



THE CENTER
FOR ARMS CONTROL
AND NON-PROLIFERATION



FISCAL YEAR 2017

Defense Spending Request Briefing Book

FEBRUARY 2016

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The Fiscal Year 2017 Budget in Context

Introduction

The Fiscal Year 2017 Defense Department requests \$523.9 billion for the annual “base” budget, which is \$2.2 billion more than current levels, and \$10.4 billion below last year's request. This amount does not include certain other security spending, including funding for nuclear weapons-related work in the Department of Energy. Nor does it include an additional request of \$58.8 billion for the Pentagon's portion of the Overseas Contingency Operations (OCO) account – also referred to as “war funding.” As an uncapped account, the OCO fund is often used to push military spending above the maximum levels allowed by law. On its own, OCO would represent the fifth largest United States federal agency by budget.

In the weeks prior to the Administration's release of the request, Defense Secretary Ashton Carter previewed some of the highlights of the Pentagon's FY 2017 budget proposal in a series of speeches. According to Secretary Carter, five evolving challenges helped shape this year's request. The first two – Europe/Russia and Asia-Pacific/China – reflect a renewed emphasis on “great power competition.” The remaining three are North Korea, Iran, and continuing efforts to defeat terrorism, especially the Islamic State (ISIL, ISIS).

Overseas Contingency Operations

The \$58.8 billion request for OCO includes:

- \$42 billion for military operations in Afghanistan and training Afghan security forces (Operation Freedom's Sentinel)
- \$7.5 billion for operations in Iraq and Syria (Operation Inherent Resolve) and anti-terrorism funding and operations against the Islamic State
- \$3.4 billion for the European Reassurance Initiative (ERI)
- \$1.0 billion for Counterterrorism Partnership Funds
- \$5.2 billion for “Budget Act Compliance,” which ensures that the total OCO request meets the amount specified in the 2015 Budget Act.

DoD officials have indicated that Budget Act Compliance funding will be used for any unplanned requirements traditionally funded in OCO accounts or to meet unfunded needs in the Pentagon's base budget.

The war funding request is considered too low by Republican defense hawks in Congress, who believe OCO should be drastically increased. In the House, 34 Republicans have already urged the House Budget Committee to increase the Pentagon budget by at least an additional \$15-\$23 billion.

In addition to the \$59 billion OCO funding requested for the Pentagon, the Administration is also proposing \$14.9 billion for OCO in the State Department FY 2017 request. This amount is also specified under the 2015 Budget Act. The total amount requested for the Department of State and Other International Programs (State/OIP) is \$52.7 billion.

New Spending Limits

The Budget Act of 2015 (P.L. 114-74) amended the Budget Control Act of 2011 and set new overall limits for discretionary spending – funding which the President requests and Congress must approve each year – for fiscal years 2016 and 2017. Under the Act, “security” spending for FY 2017 is set at \$551.1 billion (up from \$548.1 billion in FY 2016), plus the additional \$58.7 billion for OCO. Discretionary non-security spending is capped at \$518.53 billion in FY 2017.

According to the Pentagon Comptroller, Under Secretary of Defense Mike McCord, the Pentagon funding level set out in the 2015 Budget Act is about \$22 billion below what the Defense Department had planned to spend in FY 2017. As a result, a number of anticipated funding requests were cut to comply with the new spending limits.

Compared to previous projections, the FY 2017 reduces funding for Apache and Blackhawk helicopters, the F-35, and the V-22 Osprey. It also reduces total shipbuilding by \$1.8 billion and military construction by \$1.1 billion.

To achieve long-term savings, the budget proposes a planned reduction of purchased Littoral Combat Ships from 52 to 40 vessels and delays the retirement of the A-10 Warthog attack fighter until 2022, when the F-35 is expected to become fully operational. The Pentagon is also seeking congressional approval to conduct a new round of military base closures (BRAC) in FY 2019.

Nuclear Modernization & Non-Proliferation

The request supports the Administration’s nuclear weapons modernization plans, which aim to rebuild the entire nuclear arsenal simultaneously at a cost of up to \$1 trillion over 30 years, an impending challenge that likely requires conventional tradeoffs to fully achieve. It includes funding for a new long-range bomber, a new nuclear-capable cruise missile and warhead, and an updated land-based intercontinental ballistic missile (ICBM). The proposal also includes funding to begin construction of the first vessel in the "Ohio" class ballistic missile submarine replacement program in FY 2021.

The budget proposes a \$132 million cut to the Defense Nuclear Non-Proliferation account compared to the amount enacted last year. These cuts include a \$90 million reduction of the Global Material Security program, which works to reduce and protect vulnerable nuclear and radiological material located around the globe, and a further \$25 million cut for non-proliferation research and development.

The President's Request

Table 1: Discretionary Defense Request for Fiscal Year 2017

(in billions of current dollars)

| FY 2016 Enacted: | FY 2017 Funding Request: | Allocated to: |
|------------------|--------------------------|---|
| 521.7 | 523.9 | Department of Defense Base Budget (051) |
| 58.6 | 58.8 | Overseas Contingency Operations (War Funding) |
| 20 | 20.5 | Defense Related Activities at DOE (053) |
| 8.3 | 8.4 | Other Defense Related Funding (054) |
| 608.6 | 611.6 | Total Defense Spending Request (050) |

Graph 1: Fiscal Year 2017 Overseas Contingency Operations
(in billions of current dollars)

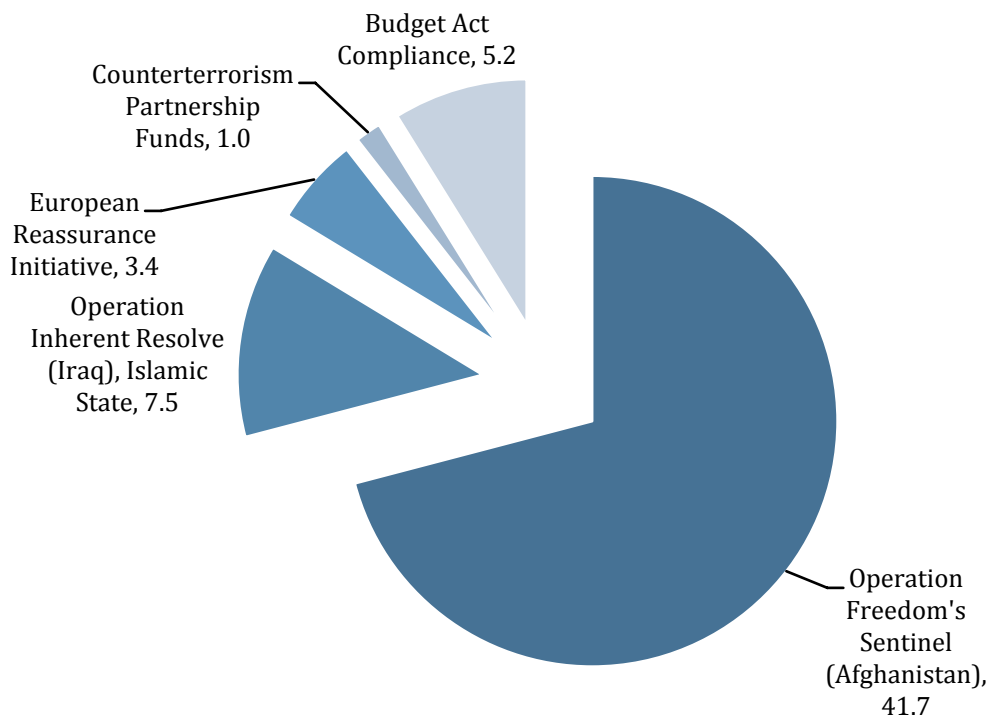
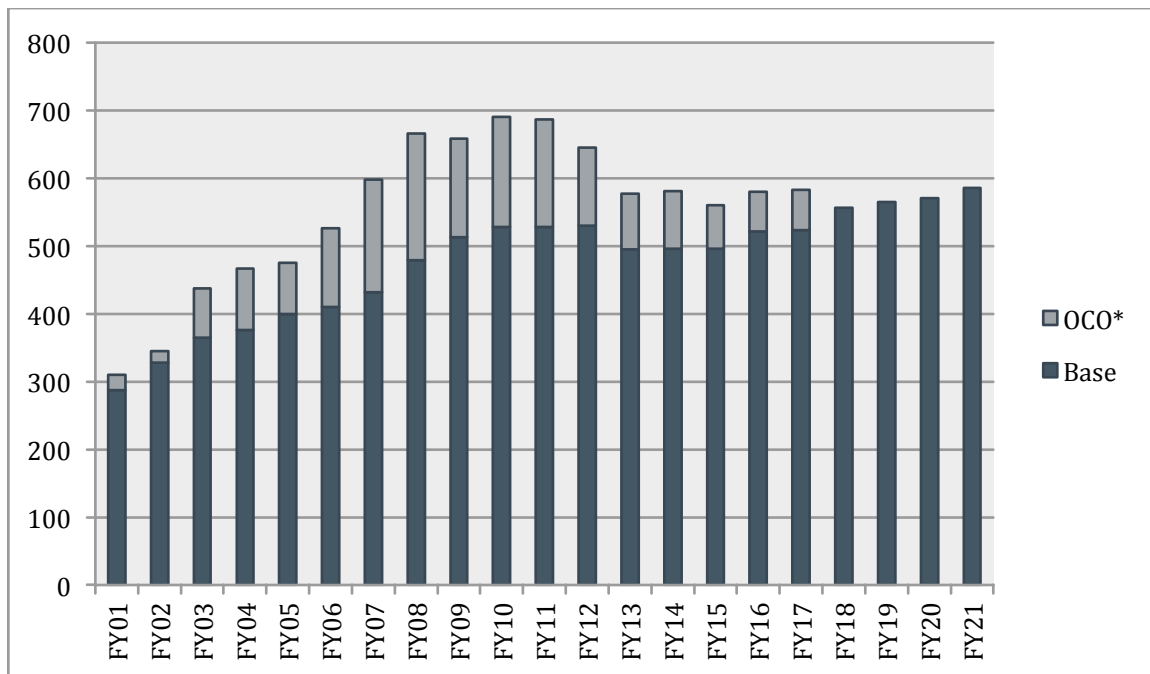


Table 2: National Defense Spending by Selected Years

| Time Period | FY Enacted: | National Defense Spending: (in billions of 2009 dollars) |
|--------------------------------|--------------------|---|
| World War II | 1945 | 994 |
| Korean War Peak Spending | 1953 | 532 |
| Vietnam War Peak Spending | 1968 | 523 |
| President Reagan Peak Spending | 1988 | 532 |
| Current Spending | 2016 | 569 |

Graph 2: Department of Defense Topline Since 2001
(in billions of current dollars)



*Future OCO projections not included

Table 3: Fiscal Year 2017 Discretionary Defense Request by Function
(in billions of current dollars)

| FY 2016 Enacted: | FY 2017 Funding Request: | Allocated to: | Delta FY16-FY17 | FY16 % | FY17 % |
|------------------|---------------------------------|----------------------------------|-----------------|--------|--------|
| 135.3 | 135.3 | Military Personnel | -0.061 | 25.9% | 25.8% |
| 197.5 | 205.9 | Operations & Maintenance | +8.4 | 37.9% | 39.3% |
| 110.7 | 102.6 | Procurement | +33.8 | 21.2% | 19.6% |
| 68.8 | 71.4 | Research and Development (RDT&E) | +2.6 | 13.2% | 13.6% |
| 8.2 | 7.4 | Construction/Family Housing | -0.7 | 1.6% | 1.4% |
| 1.2 | 1.4 | Revolving & Management Funds | +0.2 | 0.2% | 0.3% |
| 521.7 | 523.9 | Total* | +2.2 | 100% | 100% |

*May not add up due to rounding

Table 4: Fiscal Year 2017 Discretionary Defense Request by Service
(in billions of current dollars)

| FY 2016 Enacted: | FY 2017 Funding Request: | Allocated to: | Delta FY16-FY17 | FY16 % | FY17 % |
|------------------|---------------------------------|---------------|-----------------|--------|--------|
| 123.3 | 123.0 | Army | -0.3 | 23.6% | 23.5% |
| 159.3 | 155.4 | Navy | -4.0 | 30.5% | 29.7% |
| 145.7 | 151.1 | Air Force | +5.4 | 27.9% | 28.8% |
| 93.4 | 94.5 | Defense-Wide | +1.1 | 17.9% | 18.0% |
| 521.7 | 523.9 | Total* | +2.2 | 100% | 100% |

*May not add up due to rounding

Table 5: Proposed Department of Defense Out-Year Topline

(in billions of current dollars)

| Base \$ | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY17-FY21 |
|----------------------------|---------|---------|---------|---------|---------|-----------|
| Proposed in FY 2016 | 547.3 | 556.4 | 564.4 | 570.0 | 581.4 | 2,819.5 |
| Proposed in FY 2017 | 523.9 | 556.7 | 564.8 | 570.4 | 585.2 | 2,801.1 |
| Delta | -23.4 | +0.3 | +0.5 | +0.4 | +3.8 | -18.5 |
| FY 17 Real Change | -0.8% | +5.0% | +0.3% | -0.1% | +1.4% | +1.2% |



Picture 1 F-35 Lightning II Prototype (X-35A)

Nuclear Weapons and Non-Proliferation

Table 6: Fiscal Year 2017 Request for National Nuclear Security Administration (NNSA)

(in billions of current dollars)

| FY 2016 Enacted: | FY 2017 Funding Request: | Allocated to: |
|------------------|--------------------------|-------------------------------|
| 1.94 | 1.81 | Nuclear Non-Proliferation |
| 8.85 | 9.24 | Weapons Activities |
| 0.36 | 0.41 | Federal Salaries and Expenses |
| 1.38 | 1.42 | Naval Reactors |
| 12.53 | 12.88 | Total NNSA Request* |

*May not add up due to rounding

Table 7: Fiscal Year 2017 Request for Defense Nuclear Non-Proliferation

(in millions of current dollars)

| FY 2016 Enacted | FY 2017 Funding Request: | Allocated to: |
|-----------------|--------------------------|---|
| 426.8 | 337.1 | Global Material Security |
| 316.6 | 341.1 | Material Management and Minimization |
| 340 | 270 | Non-Proliferation Construction |
| 130.2 | 124.7 | Non-Proliferation and Arms Control |
| 419.3 | 393.9 | Non-Proliferation Research and Development |
| 234.4 | 271.9 | Nuclear Counterterrorism and Incident Response Program |
| 94.6 | 83.2 | Legacy Contractor Pensions |
| -21.6 | -14 | Prior Year Balance |
| 1,940.3 | 1,807.9 | Total Defense Nuclear Non-Proliferation Request* |

*May not add up due to rounding

Table 8: Review of Defense Nuclear Non-Proliferation Funding over last Five Years

| | FY13 Enacted | FY14 Enacted | FY15 Enacted | FY16 Enacted | FY17 Requested | FY17 vs. FY16 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|---------------------------|--------------------------|
| Defense Nuclear Non-Proliferation | \$2.4 billion | \$1.95 billion | \$1.62 billion | \$1.94 billion | \$1.81 billion | - \$130 million |
| Core Non-Proliferation Programs* | \$1.97 billion | \$1.51 billion | \$1.27 billion | \$1.36 billion | \$1.27 billion | - \$90 million |

*Excludes Nuclear Counterterrorism program, which was transferred from Weapons Activity to Nonproliferation account in FY2016. Also excludes Non-Proliferation Construction program.

Graph 3: Review of Defense Nuclear Non-Proliferation Funding over last Five Years

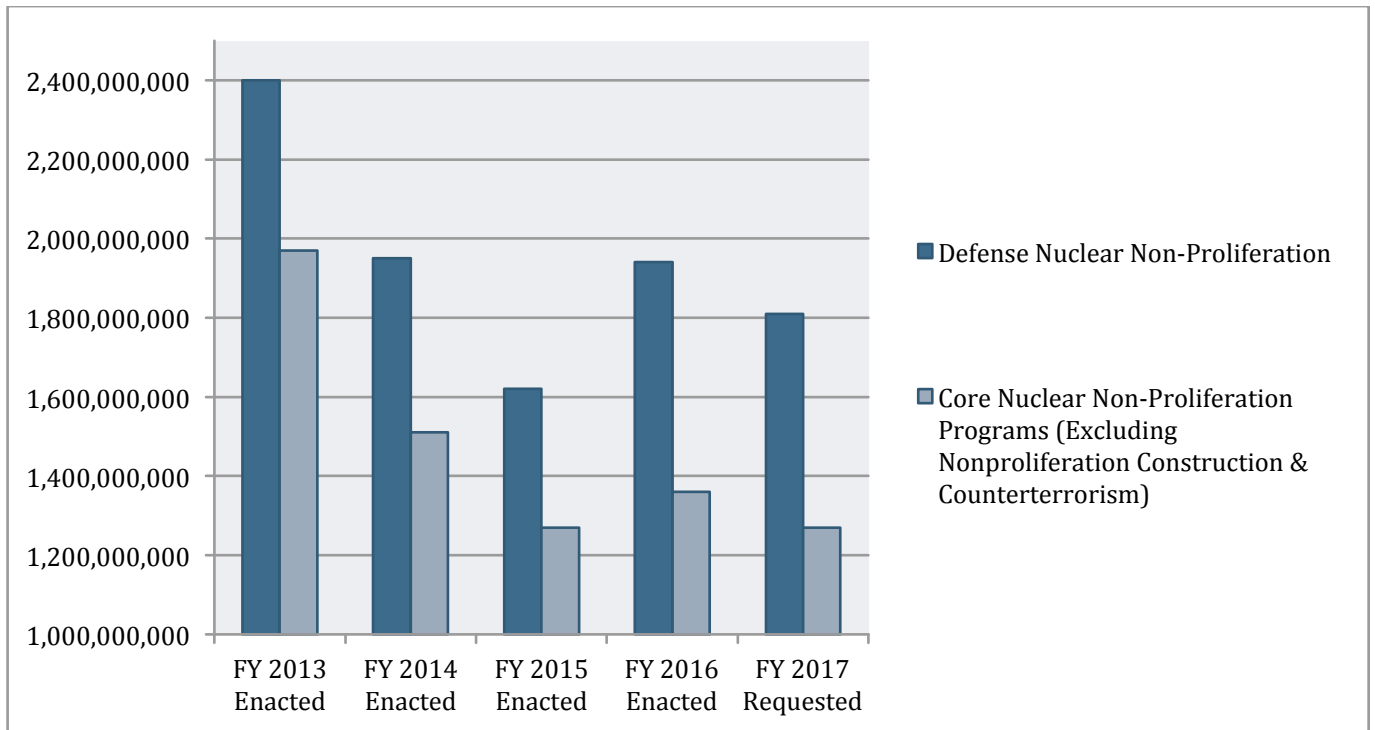


Table 9: Request for Fiscal Year 2017 Selected Nuclear Weapons

(in millions of current dollars)

| FY 2016 Enacted: | FY 2017 Funding Request: | Allocated to: |
|-------------------------|---------------------------------|--|
| 736.2 | 1,358.3 | Long Range Strike Bomber* |
| 1,390.7 | 1,864.3 | Ohio Submarine Replacement Program |
| 212.1 | 137.9 | B61 Tail Kit Assembly |
| 1,199 | 1,220.6 | Trident II Ballistic Missile Modifications |
| 75.2 | 113.9 | Ground Based Strategic Deterrent |
| 16.1 | 95.6 | Long-Range Standoff Weapon |
| 195.0 | 220.3 | W80-4 Nuclear Warhead |
| 643.3 | 616.1 | B61-12 Nuclear Life Extension Program |
| 244.0 | 222.9 | W76-1 Nuclear Life Extension Program |
| 220.2 | 281.3 | W88 Nuclear Life Extension Program |

*Long Range Strike Bomber will serve both conventional and nuclear missions

Funding for Selected Weapons Systems

AIRCRAFT

F-35 Joint Strike Fighter
\$11,602.4 million (68 aircraft) – FY'16 Total
\$10,504.5 million (63 aircraft) – FY'17
Request

F-22 Raptor Fighter
\$555.6 million – FY'16 Total
\$704.4 million – FY'17 Request

F/A-18E/F Super Hornet Fighter
\$350.0 million (5 aircraft) – FY'16 Total
\$184.9 million (2 aircraft) – FY'17 Request

V-22 Osprey Tiltrotor Aircraft
\$1,609.0 million (20 aircraft) – FY'16 Total
\$1,474.9 million (16 aircraft) – FY'17
Request

C-130J Hercules Military Transport Aircraft
\$2,462.2 million (29 aircraft) – FY'16 Total
\$1,339.1 million (14 aircraft) – FY'17
Request

AH-64E Apache Helicopter
\$1,419.0 million (64 upgrades) – FY'16 Total
\$1,132.6 million (52 upgrades) – FY'17
Request

CH-47 Chinook Helicopter
\$1,136.3 million (39 aircraft) – FY'16 Total
\$681.8 million (22 aircraft) – FY'17 Request

UH-60 Black Hawk Helicopter
\$1,768.5 million (107 aircraft) – FY'16 Total
\$976.1 million (36 aircraft) – FY'17 Request

P-8A Poseidon Anti-Submarine Warfare
(ASW) Aircraft
\$3,372.7 million (17 aircraft) – FY'16 Total
\$2,165.2 million (11 aircraft) – FY'17
Request

E-2D Advanced Hawkeye Tactical Airborne
Early Warning (AEW) Aircraft
\$1,249.9 million (5 aircraft) – FY'16 Total
\$1,399.6 million (6 aircraft) – FY'17 Request

KC-46A Tanker
\$2,995.9 million (12 aircraft) – FY'16 Total
\$3,318.5 million (15 aircraft) – FY'17
Request

F-15 Eagle Fighter
\$1,041.3 million – FY'16 Total
\$768.5 million – FY'17 Request

Long-Range Strike Bomber (B-3)
\$736.2 million – FY'16 Total
\$1,358.3 million – FY'17 Request

SHIPBUILDING

CVN-78 "Ford" Class Nuclear Aircraft Carrier
\$2,771.9 million – FY'16 Total
\$2,786.4 million – FY'17 Request

DDG-51 Aegis Destroyer
\$4,449.1 million (2 ships) – FY'16 Total
\$3,498.3 million (2 ships) – FY'17 Request

Littoral Combat Ship (LCS)
\$1,816.3 million (3 ships) – FY'16 Total
\$1,598.9 million (2 ships) – FY'17 Request
NOTE: The Pentagon announced as part of
the FY'17 request that it was reducing the
total number of LCS vessels purchased from
52 to 40.

SSN-774 "Virginia" Class Submarine
\$5,741.7 million (2 subs) – FY'16 Total
\$5,322.3 million (2 subs) – FY'17 Request

"Ohio" Class Submarine Replacement
Program
\$1,390.7 million – FY'16 Total
\$1,864.3 million – FY'17 Request

LHA(R) "America" Class Amphibious
Assault Ship
\$497.7 million – FY'16 Total
\$1,648.2 million (1 ship) – FY'17 Request

MISSILES/ORDNANCE

Advanced Medium Range Air-Air Missile (AMRAAM)

\$665.4 million (429 missiles) – FY'16 Total

\$661.7 million (419 missiles) – FY'17 Request

Trident II Ballistic Missile Modernization

\$1,199.0 million – FY'16 Total

\$1,220.6 million – FY'17 Request

Tactical Tomahawk Cruise Missile

\$297.8 million (149 missiles) – FY'16 Total

\$298.1 million (100 missiles) – FY'17 Request

B61 Tail Kit Assembly (TKA)

\$212.1 million – FY'16 Total

\$137.9 million – FY'17 Request

Joint Direct Attack Munition (JDAM)

\$565.3 million (23,796 units) – FY'16 Total

\$778.9 million (33,443 units) – FY'17 Request

Joint Air-to-Surface Standoff Missile (JASSM)

\$436.2 million (340 missiles) – FY'16 Total

\$462.0 million (360 missiles) – FY'17 Request

Small Diameter Bomb

\$224.5 million (1,977 units) – FY'16 Total

\$423.2 million (4,507 units) – FY'17 Request

Hellfire Missiles

\$762.9 million (6,639 missiles) – FY'16 Total

\$685.5 million (5,846 missiles) – FY'17 Request

Long Range Standoff Weapon

\$16.1 million – FY'16 Total

\$95.6 million – FY'17 Request

Ground-Based Strategic Deterrent (New ICBM)

\$75.2 million – FY'16 Total

\$113.9 million – FY'17 Request

SELECTED BALLISTIC MISSILE DEFENSE

Ground-Based Midcourse Defense

\$1,613.5 million – FY'16 Total

\$1,192.7 million – FY'17 Request

AEGISBMD

\$1,621.1 million – FY'16 Total

\$1,568.0 million – FY'17 Request

THAAD

\$686.5 million – FY'16 Total

\$639.9 million – FY'17 Request

Patriot/PAC-3

\$364.4 million – FY'16 Total

\$315.7 million – FY'17 Request

PAC-3/MSE Missile

\$517.2 million – FY'16 Total

\$423.2 million – FY'17 Request

SPACE BASED SYSTEMS

Advanced Extremely High Frequency

\$555.5 million – FY'16 Total

\$904.7 million – FY'17 Request

Evolved Expendable Launch Vehicle (EELV)

\$1,478.7 million – FY'16 Total

\$1,803.0 million – FY'17 Request

Global Positioning System

\$870.6 million – FY'16 Total

\$847.4 million – FY'17 Request

Space Based Infrared System (SBIRS)

\$834.2 million – FY'16 Total

\$544.5 million – FY'17 Request

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GROUND SYSTEMS

Abrams Tank
\$508.5 million – FY'16 Total
\$558.7 million – FY'17 Request

Joint Light Tactical Vehicle
\$374.5 million – FY'16 Total
\$735.4 million – FY'17 Request

Amphibious Combat Vehicle
\$212.2 million – FY'16 Total
\$158.7 million – FY'17 Request

UNSTAFFED SYSTEMS

MQ-1B/MQ-1C Predator/Grey Eagle
\$453.6 million – FY'16 Total
\$120.8 million – FY'17 Request

MQ-9 Reaper Unmanned Aerial Vehicle (UAV)
\$1,102.9 million – FY'16 Total
\$1,085.9 million – FY'17 Request

AGS Unmanned Aerial Vehicle (UAV)
\$1,384.0 million – FY'16 Total
\$1,102.2 million – FY'17 Request