

## Army FY 2017 Budget Overview

#### February 2016

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# **Velocity of Instability:** Why the Army must be ready to fight today and prepared to fight tomorrow



The US Army is working with allies to deter Russian aggression and assure European nations



The US Army contributes troops to train, advise and assist Iraqi Security to destroy ISIL



The US Army remains committed to training Afghan forces, and supporting counterterrorism operations against the remnants of al Qaeda

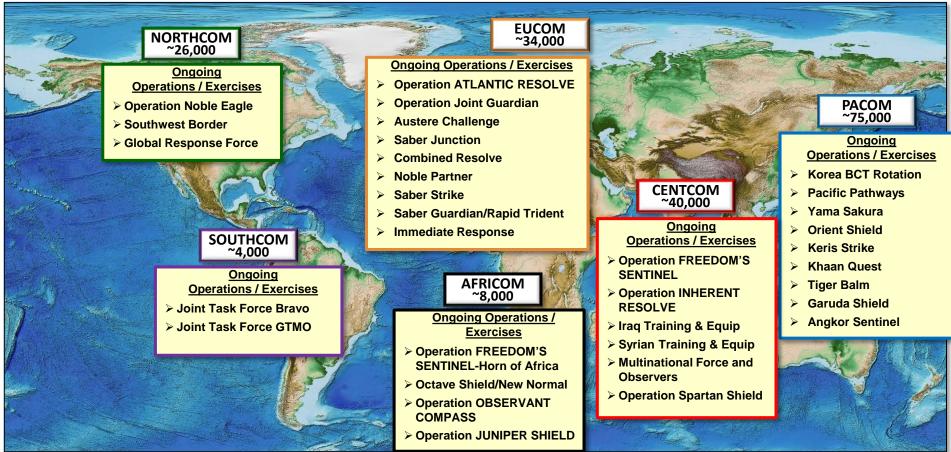
ENGAGE ASIA / DETER NORTH KOREA

The US Army contributes to Asia Pacific regional security and stability to deter North Korean aggression and assure Pacific partners

The instability throughout the world has a direct impact on the number and size of US Army's missions and operations and its ability to keep pace with the global security environment.

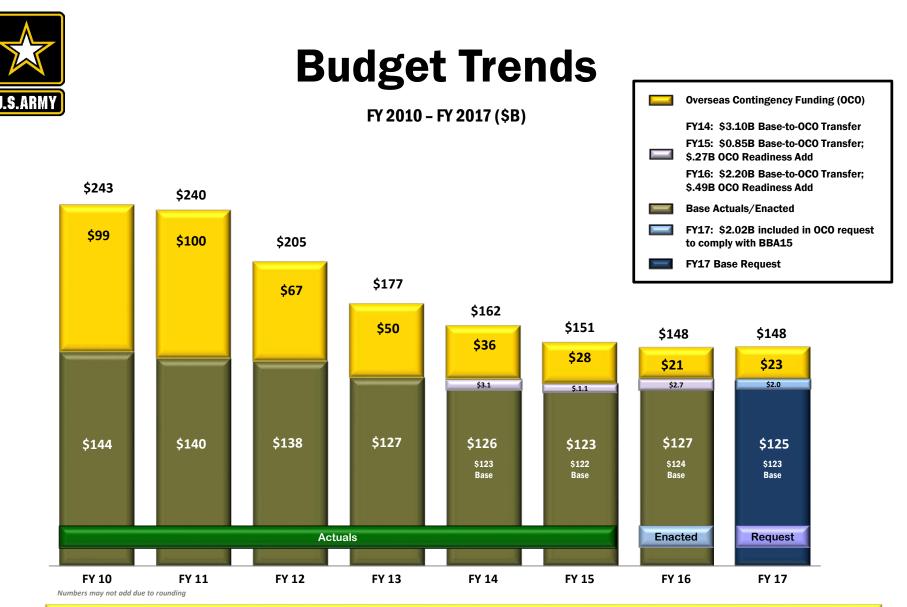


#### **America's Army – Globally Committed**



Data as of 27 January 2016

Increased demand for forces has the Army globally engaged supporting combatant commanders with Regular Army, Army National Guard, and US Army Reserve Soldiers serving on active duty

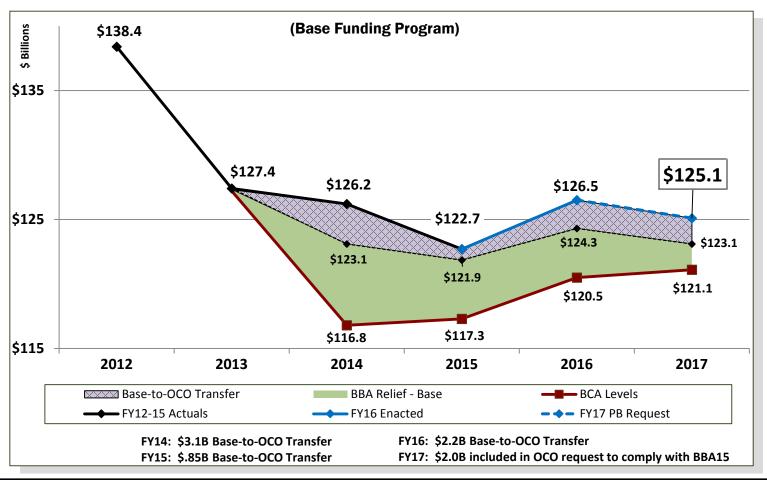


#### Global instability in the face of continued fiscal pressures requires leveraging OCO flexibility to meet requirements

Source: DoD Comptroller Information System



### **Army Topline**



- The two-year Bipartisan Budget Acts of 2013 (BBA13) and 2015 (BBA15) provided limited predictability but did not eliminate future BCA budget spending caps which, barring new legislation, return in FY18.
- BBA15 funding levels for FY17 required the Army to prioritize near-term operational requirements and readiness at the expense of end strength, sustainment and modernization to meet competing current and future demands
- BBA15 repeats the seesaw funding of BBA13 extending the time necessary to restore balance between readiness, end strength and modernization.
- OCO funding is an essential funding source for incremental wartime costs, but its continued use as a supplement for shortfalls to base funding requirements comes at the detriment of prudent long-term planning and erosion of the Army's Base Funding program.



### FY 2017 Budget Highlights

The Army's FY 2017 Budget Request provides critical ground force capabilities to defend the Homeland, support the Joint Force, build global security, project power, and win in a complex world.

- Prioritizes Readiness: Building Decisive Action
  Capabilities for Potential Major Combat Operations
- Ensures Deploying Units are Ready for Their Mission
- Supports Regional Engagements and Global Response
- Continues the Draw Down of Army End Strength to 990,000
- Develops Innovative Leaders and Improves Human Performance
- Sustains Soldier and Technological Overmatch
- Does not account for the National Commission on the Future of the Army's Recommendations



NATO Exercise Iron Sword Closing Ceremony: Lithuania

"We have an obligation to ensure that all of our units, our Soldiers, our leaders are all ready for the potential contingencies that are out there and also ready for the current fight both in Afghanistan and Iraq." – GEN Milley, Chief of Staff. US Army, 11 September 2015



### FY 2017 Budget Request

#### (Base Funding Program)

Request (\$B)	FY14 Actuals	FY15 Actuals	FY16 Enacted	FY17 Request
Military Personnel	56.4	56.1	56.2	55.3
Operation and Maintenance <sup>1</sup>	44.7 <sup>2</sup>	<b>43.1</b> <sup>3</sup>	<b>43.8</b> <sup>4</sup>	45.2 <sup>5</sup>
Procurement/RDTE	21.2	20.6	23.9	22.6
Military Const/Family Housing/BRAC	2.6	1.8	1.6	1.3
Other Base (CAMD/AWCF/ANC)	1.3	1.1	1.0	0.7
Totals	126.2 <sup>2</sup>	122.7 <sup>3</sup>	<b>126.5</b> <sup>4</sup>	125.1 <sup>5</sup>

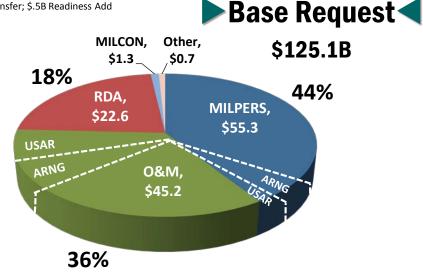
Other Base: Chemical Agent and Munitions Destruction, Army Working Capital Fund, Arlington National Cemetery

1: Includes Environmental Restoration Account (ERA) funding 2: Includes \$3.1B Base-to-OCO Transfer

3: Includes \$.85B Base-to-OCO Transfer; \$.3B Readiness Add 4: Includes \$2.2B Base-to-OCO Transfer; \$.5B Readiness Add

5: Includes \$2.0B in OCO request to comply with BBA15

- FY17 request is \$1.4B less than FY16 enacted, protecting current readiness at the expense of future modernization and end strength
- Funding levels and distribution represent reductions required to meet the BBA15 funding toplines.





### **Military End Strength**



All components continue to draw down end strength

- Regular Army will continue to draw down beyond FY 2017
- Army National Guard and Army Reserve achieve end strength reductions in FY 2017
- Army continues to reorganize its force structure as end strength reduces to best meet current and future operational commitments

Component	FY14	FY15	FY16	FY17	FY18
Component	Actuals	Actuals	Authorized	Request	Plan
Regular Army	508,210	491,365	475,000	460,000	450,000
Army National Guard	354,072	350,023	342,000	335,000	335,000
Army Reserve	195,449	198,463	198,000	195,000	195,000
Totals	1,057,731	1,039,851	1,015,000	990,000	980,000



#### **Military Personnel**

- Incorporates compensation adjustments in pay, subsistence, housing allowances, and begins to address retirement compensation
- Increases funding for Reserve Component man days (10 U.S. Code § 12304b)
- Provides critical funding to recruit and retain a high quality all volunteer force to the planned 990,000 end strength

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Appropriation Title (\$B)	FY14 Actuals	FY15 Actuals	FY16 Enacted	FY17 Request
Regular Army	40.7	41.1	40.9	40.0
Army National Guard	8.1	7.6	7.9	8.0
Army Reserve	4.4	4.3	4.5	4.6
Medicare Eligible Ret Health Care Fund	3.2	3.1	2.9	2.7
Totals	56.4	56.1	56.2	55.3

Requested Rate Increases (Effective 1 Jan 17)	FY17
Basic Pay	1.6%
Basic Allowance for Housing	2.9%
Basic Allowance for Subsistence	3.4%

Numbers may not add due to rounding

**Request funds pay, allowances, and incentives to sustain the All-Volunteer Army** 



### **Operation and Maintenance** (Regular Army)



#### Training the Force

- Focus on Decisive Action readiness across the force
- Resources 19 Combat Training Center rotations; 17 Decisive Action and 2 Combination Decisive Action/Mission Rehearsal Exercises
- Supports professional development for Soldiers, Leaders, and Army Civilians

#### **\*** Operating the Force

- Maintains 30 BCTs; converts one Stryker BCT to an Infantry BCT
- Enhances regional engagements through rotational forces and multinational exercises

#### Sustaining the Force

- Increases Depot Maintenance funding
- Enhances capabilities of Army Prepositioned Stocks

#### Installation/Enterprise Support

- Improves funding for operations, materiel readiness, and physical security at 74 major Regular Army installations worldwide
- Continues commitment to Soldier and Family programs
- Takes risk in Facility Sustainment and infrastructure Restoration and Modernization for all Components

Appropriation Title (\$B)	FY14	FY15	FY16	FY17
	Actuals	Actuals	Enacted	Request
Regular Army (OMA)	<b>35.0</b> <sup>1</sup>	<b>34.1</b> <sup>2</sup>	<b>34.2</b> <sup>3</sup>	<b>35.4</b> <sup>4</sup>

1: Includes \$3.10B Base-to-OCO Transfer 2: Includes \$0.85B Base-to-OCO Transfer ; \$.27B Readiness Add

3: \$2.2B Base-to-OCO Transfer; \$.49B Readiness Add 4: \$1.6B included in OCO request to comply with BBA15

"Readiness to fight and win in ground combat is—and will remain—an inviolate benchmark; no American Soldier must ever deploy to combat unready." – GEN Milley, Chief of Staff, US Army



### **Operation and Maintenance** (Reserve Components)

- The Operation and Maintenance, Army National Guard
  - Continues the process of restoring readiness
  - Sustains commitment to Soldier and Family programs
  - Supports 26 brigade combat teams
  - Enhances base operations support funding for 2,374 Readiness
    Centers/Armed Forces Reserve Centers
- The Operation and Maintenance, Army Reserve
  - Continues the process of restoring readiness
  - Supports 72 functional and multifunctional support brigades
  - Funds base operations for 3 installations and approximately 840 Reserve centers



Appropriation Title (\$B)	FY14	<b>FY15</b> <sup>1</sup>	<b>FY16</b> <sup>2</sup>	<b>FY17</b> <sup>3</sup>
	Actuals	Actuals	Enacted	Request
Army National Guard (OMNG)	6.8	6.3	6.6	6.9
Army Reserve (OMAR)	2.9	2.6	2.7	2.7

1: Includes OCO Readiness Add ARNG: \$55M; USAR: \$26M 2: : Includes OCO Readiness Add ARNG: \$75M; USAR: \$75M

3: Includes OCO request to comply with BBA15 ARNG: \$60M; USAR: \$15M

"The key to victory lies in building and maintaining readiness across the total force." – GEN Milley, Chief of Staff, US Army



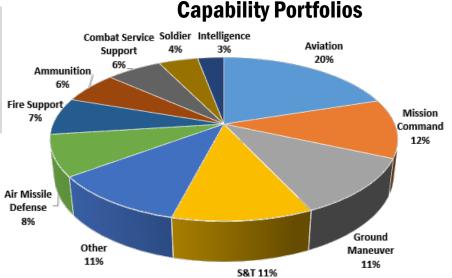
### **Modernization Summary (Base)**

	FY14	FY15	FY16	FY17
Request (\$B)	Actuals	Actuals	Enacted	Request
<b>Procurement Total</b>	14.1	13.9	16.4	<b>15.1</b> <sup>1</sup>
RDT&E Total	7.1	6.7	7.6	7.5
RDA Total	21.2	20.6	24.0	22.6

1: Includes \$312M in OCO request to comply with BBA15

- Slows the pace of near-term development and accepts risk in reduced operational overmatch in the mid-term
- Protects Science and Technology (S&T) funding to support the Army of 2025 guided by the Army Operating Concept
- Continues to develop and incrementally improve existing fleet systems to enhance survivability, mobility, and lethality





\$22.6 B ◀



#### **Procurement Summary**

	FY14	FY15	FY16	FY17
Request (\$B)	Actuals	Actual	Enacted	Request
<b>Procurement Total</b>	14.1	13.9	16.4	<b>15.1</b> <sup>1</sup>
Aircraft	4.8	5.2	5.9	3.6
Missiles	1.5	1.2	1.6	1.7
WTCV	1.6	1.7	2.0	2.3
Ammunition	1.4	1.0	1.2	1.5
Other Procurement	4.7	4.7	5.7	6.0

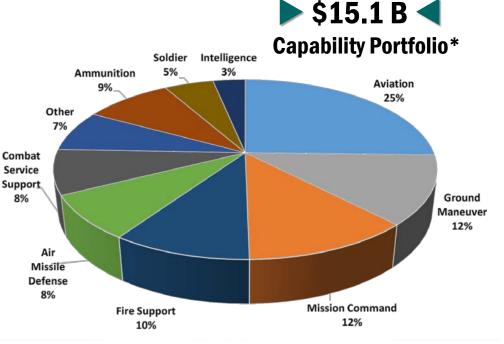
Numbers may not sum due to rounding

1: Includes OCO request to comply with BBA15: Missiles \$150M and Other Procurement \$162M

- Prioritizes modernization of Apache, Black Hawk, and Chinook helicopter fleets in support of the Total Force
- Prioritizes modernization of Abrams and Bradley Mods, Stryker (Double V Hull & Lethality), Paladin Integrated Management, and Joint Light Tactical Vehicle in support of the Combat Vehicle Modernization Strategy
- Modernizes the Mission Command Network to enable Soldiers with information and protected connectivity across all tactical echelons for Unified Land Operations in support of the Joint Force and our multiple partners

\* Small amount of FY17 S&T procurement not reflected in pie chart

Ensure formations possess the appropriate balance of lethality, mobility, situational awareness and protection



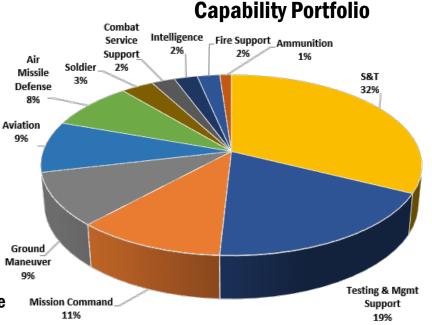
### **RDT&E Summary**

#### 🕨 \$7.5 B ◀

	FY14	FY15	FY16	FY17
Request (\$B)	Actuals	Actuals	Enacted	Request
RDT&E Total	7.1	6.7	7.6	7.5
Basic Research	0.4	0.5	0.5	0.4
Applied Research	0.9	1.0	1.1	0.9
Advanced Technology Dev.	1.0	1.1	1.1	0.9
Demonstration/Validation	0.4	0.3	0.5	0.5
Engineering Manufacturing Dev.	1.9	1.6	2.1	2.3
Testing & Management Support	1.3	1.0	1.1	1.2
Operational System Development	1.0	1.2	1.2	1.4

Numbers may not sum due to rounding

- Invests in key S&T efforts to include Combat Vehicle & Automotive Technology, Joint Multi-Role Helicopter, and High Energy Lasers
- Major engineering and developmental efforts include: Combat Vehicle, Air & Missile Defense, and Aircraft Improvement Programs; Assured Position, Navigation & Timing; and Cyberspace Operations
- Starts Ground Mobility Vehicle and Mobile Protected Firepower to increase
  Brigade Combat Team mobility and lethality in support of the Combat Vehicle Modernization Strategy















#### **Top Procurement Quantities**

Program (\$200M+)	Quan	tities
r togram (\$200017)	FY16	FY17
AH-64E Apache Remanufacture	64	48*
UH-60M Black Hawk	107	36
Joint Light Tactical Vehicle	686	1,828
CH-47F Chinook	39	22
M1 Abrams Tank (MOD) ECP 1A	45	60
Paladin Integrated Management	30	36
Stryker Upgrade	92	123
PAC-3 Missile Segment Enhancement	112	85
Counterfire Radar	13	23
WIN-T Increment 2	Multiple Co	onfig. Items
Bradley Program (MOD) ECP 1& 2	240	337
DCGS-A Increment 1	2,087	2,018
Handheld Manpack Small Form Fit Radios	-	5,656
Family of Medium Tactical Vehicles	166	567
IAMD Battle Command System	-	44









\*An additional 4 AH-64E Block IIIA aircraft requested in OCO funding as Combat Loss Replacements





**Counterfire Radar** 







**HMS Radios** 



15



#### **Facilities**

- MILCON remains at historically low spending levels (prior to investments for Grow the Army, Transformation and BRAC 2005)
- Focuses on replacement of failing and obsolete training, operations and maintenance facilities, cyber capability facility deficits, footprint consolidation, and construction of new facilities for the National Guard and Reserves
  - Regular Army: 15 projects, \$503M
  - Army National Guard: 10 projects, \$233M
  - Army Reserve: 4 projects, \$68M
- Supports U.S. and overseas Army Family Housing operation and maintenance, leases, and new construction (2 projects, \$198M)
- BRAC request supports environmental remediation actions at existing BRAC sites
- Army supports a new BRAC round to reduce excess & also align infrastructure with force structure



Appropriation (\$M)	FY14	FY15	FY16	FY 17
	Actuals	Actuals	Enacted	Request
Military Construction	1,643	958	1,124	805
Army Family Housing	499	417	484	527
Base Realignment and Closure	443	452	32	14
Totals	2,586	1,827	1,640	1,346

Provides the Premier All-Volunteer Army, Families, and Civilians with Facilities to support Readiness and enhance Quality of Life



#### **Other Base Accounts**

#### Cemeterial Expenses, Army (Arlington National Cemetery)

- Provides for operation, maintenance, infrastructure revitalization and construction at Arlington National Cemetery in Arlington, Virginia, and the Soldiers' and Airmen's Home National Cemetery in Washington, D.C.
- ANC is the final resting place for more than 400,000 Regular Army service members, veterans, and their families; as an active cemetery, hosts more than 7,000 burials annually

#### Chemical Agent and Munitions Destruction (DoD Program)

- Provides for destruction of US inventory of lethal chemical agents and munitions as outlined in the Chemical Weapons Convention
- Continues operations at Pueblo Chemical Agent-Destruction Pilot Plant
- Continues systemization at Blue Grass Chemical Agent-Destruction Pilot Plant with projected plant startup in 2018
- Continues the chemical stockpile preparedness program

#### \* Army Working Capital Fund

- Provides for the acquisition of secondary items for Army Prepositioned Stocks
- Supports funding for the acquisition of Paladin Integrated Management (PIM) engines

Appropriation Title (\$M)	FY14 Actuals	FY15 Actuals	FY16 Enacted	FY17 Request
Army National Cemetery and Construction	66	66	80	71
Chemical Agent and Munitions Destruction	1,054	826	700	551
Army Working Capital Fund *	175	239	195	56



<sup>\*</sup> Army Working Capital numbers reflect enacted appropriations



#### **Overseas Contingency Operations**

Request (\$M)	FY14	FY15	FY16	FY17
Request (\$M)	Actuals	Actuals	Enacted	Request
Military Personnel (MILPERS)	5,593	3,190	2,037	<b>2,228</b> <sup>1</sup>
Operation & Maintenance (O&M)	<b>2</b> 3,636 <sup>2</sup>	<b>17,135</b> <sup>2</sup>	12,272 <sup>2</sup>	<b>13,826</b> <sup>2</sup>
Research, Development, & Acquisition (RDA)	1,802	1,676	2,084	<b>2,</b> 563 <sup>3</sup>
Military Construction, Army (MCA)	-	37	-	19
Working Capital Fund (AWCF)	45	-	-	47
Army Total	31,076	22,038	16,393	18,682
Passthrough / Transfer Accounts				
Afghan Security Forces Fund	3,962	4,109	3,652	3,449
Iraq Train & Equip Fund	-	1,618	715	630
Syria Train & Equip Fund	-	-	-	250
Joint Improvised Explosive Device Defeat Fund	879	445	350	_ 4
Afghanistan Infrastructure Fund	199	-	-	-
All Army Appropriations	36,116	28,209	21,110	23,011



2: O&M account does not include Base-to-OCO Transfers: FY14: \$3,100M; FY 15: \$850M; FY16: \$2,200M. Does not include \$1,650M in FY17 OCO request to comply with BBA15

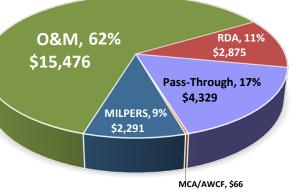
3: RDA account does not include \$312M in FY17 OCO request to comply with BBA15

4: The Joint Improvised Explosive Device Defeat mission has been assumed by a new DOD organization for FY17 and beyond. Partial FY16 and FY17 JIEDDF funding information can be found in the DOD Budget Materials.

- Operation FREEDOM'S SENTINEL (Afghanistan; Horn of Africa) includes Operation Spartan Shield (CENTCOM)
- \* Operation INHERENT RESOLVE (Iraq)
- European Reassurance Initiative (Europe)
- Training for Moderate Syrian Opposition (Levant)









#### **OCO-European Reassurance Initiative**

- Extends Presidential initiative beyond initial two year period
- Continues Brigade Combat Team rotations to Europe
- Increases warfighting capacity on the continent through increased prepositioned equipment stocks
- Continues to provide rotational aviation capability to the European Command Area of Responsibility

	F	FY15		FY16		FY17	
Initiative (\$M)	Α	Actual		Enacted		Request	
Increased Presence	\$	266	\$	320	\$	727	
Build Partner Capacity	\$	3	\$	38	\$	50	
Additional Bilateral & Multilateral							
Exercises & Training	\$	15	\$	61	\$	89	
Setting Conditions	\$	161	\$	91	\$	1,959	
Total	\$	444	\$	509	\$	2,825	



U.S. Army AH-64 helicopter crew, assigned to 12th Combat Aviation Brigade, provides over watch for a Danish Leopard 2 battle tank moving into initial battle position on the live-fire range during Operation White Sword at the Oksbol Training Area, Denmark, Dec. 10, 2015

The Army is key to the EUCOM effort to demonstrate US resolve to assure our European Allies and deter any aggression that could threaten European security



### CONCLUSION

- ✤ The Army's number one priority is readiness.
- Current funding levels constrain the Army's ability to achieve the desired balance between near term readiness for the current environment, and long term modernization required for future security challenges.
- We cannot equip and sustain the entire force with today's most modern equipment and we risk going to war with insufficient readiness.
- Near Term. Builds operational readiness for potential major combat operations while also ensuring deploying units are ready for ongoing contingency operations.
- Long Term. Suppressed defense budgets do not reflect the current global security environment and the velocity of change that requires the Army to be ready now and tomorrow for unforeseen threats to US national security requiring the military instrument of power.
- Sequestration returns in FY18, jeopardizing the Army's ability to support the National Military Strategy

Support of the President's Budget moderates the risks of current threats to US National Security



### The FY 2017 Army Base Budget Request

# Readiness is our Number One Priority There is no other Number One

"We are-and must remain-the world's premier ground force, ready to fight today and prepared to fight tomorrow."

-GEN Milley, Chief of Staff. United States Army 5 October 2015



#### **FOR ADDITIONAL INFORMATION**

This overview provides the highlights of the Army's Budget submitted to the Congress as part of the FY 2017 President's Budget. All Army budget materials are available to the public on the Assistant Secretary of the Army (Financial Management and Comptroller) website.

http://www.asafm.army.mil/offices/BU/BudgetMat.aspx?OfficeCode=1200

