



U.S. ARMY

# Army FY 2018 Budget Overview

May 2017

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Director, Army Budget





# Globally Committed:

## Why the Army must be ready today and prepared for tomorrow

### DETER RUSSIA



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

### SUPPORT TO AFGHANISTAN SECURITY FORCES



The US Army remains committed to training Afghan forces, and supporting counterterrorism operations against the remaining opposition forces

### DESTROY ISIS



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

### ENGAGE ASIA / DETER NORTH KOREA



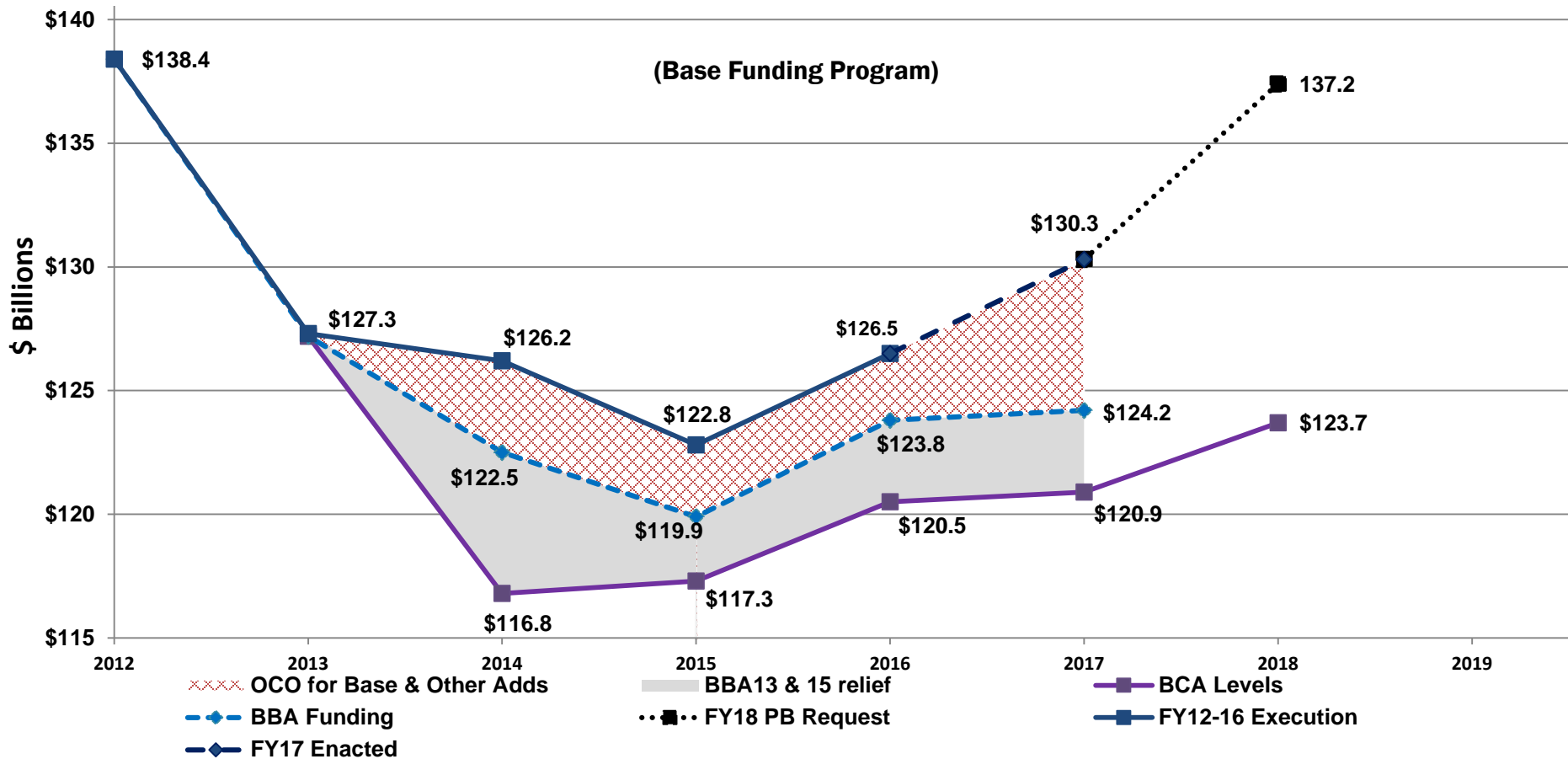
The US Army contributes to Asia Pacific regional security and stability to deter North Korean aggression and assure Pacific partners

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.



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# 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.

❖ The funding received through the FY17 RAA provided the Army additional base funding to support critical warfighter readiness requirements.

❖ BBA15 repeats the oscillating 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 base funding requirements is now standard practice.



# FY 2018 Budget Highlights

**The Army's FY 2018 Budget Request provides critical capabilities to conduct operations, sustain readiness, and make progress toward a more modern, capable, and lethal Army**

- ❖ **Supports Globally Committed Warfighter**
- ❖ **Restores/Builds Warfighter Readiness**
- ❖ **Builds Decisive Action Capability for Major Combat Operations**
- ❖ **Sustains 1,018K Army**
- ❖ **Retains Counter Terrorism/Counter Insurgency Competencies**
- ❖ **Increases Global Responsiveness**
- ❖ **Supports Regional Engagements**
- ❖ **Supports Our People**
- ❖ **Advances Soldier and Technological Overmatch**
- ❖ **Increases Investments to address failing Infrastructure**
- ❖ **Improves Accountability and Stewardship**



U.S. and Polish Soldiers conduct training: Poland



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# FY 2018 Budget Request

(Base Funding Program)

| Request (\$B)                                 | FY16 Actuals             | FY17 Enacted             | FY18 Request |
|---|--------------------------|--------------------------|--------------|
| <b>Military Personnel</b>                     | <b>55.9</b>              | <b>55.5</b>              | <b>58.0</b>  |
| <b>Operation and Maintenance <sup>1</sup></b> | <b>45.4<sup>2</sup></b>  | <b>46.2<sup>4</sup></b>  | <b>49.4</b>  |
| <b>Procurement/RDTE</b>                       | <b>24.3</b>              | <b>26.2</b>              | <b>26.8</b>  |
| <b>Military Const/Family Housing/BRAC</b>     | <b>1.9</b>               | <b>1.5</b>               | <b>1.8</b>   |
| <b>Other Base (CAMD/AWCF/ANC)</b>             | <b>0.9</b>               | <b>0.9</b>               | <b>1.1</b>   |
| <b>Totals</b>                                 | <b>128.4<sup>2</sup></b> | <b>130.3<sup>3</sup></b> | <b>137.2</b> |

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

1: Includes Environmental Restoration Account (ERA) funding

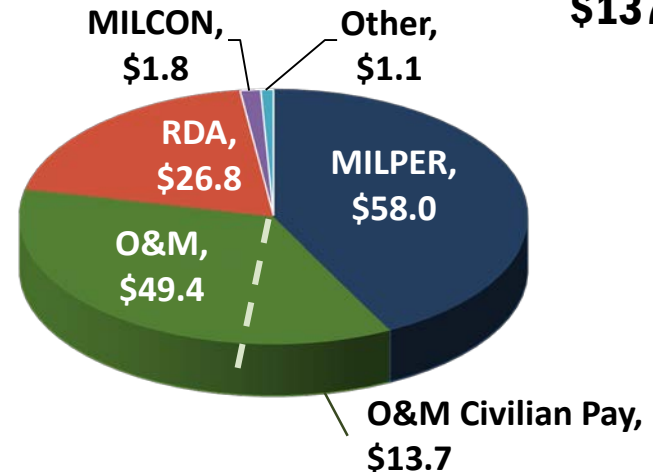
2: Includes \$2.7B Base-to-OCO Transfer

3: Includes \$6.1B in OCO for base requirements

4: Amount adjusted for fuel rates and foreign currency fluctuation reductions

**Base Request**  
**\$137.2B**

- ❖ In the FY18 Defense Budget Request, the Army's topline base funding grew by 5.1% from the total FY17 enacted budget
- ❖ Growth in the FY18 base budget funds the Army's readiness requirements at the higher end strength, primarily in:
  - ❖ Military Personnel ~4.6% ▲
  - ❖ Operations & Maintenance ~6.7% ▲





# Military End Strength

- ❖ All components maintain end strength Authorized in 2017 NDAA
- ❖ Prioritizes manning requirements in the operating force over the generating force
- ❖ Army continues to assess its end strength & force structure requirements to best meet current and future operational commitments



U.S. Army Soldiers conduct training: Germany

| Component           | FY16<br>Actuals  | FY17<br>Authorized | FY18<br>Request  |
|---------------------|------------------|--------------------|------------------|
| Regular Army        | 475,400          | 476,000            | 476,000          |
| Army National Guard | 341,590          | 343,000            | 343,000          |
| Army Reserve        | 198,395          | 199,000            | 199,000          |
| <b>Totals</b>       | <b>1,015,385</b> | <b>1,018,000</b>   | <b>1,018,000</b> |



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# Military Personnel

- ❖ Accounts for full year 1,018,000 end strength, compensation with 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 1,018,000 end strength



| Appropriation Title (\$B)              | FY16 Actuals | FY17 Enacted | FY18 Request |
|--|--------------|--------------|--------------|
| Regular Army                           | 40.5         | 40.0         | 41.8         |
| Army National Guard                    | 8.0          | 8.1          | 8.4          |
| Army Reserve                           | 4.5          | 4.5          | 4.8          |
| Medicare Eligible Ret Health Care Fund | 2.9          | 3.0          | 3.3          |
| <b>Totals</b>                          | <b>55.9</b>  | <b>55.5</b>  | <b>58.3</b>  |

| Requested Rate Increases (Effective 1 Jan 18) | FY18 |
|---|------|
| Basic Pay                                     | 2.1% |
| Basic Allowance for Housing                   | 2.9% |
| Basic Allowance for Subsistence               | 3.4% |



# Operation and Maintenance (Regular Army)



## ❖ Trains the Force

- Continues to rebuild Readiness
- Resources 19 Combat Training Center rotations - 15 Regular Army and 4 ARNG
- Provides for home station training focused on counter insurgency and decisive action
- Sustains leader development and functional training for the Total Army

## ❖ Operates the Force

- Supports the Combatant Commanders' requirements; providing ready and responsive Soldiers
- Maintains Cyber Funding for Defensive Cyber Operations (DCO), Infrastructure, Cybersecurity, and continues Cyber force training
- Maintains power projection and security cooperation

## ❖ Sustains the Force

- Prioritizes rapid global response and force projection readiness
- Funds depot maintenance

## ❖ Installation/Enterprise Support

- Resources critical Family and Soldier programs, installation security, and IT services
- Invests in facility restoration and modernization to improve operational and training readiness

| Appropriation Title (\$B) | FY16<br>Actuals   | FY17<br>Enacted   | FY18<br>Request |
|---------------------------|-------------------|-------------------|-----------------|
| Regular Army (OMA)        | 36.1 <sup>1</sup> | 36.2 <sup>2</sup> | 38.9            |

1: \$2.5B OCO-to-Base Transfer

2: \$3.6B OCO-to-Base Transfer





# Operation and Maintenance (Reserve Components)

## ❖ The Operation and Maintenance, Army National Guard

- Continues the process of improving readiness
- Increases lethality and Warfighting capability of NG units
- Increases ARNG CTC rotations from two to four
- Sustains commitment to Soldier and Family programs
- Invests in facility sustainment to improve readiness

## ❖ The Operation and Maintenance, Army Reserve

- Continues the process of improving readiness
- Provides ready critical enablers to Combatant Commanders
- Supports 77 functional and multifunctional support brigades
- Funds base operations for 3 installations and approximately 840 Reserve centers



U.S. Army Soldiers conduct training: Italy

| Appropriation Title (\$B)  | FY16 <sup>1</sup><br>Actuals | FY17 <sup>2</sup><br>Enacted | FY18<br>Request |
|----------------------------|------------------------------|------------------------------|-----------------|
| Army National Guard (OMNG) | 6.6                          | 7.0                          | 7.3             |
| Army Reserve (OMAR)        | 2.7                          | 2.8                          | 2.9             |

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

2: Includes OCO-to-Base transfers for ARNG: \$60M; USAR: \$15M



# Modernization Summary (Base)

| Request (\$B)     | FY16<br>Actuals | FY17<br>Enacted   | FY18<br>Request |
|-------------------|-----------------|-------------------|-----------------|
| Procurement Total | 16.4            | 17.8 <sup>1</sup> | 17.4            |
| RDT&E Total       | 7.9             | 8.4               | 9.4             |
| <b>RDA Total</b>  | <b>24.3</b>     | <b>26.2</b>       | <b>26.8</b>     |

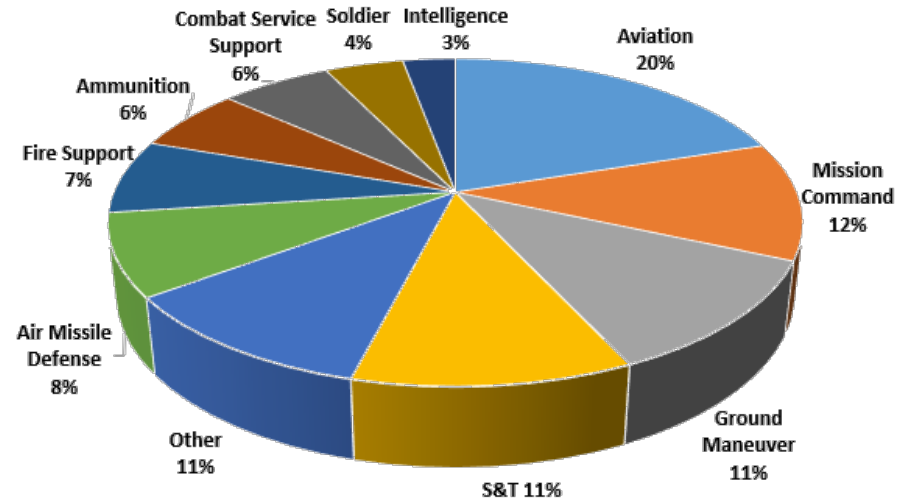
1: Includes \$1.,805M in OCO request to comply with BBA15

- Priorities**
1. Air & Missile Defense
  2. Long-Range Fires
  3. Munitions Shortfall
  4. Mobility, Lethality, and Protection of BCTs
  5. Active Protection Systems
  6. Assured PNT
  7. EW/ SIGINT
  8. Cyber (Offensive & Defensive)
  9. Assured Communications
  10. Vertical Lift

- ❖ **Prioritizes systems critical to Soldier and Unit readiness**
- ❖ **Increases the pace of near-term development and reduces risk in 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 improve existing fleet systems to enhance survivability, mobility, and lethality**

▶ **\$26.8 B** ◀

## Capability Portfolios





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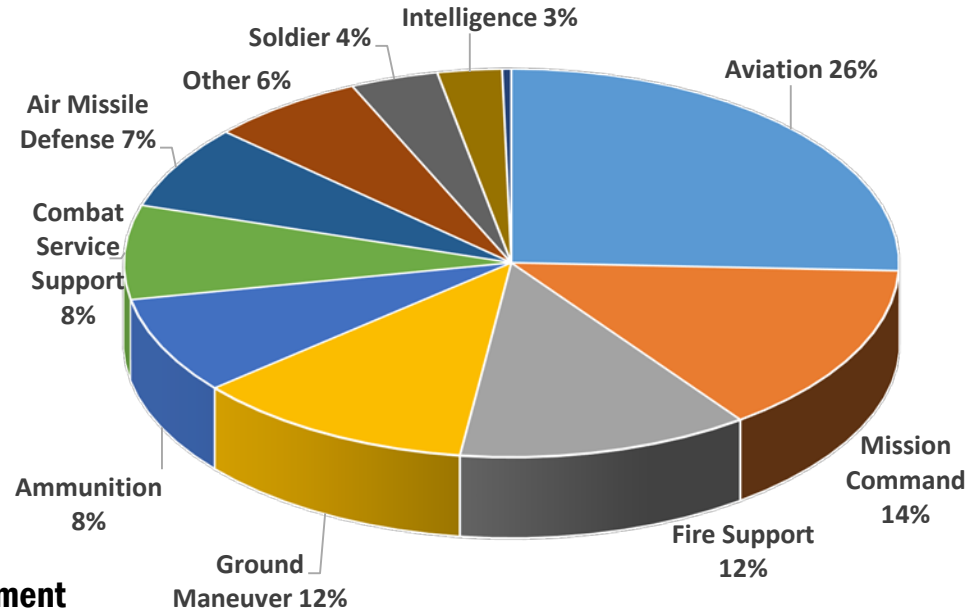
# Procurement Summary

▶ \$17.4 B ◀  
Capability Portfolio\*

| Request (\$B)            | FY16<br>Actuals         | FY17<br>Enacted | FY18<br>Request |
|--------------------------|-------------------------|-----------------|-----------------|
| <b>Procurement Total</b> | <b>16.4<sup>1</sup></b> | <b>17.8</b>     | <b>17.4</b>     |
| <b>Aircraft</b>          | <b>5.9</b>              | <b>4.9</b>      | <b>4.2</b>      |
| <b>Missiles</b>          | <b>1.6</b>              | <b>2.3</b>      | <b>2.5</b>      |
| <b>WTCV</b>              | <b>1.9</b>              | <b>2.3</b>      | <b>2.4</b>      |
| <b>Ammunition</b>        | <b>1.3</b>              | <b>1.9</b>      | <b>1.9</b>      |
| <b>Other Procurement</b> | <b>5.7</b>              | <b>6.4</b>      | <b>6.5</b>      |

Numbers may not sum due to rounding

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



- ❖ **Continues Patriot modernization and Patriot Missile Segment Enhancement (MSE) missiles upgrades.**
- ❖ **Increases procurement of preferred munitions Guided Multiple Launch Rocket Systems (GMLRS), Army Tactical Missile Systems (ATACMS), and Hellfire missiles.**
- ❖ **Modernizing M1 Abrams, M2 Bradley and Stryker combat vehicles with mobility and lethality upgrades.**
- ❖ **Continuation of the Paladin Integrated Management (PIM) and procurement of the Joint Light Tactical Vehicle Low Rate Initial Production (LRIP) procurement.**
- ❖ **Continues Apache, Blackhawk and Chinook aircraft remanufacture and limited new builds.**



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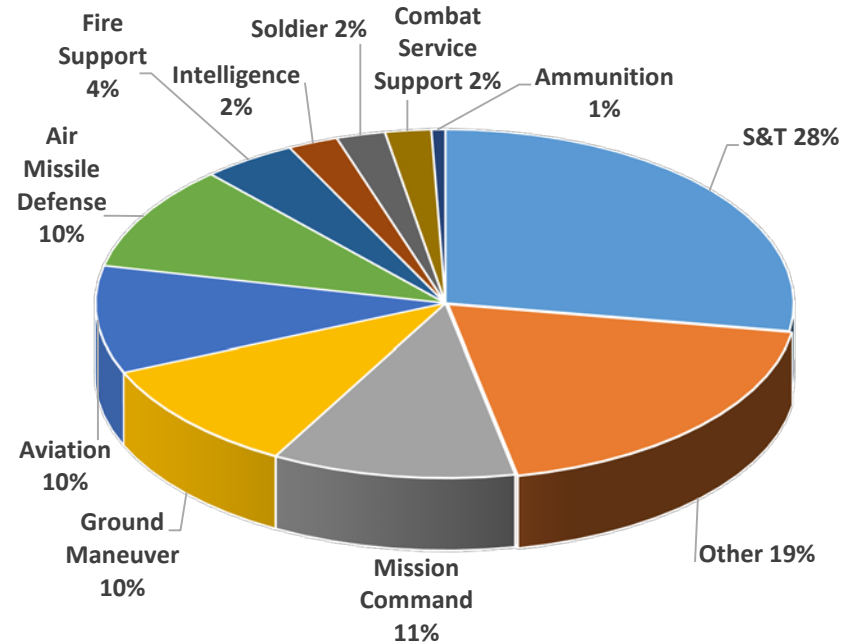
# RDT&E Summary

▶ \$9.4 B ◀

| Request (\$B)                           | FY16<br>Actuals | FY17<br>Enacted | FY18<br>Request |
|---|-----------------|-----------------|-----------------|
| <b>RDT&amp;E Total</b>                  | <b>7.6</b>      | <b>8.4</b>      | <b>9.4</b>      |
| <b>Basic Research</b>                   | <b>0.5</b>      | <b>0.5</b>      | <b>0.4</b>      |
| <b>Applied Research</b>                 | <b>1.1</b>      | <b>1.2</b>      | <b>0.9</b>      |
| <b>Advanced Technology Dev.</b>         | <b>1.1</b>      | <b>1.4</b>      | <b>1.1</b>      |
| <b>Demonstration/Validation</b>         | <b>0.5</b>      | <b>0.6</b>      | <b>0.9</b>      |
| <b>Engineering Manufacturing Dev.</b>   | <b>2.1</b>      | <b>2.3</b>      | <b>3.0</b>      |
| <b>Testing &amp; Management Support</b> | <b>1.1</b>      | <b>1.2</b>      | <b>1.3</b>      |
| <b>Operational System Development</b>   | <b>1.2</b>      | <b>1.3</b>      | <b>1.9</b>      |

Numbers may not sum due to rounding

## Capability Portfolio



- ❖ Continued development of Air and Missile defense (to include high energy laser and cybersecurity), Long Range Precision Fires (LRPF), and weapons and munitions technologies.
- ❖ New start efforts for the Army Multi-Purpose Vehicle (AMPV) and Joint Tactical Ground System to increase mobility and lethality for Brigade Combat Teams.
- ❖ Investment in Active Protective Systems (APS) for detect and defeat capability on air platforms and Vehicle Protection Systems (VPS) for modernization of ground combat platforms.
- ❖ Development of Assured Positioning, Navigation and Timing (PNT); Electronic Warfare (EW); Cyber; and Assured Communications tools and platforms to address current and future vulnerabilities.



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# Top Procurement Quantities

| Program                                    | Quantities             |        |
|--|------------------------|--------|
|  | FY17                   | FY18   |
| AH-64E Apache Remanufacture                | 52                     | 50     |
| AH-64E Apache New Build                    | 7                      | 13     |
| UH-60M Black Hawk                          | 61                     | 48     |
| CH-47 Chinook                              | 22                     | 6      |
| M1 Abrams Tank (MOD) ECP 1A/Abrams Upgrade | 60                     | 20     |
| Bradley Program (MOD)                      | 45                     | 135    |
| Paladin Integrated Management              | 48                     | 71     |
| Joint Light Tactical Vehicle               | 1,828                  | 2,110  |
| Guided MLRS Rocket (GMLRS)                 | 2,954                  | 6,000  |
| MSE Missile                                | 145                    | 93     |
| ATACMS                                     | 200                    | 122    |
| Patriot Mods                               | -                      | 25     |
| Hellfire Missiles                          | 155                    | 998    |
| Counterfire Radar                          | 36                     | 21     |
| Joint Battle Command - Platform (JBC-P)    | 10,687                 | 15,920 |
| WIN-T Increment 2                          | Multiple Config. Items |        |
| DCGS-A Increment 1                         | 2,171                  | 3,437  |
| Handheld Manpack Small Form Fit Radios     | 5,656                  | 3,658  |



**JLTV**



**Abrams**



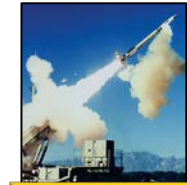
**Paladin**



**Apache**



**Black Hawk**



**PAC-3 MSE**



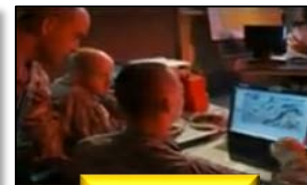
**Bradley**



**Counterfire Radar**



**WIN-T**



**DCGS-A**



**Hellfire**



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# Facilities

- ❖ **MILCON remains at historically low spending levels (prior to major investments for Grow the Army, Transformation and BRAC 2005)**
- ❖ **Focuses on replacement of poor and failing training, operations and maintenance facilities, cyber capability facility deficits, footprint consolidation, and construction of new facilities for the National Guard and Reserves**
  - **Regular Army: 26 projects, \$920M**
  - **Army National Guard: 8 projects, \$211M**
  - **Army Reserve: 3 projects, \$74M**
- ❖ **Supports U.S. and overseas Army Family Housing operation and maintenance, leases, and construction (6 projects, \$183M)**
- ❖ **BRAC request supports environmental remediation actions at sites closed during prior BRAC rounds**



| Appropriation (\$M)          | FY16<br>Actuals | FY 17<br>Enacted   | FY 18<br>Request |
|------------------------------|-----------------|--------------------|------------------|
| Military Construction        | 1,183           | 1,003 <sup>1</sup> | 1,205            |
| Army Family Housing          | 470             | 483                | 529              |
| Base Realignment and Closure | 224             | 29                 | 58               |
| <b>Totals</b>                | <b>1,877</b>    | <b>1,515</b>       | <b>1,792</b>     |

<sup>1</sup> Includes \$50M OCO for Base



# 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
- Funds Blue Grass Chemical Agent-Destruction Pilot plant startup in 2018
- Continues operations at Pueblo Chemical Agent-Destruction Pilot Plant
- 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)                | FY16 Actuals | FY17 Enacted | FY18 Request |
|--|--------------|--------------|--------------|
| Army National Cemetery and Construction  | 80           | 71           | 71           |
| Chemical Agent and Munitions Destruction | 700          | 651          | 962          |
| Army Working Capital Fund *              | 195          | 196          | 84           |

\* Army Working Capital numbers reflect enacted appropriations



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# Overseas Contingency Operations

| Request (\$M)   | FY16<br>Actuals | FY17<br>Enacted            | FY18<br>Request |
|---|-----------------|----------------------------|-----------------|
| <b>Military Personnel (MILPERS)</b>   | <b>2,037</b>    | <b>2,322</b> <sup>1</sup>  | <b>2,845</b>    |
| <b>Operation &amp; Maintenance (O&amp;M)</b>                                    | <b>12,272</b>   | <b>16,129</b> <sup>2</sup> | <b>16,259</b>   |
| <b>Research, Development, &amp; Acquisition (RDA)</b>                           | <b>2,084</b>    | <b>3,334</b> <sup>3</sup>  | <b>2,893</b>    |
| <b>Military Construction, Army (MCA)</b>  | -               | <b>30</b> <sup>4</sup>     | <b>140</b>      |
| <b>Working Capital Fund (AWCF)</b>  | -               | <b>49</b>                  | <b>50</b>       |
| <b>Army Total</b>   | <b>16,393</b>   | <b>21,864</b>              | <b>22,187</b>   |
| <b>Passthrough / Transfer Accounts</b>  |                 |                            |                 |
| <b>Counter-Islamic State of Iraq and Syria Train and Equip Fund<sup>5</sup></b> | -               | <b>1,606</b>               | <b>1,769</b>    |
| <b>Afghan Security Forces Fund</b>  | <b>3,652</b>    | <b>4,263</b>               | <b>4,938</b>    |
| <b>Iraq Train &amp; Equip Fund</b>  | <b>715</b>      | <b>290</b>                 | -               |
| <b>Joint Improvised Explosive Device Defeat Fund<sup>6</sup></b>                | <b>350</b>      | -                          | -               |
| <b>All Army Appropriations</b>  | <b>21,110</b>   | <b>28,022</b>              | <b>28,894</b>   |

1: MILPERS account does not include \$63M in FY17 OCO request to comply with BBA15

2: O&M account does not include Base-to-OCO Transfers: FY14: \$3,100M; FY 15: \$850M; FY16: \$2,200M. Does not include \$3,797M in FY17 OCO request to comply with BBA15

3: RDA account does not include \$1,876M in FY17 OCO request to comply with BBA15

4: MILCON account does not include \$50M in FY17 OCO request to comply with BBA15

5: The Iraq and Syria Train & Equip Funds were combined into a single Counter-ISIS Train & Equip fund in FY17

6: 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.

**OCO Request**  
**\$28.9B**

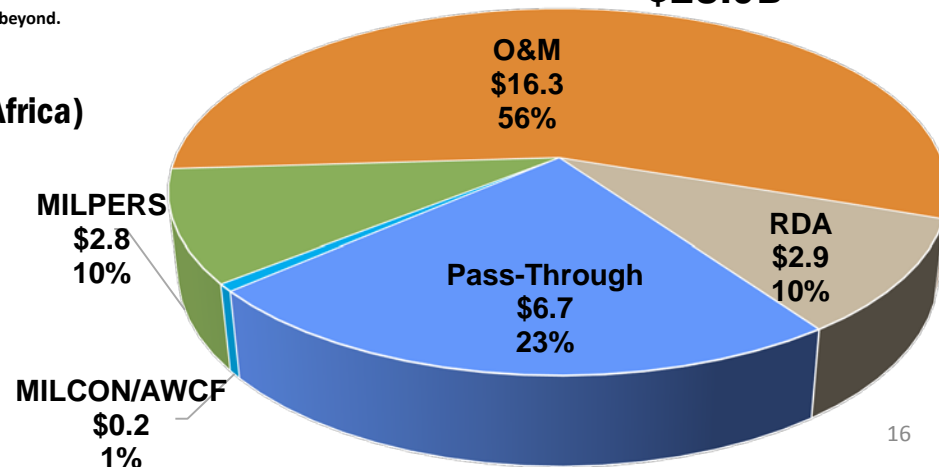
❖ **Operation FREEDOM's SENTINEL (Afghanistan; Horn of Africa)**  
includes Operation Spartan Shield (CENTCOM)

❖ **Operation INHERENT RESOLVE (Iraq)**

❖ **European Reassurance Initiative (Europe)**

❖ **Afghan Security Forces Fund**

❖ **Counter-ISIS Train & Equip Fund**







# OCO-European Reassurance Initiative

- ❖ **Continues investment in European assurance and increases investment in deterrence**
- ❖ **Continues Brigade Combat Team rotations to Europe and increases rotations in support of training exercises**
- ❖ **Increases warfighting capacity on the continent through increased prepositioned equipment stocks**
- ❖ **Continues to provide rotational aviation capability to the European Command Area of Responsibility**



U.S. Soldiers, assigned to Cobra Battery, Field Artillery Squadron, 2nd Cavalry Regiment, conduct Sling Load Operations with support from the 12th Combat Aviation Brigade during Exercise Dynamic Front II at the 7th Army Training Command's Grafenwoehr Training Area, Germany, March 9, 2017

| Initiative (\$M)  | FY16<br>Actual | FY17<br>Enacted* | FY18<br>Request |
|---|----------------|------------------|-----------------|
| <b>Increased Presence</b>   | <b>\$ 320</b>  | <b>\$ 796</b>    | <b>\$ 1,313</b> |
| <b>Build Partner Capacity</b>   | <b>\$ 38</b>   | <b>\$ 51</b>     | <b>\$ 19</b>    |
| <b>Additional Bilateral &amp; Multilateral Exercises &amp; Training</b> | <b>\$ 61</b>   | <b>\$ 69</b>     | <b>\$ 158</b>   |
| <b>Enhanced Prepositioning</b>  | <b>\$ -</b>    | <b>\$ 1,804</b>  | <b>\$ 1,732</b> |
| <b>Improved Infrastructure / Setting Conditions</b>                     | <b>\$ 91</b>   | <b>\$ 82</b>     | <b>\$ 20</b>    |
| <b>Total</b>  | <b>\$ 509</b>  | <b>\$ 2,802</b>  | <b>\$ 3,242</b> |

\*Does not account for Undistributed Adjustments such as Fuel Rate changes and Foreign Currency Fluctuations



# CONCLUSION

## **The Army's FY18 President's Budget request:**

- ❖ **Supports Globally Committed Warfighter**
- ❖ **Restores/Builds Warfighter Readiness**
- ❖ **Builds Decisive Action Capability for Major Combat Operations**
- ❖ **Sustains 1,018K Army**
- ❖ **Retains Counter Terrorism/Counter Insurgency Competencies**
- ❖ **Increases Global Responsiveness**
- ❖ **Supports Regional Engagements**
- ❖ **Supports Our People**
- ❖ **Advances Soldier and Technological Overmatch**
- ❖ **Increases Investments to address failing Infrastructure**
- ❖ **Improves Accountability and Stewardship**



# The FY 2018 Army Budget Request

***Warfighter Readiness is the US Army's  
Number One Priority***

<https://www.asafm.army.mil/offices/bu/content.aspx?what=BudgetMaterials>



## **FOR ADDITIONAL INFORMATION**

**This overview provides the highlights of the Army's Budget submitted to the Congress as part of the FY 2018 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>**

**Army Strong!**

**<http://www.army.mil>**