Army Current Budget Issues

30 May 2019

Mr. Davis Welch
Deputy Director, Army Budget

Resourcing America’s Army to compete, deter and win in an era of great power competition.
FY19 Budget – Current Posture

• Defense appropriations enacted prior to 1 October – first time in 10 years
• Emerging and emergent bills
• Accelerated Mid-Year Review

<table>
<thead>
<tr>
<th>ASL Priority</th>
<th>AMT (M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Readiness</td>
<td>$2,558.1</td>
</tr>
<tr>
<td>Modernization</td>
<td>$1,645.3</td>
</tr>
<tr>
<td>Sustainment</td>
<td>$1,280.6</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>$272.9</td>
</tr>
<tr>
<td>Other / Unspecified</td>
<td>$315.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$6,072.4</strong></td>
</tr>
</tbody>
</table>

Capable of addressing only $1.4B
Below Threshold Reprogramming
Above Threshold Reprogramming
Rapid Acquisition Authority
Limited Transfer Authority
General
Special

• Congressional tenor
PB20 Ends, Ways, and Means

**Ends**

- **STRATEGIC ENVIRONMENT**
  - Dynamic International Operating Environment
  - Great Power Competitors
  - Regional State Adversaries
  - Violent Extremist Organizations
  - Other Threats: Cyber, WMD, Migration, Drugs, TransNatl Criminal, Orgs (TCO), Health & Environment
  - Other Threats
  - Economic Uncertainty

- **NATIONAL SECURITY STRATEGY (DEC ‘17)**
  - Protect the American people, homeland, and way of life
  - Protect American prosperity
  - Preserve peace through strength
  - Advance American influence

- **NATIONAL DEFENSE STRATEGY (JAN ‘18)**
  - Lethal Force
  - Reform
  - Strengthen Alliances
  - Competition with China and Russia is Central Challenge
  - Sustain U.S. Influence and ensure favorable regional balance of power

- **ARMY STRATEGY (JUN ‘18)**
  - Deploy, Fight, Win
  - Joint
  - Multi-Domain Operations
  - High Intensity Conflict (LSGCO)
  - Deter
  - Irregular Warfare
  - Modernization by 2028
  - Leadership

**Ways**

- **RESOURCING PRINCIPLES**
  - **READINESS**: Achieve desired readiness levels in 2022
  - **ENDSTRENGTH**: Modest & Continued Growth

- **MODERNIZATION PRINCIPLES**
  - Modernized by 2028
  - Divest Legacy capabilities
  - Increase Overmatch & Dominance
  - Right size Inventory
  - Focused Modernization
  - Multi-Mission Programs
  - RDTE/Procurement Balance
  - Fiscal Discipline / Flat Budgets
  - 31 Signature Systems

- **MODERNIZATION PRIORITIES (6)**
  1. Long-range Precision Fires (LRPF)
  2. Next Gen Combat Vehicle (NGCV)
  3. Future Vertical Lift (FVL)
  4. Army Network
  5. Air and Missile Defense (AMD)
  6. Soldier Lethality (SL)

- **REFORMS**
  - Army Future Command (AFC)
  - Cross Functional Teams (CFTs)
  - Acquisition & Contracts Reform
  - Fiscal Stewardship Program
  - Extended OSUT
  - Better Alignment of Resources
  - Audit Readiness

**Means**

- **FUNDING TOP LINE**
  - **Total Request** $182.3B
  - MILPER, $63.4B, 35%
  - PROC, $25.3B, 14%
  - MILCON, $2.5B, 1%
  - Other, $1.1B, 1%
  - Pass Thru, $5.8B, 3%
  - O&M, $71.8B, 39%

---

<table>
<thead>
<tr>
<th></th>
<th>FY17 Actual</th>
<th>FY18 Actual</th>
<th>FY19 Actual</th>
<th>FY20 Request</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BASE</strong></td>
<td>131.1</td>
<td>149.0</td>
<td>147.5</td>
<td>150.7</td>
</tr>
<tr>
<td><strong>OCO</strong>*</td>
<td>21.8</td>
<td>23.1</td>
<td>26.0</td>
<td>25.8</td>
</tr>
<tr>
<td><strong>Other</strong>**</td>
<td>6.1</td>
<td>6.4</td>
<td>6.3</td>
<td>5.8</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>159.0</td>
<td>178.5</td>
<td>179.8</td>
<td>182.3</td>
</tr>
</tbody>
</table>

* OCO for Base purposes included in Base
** Pass Through Accounts (ASFF, CTEF)
HAC-D Committee Marks (21 May, 2019)

- Provides DoD $690.2B in new discretionary spending authority ($15.8B above FY19 enacted and $8B below the PB20 request.

- Returned $98B “OCO for Base” back to Base; $622.1B base funding ($15.6B above FY19 enacted and $88.2B above the PB20 request

- Will require relief from the Budget Control Act (BCA cap ~$545B)

<table>
<thead>
<tr>
<th>FY20 Army Appropriations Marks</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>$B</td>
<td>PB20</td>
</tr>
<tr>
<td>Base</td>
<td>$119.3B</td>
</tr>
<tr>
<td>OCO for Base</td>
<td>$31.4B</td>
</tr>
<tr>
<td>Base Total</td>
<td>$150.7B</td>
</tr>
<tr>
<td>OCO</td>
<td>$31.6B</td>
</tr>
<tr>
<td>Total</td>
<td>$182.3B</td>
</tr>
</tbody>
</table>

- Prohibits the use of Defense funds for the border wall

- Changes to Transfer Authorities:
  - Reduces GTA from $4B to $1B for base and STA from $2B to $0.5B for OCO
  - Includes MILPERS appropriations as part of GTA and STA thresholds
  - Above threshold reprogramming limits the lesser of $10M (all appns) or 20% RDA
  - Requires both the SecDef and Service Secretaries provide written certification funds will be used for higher priority items

- Continues 80/20 rule for budget execution
FY20 Unanswered Question

• Continuing Resolution(s)?
• Budget Control Act?
• Bipartisan Budget Act?
• Sequestration?
• Restrictive language / reduced fiscal agility?