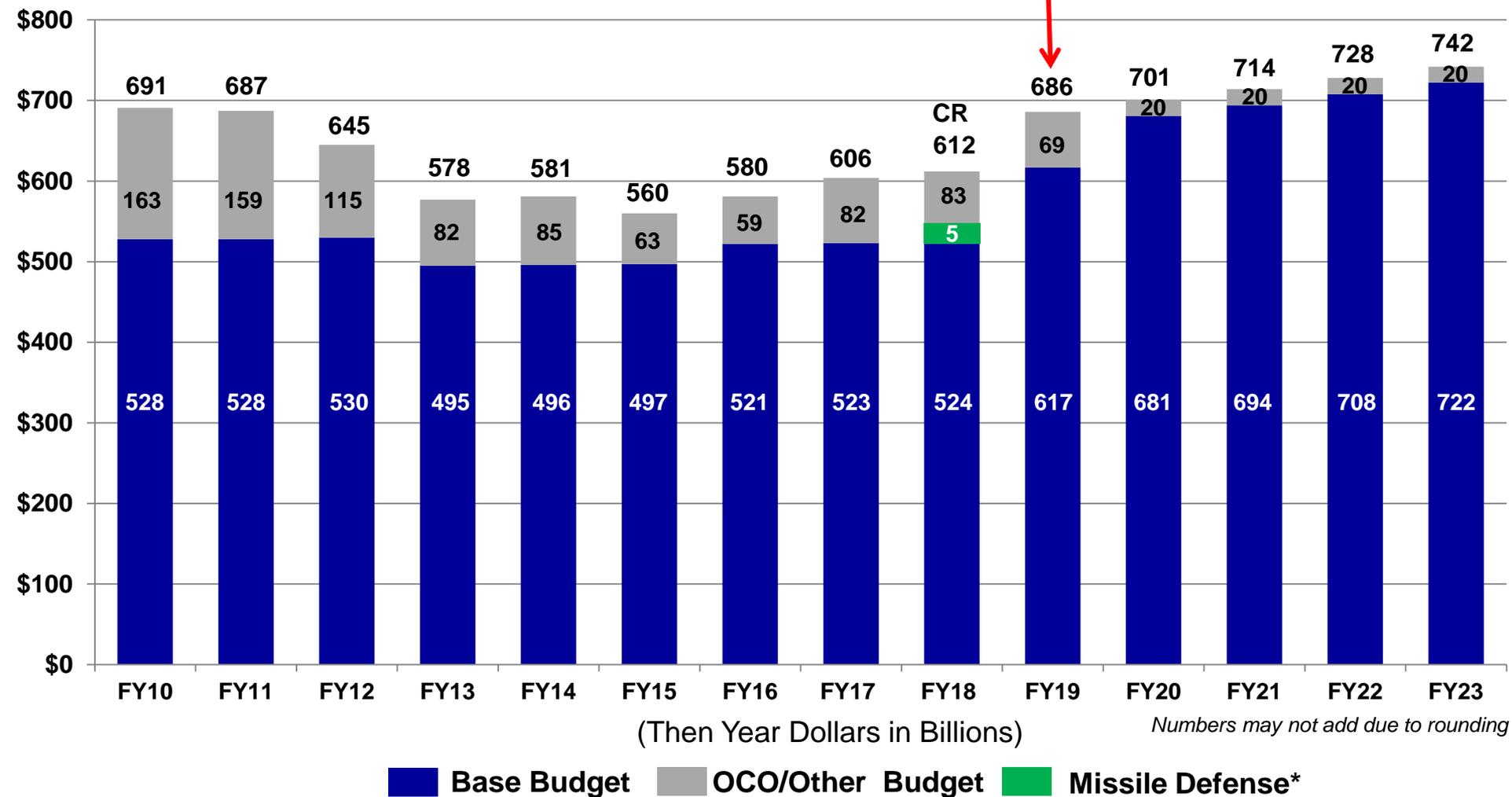


*FY 2018 CR (\$529B) + \$15B of OCO-for -base requirements BCA = Budget Control Act BBA = Bipartisan Budget Acts (2011, 2013, and 2018)

Begins Recovery from over \$400 Billion of Lost Capability

DoD Funding from FY 2010 Through FY 2023

(Discretionary Budget Authority)



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

Increases funding \$74 Billion (10% real growth) over CR Levels

FY 2019 President's Budget Military End Strength

Military Component	FY 2017 ^{1/}	FY 2018 ^{2/}	FY 2019	FY 2023	Δ FY18-19	Δ FY18-23
Active Components (AC)						
Army	476,245	476,000	487,500	495,500	+11,500	+19,500
Navy	323,944	327,900	335,400	344,800	+7,500	+16,900
Marine Corps	184,514	185,000	186,100	186,400	+1,100	+1,400
Air Force	322,787	325,100	329,100	338,800	+4,000	+13,700
TOTAL AC	1,307,490	1,314,000	1,338,100	1,365,500	+24,100	+51,500
Reserve Components (RC)						
Army Reserve	194,318	199,000	199,500	200,000	+500	+1,000
Navy Reserve	57,824	59,000	59,100	59,200	+100	+200
Marine Corps Reserve	38,682	38,500	38,500	38,500	--	--
Air Force Reserve	68,798	69,800	70,000	70,200	+200	+400
Army National Guard	343,603	343,000	343,500	344,500	+500	+1,500
Air National Guard	105,670	106,600	107,100	108,600	+500	+2,000
TOTAL RC	808,895	815,900	817,700	821,000	+1,800	+5,100
Army AC + RC	1,014,166	1,018,000	1,030,500	1,040,000	+12,500	+22,000
Navy AC + RC	381,768	386,900	394,500	404,000	+7,600	+17,100
Marine Corps AC + RC	223,196	223,500	224,600	224,900	+1,100	+1,400
Air Force AC + RC	497,255	501,500	506,200	517,600	+4,700	+16,100
TOTAL AC + RC	2,116,385	2,129,900	2,155,800	2,186,500	+25,900	+56,600

1/ FY 2017 Actuals

2/ FY 2018 PB Request. FY 2018 NDAA (P.L. 115-91) increases FY 2018 PB end strength by 9.5K (Army +8.5K (Active +7.5K Reserve +0.5K; Guard +0.5K); USMC +1.0K).

Builds Capacity & Lethality – FY 2019 +25.9K and +56.6K by FY 2023

Major Investments in the FY 2019 Budget

(Base + OCO)

	FY 2018 Request		FY 2019 Request	
	Qty	\$B	Qty	\$B
Aircraft				
F-35 Joint Strike Fighter (Air Force, Marine Corps, Navy)	70	10.8	77	10.7
KC-46 Tanker Replacement (Air Force)	15	3.1	15	3.0
F/A-18E/F Super Hornet (Navy)	14	1.3	24	2.0
AH-64E Apache Attack Helicopter (Army)	63	1.4	60	1.3
VH-92 Presidential Helicopter (Marine Corps)	-	0.5	6	0.9
P-8A Poseidon (Navy)	7	1.6	10	2.2
CH-53K King Stallion (Marine Corps)	4	1.1	8	1.6
Shipbuilding				
Virginia Class Submarine	2	5.5	2	7.4
DDG-51 Arleigh Burke Class Destroyers	2	4.0	3	6.0
Littoral Combat ships (LCS)	2	1.7	1	1.3
CVN-78 Class Aircraft Carrier	1	4.6	-	1.8
Fleet Replenishment Oiler (T-AO)	1	0.5	2	1.1
Towing, Salvage, and Rescue Ship (T-ATS)	1	0.1	1	0.1
Expeditionary Sea Base	-	-	1	0.7
Space				
Evolved Expendable Launch Vehicle (Air Force)	3	1.9	5	2.0
Global Positioning System (GPS) (Air Force)	-	1.1	-	1.5
Space Based Infrared System (Air Force)	-	1.5	-	0.8

Includes Procurement and Research, Development, Test and Evaluation (RDT&E) funding

Numbers may not add due to rounding

Major Investments in the FY 2019 Budget (Base + OCO)

	FY 2018 Request		FY2019 Request	
	Qty	\$B	Qty	\$B
Preferred Munitions				
Joint Direct Attack Munition (JDAM) (Navy, Air Force)	34,529	0.9	43,594	1.2
Guided Multiple Launch Rocket System (GMLRS) (Army and Marine Corp)	6,474	0.9	9,733	1.2
Small Diameter Bomb I (SDB I) (Navy, Air Force)	6,852	0.3	6,826	0.3
Small Diameter Bomb II (SDB II) (Navy, Air Force)	550	0.3	1,260	0.4
Hellfire Missile (Army, Navy, Air Force)	7,664	0.7	7,045	0.6
Joint Air-to-Surface Standoff Missile-Extended Range (Air Force)	360	0.5	360	0.6
Joint Air-to-Ground Missile (JAGM) (Army, Navy)	824	0.2	1,121	0.3
Ground Systems				
Joint Light Tactical Vehicle (Army, Marine Corps, Air Force)	2,777	1.1	5,113	2.0
M-1 Abrams Tank Modifications/Upgrades (Army)	56	1.2	135	2.7
Amphibious Combat Vehicle (Marine Corps)	26	0.3	30	0.3
Armored Multi-Purpose Vehicle (Army)	107	0.6	197	0.8

Includes Procurement and Research, Development, Test and Evaluation (RDT&E) funding

Numbers may not add due to rounding

Major Investments in the FY 2019 Budget

(Base + OCO)

	FY 2018 Request		FY 2019 Request	
	Qty	\$B	Qty	\$B
Nuclear Deterrence				
B-21 Long Range Strike Bomber (Air Force)	-	2.0	-	2.3
Columbia Class Submarine - (Advance Procurement + RDT&E) (Navy)	-	1.9	-	3.7
Long-Range Stand-Off (LRSO) Missile (Air Force)	-	0.5	-	0.6
Ground Based Strategic Deterrent (GBSD) (Air Force)	-	0.2	-	0.3
Missile Defense Programs				
AEGIS Ballistic Missile Defense (SM-3)	54	2.1	43	1.7
Ground Based Midcourse Defense (Interceptors/Silos)	-10	1.9	4/10	2.1
Terminal High Altitude Area Defense (THAAD) Ballistic Missile Defense	84	1.3	82	1.1
Patriot Advanced Capability (PAC-3) Missile Segment Enhancement	240	1.1	240	1.1

Includes Procurement and Research, Development, Test and Evaluation (RDT&E) funding

Numbers may not add due to rounding

Note: Aegis FY 2018 increased by \$0.5 million and Qty of 16 SM-3 IIA (MDDE Amendment)

Ground Based Midcourse FY 2018 increased by \$0.6 million (MDDE Amendment, includes MILCON)

THAAD FY 2018 increased by \$0.5 billion and Qty of 50 (MDDE Amendment)

PAC-3 MSE FY 2018 increase by \$0.6 billion and Qty of 147 (MDDE Amendment)

Investments in Technology Innovation

- Funds science and technology to further innovation (\$13.7 billion)
- Supports DoD, academic, and industry partnerships with initiatives for:
 - Hypersonics
 - Autonomy
 - Cyber
 - Space
 - Directed Energy
 - Electronic Warfare
 - Artificial Intelligence

Accelerates Delivery of New Capabilities

Major Investments to Support Europe and Asia

- Capability enhancements in Asia
 - Investment in Air and Space Superiority
 - Procurement of one submarine Virginia Payload Module
 - Increase procurement of the P-8A by 3
 - Support for increased naval presence in the Pacific to include infrastructure investments
- Capability enhancements in Europe
 - Procurement of modernized equipment for the Army's second Armored Brigade Combat Team (ABCT) equipment set in APS-2 (e.g. Abrams Tanks, Bradley Fighting Vehicles, and Armored Multi-Purpose Vehicles)
 - Replenishment of wartime stockpiles of preferred and advanced munitions to increase lethality
 - Expansion of European airbase infrastructure and equipment to support rapid expansion of airbases for high volume air combat operations

“Forward Force Maneuver and Posture Resilience” - NDS

Improving Warfighter Readiness

- Continues on the path to achieving full spectrum readiness across the Joint Force
- Advances the Department's multi-pronged, multi-year approach to build a more lethal and ready force with targeted investments in training, equipment, maintenance, munitions, modernization and infrastructure.
- Supports Combatant Command exercises and engagements to increase joint training capabilities, reassure allies, and provide U.S. presence

FY 2019 Enhances Cross Cutting Readiness Investments

Restore Service Readiness

- **Army:**
 - Supports increased home station training and additional high-end collective training exercises, resulting in 20 combat training center rotations in 2019
 - Total Army end strength grows from 1,018K to 1,030.5K to fill critical personnel gaps and grow force structure
- **Navy:**
 - Ship Depot Maintenance and Aviation Readiness remain the top two readiness recovering priorities; conducting schedule maintenance and reducing backlog
 - Ship maintenance efforts include improvements in the planning process and continuing to build workforce capacity in the Naval Shipyards
 - Aviation Readiness accounts include increases in engineering and program-related logistics to speed the repair process and also increases in the workforce at Aviation Depots
- **Marine Corps**
 - Grows an additional 1,100 Marines and fully funds Marine Corps operating forces and associated maintenance
 - Invests in information warfare, long-range precision fires, air defense, and enhanced maneuver capabilities
- **Air Force:**
 - Invests in additional military end strength to fill critical gaps in pilot, cyber, maintainer, and Intelligence, Surveillance, and Reconnaissance (ISR) career fields
 - Builds on the progress made in PB 2018 to restore the readiness of the force, increase lethality, and cost-effectively modernize while also moving to multi-domain warfare
- **USSOCOM:**
 - Funds efforts to mitigate capacity readiness challenges in command and control, cyber, Intelligence, Surveillance, and Reconnaissance (ISR), precision strike munitions, and air and maritime mobility
 - Specific investments made to increase contracted ISR orbits and improve capability, enhance aircraft contractor logistical support, and accelerate transition to an all A/MC-130J model fleet

Keeping Faith With Service Members and Families

FY 2019 budget provides a competitive compensation package that reflects the unique demands and sacrifices of U.S. service members

- Provide 2.6% military pay raise – largest increase in 9 years
- Includes NO compensation cost share reforms in FY 2019 (e.g., no increases in pharmacy co-pays)
- Instead, pursues efforts focused on internal business process improvements and structural changes to find greater efficiencies (e.g., modernize military health care system to an integrated system)
- Sustains family support initiatives – invests more than \$8 billion
 - Spousal/community support to include offices to prevent and respond to sexual assault and domestic/child abuse and neglect
 - Child care for 1 million children
 - Counseling support (Financial Readiness; Military OneSource, etc.)
 - DoD Dependent Schools educating over 78K students
 - Commissary Operations at 237 stores

Largest Military Pay Raise in 9 years

Facilities Investment

- Increases facilities investment by 7% (+\$0.7B) above the FY 2018 base budget request of \$9.8B (FY 2019: \$10.5B)
 - Operational and training facilities (airfield improvements, training ranges, etc.) to improve readiness
 - Maintenance and productions facilities (e.g., missile assembly building and high explosives magazine) to improve readiness
 - Recapitalization of facilities in poor and failing condition
 - Improved Quality-of-Life for Service Members and their families (schools, barracks, medical facilities, etc.)
- Concentrates efforts on ensuring the basing infrastructure is ideally sized to increase the lethality of U.S. forces while minimizing the cost of maintaining unneeded capacity, which diverts resources from critical readiness and modernization requirements

Reforming DoD's Business Operations

- Deputy Secretary Shanahan is leading effort to reform DoD's business operations and reapply those savings to improve readiness and to increase the lethality and capacity of the military
- Focus is on using shared, centralized services throughout DoD with the goal of using best practices to maximize effectiveness; this is a multiyear effort focused on:
 - Information Technology (IT)
 - Real Property
 - Financial Management
 - Logistics and Supply Chain
 - Testing and Evaluation
 - Healthcare
 - Human Resources
 - Contracted Goods & Services
 - Community Services
- The FY 2019 Budget reflects continued savings from ongoing reforms initiatives such as defense travel modernization and the management headquarters 25% reduction
- DoD has Implemented the FY 2017 NDAA Reforms:
 - Reorganizing the Under Secretary of Defense for Acquisition, Technology and Logistics into two new Under Secretaries of Defense
 - Appointing a Chief Management Officer to manage the business operations of DoD
 - Elevating Cyber Command

**“Business reform is the foundation of our competitive edge”
– Secretary Mattis**

FY 2019 Overseas Contingency Operations (OCO)

(Dollars in Billions)

- **Operation FREEDOM'S SENTINEL (Afghanistan) and Theater Posture** **46.3**
 - Maintains increased in-country U.S. presence to continue the President's South Asia strategy
 - Funds training and equipping of Afghan security forces, including support for the Afghan Air Force and Special Security Forces (\$5.2 billion)
 - Includes other theater-wide support requirements and costs, including the replenishment, replacement, and repair of equipment destroyed, damaged, or worn out due to prolonged use in combat operations
- **Operation INHERENT RESOLVE (Iraq and Syria)** **15.3**
 - Supports ongoing operations against ISIS, including training and equipping of Iraqi Security Forces and vetted Syrian opposition forces (\$1.4 billion)
 - Funds the replacement of munitions, both expended and projected
- **European Deterrence Initiative (EDI)** **6.5**
 - Enhances capability and posture resiliency to improve deterrence and U.S. warfighting effectiveness in Europe
 - Includes funding for Ukraine to build capacity to conduct internal defense operations to defend its sovereignty and territorial integrity (\$200 million)
- **Security Cooperation (SC)** **0.9**
 - Builds partner capacity to conduct counterterrorism, crisis response, and other SC missions through training, equipping, and other activities

TOTAL OCO REQUEST **69.0**

FY 2019 Budget Summary

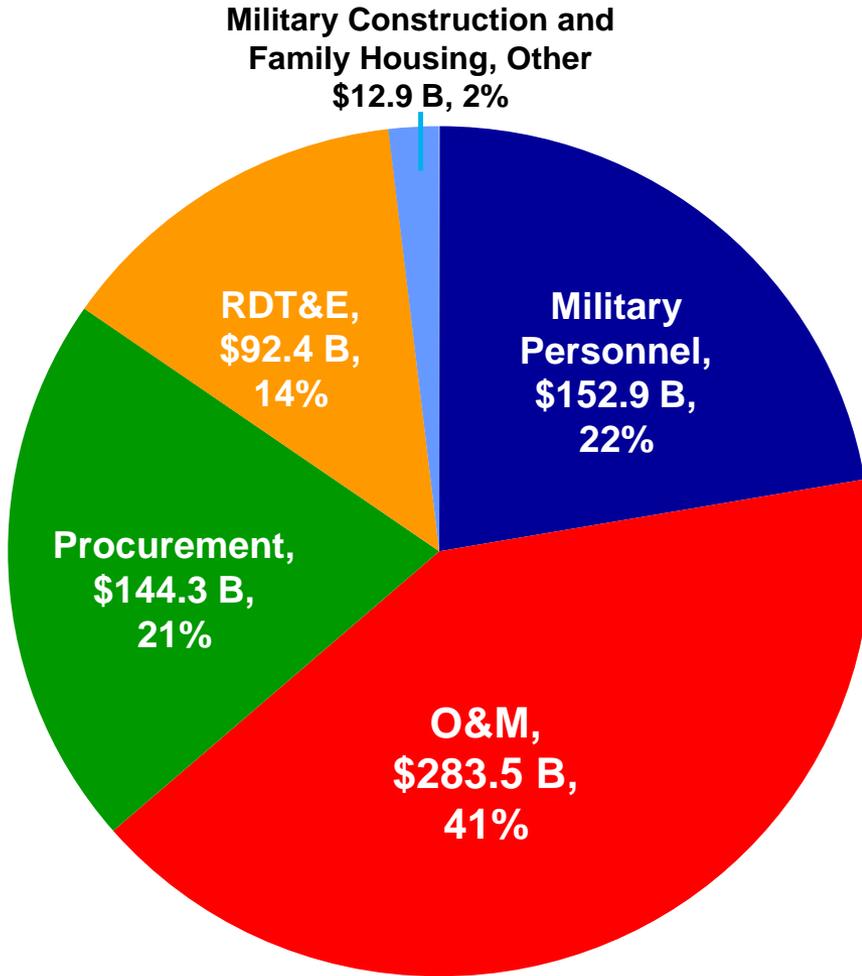
- Driven by the National Defense Strategy
- Improves the lethality and capability of the Joint Force
- Begins reforming DoD's business operations by using best practices to centralize common services
- Needs Congress to pass this budget on time – end Continuing Resolutions

“This national defense strategy will guide all our actions, aligning the department's three lines of effort to gain synergies. But we recognize no strategy can long survive without necessary funding and the stable, predictable budgets required to defend America in the modern age.”

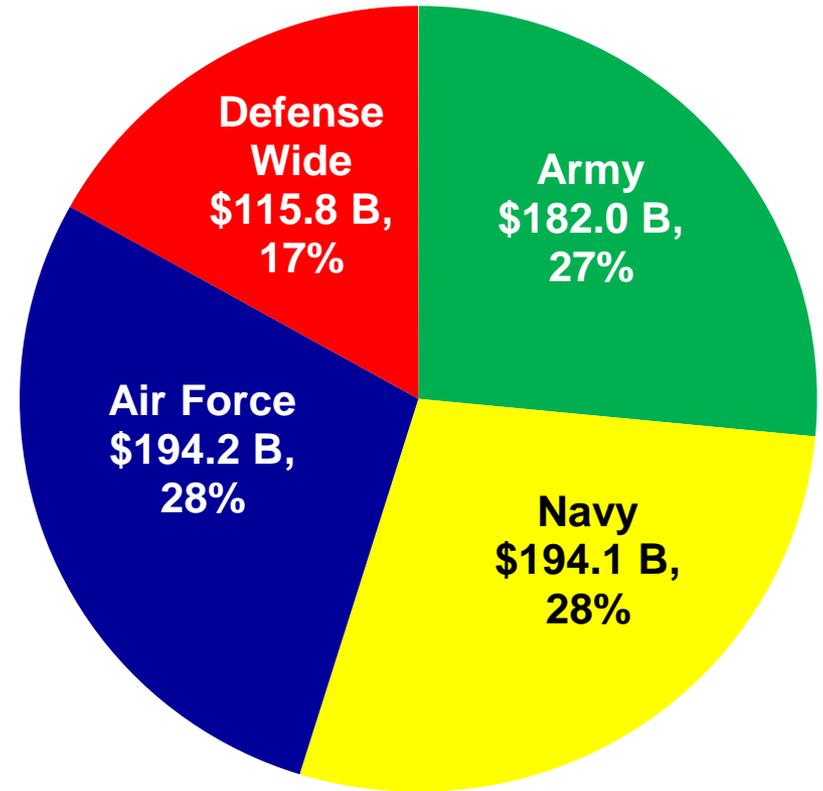
– Secretary Mattis

FY 2019 Total Base and OCO Funding

By Appropriation Title



By Military Department



FY 2019 Request: \$686.1 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 2019 Budget Request

