

**CSIS – Center for Strategic and
International Studies
1616 Rhode Island Avenue NW
Washington, DC 20036**

Anthony H. Cordesman

Phone: 1.202.361.8085

Email: acordesman@gmail.com

The National Security Political “Iceberg” in Late 2018

Anthony H. Cordesman

acordesman@gmail.com

November 2018

How Important is the Election?

TWO THIRDS OF NATIONAL SECURITY IS A POLITICAL ICEBERG INVISIBLE TO PARTISAN CONCERN:

- **Run for next election on day 1: Focus on 2020 election from January 1, 2019 on.**
- **Rough 80%-90% of national security programs are not partisan.**
- **Partisan priorities tend to be event driven. Many key areas of debate really are still substantive, not partisan.**
- **Massive increase in debt and deficit should be key partisan issue, but Administration and Congress will dodge and posture as long as possible.**
- **Build up and cut cycles are very erratic and rarely conform to any DoD plan.**
- **DoD plans still badly undercosted, no real FYDP, and no real OCO projections.**
- **New National Security Strategy and National defense Strategy issued with no real details.**
- **“America First” is Strategic Partner and Burden Sharing Driven, but never defined by region.**
- **OSD has said that the FY2020 submission in February 2019 will have such details, but...**
- **\$60-\$70 billion extra for counterterrorism seems to be Teflon spending.**
- **Military entitlements will probably have similar Teflon character.**

What May Still Trigger Congressional Debate

- Any truly serious economic problems, uncertainty, or recession
- Lack of any clear strategy for Syria, Iraq, Afghanistan, and Yemen; Future commitment and role in each case; need for stability operations
- Nuclear posture and improvements vs. arms control vs. Russian and Chinese programs vs. European and Asian INF.
- Post-Khashoggi Gulf strategy and posture
- Missile defense
- Issuing a real strategy in the 2020 budget request.
- NATO, Brexit, European Defense, burden sharing, Russia
- Iran in region, relative to JCPOA, sanctions, energy supply and petroleum
- Trade wars or trade crisis – Iran and China
- Success or failure in North Korea
- Immigration, Great Wall of Mexico
- Serious new backlash over Russian interference in election
- Gross cost escalations
- Serious clash with China

**Key Elements of the “New”
Trump Strategy Do Not Raise as
Many Partisan Issues
as is Often Assumed**

Key Elements of New US National Defense Strategy

- **Compete, Deter, and Win to Preserve Peace through Strength**
 - Expand the competitive space leveraging all elements of national power
- **Competition with China and Russia is central challenge**
 - Continue efforts to deter and counter North Korea, Iran, and terrorists
- **Sustain U.S. influence and ensure favorable regional balances of power**
 - Build a more lethal, resilient, agile, and ready Joint Force
 - Strengthen alliances and attract new partners
 - Reform the Department's business practices for greater performance and affordability

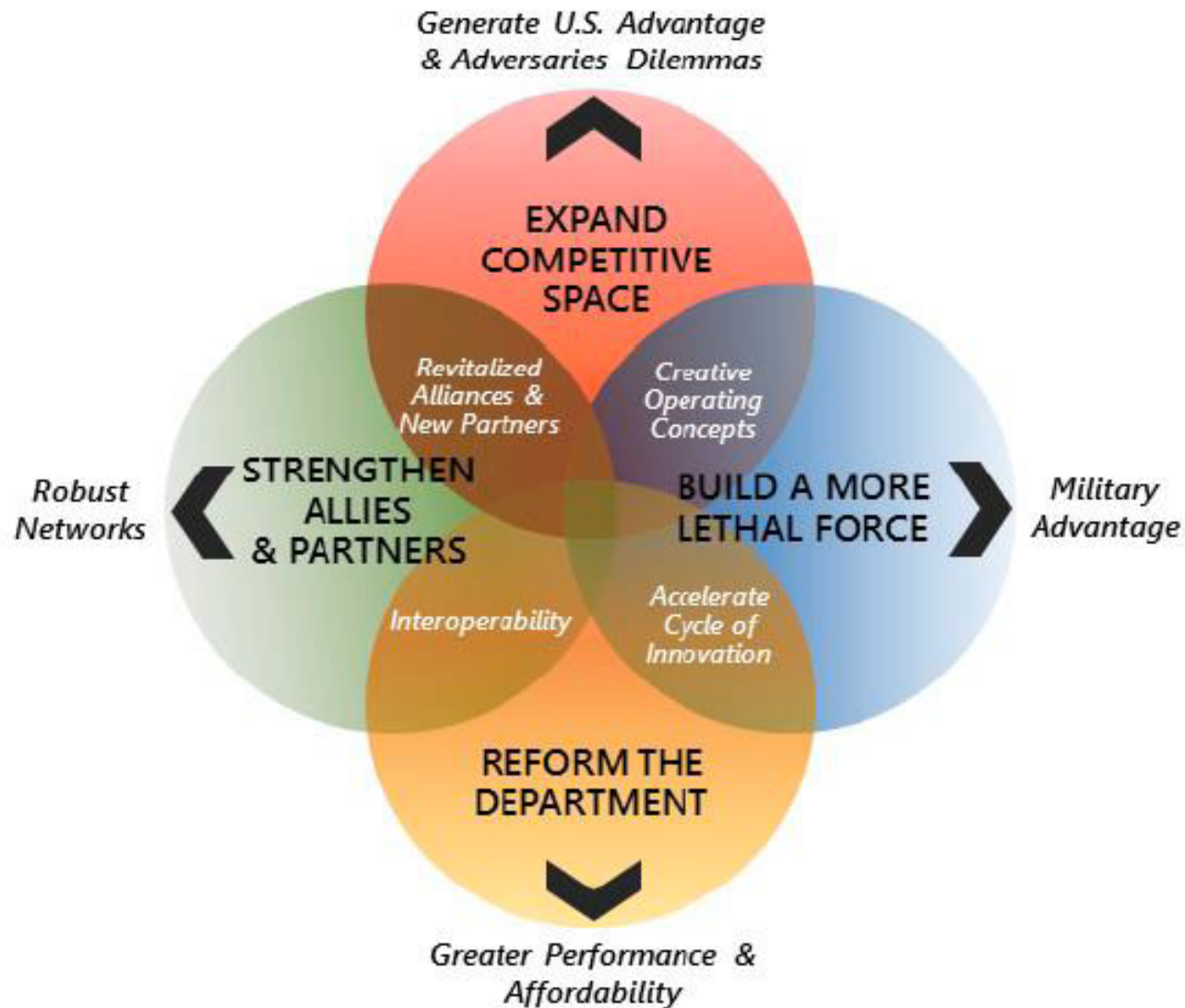
Great Power Competition is now the Primary Focus

Key Elements of New US National Security Strategy:” Global Rebalancing”

- **Respond to growing political, economic, military, information competitions**
 - Revisionist powers such as China and Russia
 - Regional dictators such as Iran and North Korea
 - Transnational threats, including jihadist terrorists and transnational criminal organizations
- **Protect four vital national interests**
 - Protect the American people, homeland, and way of life
 - Promote American prosperity
 - Preserve peace through strength
 - Advance American Influence

A Strategy of Principled Realism

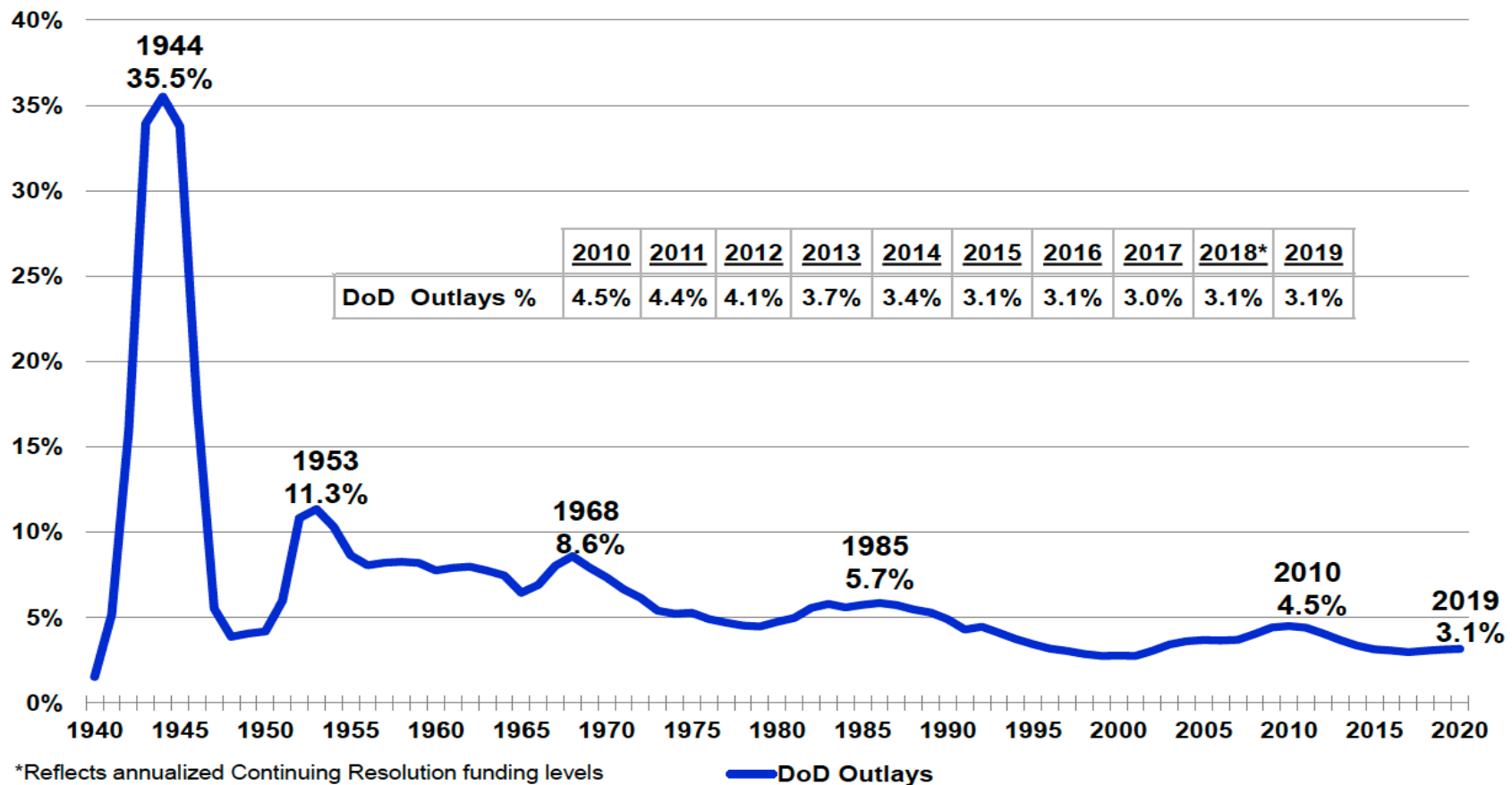
The Key Role of Old Alliances in the New Strategy



Stability and Instability in U.S. National Security Efforts Have Often Had Non-Partisan Reversals

Defense Alone is Well Over 2% of GDP NATO Goal, But Poses a Steadily Lower “Burden” on the U.S.

(DoD is Only 86% of Total. Real FY2019 Percent is 3.6%)



Historic Increases in U.S. Defense Spending: FY1950-FY2019

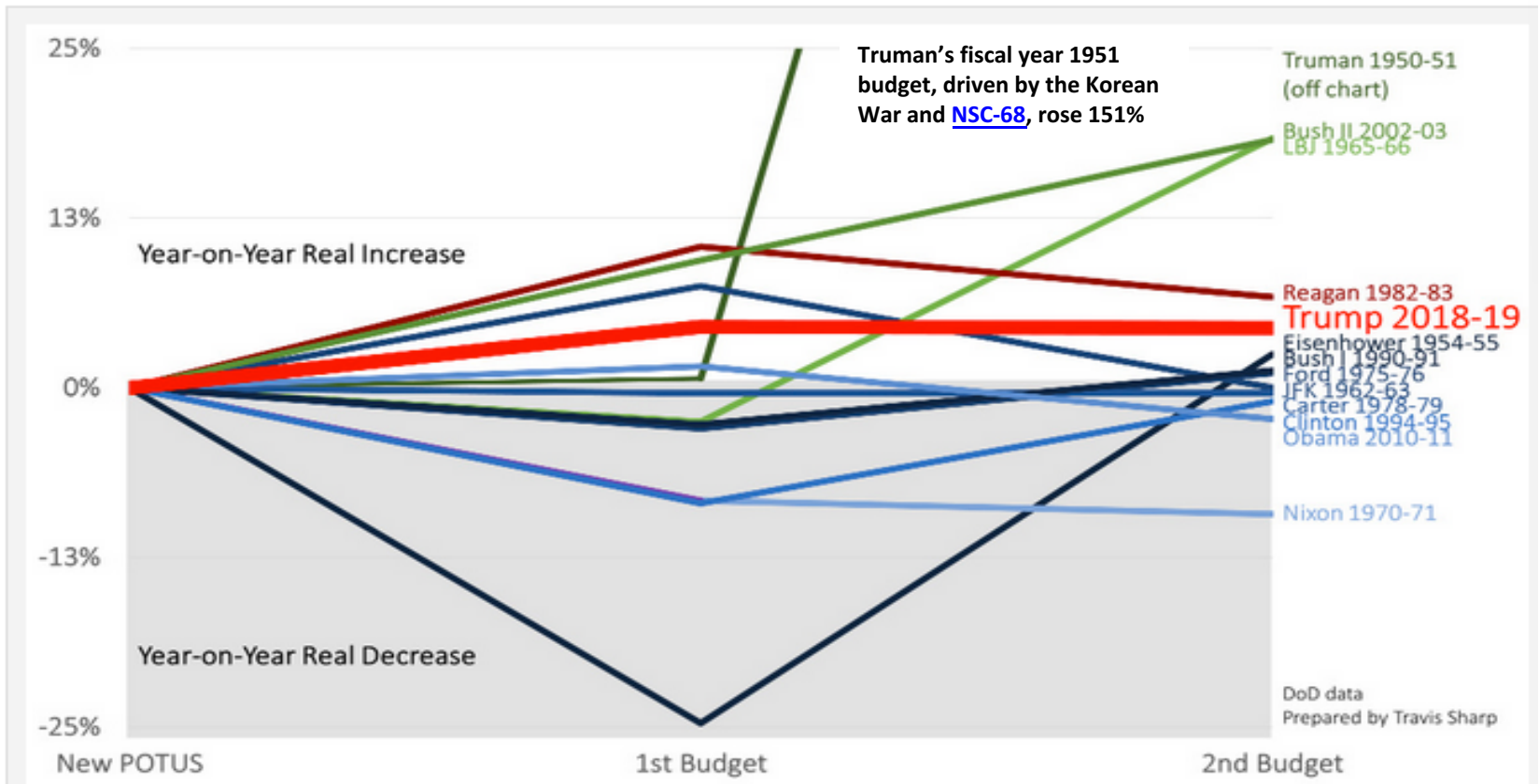
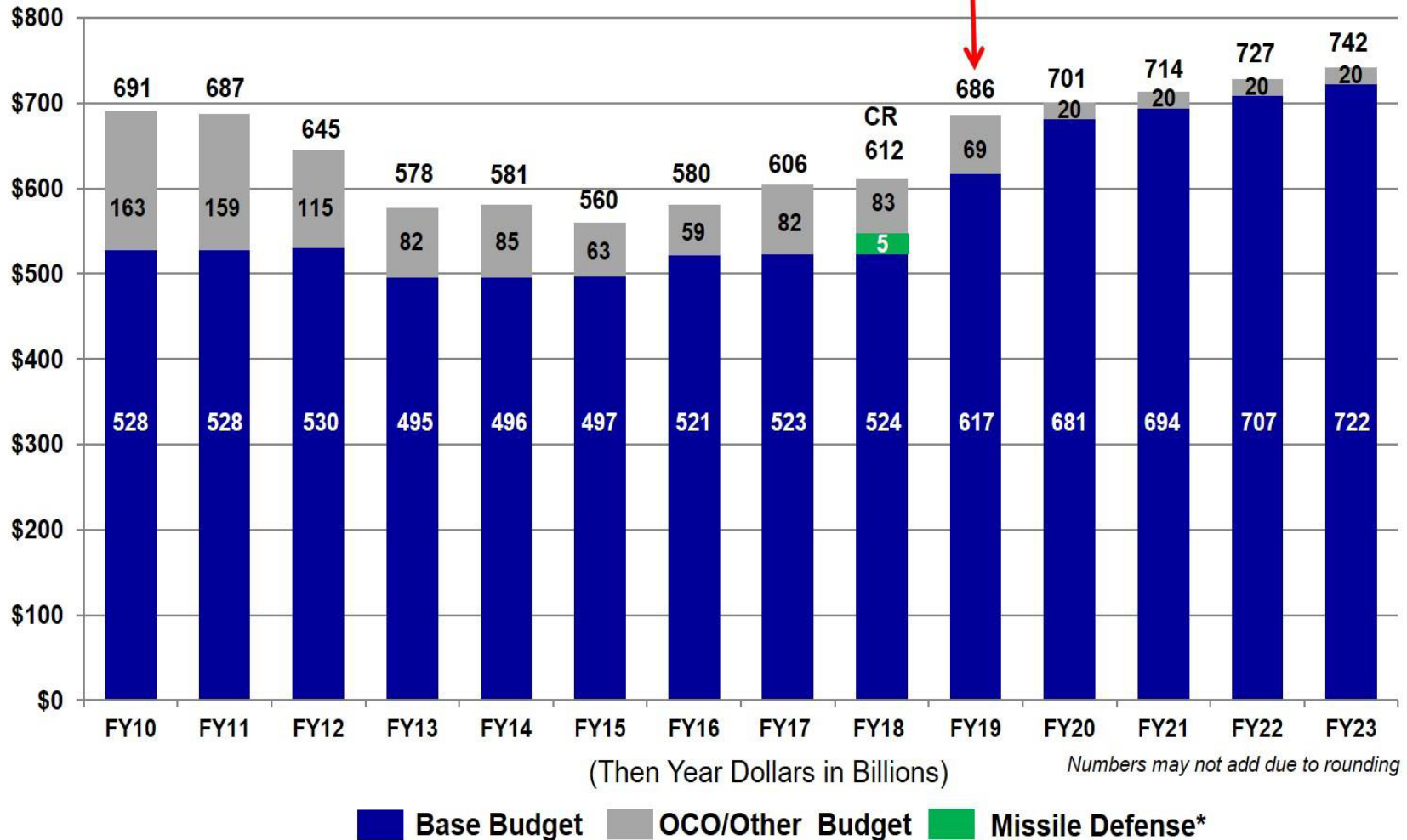


Figure 1. Real Growth Rates in Presidents' First Two Defense Budgets, 1950–Present (includes base budget, war, and supplemental funds).

Notes: Historical data is DoD total obligational authority, Green Book Table 6-1. Using budget authority vice total obligational authority moves Eisenhower and Bush I down near Nixon due to differences in war spending accounting but does not otherwise change the substantive results.

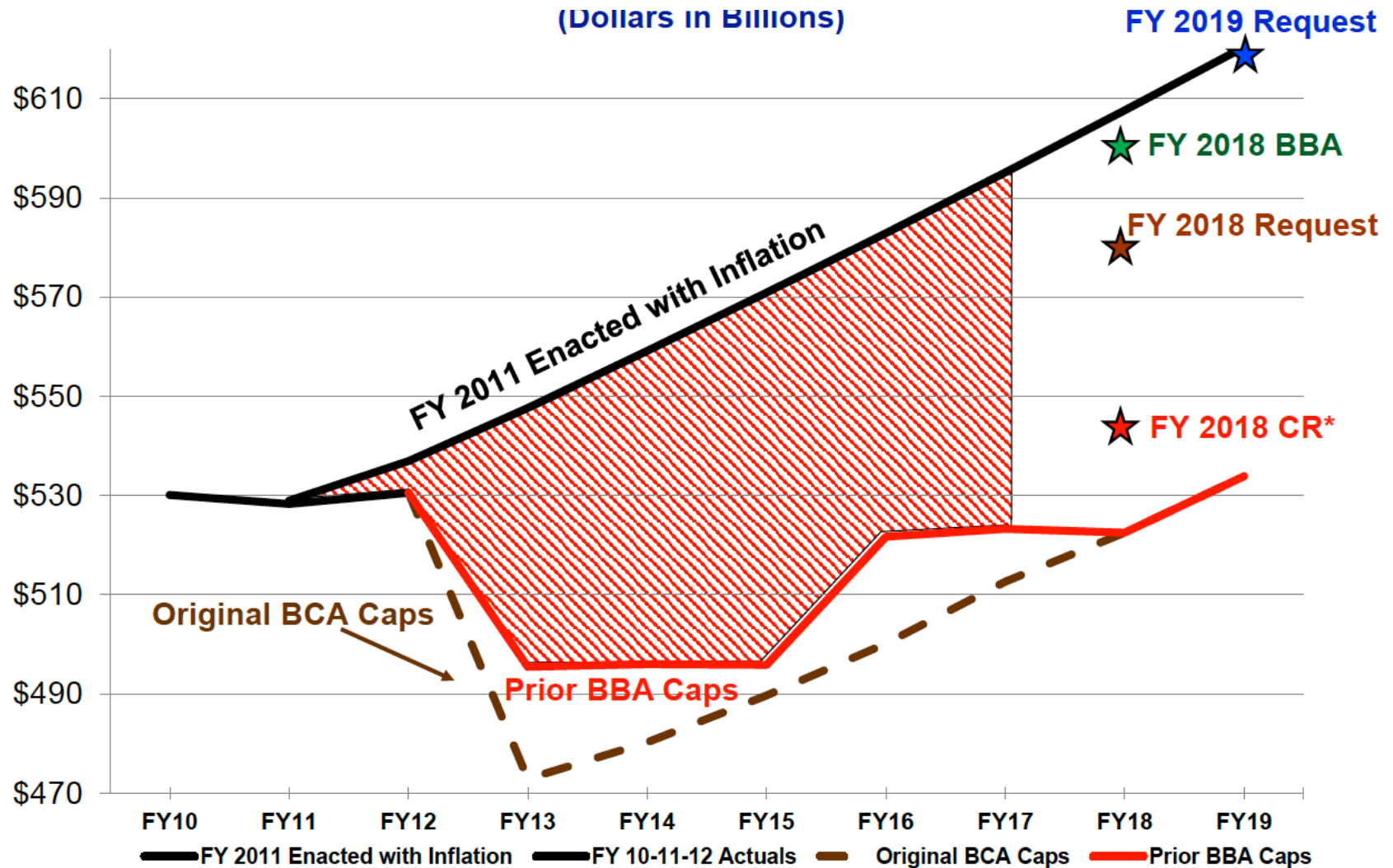
Where Defense Has Been and Where It is Going

(Discretionary Budget Authority)



*Division B, P.L. 115-96, DoD Missile Defeat and Defense Enhancements Appropriations Act, 2018

End of Budget Caps



**High Impact of Spending Levels,
Revenue Levels, and Tax Act on U.S.
Fiscal Posture, Debt, and Deficit
May be Ignored Through 2020**

Assorted Estimates of the Effects of the 2017 Tax Act on the Level of Real GDP

Percent

	First Five Years					Tenth Year	Average		
	2018	2019	2020	2021	2022	2027	2018– 2022	2023– 2027	2018– 2027
Moody's Analytics	0.4	0.6	0.2	0.1	0.0	0.4	0.3	0.3	0.3
Macroeconomic Advisers	0.1	0.3	0.5	0.6	0.6	0.2	0.4	0.5	0.5
Tax Policy Center ^a	0.8	0.7	0.5	0.5	0.5	*	0.6	0.3	0.5
International Monetary Fund	0.3	0.9	1.2	1.2	1.0	-0.1	0.9	0.3	0.6
Joint Committee on Taxation	–	–	–	–	–	0.1 to 0.2	0.9	0.6	0.7
Congressional Budget Office	0.3	0.6	0.8	0.9	1.0	0.6	0.7	0.8	0.7
Goldman Sachs	0.3	0.6	0.7	0.7	0.7	0.7	0.6	0.7	0.7
Tax Foundation	0.4	0.9	1.3	1.8	2.2	2.9	1.3	2.9	2.1
Penn Wharton Budget Model	–	–	–	–	–	0.6 to 1.1	–	–	–
Barclays	0.5	–	–	–	–	–	–	–	–

Sources: Congressional Budget Office and the organizations listed above.

Real values are nominal values that have been adjusted to remove the effects of inflation.

GDP = gross domestic product; – = not available; * = between -0.05 percent and zero.

a. Values are for fiscal years. (All other values shown are for calendar years.)

John McClelland, Assistant Director for Tax Analysis, **An Overview of The 2018 Budget and Economic Outlook, CBO**, at International Tax Policy Forum, Washington, D.C., October 4, 2018

Contributions of the 2017 Tax Act to CBO's Baseline Budget Projections

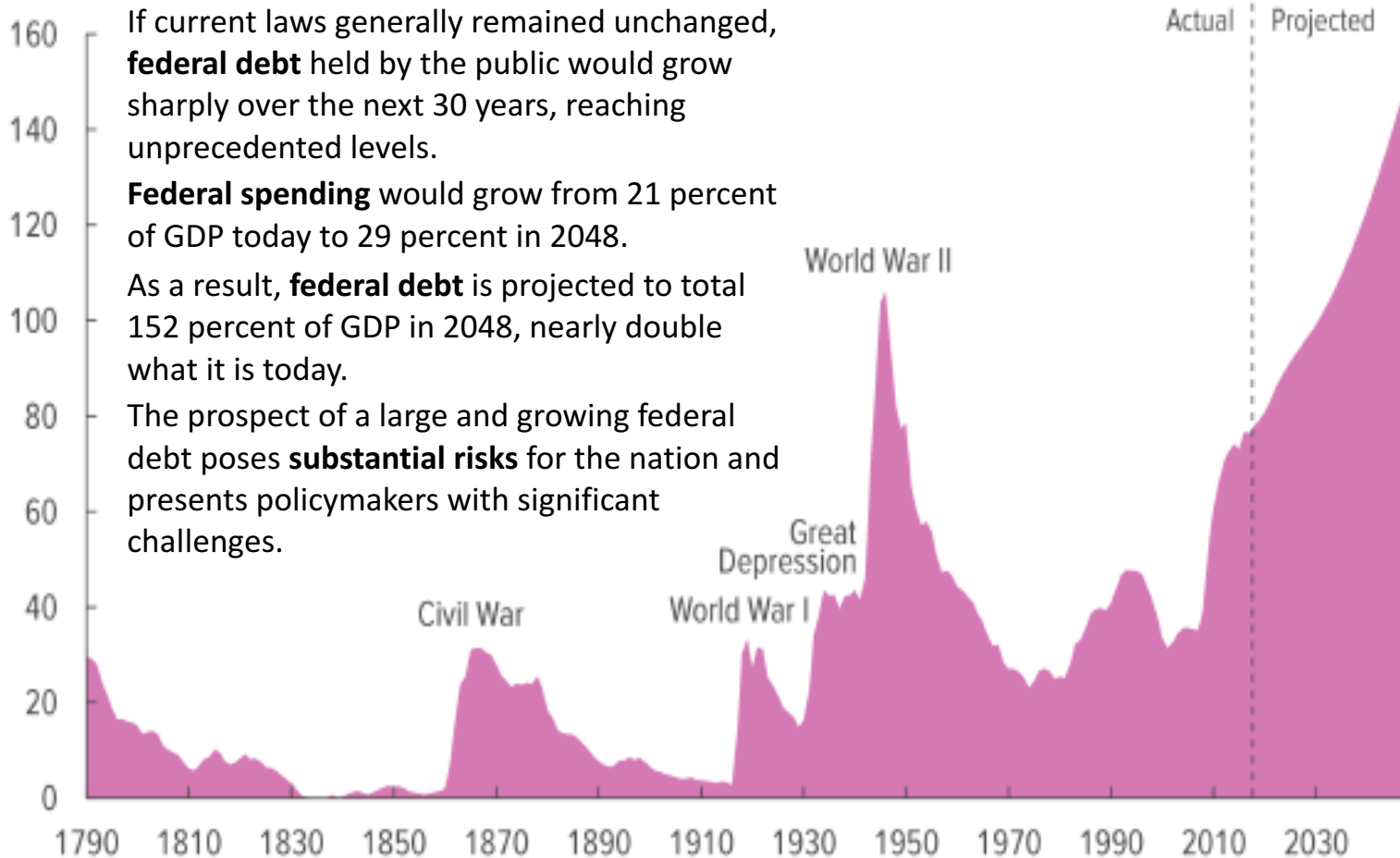
Billions of Dollars

	2018–2028
Effects Without Macroeconomic Feedback	
Effects on the Deficit Excluding Debt-Service Costs	1,843
Effects on Debt-Service Costs	<u>471</u>
Effects on the Deficit	2,314
Effects of Macroeconomic Feedback	
Effects on the Deficit Excluding Debt-Service Costs	-571
Effects on Debt-Service Costs	<u>110</u>
Effects on the Deficit	-461
Total Contributions to Baseline Projections	
Effects on the Deficit Excluding Debt-Service Costs	1,272
Effects on Debt-Service Costs	<u>582</u>
Effects on the Deficit	1,854

John McClelland, Assistant Director for Tax Analysis, **An Overview of The 2018 Budget and Economic Outlook, CBO**, at International Tax Policy Forum, Washington, D.C., October 4, 2018

Rise in Federal Debt

Percentage of Gross Domestic Product

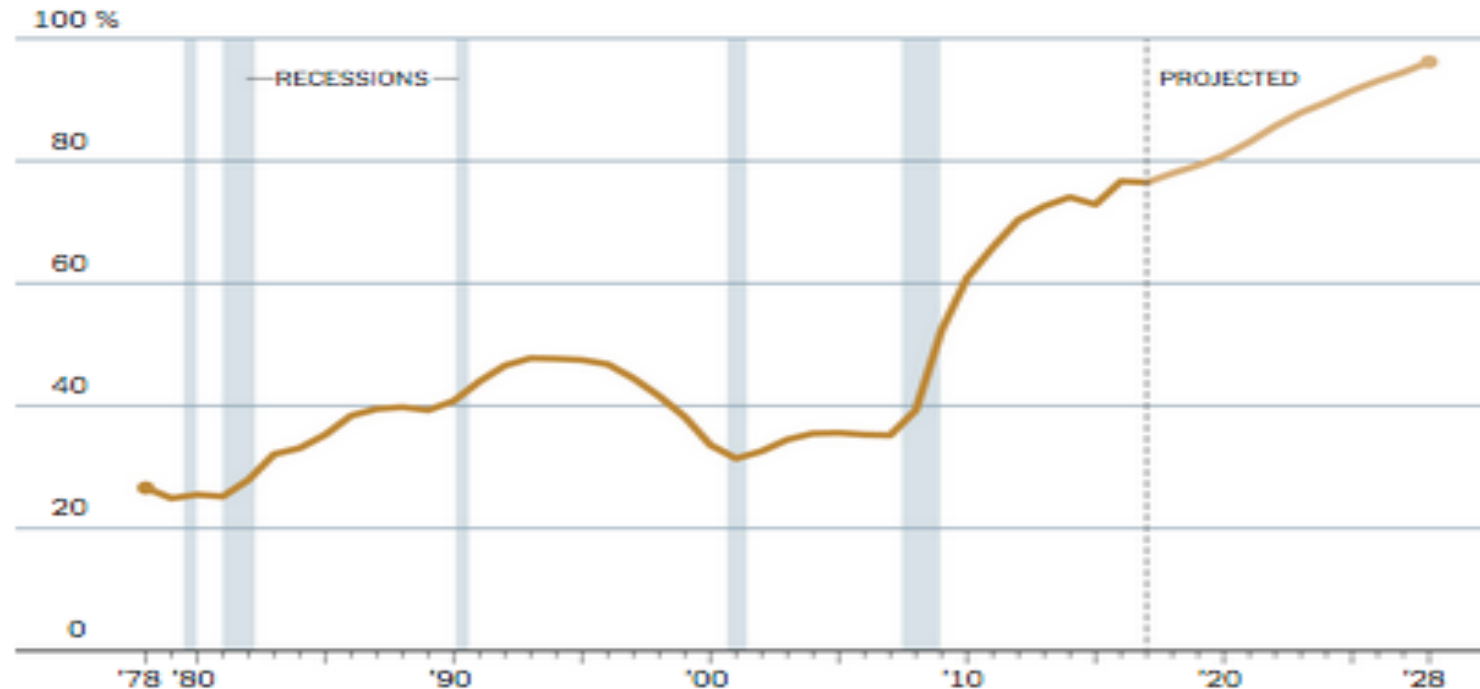


John McClelland, Assistant Director for Tax Analysis, **An Overview of The 2018 Budget and Economic Outlook, CBO**, at International Tax Policy Forum, Washington, D.C., October 4, 2018

Sharply Rising Impact of National Debt on GDP: 2017-2028

Debt as a percentage of gross domestic product tends to increase during recessions and fall during recoveries. But the debt is increasing now, even as the economy is growing, because of tax cuts and spending increases.

Public debt as a share of gross domestic product

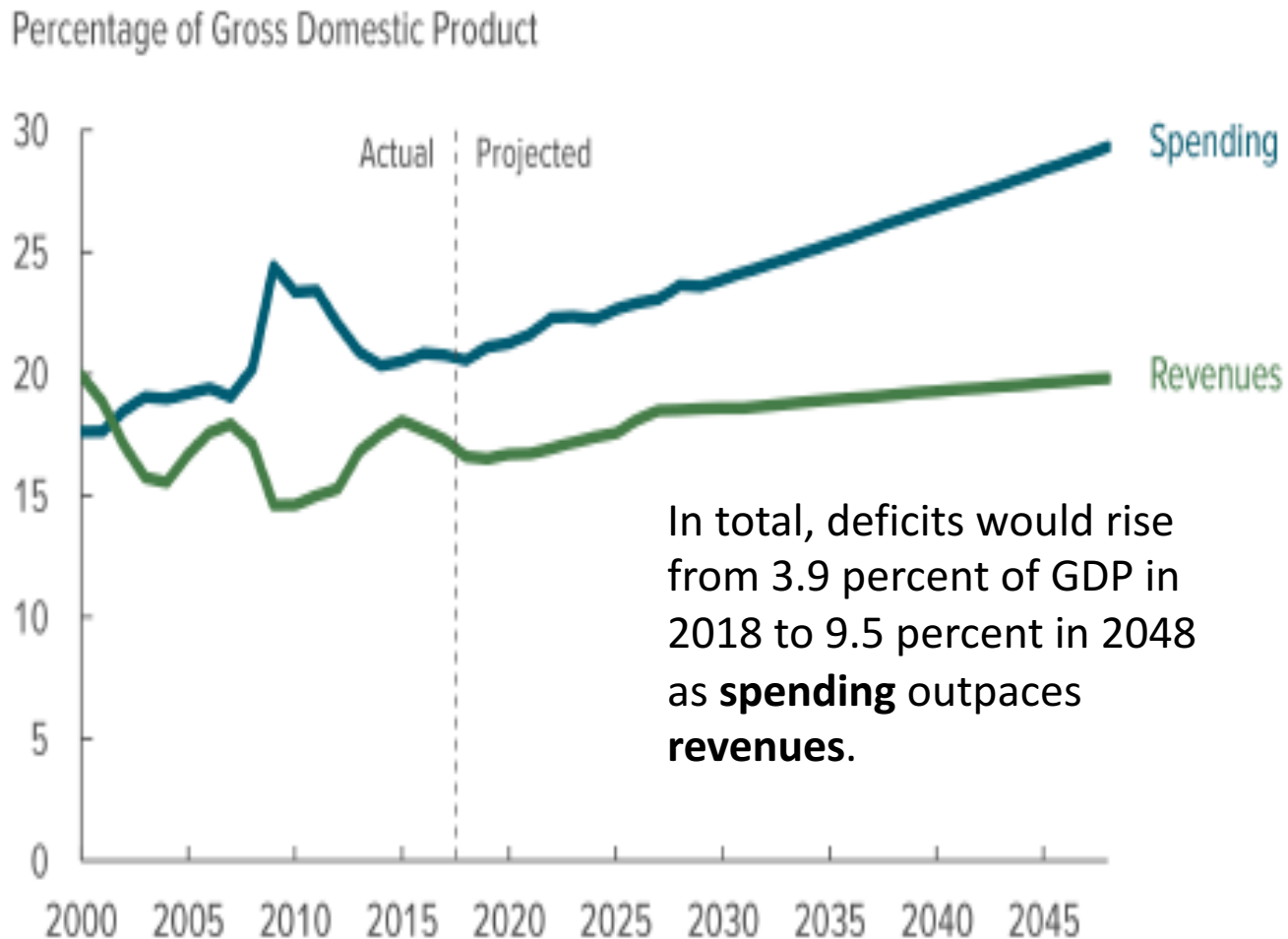


By The New York Times | Source: Congressional Budget Office

Adapted from Nelson D. Schwartz, "As Debt Rises, the Government Will Soon Spend More on Interest Than on the Military," New York Times, 25.9.18,

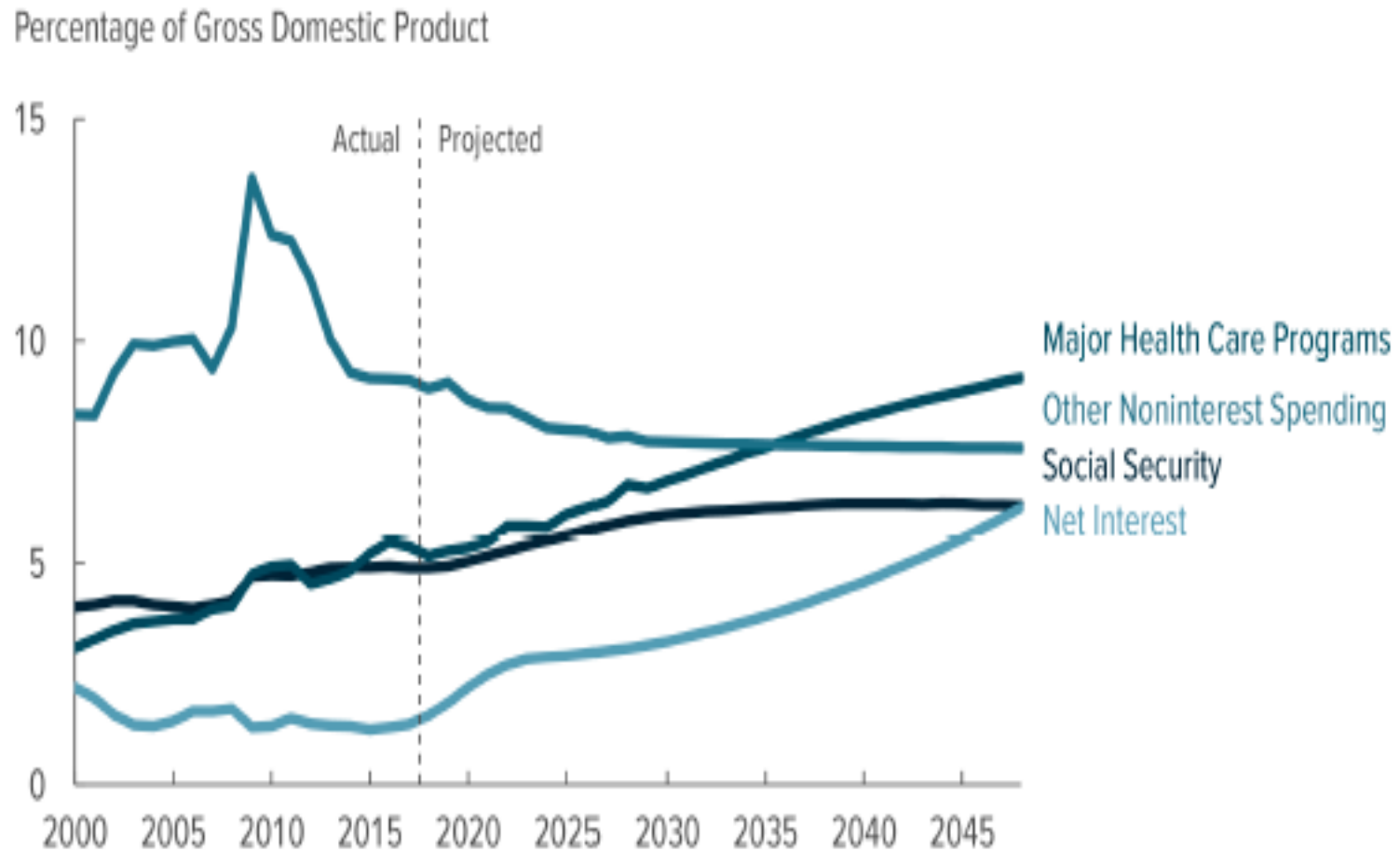
<https://www.nytimes.com/2018/09/25/business/economy/us-government-debt-interest.html>.

Federal Spending will Greatly Exceed Revenues



John McClelland, Assistant Director for Tax Analysis, **An Overview of The 2018 Budget and Economic Outlook, CBO**, at International Tax Policy Forum, Washington, D.C., October 4, 2018

Medical Entitlements, Not National Security Would Still Drive Budget Growth

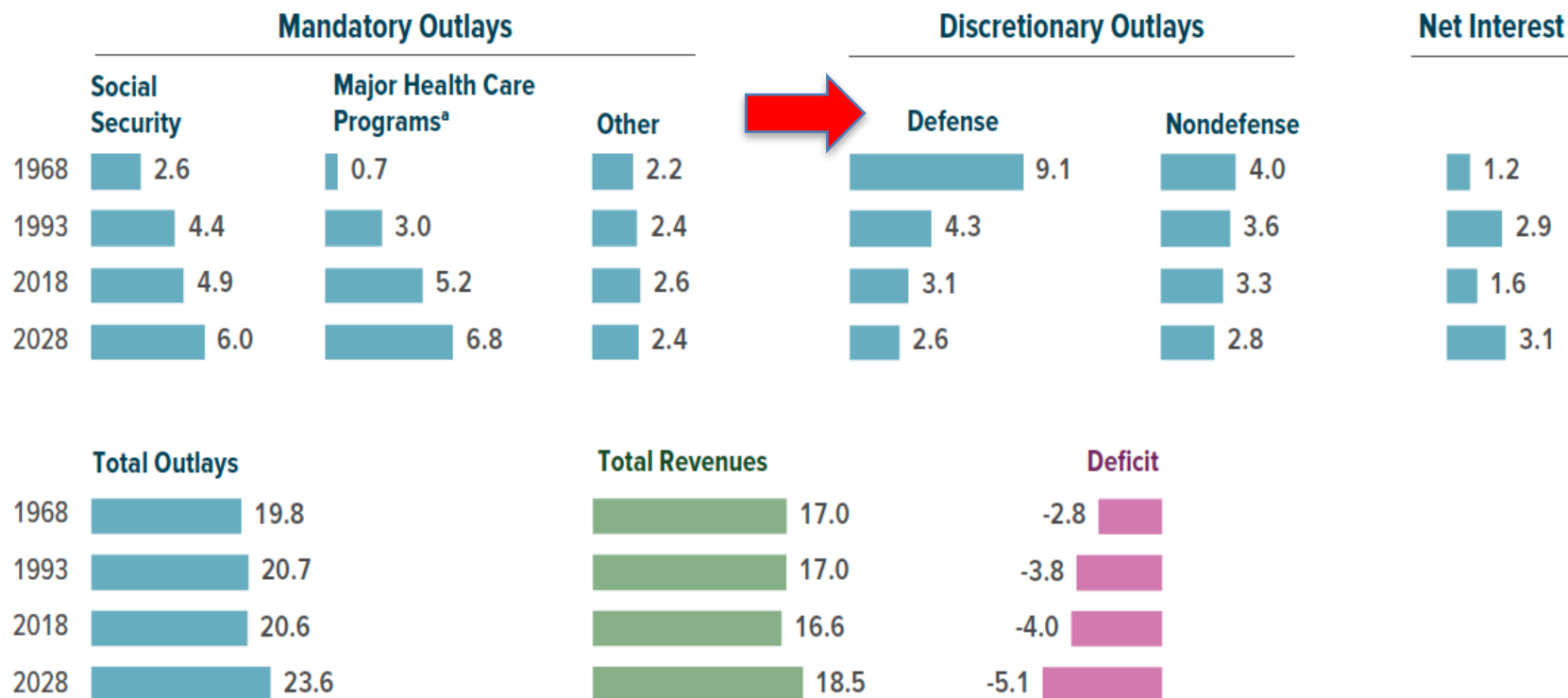


John McClelland, Assistant Director for Tax Analysis, **An Overview of The 2018 Budget and Economic Outlook, CBO**, at International Tax Policy Forum, Washington, D.C., October 4, 2018

Declining Defense Share of Federal Budget : 1968-2028

Outlays and Revenues Projected in CBO's Baseline, Compared With Actual Values 25 and 50 Years Ago

Percentage of Gross Domestic Product



Source: Congressional Budget Office.

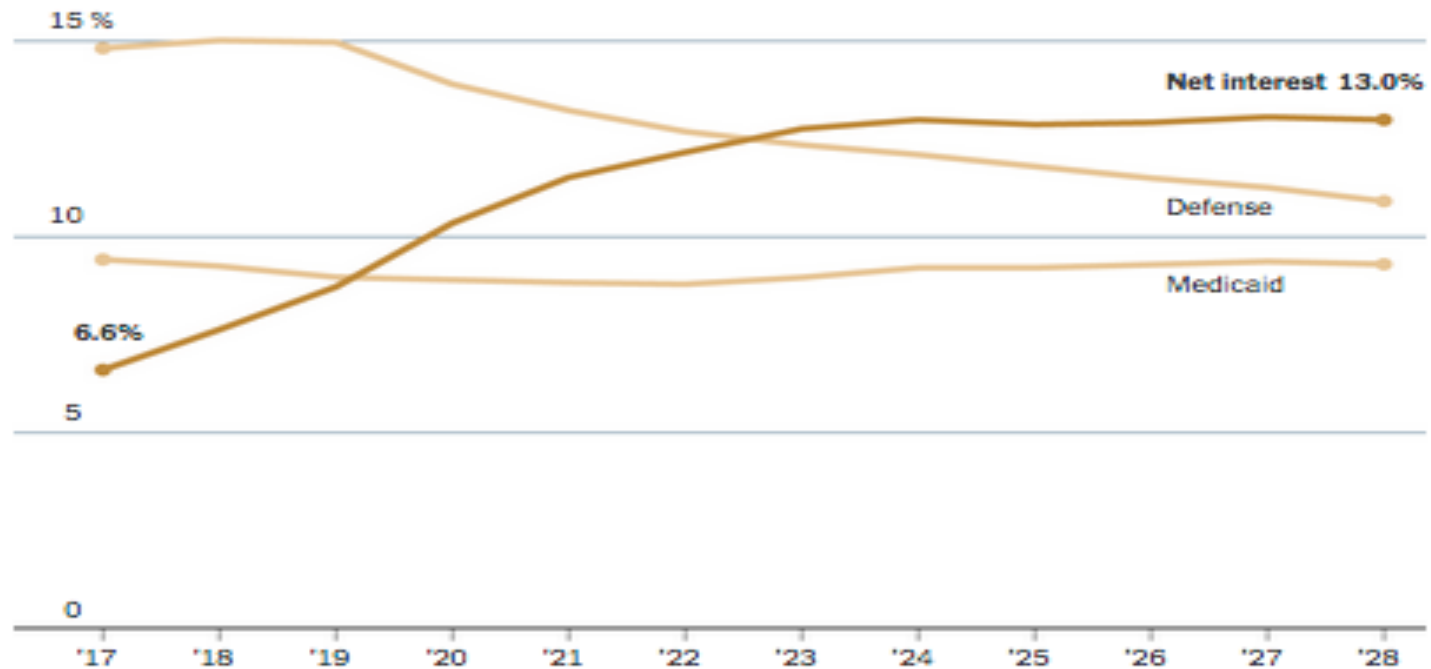
a. Consists of spending on Medicare (net of premiums and other offsetting receipts), Medicaid, and the Children's Health Insurance Program as well as outlays to subsidize health insurance purchased through the marketplaces established under the Affordable Care Act and related spending.

Interest vs. Defense and Medicaid: 2017-2028

Interest as a Share of the Budget

Interest payments will make up 13 percent of the federal budget a decade from now, surpassing spending on Medicaid and defense.

Expenditures as a share of overall budget



By The New York Times | Source: Congressional Budget Office

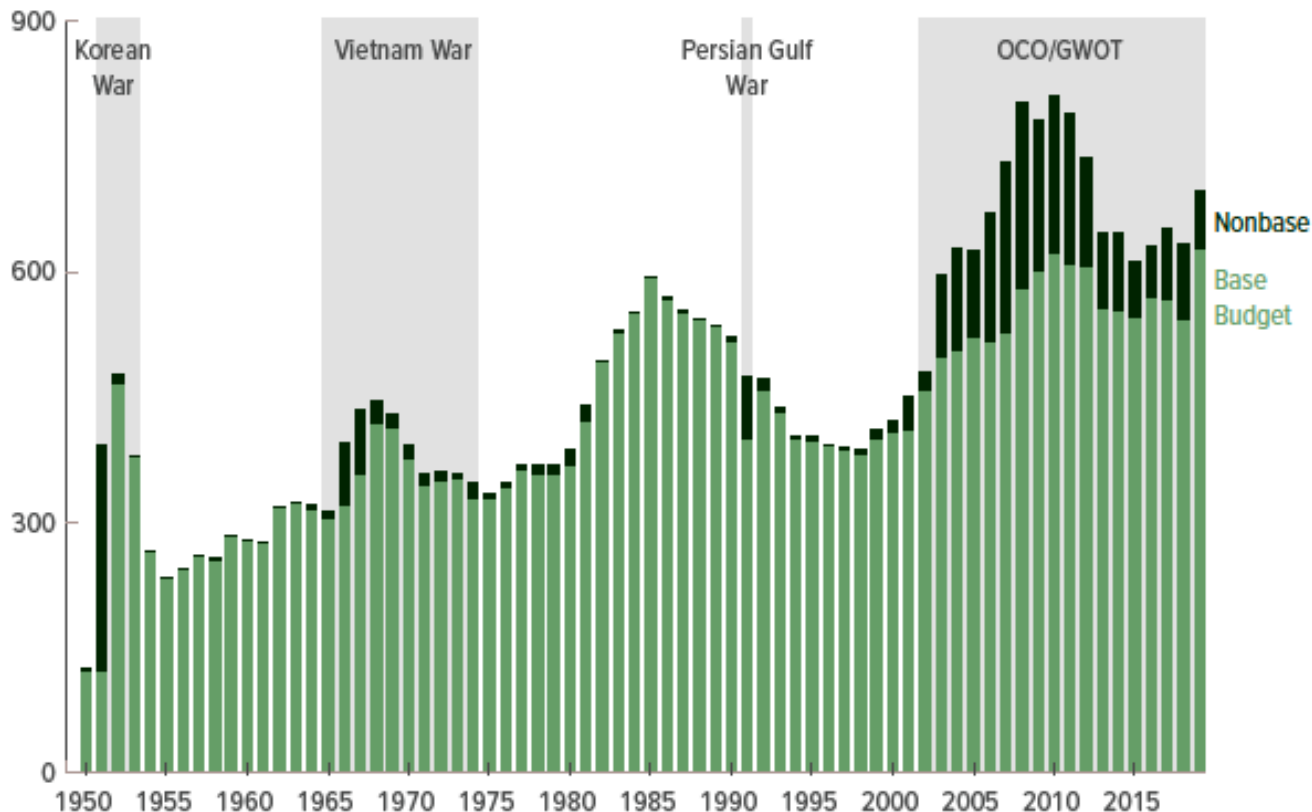
Adapted from Nelson D. Schwartz, "As Debt Rises, the Government Will Soon Spend More on Interest Than on the Military," New York Times, 25.9.18,
<https://www.nytimes.com/2018/09/25/business/economy/us-government-debt-interest.html>.

**Cost of President's Request for
FY2019 Wartime Overseas
Contingency Operations (OCO)
and Alliance Efforts**

Incremental Cost of Cost of War on Defense Spending

Base-Budget and Nonbase Funding for DoD, 1950 to 2019

Billions of 2019 Dollars



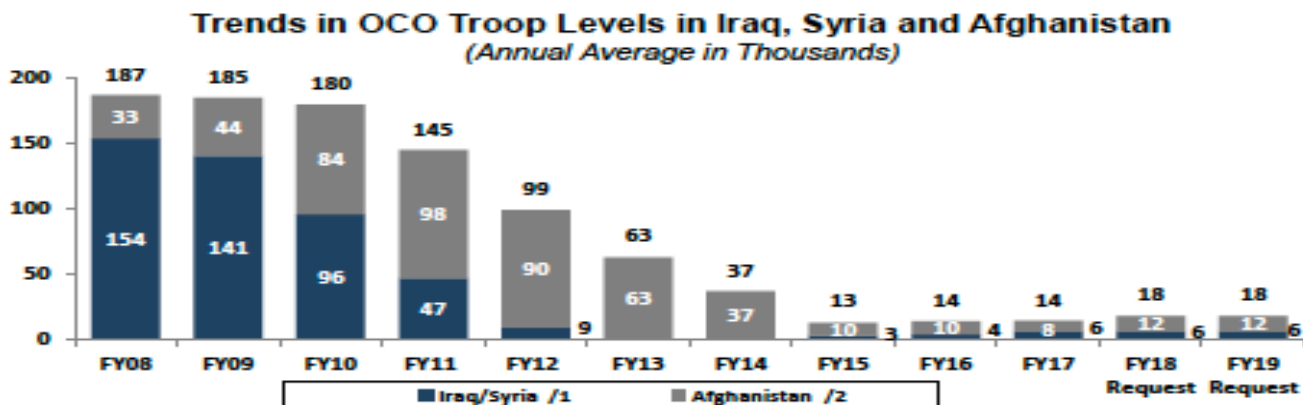
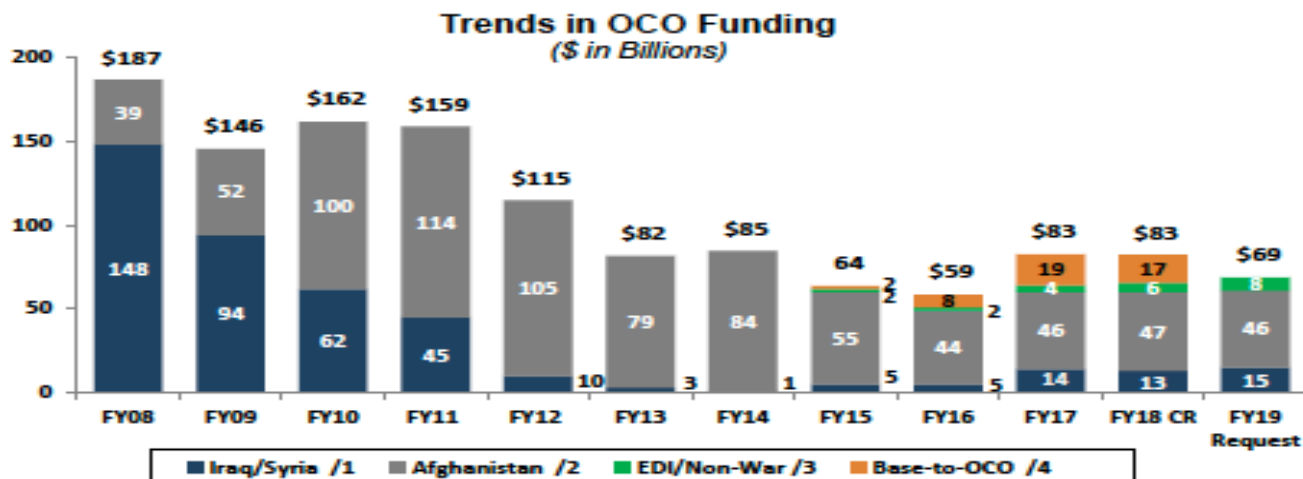
Before 2001, the costs of contingency operations that continued for multiple years were incorporated into DoD's base budgets.

Source: Congressional Budget Office, using data from the Congressional Research Service and the Department of Defense.

In this figure, the starting year for the Vietnam War is shown as 1964—the year of the Gulf of Tonkin incident, which marked the beginning of heavy U.S. involvement in the conflict. For historical data underlying the figure, see the supplemental material posted online with this report.

DoD = Department of Defense; GWOT = Global War on Terrorism; OCO = overseas contingency operations.

DoD Overseas Contingency Operations: FY2018-FY-2019



^{1/} Iraq/Syria data is for Operation IRAQI FREEDOM (OIF), Operation NEW DAWN (OND), OIR, and follow-on Iraq activities.

^{2/} Afghanistan data is for Operation ENDURING FREEDOM (OEF) and Operation FREEDOM'S SENTINEL (OFS).

^{3/} Data is for the European Deterrence Initiative (formerly European Reassurance Initiative) and non-war funding, which includes Security Cooperation in FY 2017-2019, and the former Counterterrorism Partnerships Fund in FY 2015 and FY 2016.

^{4/} Base budget requirements funded in OCO. In FY 2017, this includes Bipartisan Budget Act compliance, congressional base-to-OCO (Title II to Title IX transfers), and congressional adds (Title X base requirements).

Note: Funding levels displayed are enacted amounts and do not reflect budget execution. The FY 2013 level includes a \$5 billion downward adjustment from the enacted appropriation due to sequestration.

DoD Overseas Contingency Operations: FY2018-FY-2019

(BA Dollars Billions)

Operation/Activity	FY 2018 PB Request	FY 2019 PB Request	Delta FY 2018– FY 2019
Operation FREEDOM'S SENTINEL (OFS) and Related Missions	47.1	46.3	-0.8
Operation INHERENT RESOLVE (OIR) and Related Missions	13.0	15.3	2.3
European Deterrence Initiative (EDI)	4.8	6.5	1.7
Security Cooperation	0.9	0.9	-
Grand Total	65.8	69.0	3.2

- Maintaining increased U.S. troop levels in Afghanistan to support the President's South Asia strategy
- Sustaining personnel forward deployed to the Middle East to continue operations to defeat and prevent the reemergence of the Islamic State of Iraq and Syria (ISIS)
- Building the capacity of the Iraqi Security Forces and Syrian opposition forces to counter ISIS in support of the United States' comprehensive regional strategy
- Conducting U.S. Central Command in-country and in-theater support activities, including intelligence support to military operations
- Supporting U.S. partner nations through a sustainable approach to security cooperation
- Enhancing U.S. deterrence activities in Eastern Europe to assure North Atlantic Treaty Organization (NATO) allies and partners and deter aggressive actors
- Replenishing and replacing munitions used in combat and equipment destroyed, damaged, or worn out due to use in contingency operations

(Average Annual Troop Strength)

	FY 2018 PB Request	FY 2019 PB Request
Afghanistan (OFS)	11,958	11,958
Iraq/Syria (OIR)	5,765	5,765
In-Theater Support ¹	56,310	59,463
In-CONUS ² /Other Mobilization	16,610	16,610
Total Force Levels	90,643	93,796

¹ In-Theater support includes support for Afghanistan/Iraq, Combined Joint Task Force (CJTF) HOA, NW Africa CT, and EDI. In-theater support also includes temporary enabling forces supporting OFS in Afghanistan.

² In-CONUS = In the Continental United States

OCO Budget	FY 2018 PB Request	FY 2019 PB Request	Delta FY 2018-FY 2019
Operations/Force Protection	12.9	14.7	+1.8
In-Theater Support	19.2	20.0	+0.8
Joint Improvised-Threat Defeat	0.5	0.8	+0.1
Equipment Reset and Readiness	9.1	8.7	-0.4
Classified Programs	10.4	9.9	-0.5
Afghanistan Security Forces Fund (ASFF)	4.9	5.2	+0.3
Support for Coalition Forces	1.3	1.1	-0.2
Counter-ISIS Train and Equip Fund (CTEF)	1.8	1.4	-0.4
Security Cooperation	0.9	0.9	-
European Deterrence Initiative (EDI)	4.8	6.5	+1.7
Total	65.8	69.0	+3.2

Numbers may not add due to rounding

U.S. European Defense Initiative: FY2017-FY2019:

(\$3.1 billion higher in FY2019 than FY2017: 91% increase)

The 47 activities proposed within the FY 2019 EDI request:

1. Continue to enhance our deterrent and defense posture throughout the theater by positioning the right capabilities, in key locations, in order to respond to adversarial threats in a timely manner.
2. Assure our NATO Allies and partners of the United States' commitment to Article 5 and the territorial integrity of all 28 NATO nations.
3. Increase the capability and readiness of U.S. Forces, NATO Allies, and regional partners, allowing for a faster response in the event of any aggression by a regional adversary against the sovereign territory of NATO nations.

European Deterrence Initiative (EDI)	FY 2017	FY 2018	FY 2019
<i>(Dollars in Millions)</i>	<u>Enacted</u>	<u>Request</u>	<u>Request</u>
Increased Presence	1,049.8	1,732.7	1,874.7
Exercises and Training	163.1	217.7	290.8
Enhanced Prepositioning	1,903.9	2,221.8	3,235.4
Improved Infrastructure	217.4	337.8	828.2
Building Partnership Capacity	85.5	267.3	302.4
Total:	3,419.7	4,777.3	6,531.4

Numbers may not add due to rounding

**Impact of President's Military
Build-Up Goals on Defense
Spending:
FY2018-FY2019**

CBO Estimated How the Administration's Goals Would Affect Budgets

- Plans are unclear, but we have some rough outlines
 - Larger Navy (355 ships, up from planned 308 and current 279)
 - Larger Army (540,000 active endstrength, up from 460,000)
 - Larger Air Force (5 more fighter squadrons)
 - Increase Marine Corps (13,000 endstrength, 4 battalions)
 - Increase in readiness and modernization (in 2018 and beyond)
- Those plans would increase budgets relative to 2018 request
 - Increase active-duty military by 237,000 in 10 years
 - Increase spending by \$342 billion over 10 years
 - Increase annual spending by \$50 billion by 2027
 - Add \$20 billion per year for Navy (costs would continue to grow)
 - Add \$22 billion per year for larger Army
 - Add \$8 billion per year for larger Air Force
- Cost \$683 billion more over the next 10 years than the Obama Administration's last plan

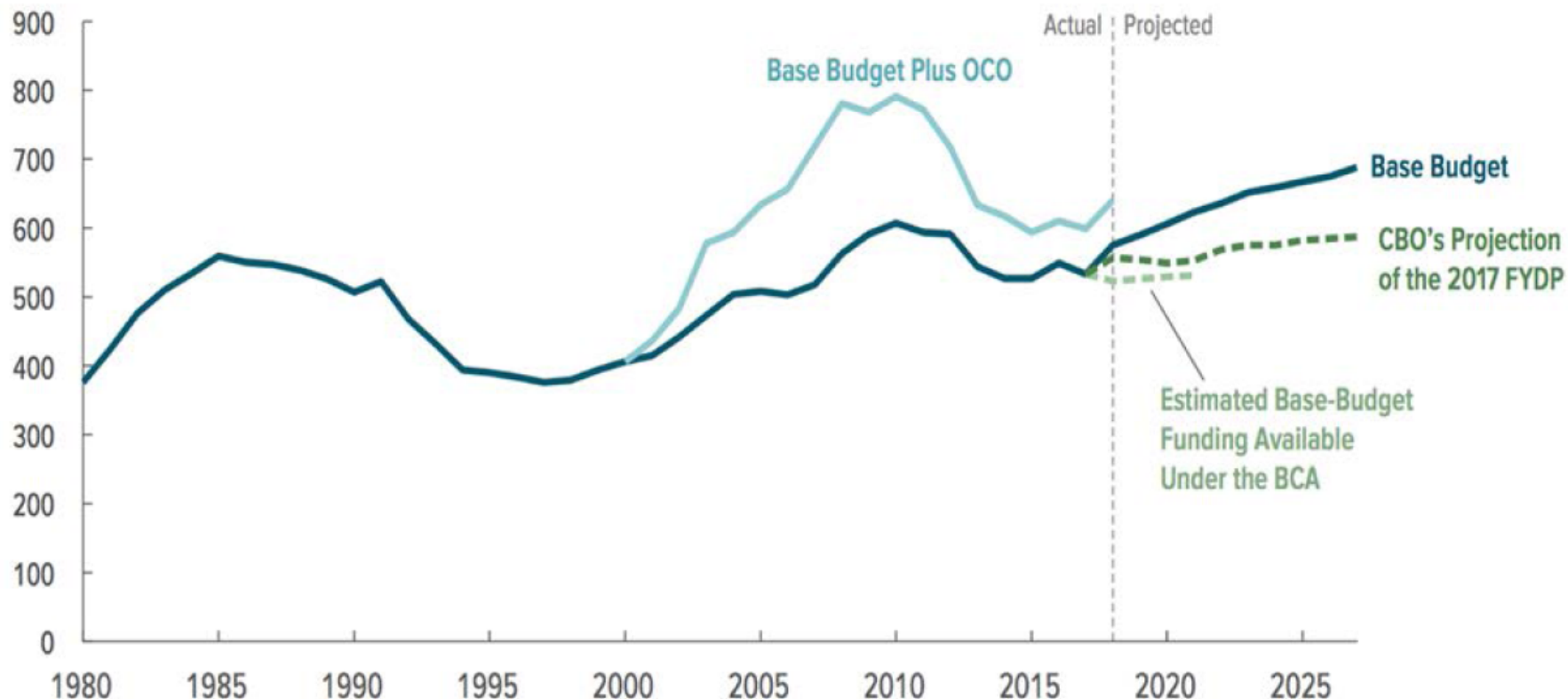
Force Rises: FY2018-2019

Service	FY 2018*	FY 2019	Delta FY18- FY19
Army Active			
Brigade Combat Teams (BCT)	31	31	-
Combat Aviation Brigades (CAB)	11	11	-
Army National Guard			
BCT	26	27	+1
CAB/ECAB	8	8	-
Army Reserve			
ECAB	2	2	-
Navy			
Number of Ships	292	299	+7
Carrier Strike Groups	11	11	-
Marine Corps Active			
Marine Expeditionary Forces	3	3	-
Infantry Battalions	24	24	-
Marine Corps Reserve			
Marine Expeditionary Forces	-	-	-
Infantry Battalions	8	8	-
Air Force Active			
Combat Coded Squadrons	40	42	+2
Aircraft Inventory (TAI)	4,015	4,050	+35
Air Force Reserve			
Combat Coded Squadrons	3	3	-
Aircraft Inventory (TAI)	328	332	+4
Air National Guard			
Combat Coded Squadrons	21	20	-1
Aircraft Inventory (TAI)	1,073	1,044	-29

* FY 2018 reflects the FY 2018 President's Budget Request.

The Administration's Goals Would Increase Costs by \$680 Billion Over 10 Years, CBO Estimates

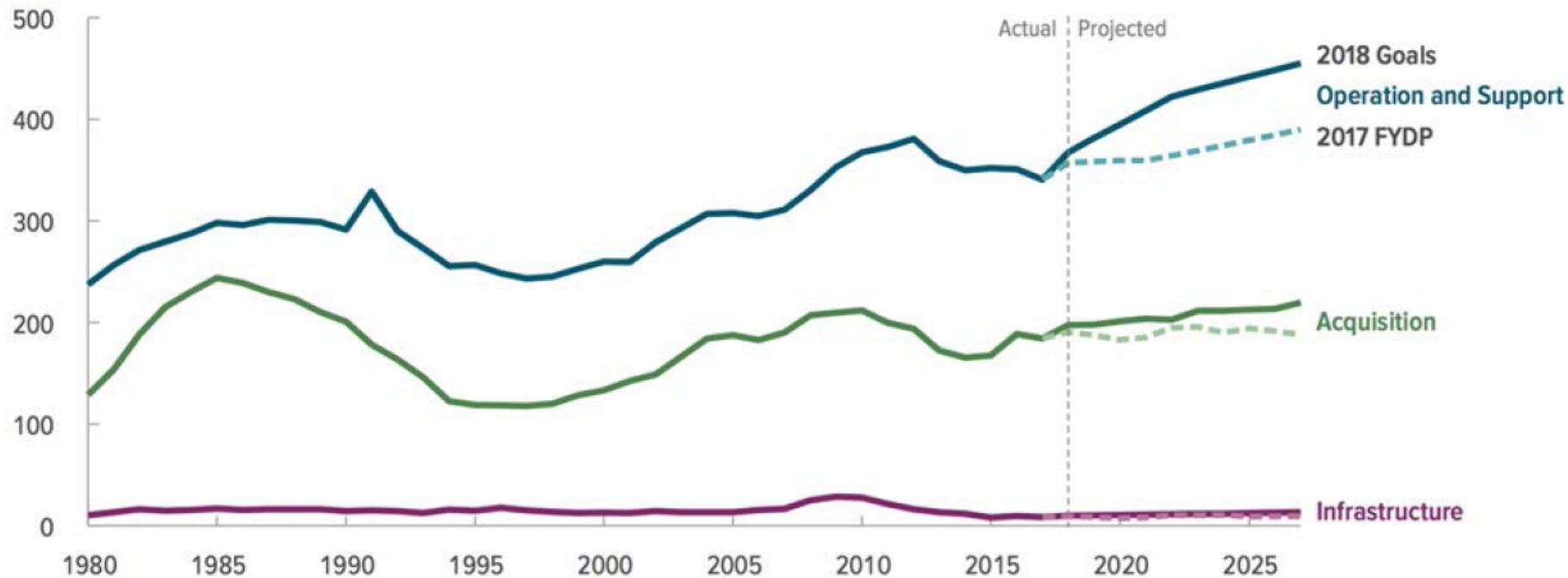
Billions of 2018 Dollars



Source: Congressional Budget Office, *Analysis of the Long-Term Costs of the Administration's Goals for the Military* (December 2017), www.cbo.gov/publication/53350.

Most of the Increase in Costs of Administration Goals Would Be in Operation and Support

Billions of 2018 Dollars



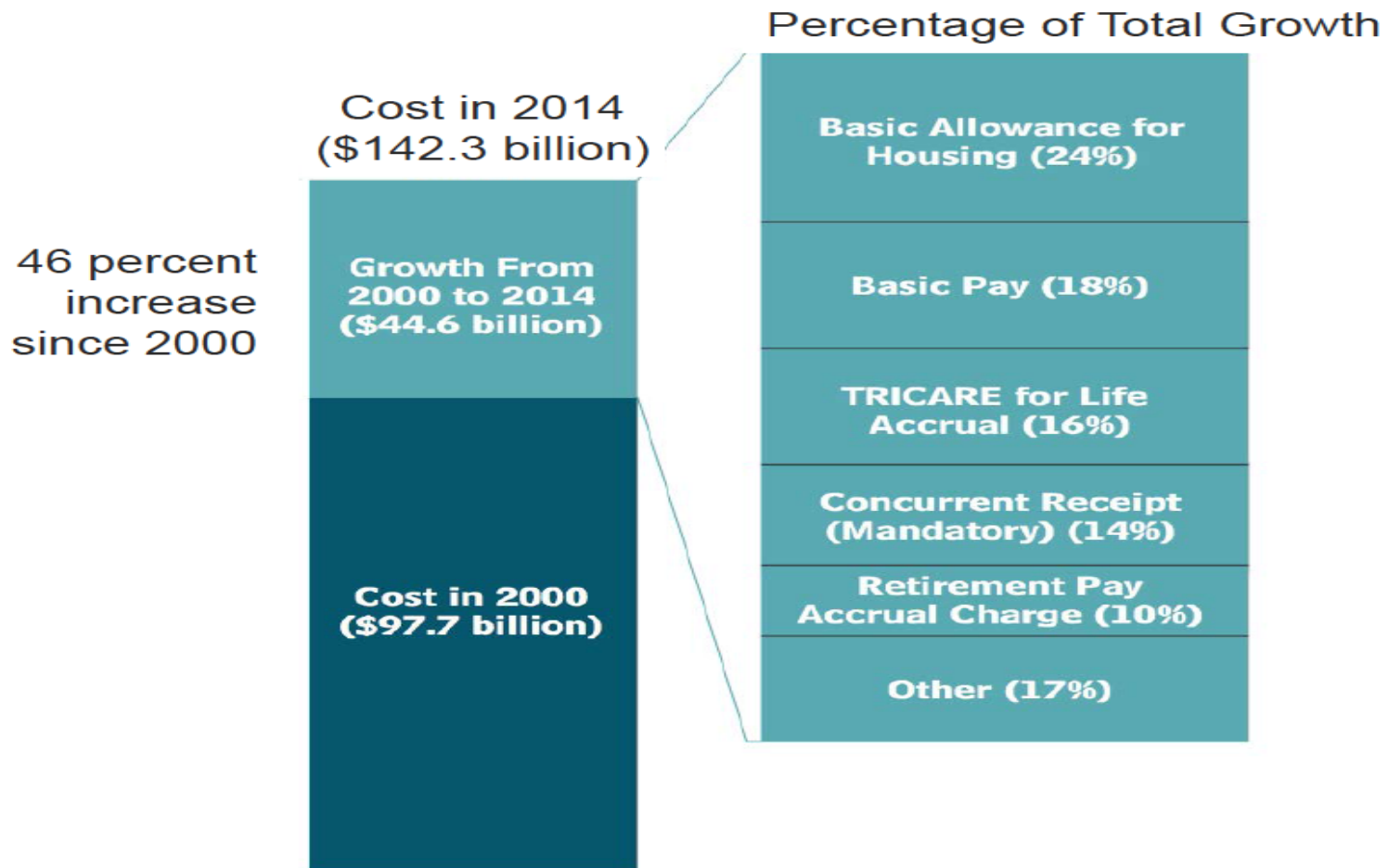
Source: Congressional Budget Office, *Analysis of the Long-Term Costs of the Administration's Goals for the Military* (December 2017), www.cbo.gov/publication/53350.

Impact of FY2019 Request on DoD Military Entitlement Priorities

Budgetary Momentum: Pay and Benefits of Military Personnel

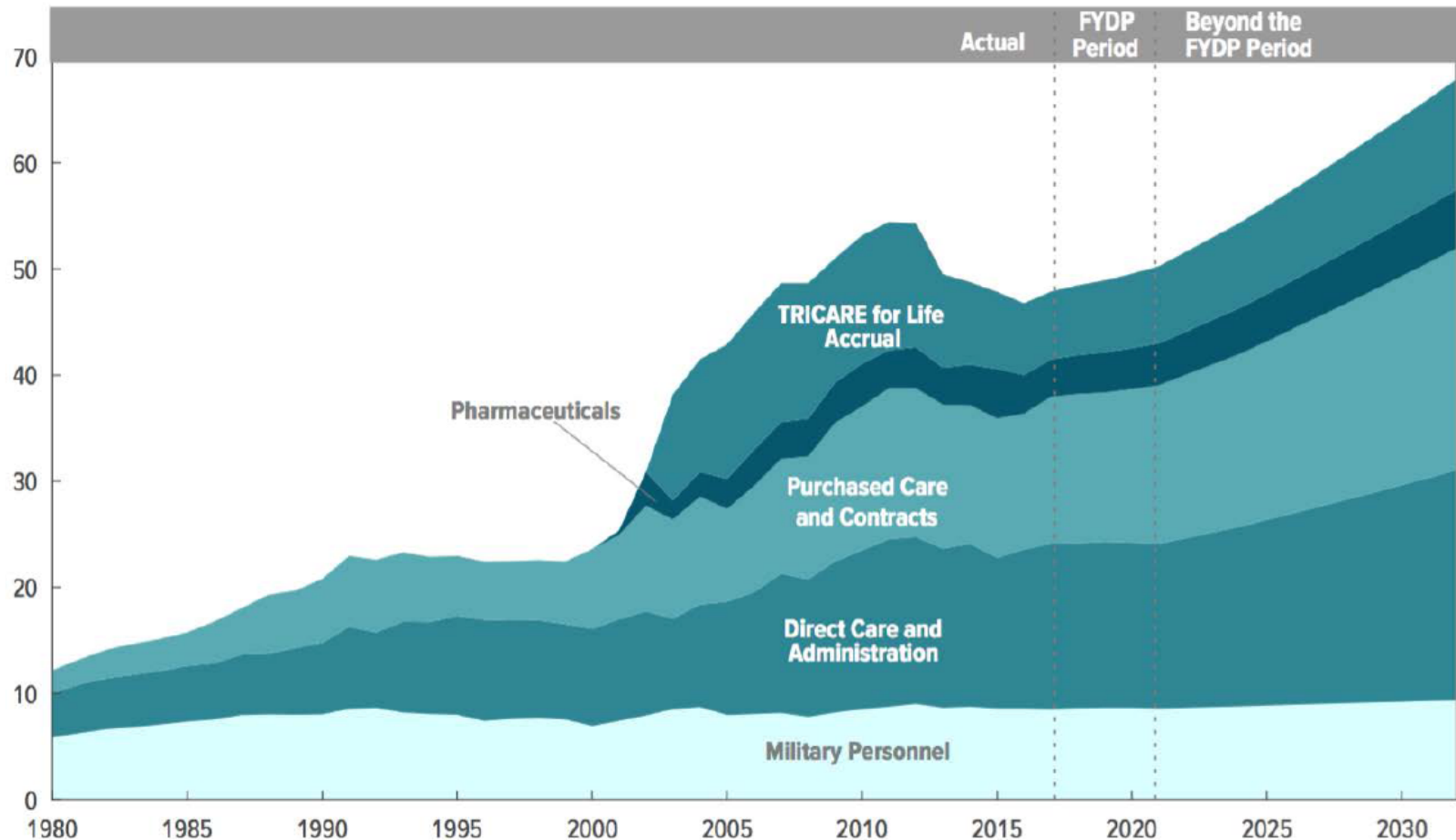
- Annual increases in military basic pay exceeded the percentage increase in the Employment Cost Index (ECI) by at least 0.5 percent for each of the years between 2001 and 2010
 - Basic pay raises then equaled the ECI from 2011 through 2013
 - From 2014 through 2016, the capped basic pay raise was below the ECI
- DoD estimates that cash compensation for enlisted military personnel exceeds that for 90 percent of workers with similar education and years of experience
 - Noncash compensation (health care and others) amplifies that gap

Entitlements Made Up 42% of Rise in Military Personnel Costs



Projected Costs for the Military Health System

Billions of FY 2017 Dollars



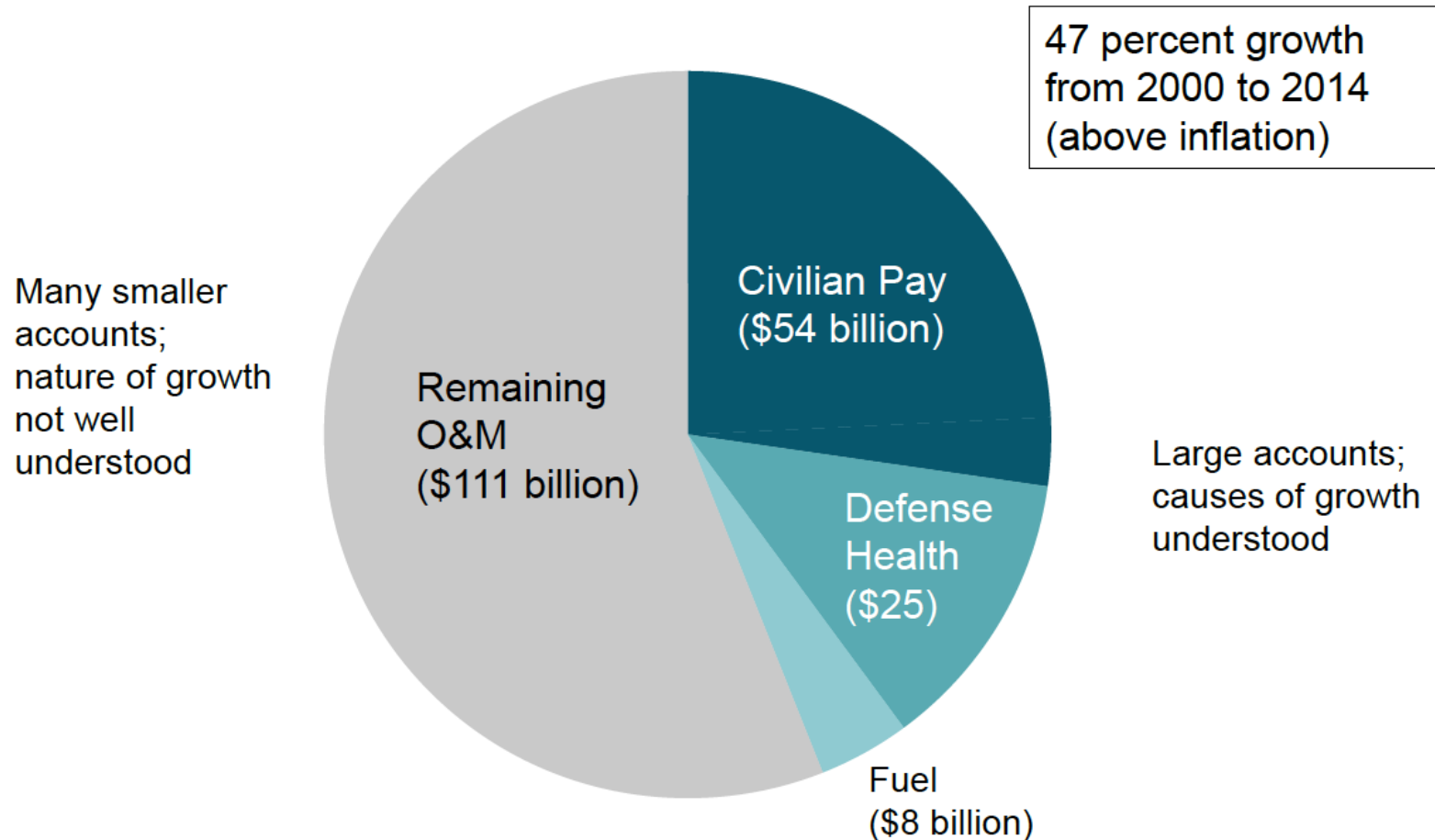
Source: Congressional Budget Office, *An Analysis of the Obama Administration's Final Future Years Defense Program* (April 2017), www.cbo.gov/publication/52450.

Impact of FY2019 Request on Readiness and Operations and Maintenance (O&M) Priorities

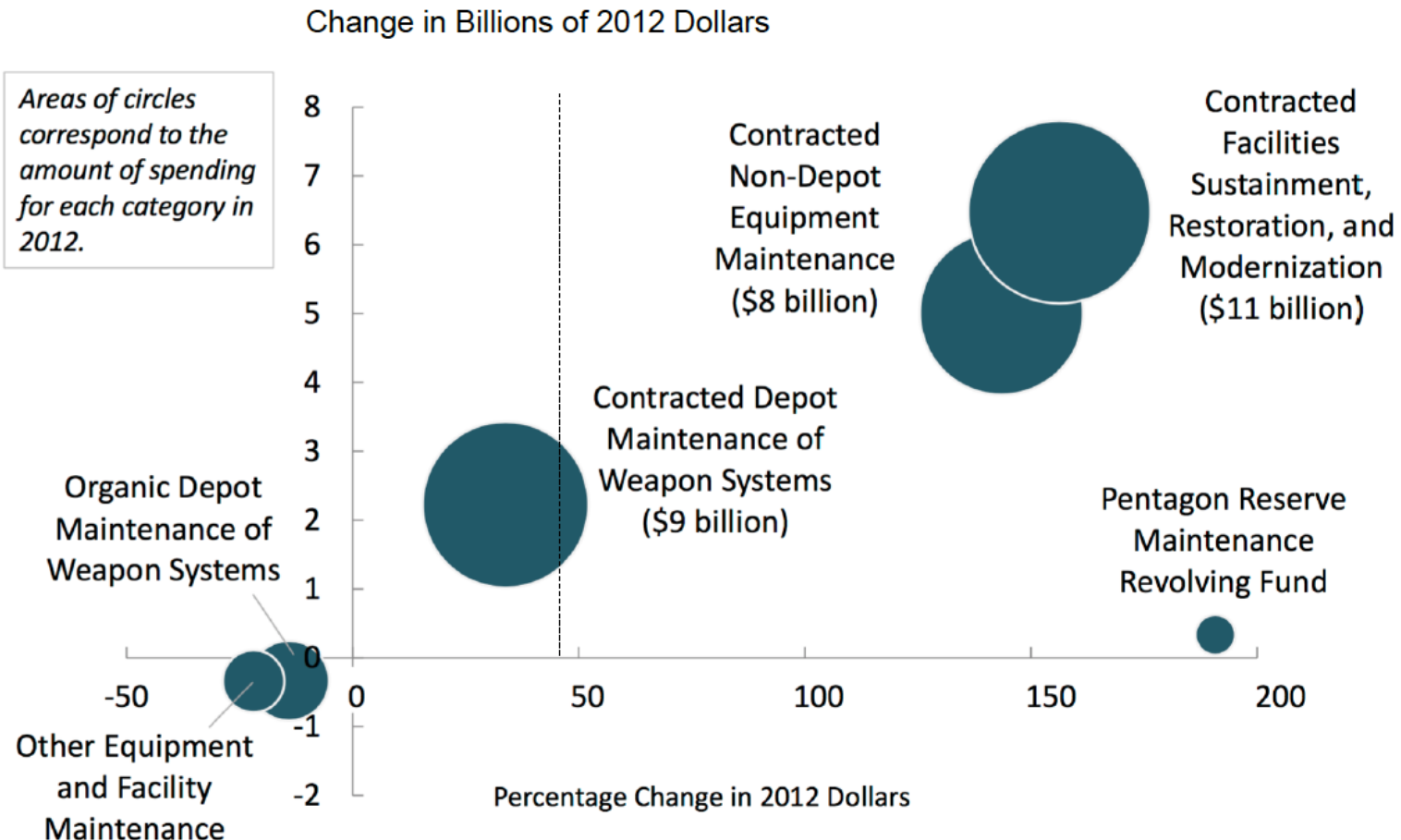
FY2019: Major Increases in Readiness

- **Army:**
 - Supports increased home station training and additional high-end collective training exercises, resulting in 20 combat training center rotations in 2019
 - Total Army end strength grows from 1,018K to 1,030.5K to fill critical personnel gaps and grow force structure
- **Navy:**
 - Ship Depot Maintenance and Aviation Readiness remain the top two readiness recovering priorities; conducting schedule maintenance and reducing backlog
 - Ship maintenance efforts include improvements in the planning process and continuing to build workforce capacity in the Naval Shipyards
 - Aviation Readiness accounts include increases in engineering and program-related logistics to speed the repair process and also increases in the workforce at Aviation Depots
- **Marine Corps**
 - Grows an additional 1,100 Marines and fully funds Marine Corps operating forces and associated maintenance
 - Invests in information warfare, long-range precision fires, air defense, and enhanced maneuver capabilities
- **Air Force:**
 - Invests in additional military end strength to fill critical gaps in pilot, cyber, maintainer, and Intelligence, Surveillance, and Reconnaissance (ISR) career fields
 - Builds on the progress made in PB 2018 to restore the readiness of the force, increase lethality, and cost-effectively modernize while also moving to multi-domain warfare
- **USSOCOM:**
 - Funds efforts to mitigate capacity readiness challenges in command and control, cyber, Intelligence, Surveillance, and Reconnaissance (ISR), precision strike munitions, and air and maritime mobility
 - Specific investments made to increase contracted ISR orbits and improve capability, enhance aircraft contractor logistical support, and accelerate transition to an all A/MC-130J model fleet

Key Elements of Operation and Maintenance Costs, 2012



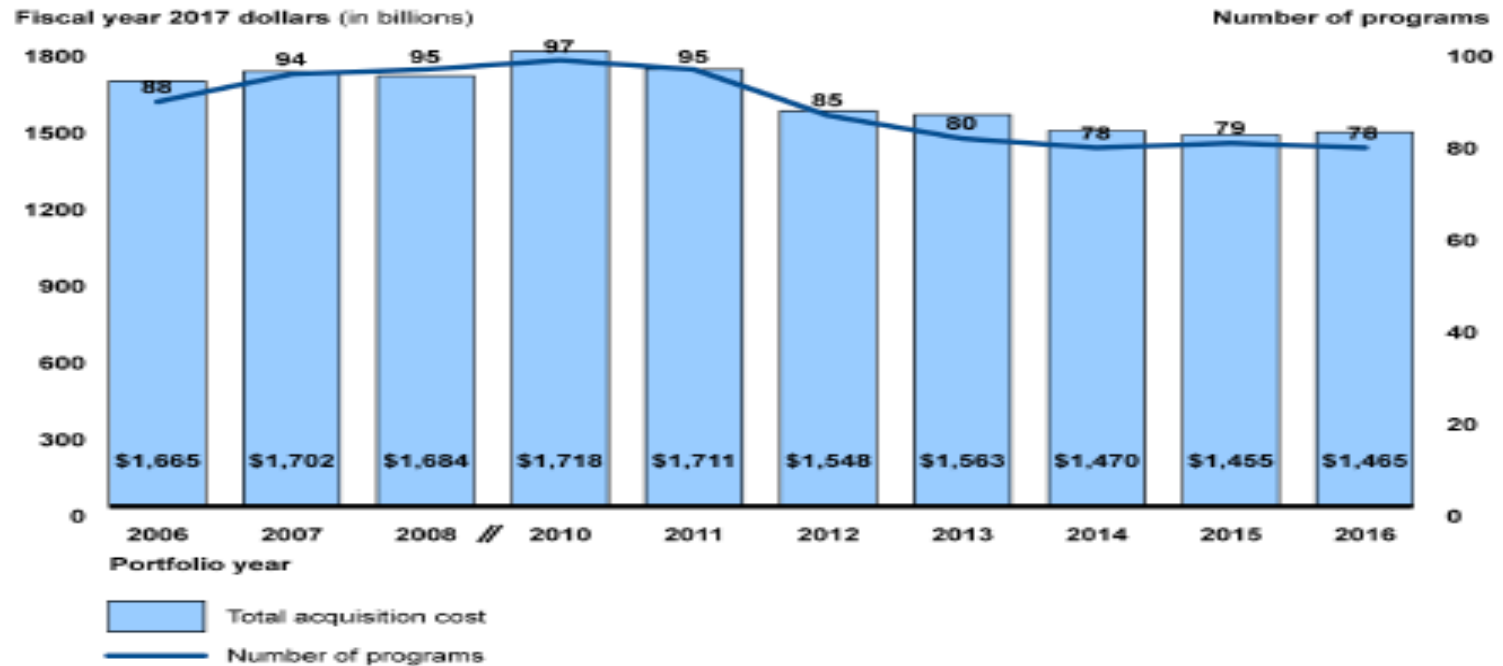
Growth in Base-Budget O&M for Equipment Maintenance and Property Maintenance, 2000 to 2012



Source: Congressional Budget Office, *Trends in Spending by the Department of Defense for Operation and Maintenance* (January 2017), www.cbo.gov/publication/52156.

Impact of FY2019 Request on Procurement

Procurement Portfolio: FY2006-2016



Source: GAO analysis of Department of Defense data. | GAO-17-333SP

Since our last report in 2016, our analysis shows that DOD's total planned investment in major defense acquisition programs increased by about \$9.4 billion from \$1.45 trillion to \$1.46 trillion, whereas the number of programs decreased from 79 to 78. The cost increase represents a flattening to a trend of total acquisition cost decreases we observed each year from 2010 to 2015. We attribute this aggregate cost increase to cost growth affecting a majority of individual DOD programs over the past year, and, in particular, significant cost increases in a few large shipbuilding programs. Our analysis also shows that the portfolio has experienced cost growth totaling over \$484 billion since programs established their first full estimates; 60 percent of the cost growth occurred after programs started production. These significant post-production cost increases—particularly within development funds—may indicate that programs start production without having demonstrated that a fully integrated, capable, production-representative prototype will work as intended. Notably, \$476 billion of this cost growth occurred in programs 5 or more years ago. Since 2011, the portfolio's cost has only grown by \$8.6 billion. Based on our review of DOD estimates, the amount of future funding needed to complete the 2016 portfolio totals \$573.6 billion, which is a decrease from the 2015 portfolio and is the lowest amount in over a decade. The decreased amount of future funding required indicates that more of the total cost of the portfolio has been spent.¹² Of the \$573.6 billion, \$546 billion is planned for procurement and \$27.6 billion, or 5 percent of the total, is planned for development. Over the past 2 years, the portfolio has experienced a buying power gain. Further, the current portfolio's average delay in delivering capability increased by almost 2 months over the past year, yet 49 percent of programs in the 2016 portfolio intend to declare, or have declared, initial operational capability on the basis of limited or, in a few cases, no operational testing.

FY2019: Investments - I

	FY 2018 Request		FY 2019 Request	
	Qty	\$B	Qty	\$B
Aircraft				
F-35 Joint Strike Fighter (Air Force, Marine Corps, Navy)	70	10.8	77	10.7
KC-46 Tanker Replacement (Air Force)	15	3.1	15	3.0
F/A-18E/F Super Hornet (Navy)	14	1.3	24	2.0
AH-64E Apache Attack Helicopter (Army)	63	1.4	60	1.3
VH-92 Presidential Helicopter (Marine Corps)	-	0.5	6	0.9
P-8A Poseidon (Navy)	7	1.6	10	2.2
CH-53K King Stallion (Marine Corps)	4	1.1	8	1.6
Space				
Evolved Expendable Launch Vehicle (Air Force)	3	1.9	5	2.0
Global Positioning System (GPS) (Air Force)	-	1.1	-	1.5
Space Based Infrared System (Air Force)	-	1.5	-	0.8

Includes Procurement and Research, Development, Test and Evaluation (RDT&E) funding

Numbers may not add due to rounding

Weapon Systems		FY 2018*		FY 2019	
		Qty	PB Request	Qty	PB Request
Aircraft					
F-35	Joint Strike Fighter	70	10.8	77	10.7
KC-46A	Tanker	15	3.1	15	3.0
P-8A	Poseidon	7	1.6	10	2.2
F/A-18E/F	Super Hornet	14	1.3	24	2.0
CH-53K	King Stallion Helicopter	4	1.1	8	1.6
E-2D AHE	Advanced Hawkeye	5	1.1	4	1.2
AH-64E	Apache Helicopter	63	1.4	60	1.3
UH-60	Black Hawk Helicopter	48	1.1	68	1.4
V-22	Osprey	6	0.9	7	1.3
MQ-4	Triton Unmanned Aerial Vehicle	3	0.9	3	0.9

FY2019: Investments - II

Ships					
SSN 774	VIRGINIA Class Submarine	2	5.5	2	7.4
DDG 51	ARLEIGH BURKE Destroyer	2	4.0	3	6.0
CVN 78	FORD Aircraft Carrier	1	4.6	--	1.8
LCS	Littoral Combat Ship	2	1.7	1	1.3
T-AO	Fleet Replenishment Oiler	1	0.5	2	1.1
ESB	Expeditionary Sea Base	--	--	1	0.7
T-ATS	Towing, Salvage, and Rescue Ship	1	0.1	1	0.1

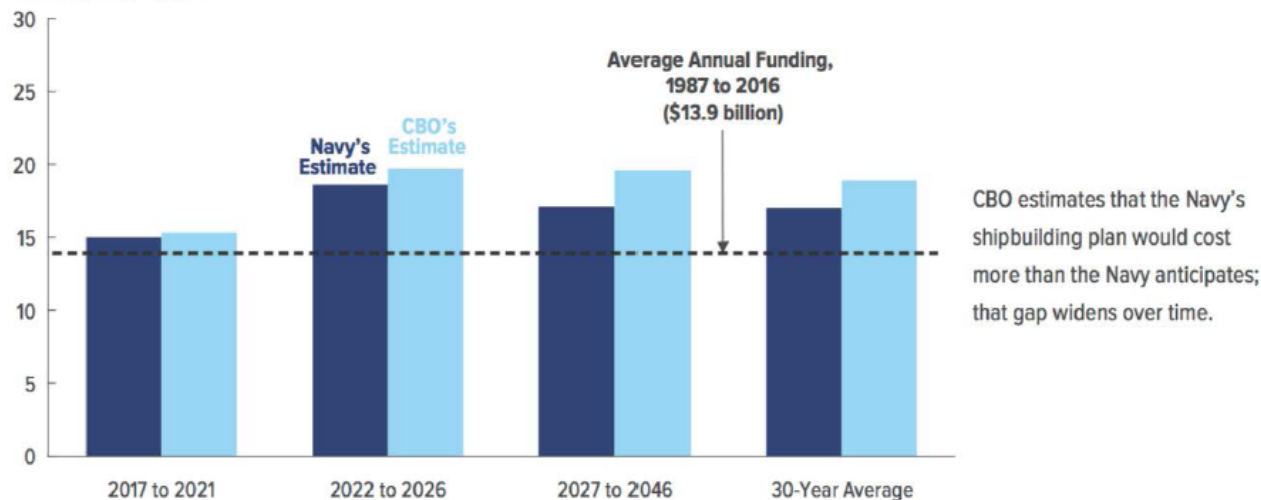
Shipbuilding					
Virginia Class Submarine		2	5.5	2	7.4
DDG-51 Arleigh Burke Class Destroyers		2	4.0	3	6.0
Littoral Combat ships (LCS)		2	1.7	1	1.3
CVN-78 Class Aircraft Carrier		1	4.6	-	1.8
Fleet Replenishment Oiler (T-AO)		1	0.5	2	1.1
Towing, Salvage, and Rescue Ship (T-ATS)		1	0.1	1	0.1
Expeditionary Sea Base		-	-	1	0.7

Budgetary Momentum: The Navy's Shipbuilding Program

- CBO estimates that the 2017 shipbuilding plan will cost more than the Navy estimates
- The plan would fall short of meeting the service's inventory goal for some types of ships
- Historical average funding would be insufficient to cover the shipbuilding contained in the plan

Average Annual Costs of New-Ship Construction Under the Navy's 2017 Plan

Billions of 2016 Dollars



Source: Congressional Budget Office, using data from the Department of the Navy.

FY2019: Investments - III

	FY 2018 Request		FY2019 Request	
	Qty	\$B	Qty	\$B
Preferred Munitions				
Joint Direct Attack Munition (JDAM) (Navy, Air Force)	34,529	0.9	43,594	1.2
Guided Multiple Launch Rocket System (GMLRS) (Army and Marine Corp)	6,474	0.9	9,733	1.2
Small Diameter Bomb I (SDB I) (Navy, Air Force)	6,852	0.3	6,826	0.3
Small Diameter Bomb II (SDB II) (Navy, Air Force)	550	0.3	1,260	0.4
Hellfire Missile (Army, Navy, Air Force)	7,664	0.7	7,045	0.6
Joint Air-to-Surface Standoff Missile-Extended Range (Air Force)	360	0.5	360	0.6
Joint Air-to-Ground Missile (JAGM) (Army, Navy)	824	0.2	1,121	0.3
Ground Systems				
Joint Light Tactical Vehicle (Army, Marine Corps, Air Force)	2,777	1.1	5,113	2.0
M-1 Abrams Tank Modifications/Upgrades (Army)	56	1.2	135	2.7
Amphibious Combat Vehicle (Marine Corps)	26	0.3	30	0.3
Armored Multi-Purpose Vehicle (Army)	107	0.6	197	0.8

includes Procurement and Research, Development, Test and Evaluation (RDT&E) funding

Numbers may not add due to rounding

FY2019: Investments - IV

	FY 2018 Request		FY 2019 Request	
	Qty	\$B	Qty	\$B
Nuclear Deterrence				
B-21 Long Range Strike Bomber (Air Force)	-	2.0	-	2.3
Columbia Class Submarine - (Advance Procurement + RDT&E) (Navy)	-	1.9	-	3.7
Long-Range Stand-Off (LRSO) Missile (Air Force)	-	0.5	-	0.6
Ground Based Strategic Deterrent (GBSD) (Air Force)	-	0.2	-	0.3
Missile Defense Programs				
AEGIS Ballistic Missile Defense (SM-3)	54	2.1	43	1.7
Ground Based Midcourse Defense (Interceptors/Silos)	-/10	1.9	4/10	2.1
Terminal High Altitude Area Defense (THAAD) Ballistic Missile Defense	84	1.3	82	1.1
Patriot Advanced Capability (PAC-3) Missile Segment Enhancement	240	1.1	240	1.1

Includes Procurement and Research, Development, Test and Evaluation (RDT&E) funding

Numbers may not add due to rounding

Weapon System	FY 2017 Actual	FY 2018 Request*	FY 2019 Request	FY17 – FY19 Change
Ground Based Strategic Deterrent	\$0.1	\$0.2	\$0.3	\$0.2
Long Range Stand Off cruise missile	\$0.1	\$0.5	\$0.6	\$0.5
COLUMBIA-class	\$1.8	\$1.9	\$3.7	\$1.9
Trident II Life Extension	\$1.2	\$1.3	\$1.2	\$0.0
B-21 Bomber	\$1.3	\$2.0	\$2.3	\$1.0
F-35 Dual Capable Aircraft	\$0.03	\$0.04	\$0.07	\$0.04
B61 Tailkit	\$0.1	\$0.2	\$0.3	\$0.2

*FY 2018 reflects the President's Budget request and OCO

FY2019 Request for Department of Energy Nuclear Weapons Programs

National Nuclear Security Administration

The National Nuclear Security Administration (NNSA) is responsible for maintaining a safe, secure, and effective nuclear weapons stockpile; for preventing, countering, and responding to evolving and emerging nuclear proliferation and terrorism threats; for providing safe, reliable and long-term nuclear propulsion to the Nation's Navy as it protects American and Allied interests around the world; and for supporting the federal workforce that carries out these critical responsibilities.

To support these activities, the FY 2019 Budget Request proposes \$15.1B for the NNSA, \$2.2B over FY 2017 Enacted.

The Request makes necessary investments consistent with the NPR to: modernize and rebuild a nuclear force and nuclear security enterprise; prevent, counter and respond to nuclear proliferation and terrorism threats; and provide safe, reliable, and long-term nuclear propulsion to the Nation's Navy. The Nuclear Weapons Council (NWC) will

translate the NPR's policy initiatives into requirements. This request positions NNSA to support those initiatives while working within the NWC to define the military requirements and strategic direction provided by the NPR. As military requirements are refined, the Administration will work with Congress to ensure that the program of work is properly authorized and funded.

NATIONAL NUCLEAR SECURITY ADMINISTRATION

NNSA Programs	FY19 (\$M)
• Weapons Activities	11,017
• Defense Nuclear Nonproliferation	1,863
• Naval Reactors	1,789
• Federal Salaries and Expenses	423
NNSA Total	15,091

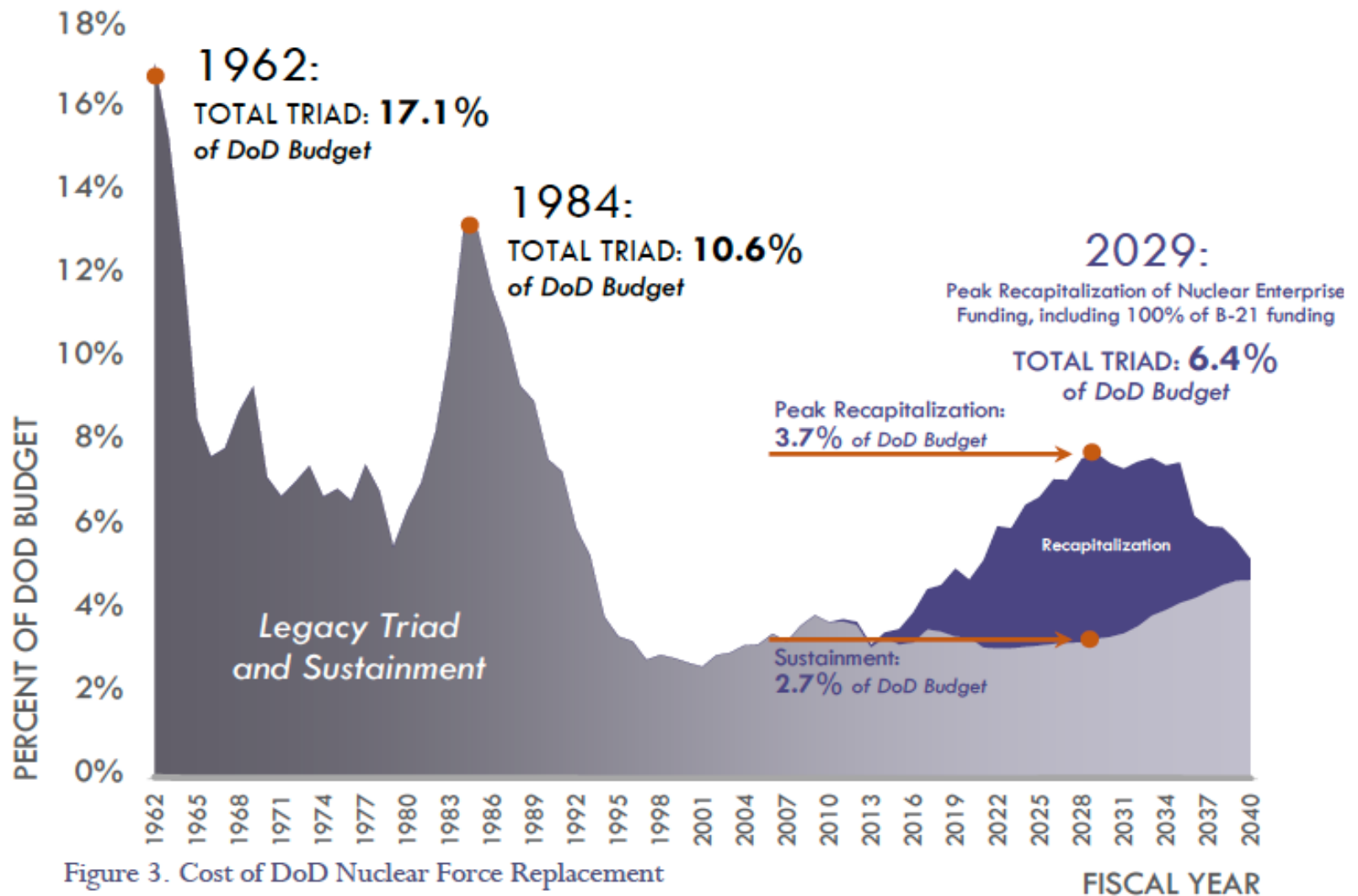
FY2019 Nuclear Weapons Budget - I

DEPARTMENT OF ENERGY	
DOE Programs	FY19 (\$M)
• National Nuclear Security Administration	15,091
• Science	5,391
• Energy	2,515
• Environmental Management	6,601
• Other Defense Activities	853
• Administration and Oversight	293
• Savings and Receipts	-137
DOE Total	30,609

	(\$K)				
	FY 2017 Enacted	FY 2018 Annualized CR*	FY 2019 Request	FY 2019 Request vs FY 2017 Enacted	
				\$	%
Atomic Energy Defense Activities					
National Nuclear Security Administration					
Federal Salaries and Expenses	387,366	384,736	422,529	+35,163	+9.1%
Weapons Activities	9,240,739	9,241,675	11,017,078	+1,776,339	+19.2%
Defense Nuclear Nonproliferation	1,879,738	1,885,970	1,862,825	-16,913	-0.9%
Naval Reactors	1,419,792	1,410,455	1,788,618	+368,826	+26.0%
Total, National Nuclear Security Administration	12,927,635	12,922,836	15,091,050	+2,163,415	+16.7%
Environmental and Other Defense Activities					
Defense Environmental Cleanup	5,404,217	5,368,298	5,630,217	+226,000	+4.2%
Other Defense Activities	781,703	778,676	853,300	+71,597	+9.2%
Defense Nuclear Waste Disposal (90M in 270 Energy)	0	0	30,000	+30,000	N/A
Total, Environmental and Other Defense Activities	6,185,920	6,146,974	6,513,517	+327,597	+5.3%
Total, Atomic Energy Defense Activities	19,113,555	19,069,810	21,604,567	+2,491,012	+13.0%

Cost of Nuclear Posture Review

DOD NUCLEAR ENTERPRISE FUNDING



FY2019 Request for Homeland Security

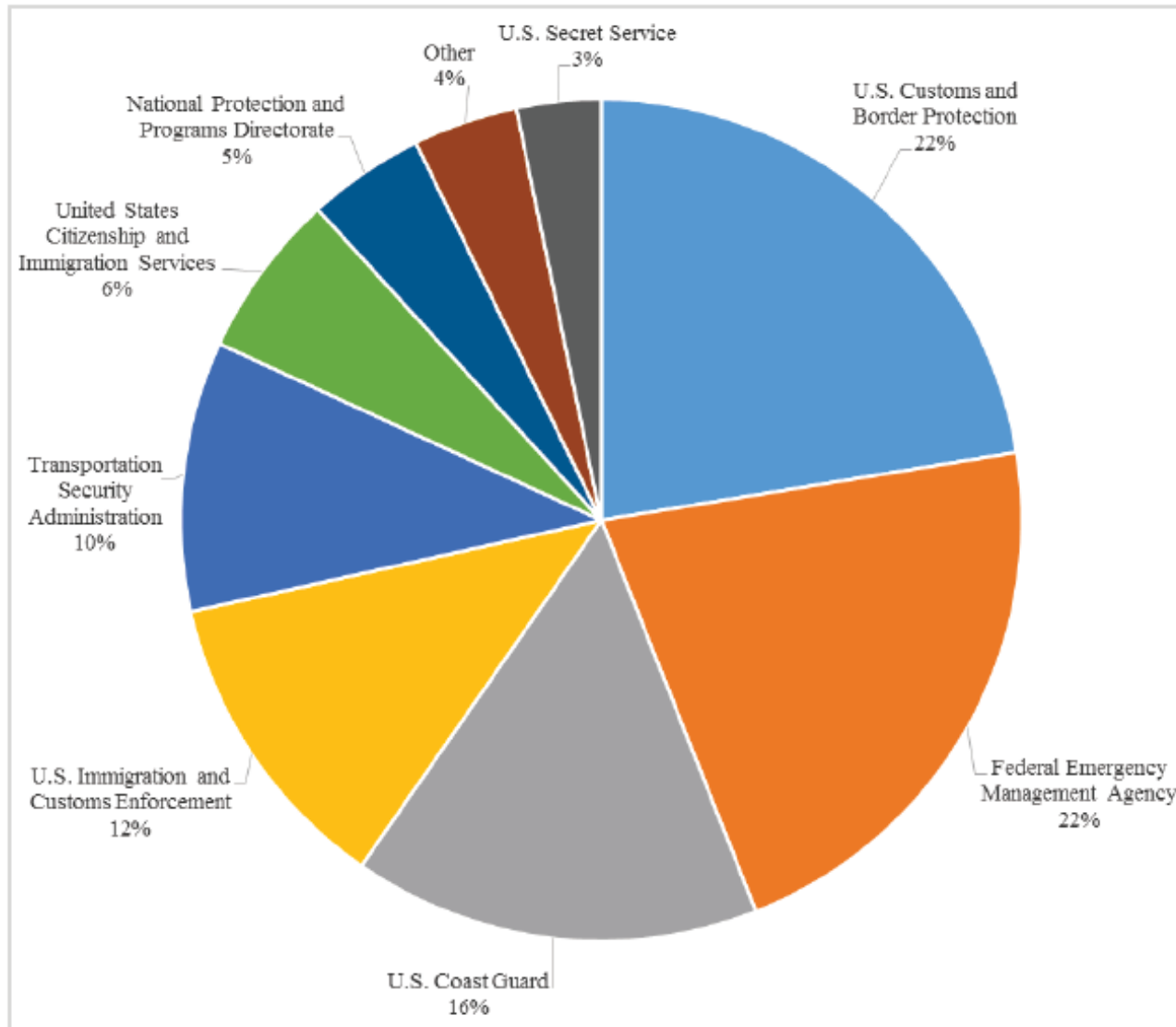
FY2019 DHS Overview

Organization	FY 2017 Enacted	FY 2018 President's Budget	FY 2019 President's Budget	FY 2018 to FY 2019 Total Changes	FY 2019 +/- FY 2018 %
Total Budget Authority	\$68,393,475	\$71,191,932	\$74,438,719	\$3,246,787	+4.4%
Less: Mandatory, Fee, and Trust Funds	\$13,491,530	\$14,747,687	\$14,724,748	(\$22,939)	-0.2%
Gross Discretionary Budget Authority¹	\$54,901,945	\$56,444,245	\$59,713,971	\$3,269,726	+5.5%
Less: Discretionary Offsetting Fees	\$4,117,976	\$4,988,963	\$5,235,504	\$246,541	+4.7%
Discretionary Budget Authority	\$50,783,969	\$51,455,282	\$54,478,467	\$3,023,185	+5.6%
Less: FEMA Disaster Relief - Major Disasters	\$6,713,000	\$6,793,000	\$6,652,000	(\$141,000)	-2.1%
Less: USCIS - CHIMP Funding	\$4,000	\$4,000	\$4,000	-	-
Less: USCG – OCO Funding	\$162,692	-	-	-	-
Less: Rescissions to Prior Years Balances	(\$1,483,667)	(\$593,400)	(\$300,000)	\$293,400	-97.8%
Adjusted Net Discretionary Budget Authority	\$42,420,610	\$44,064,882	\$47,522,467	\$3,457,585	+7.3%

¹FY 2017 Gross Discretionary includes USCG – OCO Funding.

FY 2019 Percent of Total Budget Authority by Organization

\$74,438,719



Homeland Security Spending by Agency: FY 2015-FY2017

(Budget Authority in millions of dollars)

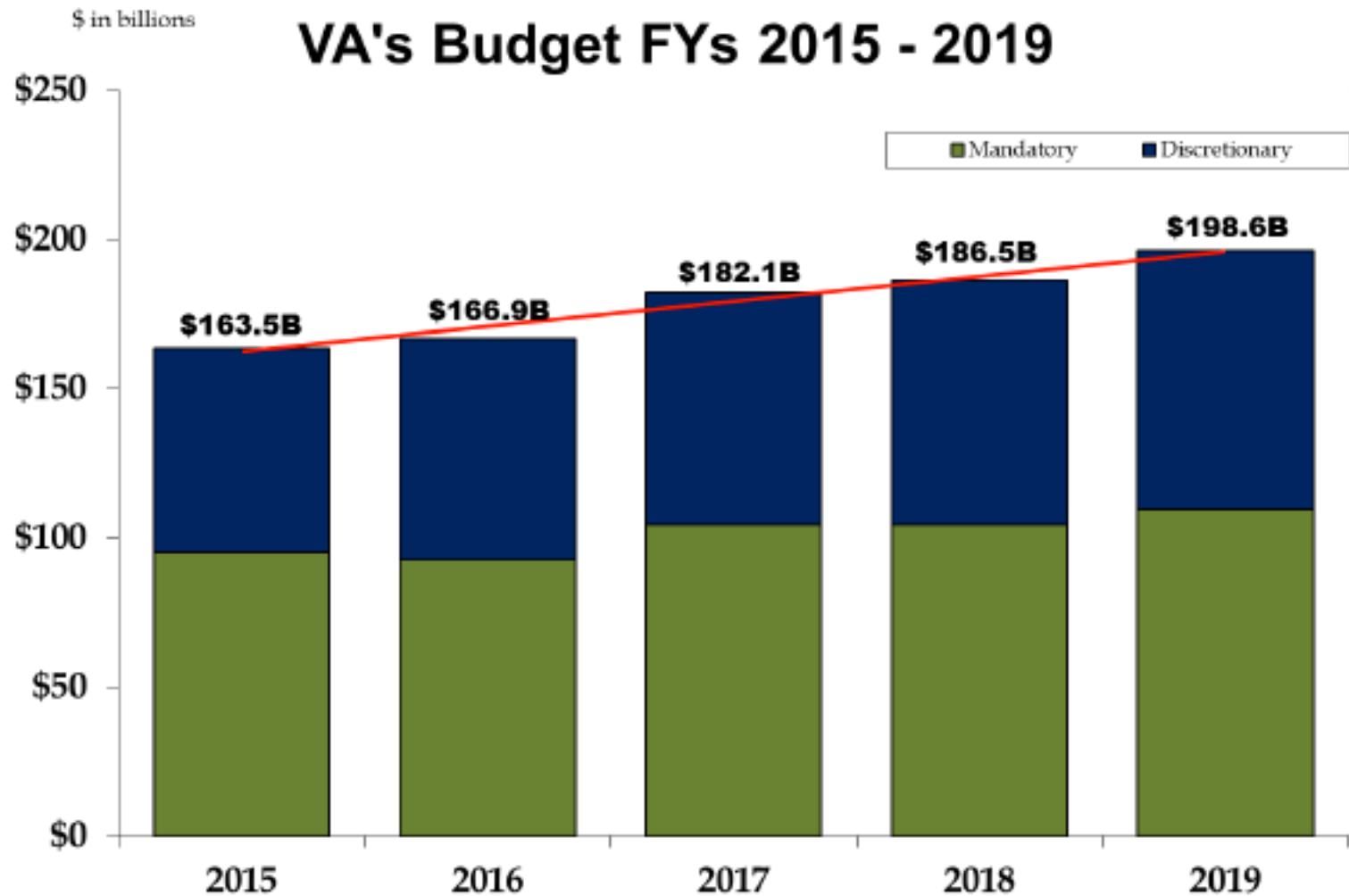
	FY2015 Actual	FY2015 Supplemental	FY2016 Enacted	FY2017 Request
Department of Agriculture	452.2	0.0	577.4	544.6
Department of Commerce*	5,389.4	9.8	1,373.9	579.8
Department of Defense—Military Programs**	12,363.0	181.8	13,708.3	13,541.9
Department of Health and Human Services	4,753.2	804.3	5,327.8	5,064.7
Department of the Interior	54.2	0.0	58.1	57.8
Department of Justice	4,080.8	0.0	4,148.5	4,340.4
Department of Labor	29.1	0.0	28.9	29.1
Department of State	3,641.8	0.0	4,344.7	4,503.4
Department of the Treasury	121.8	0.0	122.3	168.3
Social Security Administration	231.1	0.0	256.4	274.2
Department of Education	35.8	0.0	51.5	59.4
Department of Energy	1,930.9	0.0	2,047.5	2,157.0
Environmental Protection Agency	90.7	0.0	90.7	89.5
Department of Transportation	307.6	0.0	342.5	356.4
General Services Administration	370.5	0.0	320.8	371.5
Department of Homeland Security	36,634.5	92.2	37,601.0	36,837.5
Department of Housing and Urban Development	1.1	0.0	1.3	1.3
National Aeronautics and Space Administration	230.8	0.0	251.1	226.2
Department of Veterans Affairs	367.8	0.0	334.8	534.5
Executive Office of the President	9.1	0.0	9.5	13.2
Corps of Engineers—Civil Works	11.3	0.0	11.0	12.0
District of Columbia	13.0	0.0	13.0	15.0
Federal Communications Commission	2.0	0.0	2.0	2.0
National Archives and Records Administration	26.3	0.0	25.2	25.1
National Science Foundation	431.3	0.0	438.9	457.1
Nuclear Regulatory Commission	60.5	0.0	64.3	65.1
Securities and Exchange Commission	7.0	0.0	9.0	9.0
Smithsonian Institution	101.9	0.0	107.1	120.5
United States Holocaust Memorial Museum	11.0	0.0	12.0	12.0
Total, Homeland Security Budget Authority	71,759.8	1,088.1	71,679.3	70,468.3
Less Department of Defense	-12,363.0	-181.8	-13,708.3	-13,541.9
Non-Defense Homeland Security BA	59,396.8	906.3	57,971.1	56,926.5
Less Discretionary Fee-Funded Homeland Security Programs	-7,764.5	-9.8	-8,605.2	-5,209.1
Less Mandatory Homeland Security Programs	-8,087.4	0.0	-4,152.8	-1,325.2
Net Non-Defense Discretionary Homeland Security BA	43,544.9	896.5	45,213.1	50,392.1

* Funding decreases in the Department of Commerce from FY 2015 to FY 2017 reflect the non-recurrence of authority to build a nationwide interoperable public safety broadband network for first responders and related programs.

** DOD homeland security funding for all years prior to 2017 reflects a revised calculation methodology (see Data Collection Methodology and Adjustments, Including the Department of Defense).

FY2019 Request for Veteran's Administration Programs

Veteran's Administration Budget Request - II



Veteran's Administration Budget Request - III

	Actual									Budget	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Mandatory ^{1/}	47.09	71.3	66.4	65.5	74.8	102.4	95.1	92.5	104.3	104.3	109.7
Discretionary	47.83	53.1	56.3	58.5	61.4	63.4	65.1	70.9	74.3	78.8	85.5
MCCF	2.8	2.8	2.8	2.8	2.9	3.1	3.2	3.5	3.5	3.3	3.4
Total VA ^{2/}	97.7	127.2	125.5	126.8	139.1	168.9	163.5	166.9	182.1	186.5	198.6

^{1/} 2014 Mandatory includes \$15 billion provided by the Veterans Choice Act, and an additional \$2.1 billion in 2017 & 2018

^{2/} Totals may not add due to rounding

Department of Veterans Affairs 2019 Discretionary and Mandatory Funding

