THE CENTER
FOR ARMS CONTROL
AND NON-PROLIFERATION

FISCAL YEAR 2016

Defense Spending Request Briefing Book

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Table of Contents

Fiscal Year 2016 Budget in Context	2
The President's Request	4
Budget Caps and Sequestration	6
Nuclear Weapons and Non-Proliferation	9
Defense Nuclear Non-Proliferation	10
Funding for Selected Weapons Systems	11

The Fiscal Year 2016 Budget in Context

In recent years, the president's budget request has become less of a roadmap for future spending and more an opening bid. At $534 billion, the president's Fiscal Year 2016 (FY16) base Pentagon request is a big jump up from previous years—$35 billion over the spending caps put in place by the 2011 Budget Control Act (BCA) and $38 billion over last year's Fiscal Year 2015 (FY15) request. With an additional $51 billion slated for Overseas Contingency Operations (OCO), the request comes to $585 billion before factoring in nuclear costs at the Department of Energy and additional non-Pentagon defense related activities. The president's OCO request contains $42.5 billion in funding for Afghanistan, $5.3 billion for operations against the Islamic State, and smaller amounts for Iraq, Counterterrorism Partnership Funds (CTPF), European Reassurance Initiative (ERI), and Ebola

The last time the Pentagon's base and OCO accounts exceeded $585 billion was 2012, when defense spending topped $645 billion. In nominal terms, the Pentagon's base budget has never been as high as this year's request, surpassing the second highest request of $530 billion, also in 2012.

But with the possibility of sequestration looming, following a two-year reprieve provided by the Ryan-Murray budget deal, Congress will need to bring base spending down to the Budget Control Act caps, do away with the caps altogether, or create another alternative. Thus the onus is on Congress to agree to a deal to avert sequestration. But President Obama hopes such a deal might include additional revenues, while Republican Members of Congress hope it might include cuts to entitlements—the same old narrative that makes it feel like less than a coincidence that the budget was released on Groundhog Day.

Over the long term, the president's request calls for an even bigger increase in base Pentagon spending, to $570 billion in 2020, with a placeholder of $27 billion for Overseas Contingency Operations (OCO). This figure, if it holds, remains a relatively small decrease in spending for the OCO account. As US combat operations phase out in Afghanistan and US troop levels continue to draw down, a corresponding decrease in funding should be expected. But the president's request sets the stage for an OCO account that would be just as resilient as the budget caps, with neither likely to go quietly. After having drawn criticism for including spending unrelated to the wars in the OCO account, the request promises a plan to phase the OCO account back into the base budget by 2020, however that will remain to be seen. The president specifies that the proposal will "not be possible if the sequester-level discretionary spending caps remain in place."

While the Pentagon may have resigned itself to retaining a fleet of 11 aircraft carriers, its overall budget reveals a continued focus on other major weapons systems. The plan includes $10.6 billion for 57 F-35 fighter jets, $1.6 billion for 19 V-22 Ospreys, $3.4 billion for 16 P-8A Poseidon aircraft, and $1.9 billion for three Littoral Combat Ships, among others. Big spending on weapons is offset by calls to retire the A-10 fleet, launch another BRAC round, and institute greater TRICARE healthcare reforms. However, these are all measures that lawmakers have resisted in the past.

In addition to these major requests, the FY16 budget previews the next decade of nuclear

weapons spending, setting up a major financial liability for future Navy and Air Force budgets. The FY16 request includes funding for the Long Range Strike Bomber, eventually slated to total around $80 billion, the Ohio-class replacement submarine, estimated to add up to at least $90 billion, and upgrades leading to replacement of US land-based nuclear missiles.

On January 22, the Congressional Budget Office (CBO) released a report that estimates that nuclear weapons spending will total $348 billion between FY 2015 and FY 2024. A National Defense Panel Review of the 2014 Quadrennial Defense Review estimates the cost will total $1 trillion over the next three decades.

With such a costly plan on the horizon, the Navy has already begun to advocate for a separate fund to buy new submarines for its leg of the nuclear triad, and the Air Force has floated the same idea for the remaining two legs. The problem is, the money has to come from somewhere. A separate fund would simply move funds from the Air Force and Navy budgets into the defense-wide account, shoving defense-wide (rather than Air Force or Navy) programs out of its way and leaving the Army with an even smaller budget share—a move that is sure to add to an already-shaky relationship between the Army and its slightly more spoiled siblings.

Coming on the heels of the Military Compensation and Retirement Modernization Commission's (MCRMC) final report, compensation reform will be on the minds of many lawmakers as they review the Pentagon's request. Outgoing Defense Secretary Chuck Hagel stated in a speech at the National Defense University in April 2013 that "over a 10-20-year period, we're not going to be able to sustain the current personnel costs and retirement benefits. There will be no money in the budget for anything else."

If nothing is done to lift or work around the BCA caps and stave off sequestration, defense spending, including OCO, will be subject to an across-the-board cut. If Congress is to appropriate at a level that is consistent with current law, some tough choices lie ahead.

Congress must look closely at the tradeoffs as more of the same reluctance to make tough choices just becomes even *more*, and the most expensive programs begin to crowd out those that are essential to the Pentagon's core mission.

The President's Request

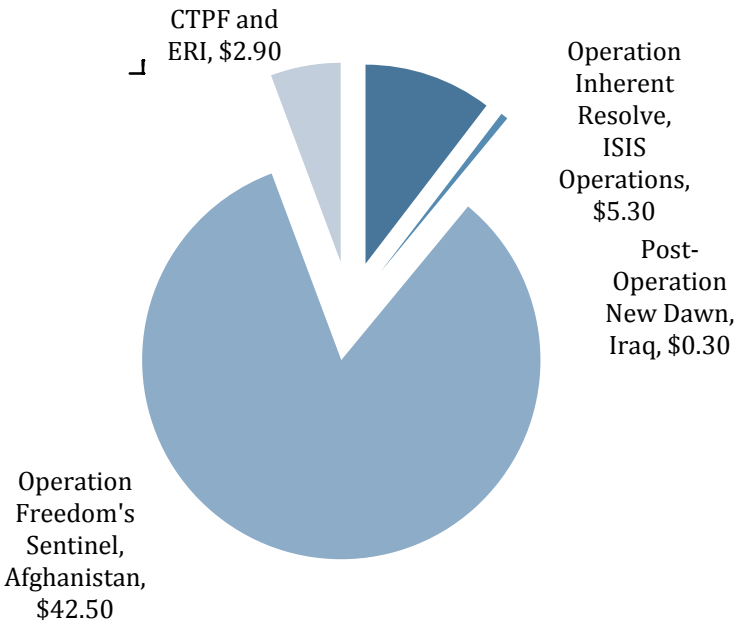
Table 1: Fiscal Year 2016 Discretionary Defense Budget Request

(in billions of current dollars)

FY 2016 Funding Request:	**FY 2015 Enacted:**	**FY 2015 Funding Request:**	**Allocated to:**
534.3	496.1	495.6	Department of Defense Base Budget (051)
50.9	64	63.7[1]	Overseas Contingency Operations (War Funding)[2]
19.1	17.8	18.0	Defense Related Activities at DOE (053)[3]
7.5	7.7	7.7	Other Defense Related Funding (054)
611.9	**586**	**600.7**	**Total Defense Spending Request (050)[4]**

Graph 1: Fiscal Year 2016 Overseas Contingency Operations[5]

(in billions of current dollars)



[1] The President's original FY15 request included a placeholder of $79.4 billion for Overseas Contingency Operations. The request was later updated to reflect current operations. Total funding requested for FY15 is based on the larger, placeholder amount of $79.4 billion.
[2] Includes Counterterrorism Partnership Funds (CTPF), European Reassurance Initiative (ERI), Ebola, and operations against the Islamic State.
[3] Includes funding for the Defense Nuclear Facilities Safety Board and formerly utilized sites remedial action.
[4] Numbers may not add due to rounding.
[5] CTPF: Counterterrorism Partnership Funds; ERI: European Reassurance Initiative

Table 2: Fiscal Year 2016 Discretionary Defense Request by Function

(in billions of current dollars)

FY 2016 Funding Request:	FY 2015 Funding Request	Allocated to:	Delta FY15-FY16	FY16 %	FY15 %
136.7	135.0	Military Personnel	+1.8	25.6%	27.2%
209.8	195.4	Operations & Maintenance	+14.5	39.3%	39.39%
107.7	93.6	Procurement	+14.1	20.2%	18.87%
69.8	63.5	Research and Development (RDT&E)	+6.3	13.1%	12.8%
8.4	6.6	Military Construction/Family Housing	+1.9	1.6%	1.33%
1.8	2.1	Revolving & Management Funds	-0.3	0.3%	0.42%
534.3	496.1	Total[5]	+38.2	100%	100%

Table 3: Fiscal Year 2016 Discretionary Defense Request by Service

(in billions of current dollars)

FY 2016 Funding Request:	FY 2015 Enacted:	Allocated to:	Delta FY15-FY16	FY16 %	FY15 %
126.5	119.5	Army	+7.0	23.7%	24.1%
161.0	149.2	Navy	+11.8	30.1%	30.1%
152.9	136.9	Air Force	+16.0	28.6%	27.6%
94.0	90.6	Defense-Wide	+3.4	17.6%	18.3%
534.3	496.1	Total [6]	+38.2	100%	100%

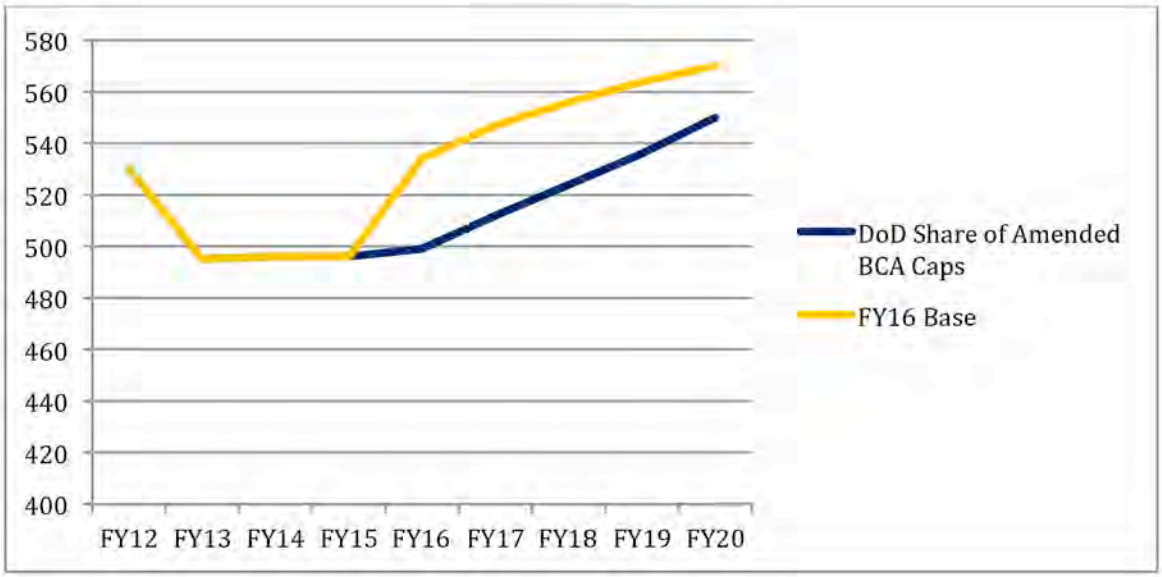
[5] Numbers may not add due to rounding.
[6] Numbers may not add due to rounding.

Budget Caps and Sequestration

Table 4: Fiscal Year 2016 Request vs. Revised Budget Control Act Caps
(in billions of current dollars)

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Amended BCA Caps[7]	555	518	520	521	523	536	549	562	576	590
DoD Share[8]	530	495	496	496	499	512	524	536	550	563
FY16 Base Request					534	547	556	564	570	n/a
Delta					+35	+35	+32	+28	+20	n/a

Graph 2: Fiscal Year 2016 Request vs. Revised Budget Control Act Caps
(in billions of current dollars)



[7] Adjusted to reflect changes made to caps set by the Budget Control Act of 2011 (BCA; S 365; PL 112-75) by the American Taxpayer Relief Act (ATRA; HR 8; PL 112-240) and the Bipartisan Budget Act of 2013 (BBA; HJ Res. 59; PL 113-67).
[8] BCA limits are set for the National Defense budget function (050). Estimates of DoD's share (approximately $95.4%) via CRS "Defense: FY2015 Authorization and Appropriations."

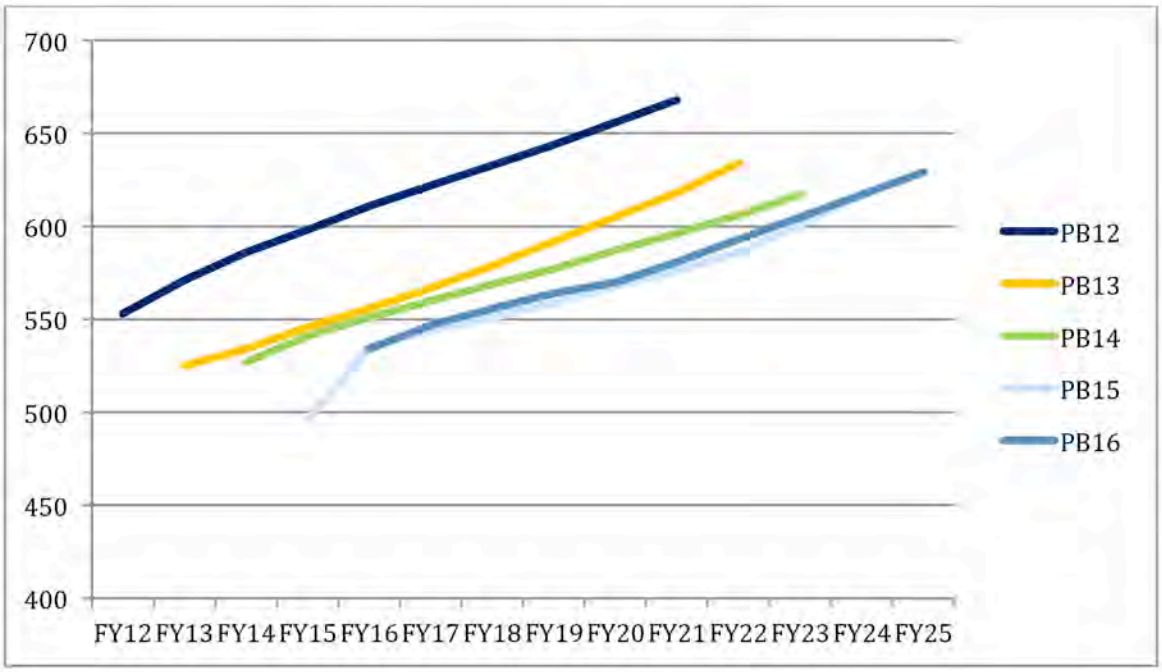
Table 5: Defense Spending Trends Under Revised Budget Control Act Constraints[9]

(in billions of current dollars)

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
PB12	553	571	586	598	611	622	633	644	656	668				
PB13		525	534	546	556	567	579	592	605	618	634			
PB14			527	541	551	560	569	577	587	596	606	617		
PB15				496	535	544	551	559	568	576	586	601	617	
PB16					534	547	556	564	570	581	593	605	617	629

Graph 3: National Defense Trends Under Revised Budget Control Act Constraints[10]

(in billions of current dollars)



[9] Total defense spending via OMB budget documentation for FY2012-FY2016, "Analytical Perspectives", Table 32-1 in the volumes for FY2012 and FY2013; Table 31-1 in the volume for FY2014; Table 28-1 in the volumes for FY2015 and FY2016. PB: President's Budget.

[10] PB: President's Budget.

Graph 4: Department of Defense Topline Since 2001[11]

(in billions of current dollars)

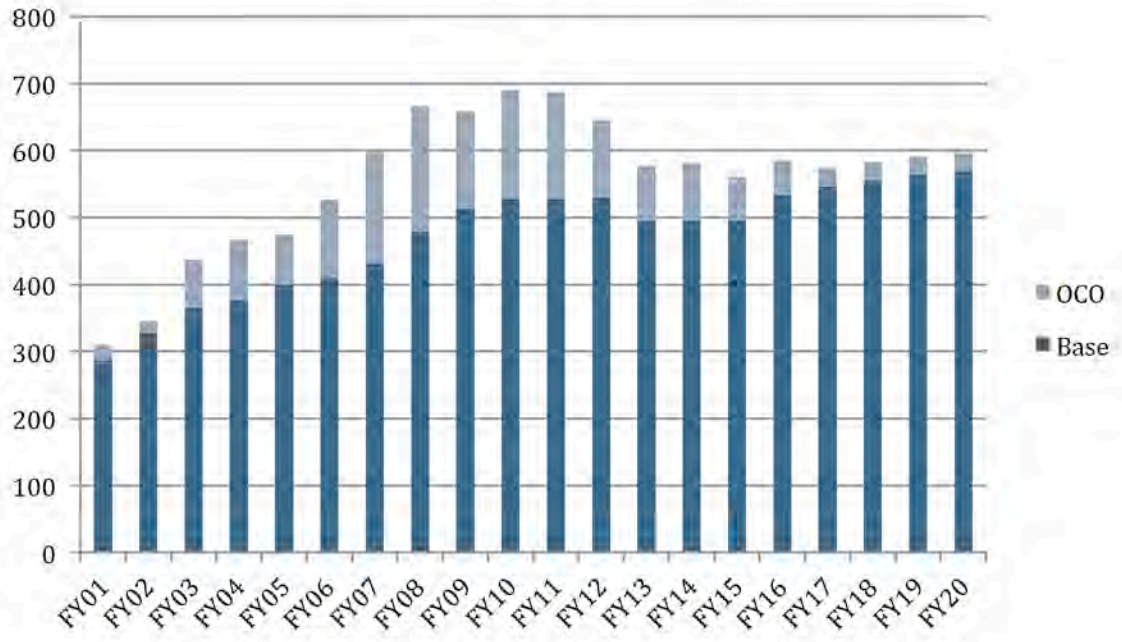


Table 6: Proposed Department of Defense Out-Year Topline[12]

(in billions of current dollars)

Base $	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY16-FY20
Proposed in FY 2015	535.1	543.7	551.4	559.0	567.6	2,756.9
Proposed in FY 2016	534.3	547.3	556.4	564.4	570.0	2,772.4
Delta	-0.8	+3.5	+5.0	+5.4	+2.4	+15.5
Real Growth	+6.2%	+0.8%	-0.2%	-0.6%	-1.0%	+1.0%[13]

[11] Fiscal Year (FY) 01-15 set at enacted level. Overseas Contingency Operations (OCO) funding for FY17-FY20 set at a $27 billion placeholder. FY: Fiscal Year.

[12] Department of Defense. FY2015 Defense Budget Overview. http://1.usa.gov/1dnUtx0

[13] Average annual real growth for FY16-FY20.

Nuclear Weapons and Non-Proliferation

Table 7: Request for Fiscal Year 2016 Defense Activities at Department of Energy
(in billions of current dollars)

FY 2016 Funding Request:	**FY 2015 Enacted:**	**FY 2015 Funding Request:**	**Allocated to:**
1.94	1.62	1.56	Nuclear Non-Proliferation
8.85	8.18	8.31	Weapons Activities
0.40	0.37	0.41	Federal Salaries and Expenses
1.38	1.24	1.38	Naval Reactors
0.77	0.75	0.75	Other Defense Activities
5.53	5.45	5.33	Defense Environmental Cleanup
18.87	**17.61**	**17.74**	**Total DOE Defense Related Spending Request FY 2016**[14]

[14] Numbers may not add due to rounding.

Defense Nuclear Non-Proliferation

Table 8: Request for Fiscal Year 2016 Defense Nuclear Non-Proliferation

(in millions of current dollars)

FY 2016 Funding Request:	**FY 2015 Enacted:**	**FY 2015 Funding Request:**	**Allocated to:**
0	325.8	333.5	Global Threat Reduction Initiative
426.8	0	0	Global Material Security
0	270.9	305.5	International Material Protection and Cooperation
311.6	0	0	Material Management and Minimization
0	430.0	311.1	Fissile Material Disposition
345.0	0	0	Non-Proliferation Construction
0	141.4	141.4	Non-Proliferation and International Security
126.7	0	0	Non-Proliferation and Arms Control
419.3	393.4	360.8	Non-Proliferation Research and Development
234.4	0	0	Nuclear Counterterrorism and Incident Response Program
94.6	102.9	102.9	Legacy Contractor Pensions
-18.1	-23.0	0	Use of Prior Year Balances
1,940.3	**1,641.4**	**1,555.2**	**Total Defense Nuclear Non-Proliferation Request**[15]

[15] Funding for "Global Threat Reduction Initiative," "International Material Protection and Cooperation," and "Non-Proliferation and International Security" shifted to new accounts titled "Global Material Security," "Material Management and Minimization," and "Non-Proliferation and Arms Control" in FY16. Funding for the Mixed Oxide Fuel Fabrication Facility, previously listed under "Fissile Material Disposition," now appears in the "Nonproliferation Construction" account, and some funding from "Weapons Activities," a separate account detailed in Table 7, now appears under "Nuclear Counterterrorism and Incident Response." Total numbers may not add due to rounding.

Funding for Selected Weapons Systems

AIRCRAFT[1]

F-35 Joint Strike Fighter
$8,572.3 million -- FY'15 Total
$11,012.4 million -- FY'16 Request

V-22 Osprey Tiltrotor Aircraft *
$1,641.1 million -- FY'15 Total
$1,582.4 million -- FY'16 Request

C-130J Hercules Military Transport Aircraft
$1,570.9 million -- FY'15 Total
$2,580.0 million -- FY'16 Request

AH-64E Apache New Build Helicopter
$959.4 million -- FY'15 Total
$1,448.3 million -- FY'16 Request

CH-47 Chinook Helicopter
$1,052.5 million -- FY'15 Total
$1,161.3 million -- FY'16 Request

UH-60 Black Hawk Helicopter
$1,521.8 million -- FY'15 Total
$1,629.7 million -- FY'16 Request

P-8A Poseidon Anti-Submarine Warfare (ASW) Aircraft
$2,390.3 million -- FY'15 Total
$3,422.2 million -- FY'16 Request

E-2D Advanced Hawkeye Tactical Airborne Early Warning (AEW) Aircraft
$1,313.0 million -- FY'15 Total
$1,313.2 million -- FY'16 Request

F-22 Raptor Fighter
$531.9 million -- FY'15 Total
$601.7 million -- FY'16 Request

A-10 Warthog Fleet *
$810 million -- FY'15 Total
$428 million -- FY'16 Request

KC-46A Tanker
$2,359.6 million -- FY'15 Total
$3,008.0 million -- FY'16 Request

F-15 Eagle Fighter
$800.1 million -- FY'15 Total
$888.1 million -- FY'16 Request

Long-Range Strike Bomber
$913.7 million -- FY'15 Total
$1,246.2 million -- FY'16 Request

SHIPBUILDING

CVN-78 FORD Class Nuclear Aircraft Carrier
$2,051.2 million -- FY'15 Total
$2,808.3 million -- FY'16 Request

DDG-51 AEGIS Destroyer
$3,018.7 million -- FY'15 Total
$3,470.1 million -- FY'16 Request

Littoral Combat Ship (LCS)
$1,818.5 million -- FY'15 Total
$1,859.5 million -- FY'16 Request

SSN-774 VIRGINIA Class Submarine *
$6,181.5 million -- FY'15 Total
$5,741.0 million -- FY'16 Request

Ohio Class Submarine Replacement Program
$1,223.2 million -- FY'15 Total
$1,390.6 million -- FY'16 Request

Fleet Replenishment Oiler
$0 -- FY'15 Total
$674.1 million -- FY'16 Request

LPD 17 Amphibious Transport Dock Ship *
$1,074.5 million -- FY'15 Total
$668.7 million -- FY'16 Request

MISSILES/ORDNANCE

Advanced Medium Range Air-Air Missile (AMRAAM)
$427.1 million -- FY'15 Total
$665.6 million -- FY'16 Request

Trident II Ballistic Missile Modernization *
$1,270.5 million -- FY'15 Total
$1,206.1 million -- FY'16 Request

Tactical Tomahawk Cruise Missile *
$343.6 million -- FY'15 Total
$210.0 million -- FY'16 Request

B61 Tail Kit Assembly (TKA)
$168.4 million -- FY'15 Total
$212.1 million -- FY'16 Request

Joint Direct Attack Munition (JDAM)
$101.4 million -- FY'15 Total
$559.1 million -- FY'16 Request

Joint Air to Surface Standoff Missile (JASSM)
$342.1 million -- FY'15 Total
$453.4 million -- FY'16 Request

Small Diameter Bomb
$184.2 million -- FY'15 Total
$269.0 million -- FY'16 Request

Long Range Standoff Weapon
$3.4 million -- FY'15 Total
$36.6 million -- FY'16 Request

Hellfire Missiles
$205.9 million -- FY'15 Total
$769.2 million -- FY'16 Request

Evolved Seasparrow Missile *
$213.8 million -- FY'15 Total
$144.0 million -- FY'16 Request

Joint Stand-off Weapon (JSOW) *
$108.0 million -- FY'15 Total
$21.0 million -- FY'16 Request

SELECTED BALLISTIC MISSILE DEFENSE

Ground-Based Midcourse Defense
$1,053.3 million -- FY'15 Total
$1,628.4 million -- FY'16 Request

AEGIS BMD
$1,497.6 million -- FY'15 Total
$1,605.2 million -- FY'16 Request

THAAD *
$725.1 million -- FY'15 Total
$718.2 million -- FY'16 Request

Patriot/PAC-3
$277.6 million -- FY'15 Total
$380.4 million -- FY'16 Request

PAC-3/MSE *
$567.6 million -- FY'15 Total
$417.2 million -- FY'16 Request

Ground-Based Strategic Deterrent
$6.9 million -- FY'15 Total
$75.2 million -- FY'16 Request

SPACE BASED SYSTEMS

Advanced Extremely High Frequency *
$606.0 million -- FY'15 Total
$561.0 million -- FY'16 Request

Evolved Expendable Launch Vehicle (EELV) *
$1,646.0 million -- FY'15 Total
$1,445.0 million -- FY'16 Request

Global Positioning System *
$1,032.0 million -- FY'15 Total
$938.0 million -- FY'16 Request

Space Based Infrared System (SBIRS) *
$754.0 million -- FY'15 Total
$745.0 million -- FY'16 Request

GROUND SYSTEMS

Abrams Tank
$339.5 million -- FY'15 Total
$445.5 million -- FY'16 Request

Joint Light Tactical Vehicle
$227.2 million -- FY'15 Total
$456.9 million -- FY'16 Request

Amphibious Combat Vehicle
$105.7 million -- FY'15 Total
$219.1 million -- FY'16 Request

UNMANNED SYSTEMS

MQ-1B/MQ-1C Predator/Grey Eagle
$337.5 million -- FY'15 Total
$402.1 million -- FY'16 Request

MQ-9 Reaper Unmanned Aerial Vehicle (UAV)
$722.8 million -- FY'15 Total
$903.6 million -- FY'16 Request

RQ-4/MQ-4C Global Hawk/Triton/NATO AGS Unmanned Aerial Vehicle (UAV)
$1074.7 million -- FY'15 Total
$1420.3 million -- FY'16 Request

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[i] Amounts reflect weapons funding included in both the base budget request and the FY 2016 Overseas Contingencies Operations account funding request.

* Indicates that a program's funding has been reduced.