



Analysis of the FY 2017 Defense Budget

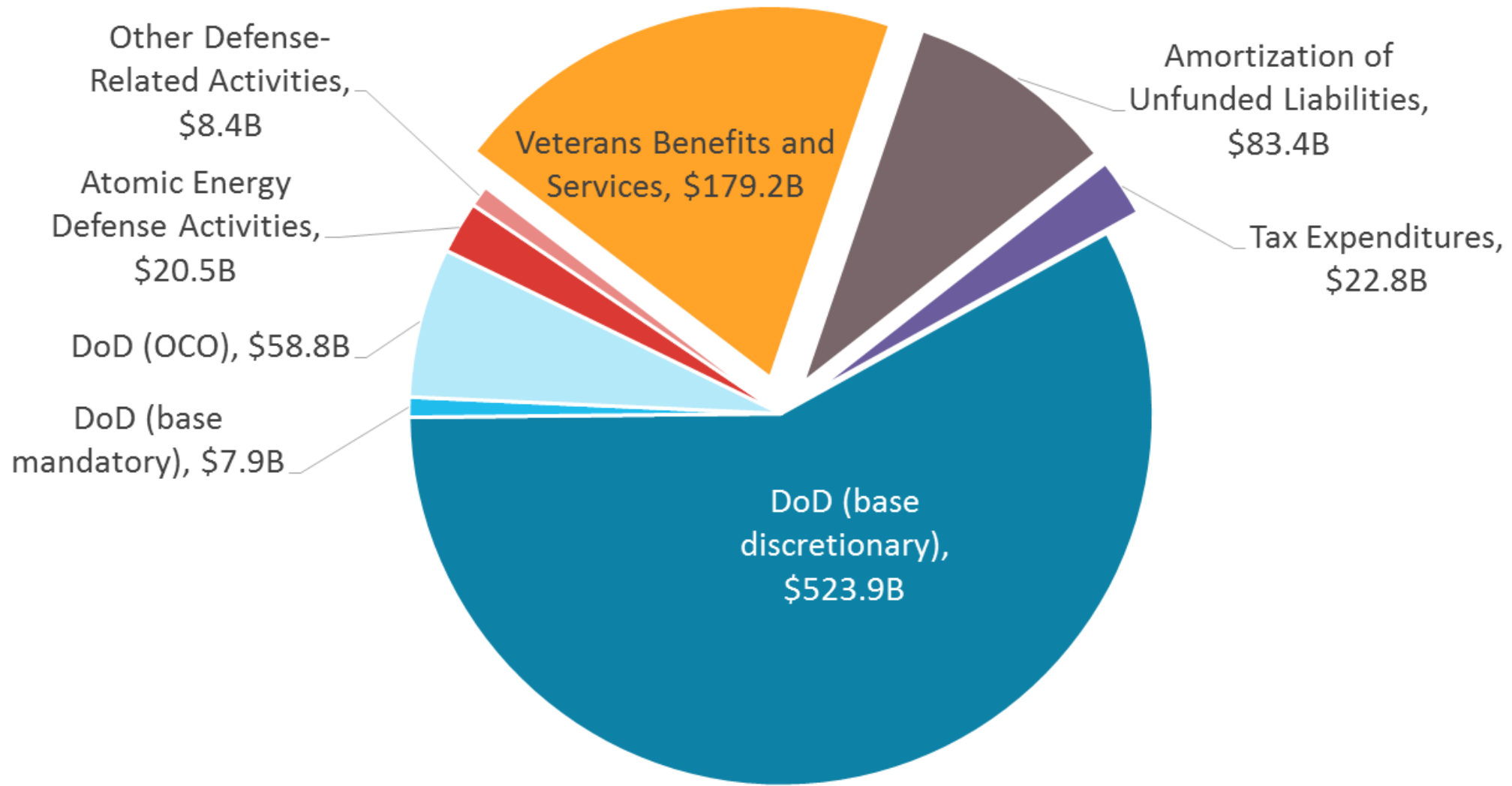
Todd Harrison

CSIS

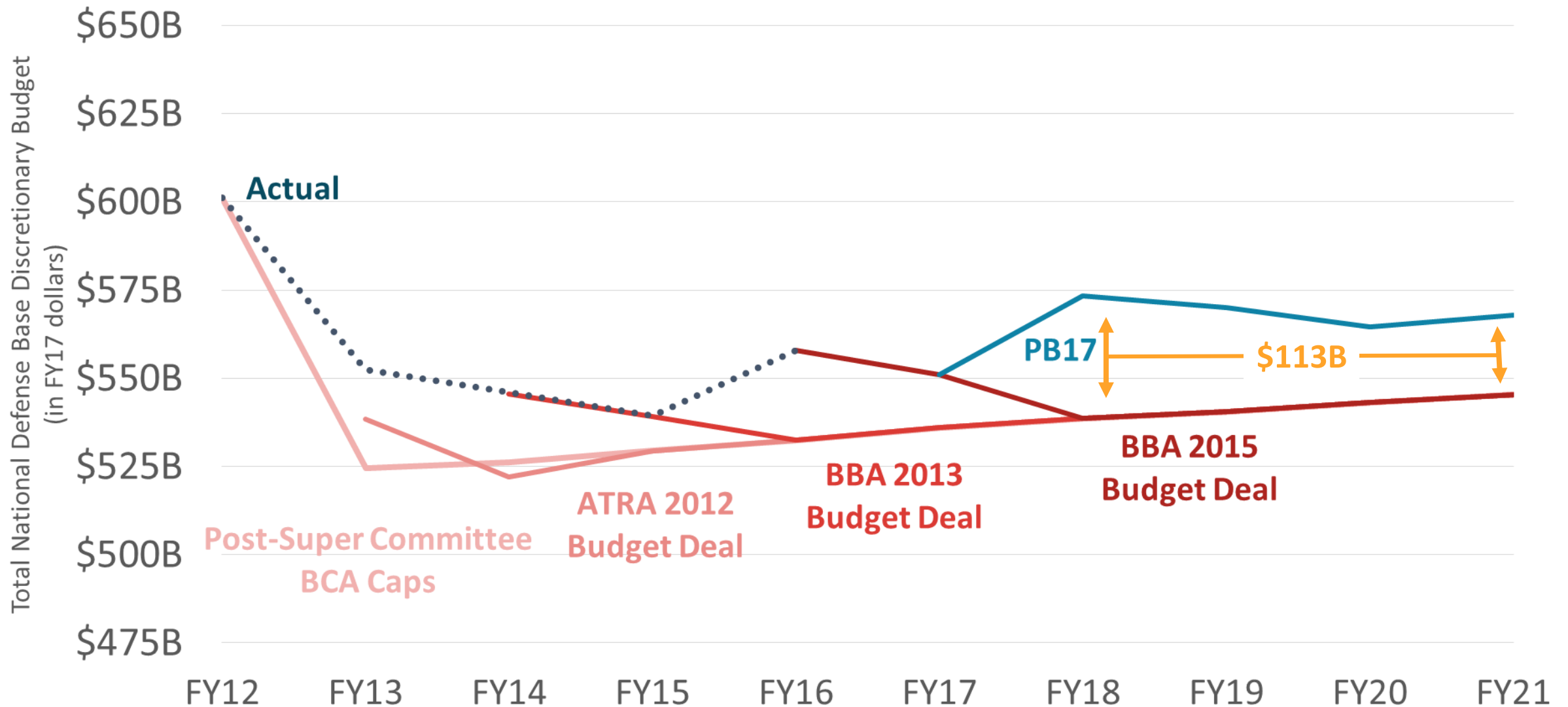
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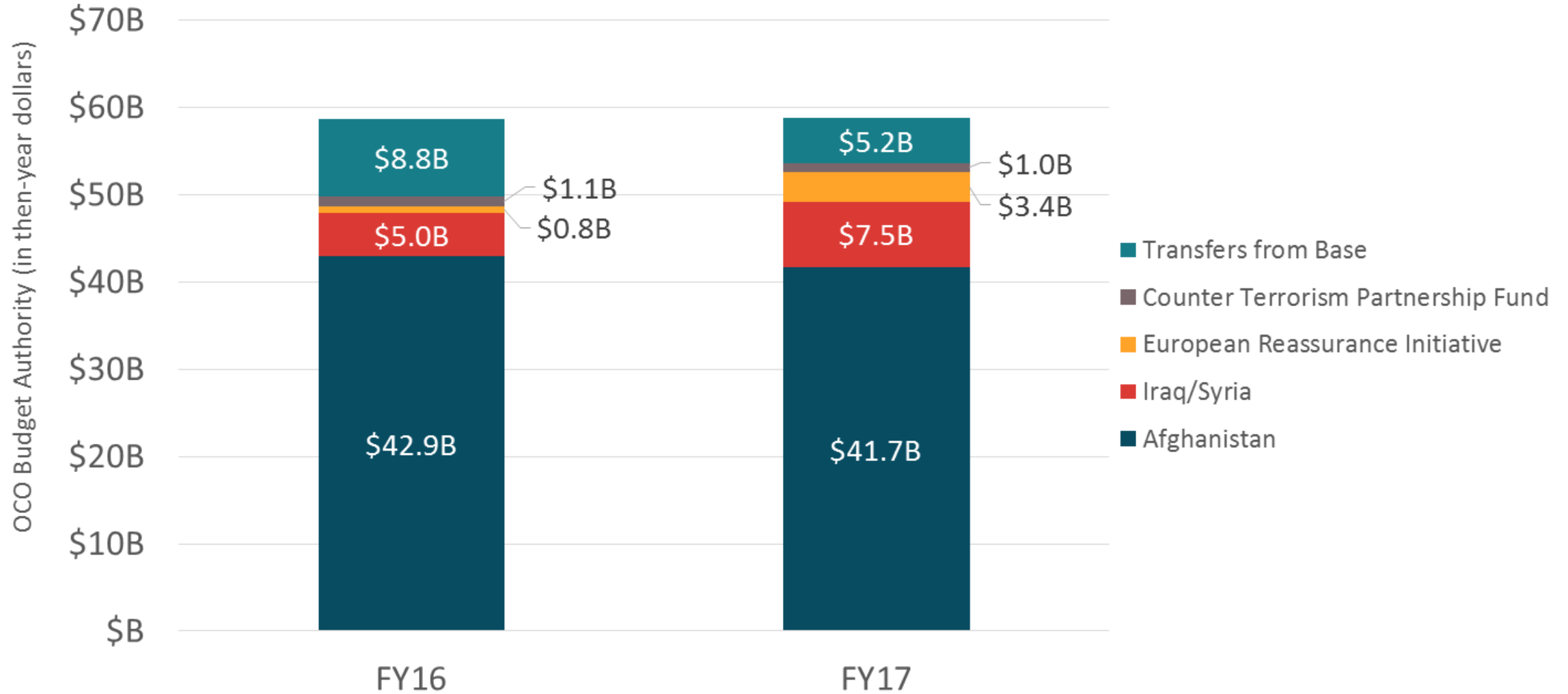
Total Defense-Related Funding in FY17: \$905B



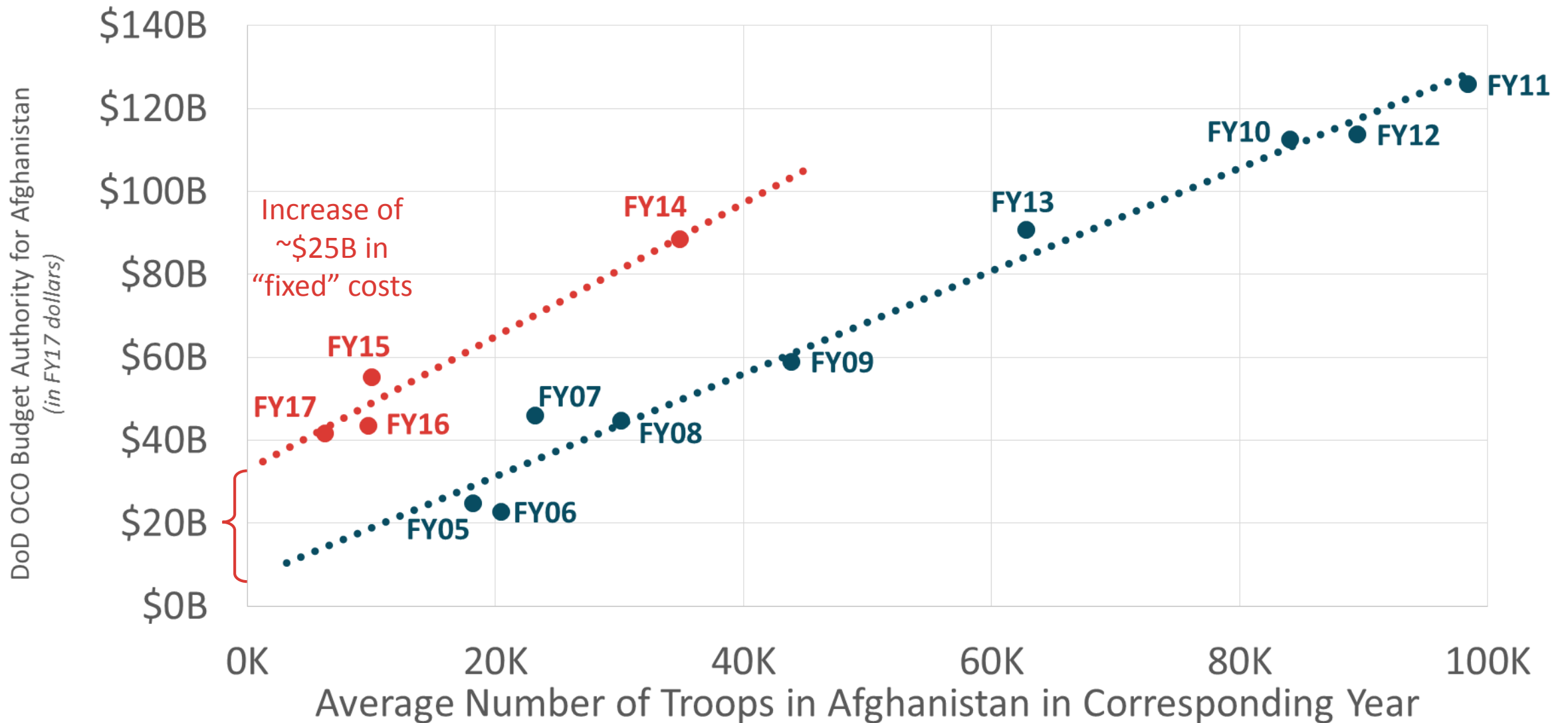
FY17 FYDP Compared to Budget Caps



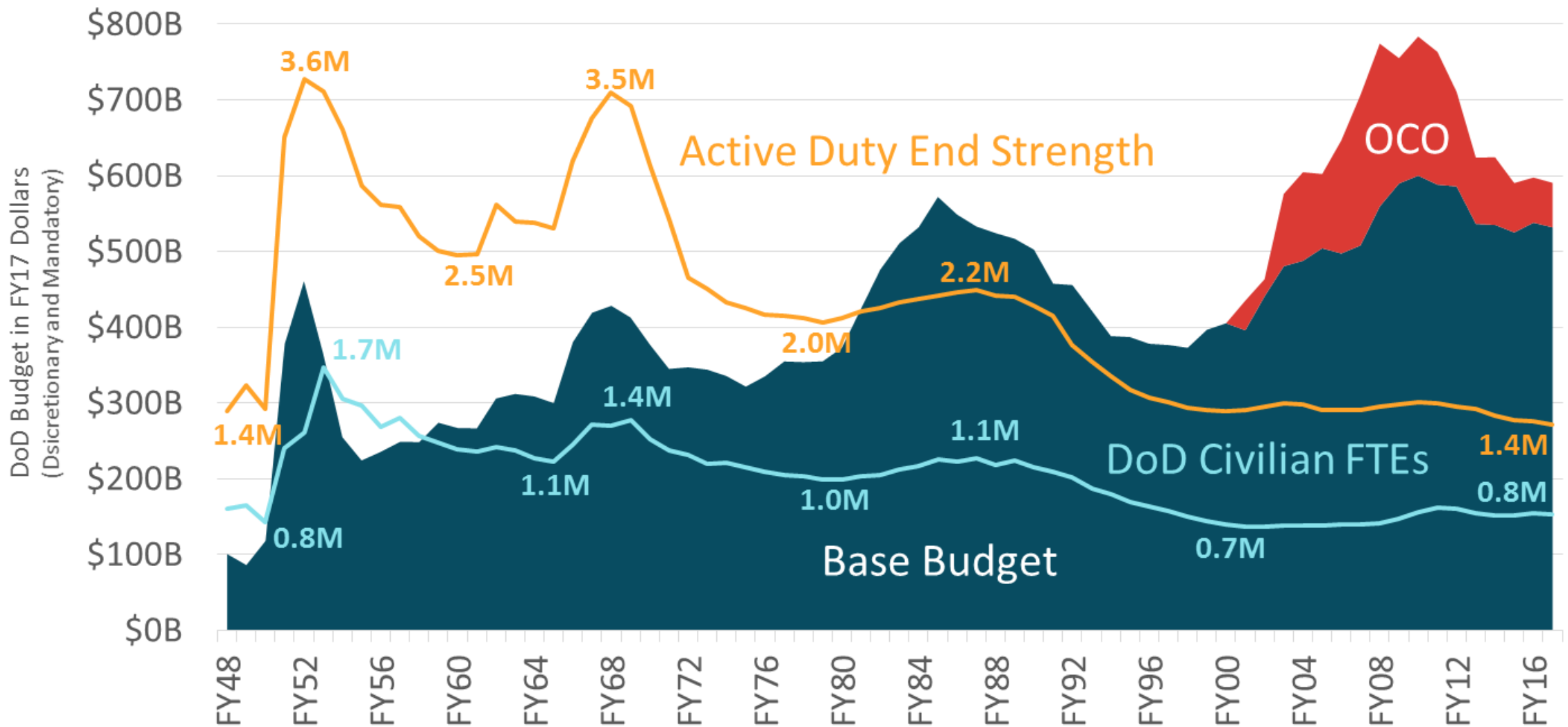
FY17 vs FY16 OCO Funding



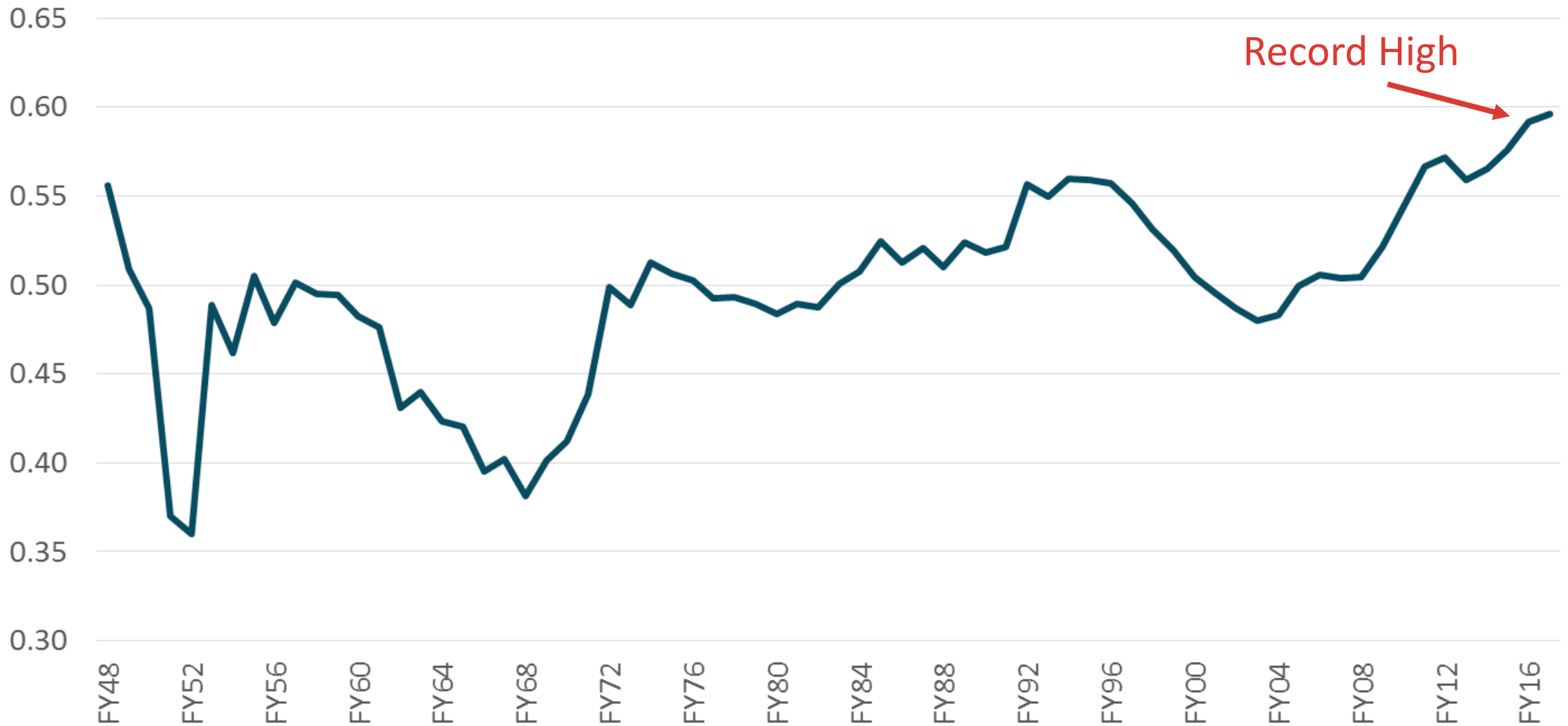
Base Budget Funding in Afghanistan OCO Request



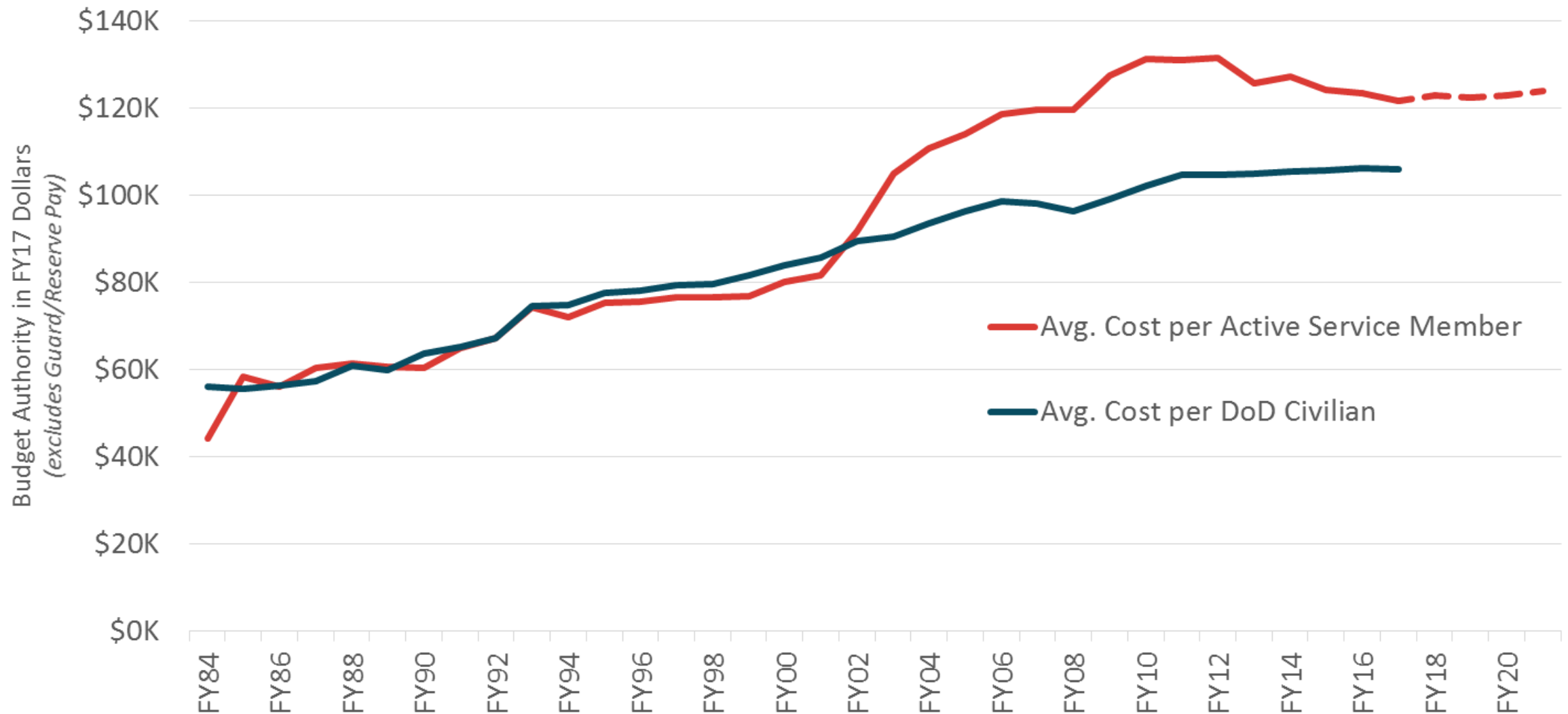
Growing Costs, Shrinking Force



Ratio of DoD Civilian FTEs to Active Service Members



Growth in Cost per Person (Military vs. Civilian)



Military Healthcare & Retirement Reforms in PB17

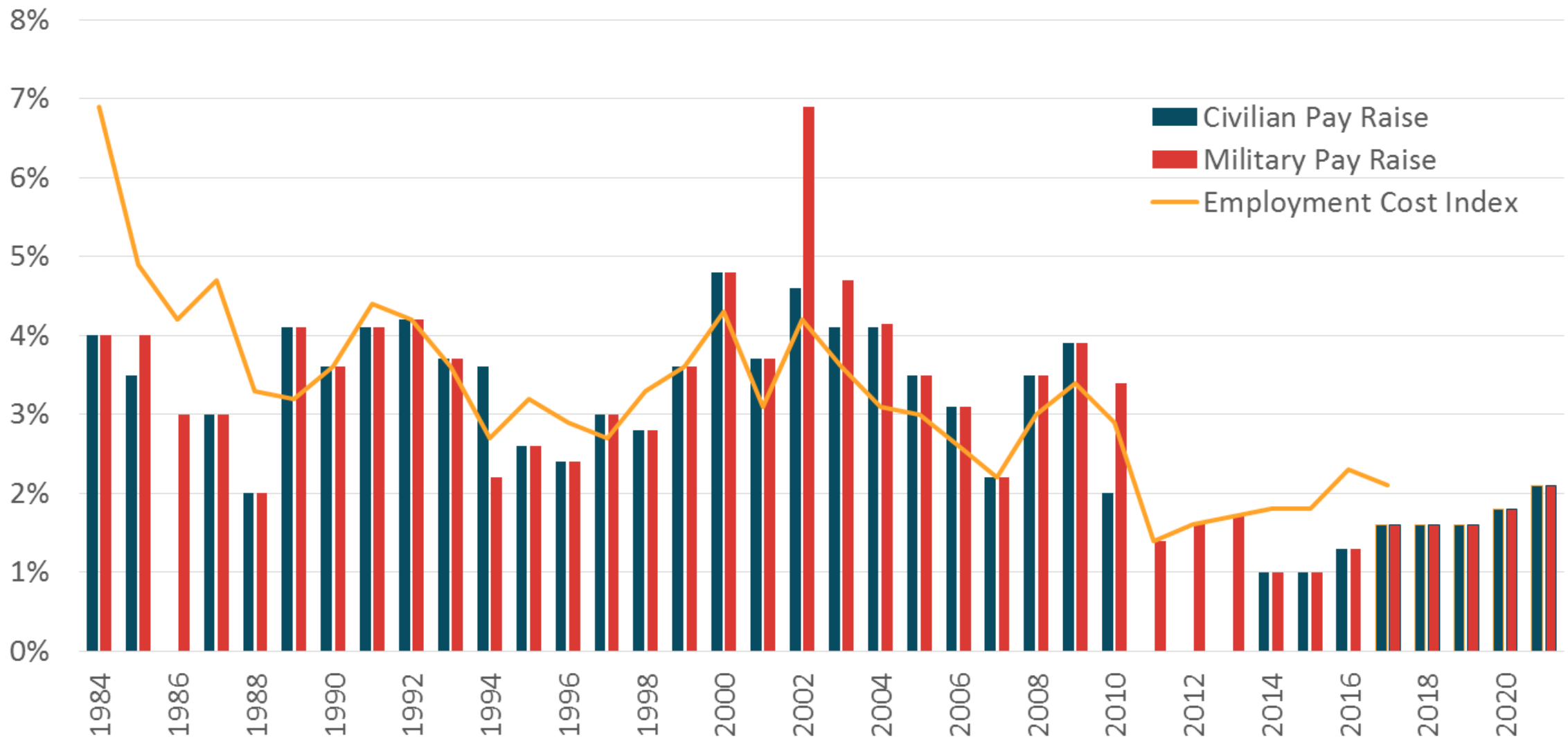
- Healthcare

- Previous reforms now saving ~\$5.4B annually
- MCRMC recommended moving retirees and dependents out of MTFs
- DoD's request would incentivize greater use of MTFs
- Savings: \$0.5B in FY17 and \$6.9B over the FYDP

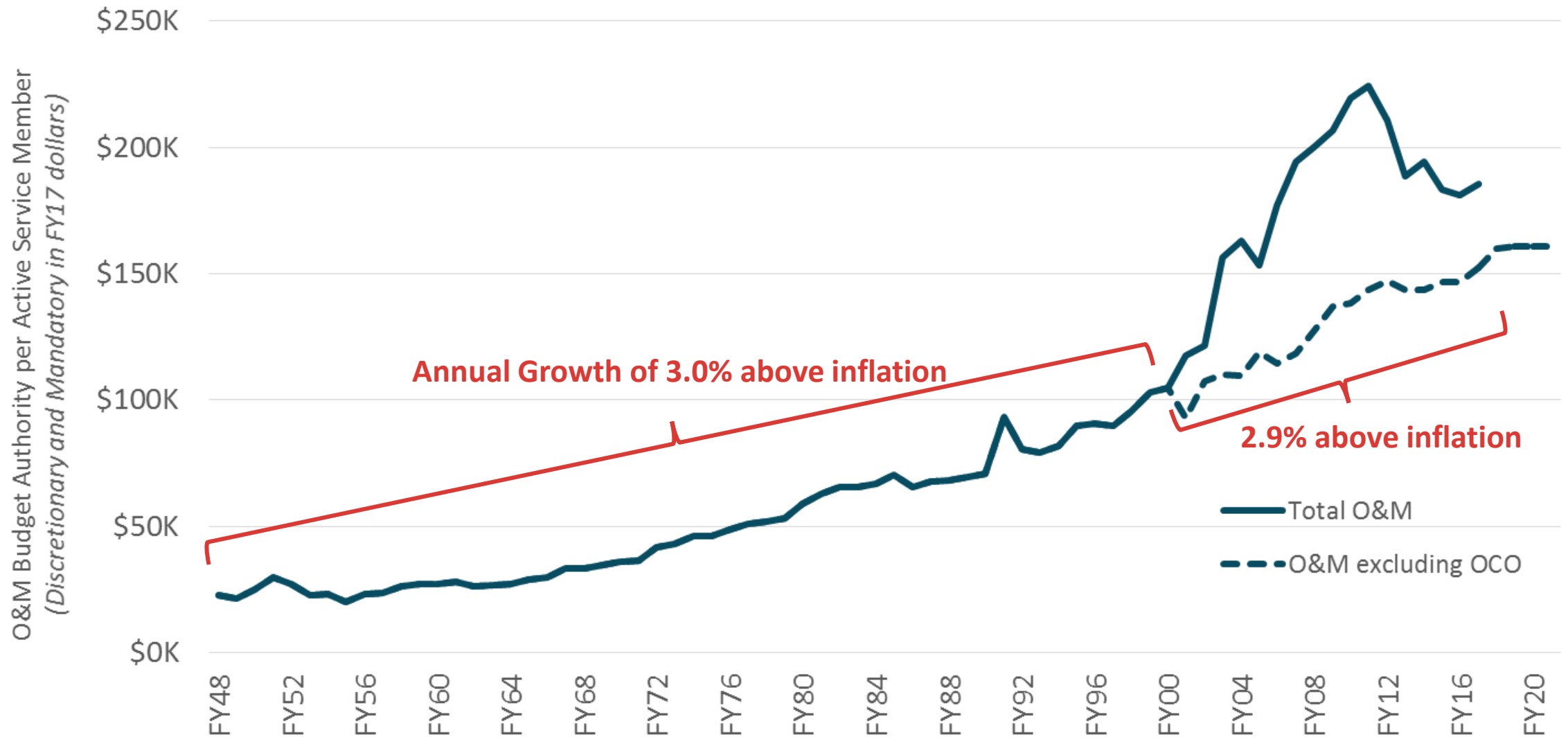
- Retirement

- New hybrid system (recommended by MCRMC) enacted in FY16 gives greater benefits to junior personnel
- 401k-like plan matches up to 4%, starts after 2 years of service
- DoD proposes increasing match to 5% but delaying start until 4 years
- Would also extend matching contributions past 26 years of service
- Costs: \$0.4B in FY17; Net Savings: \$1.9B over FYDP

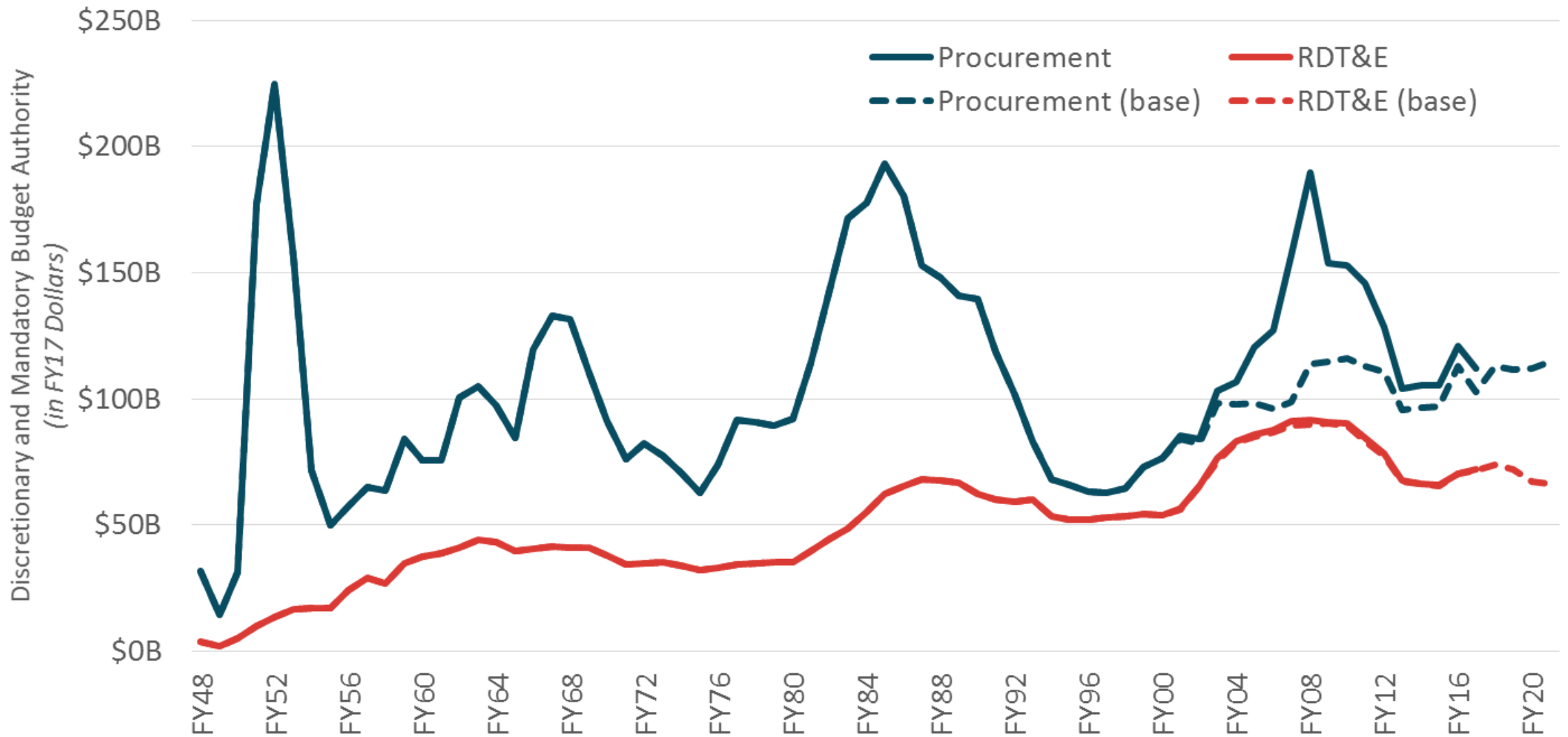
Military and Civilian Pay Raises vs. ECI



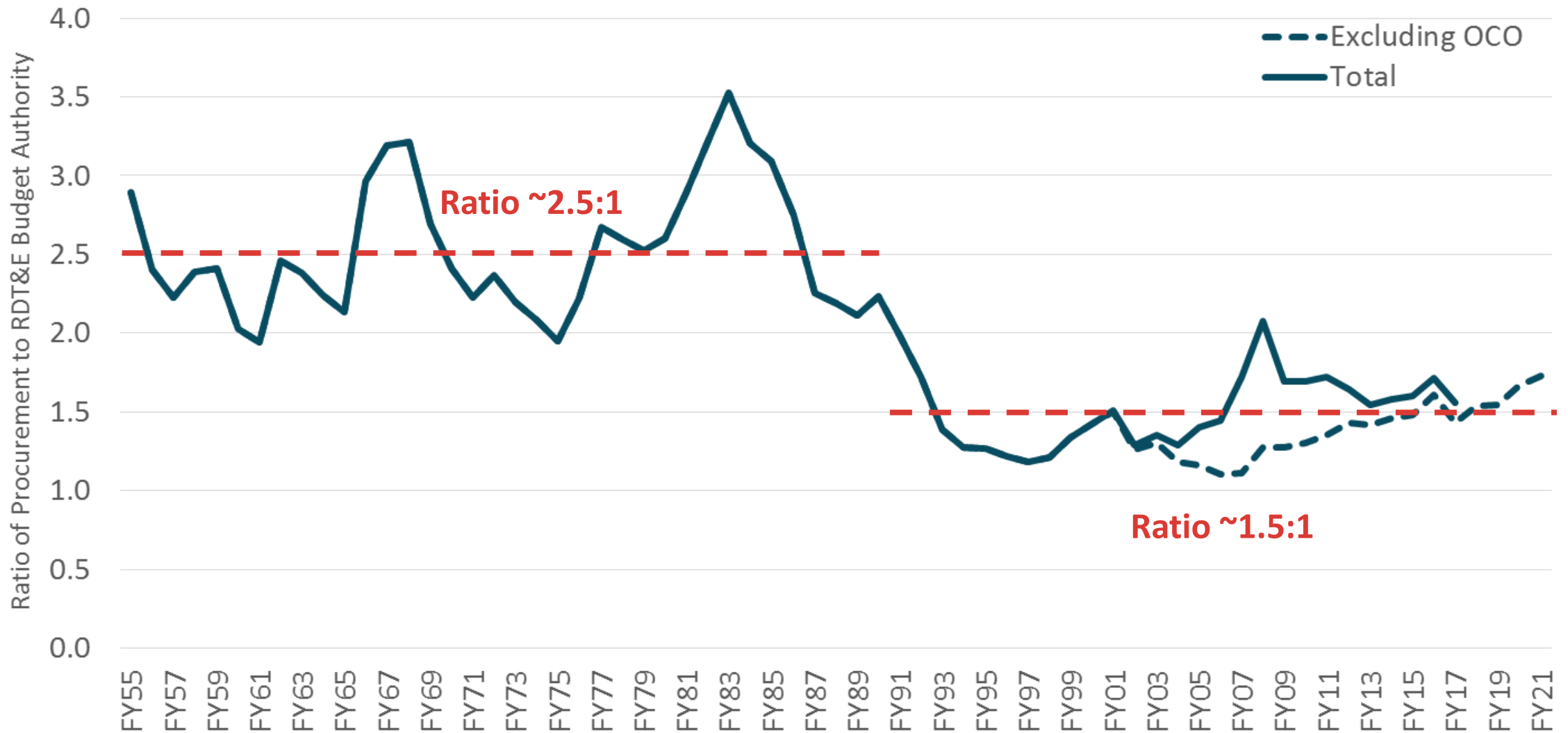
Growth in O&M per Active Service Member



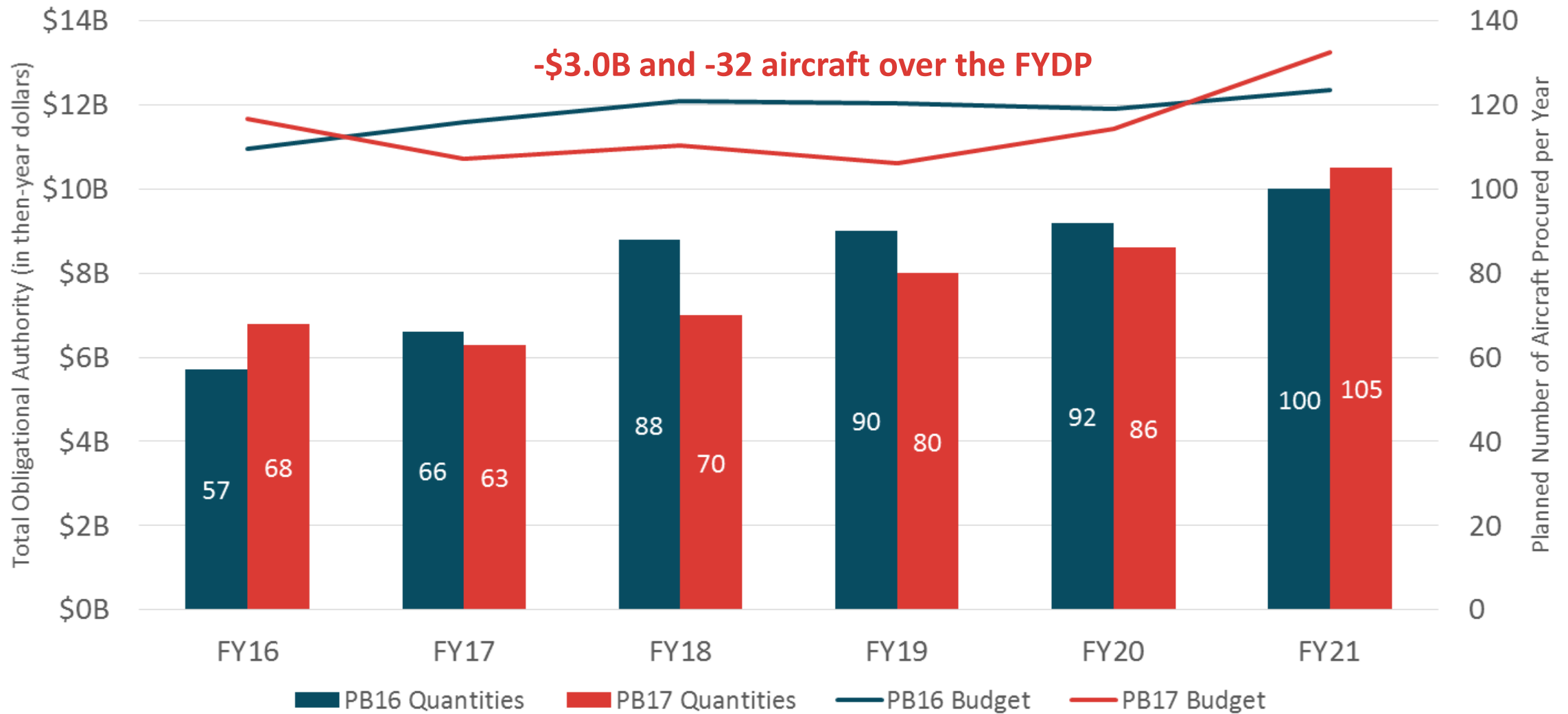
Trends in Acquisition Funding



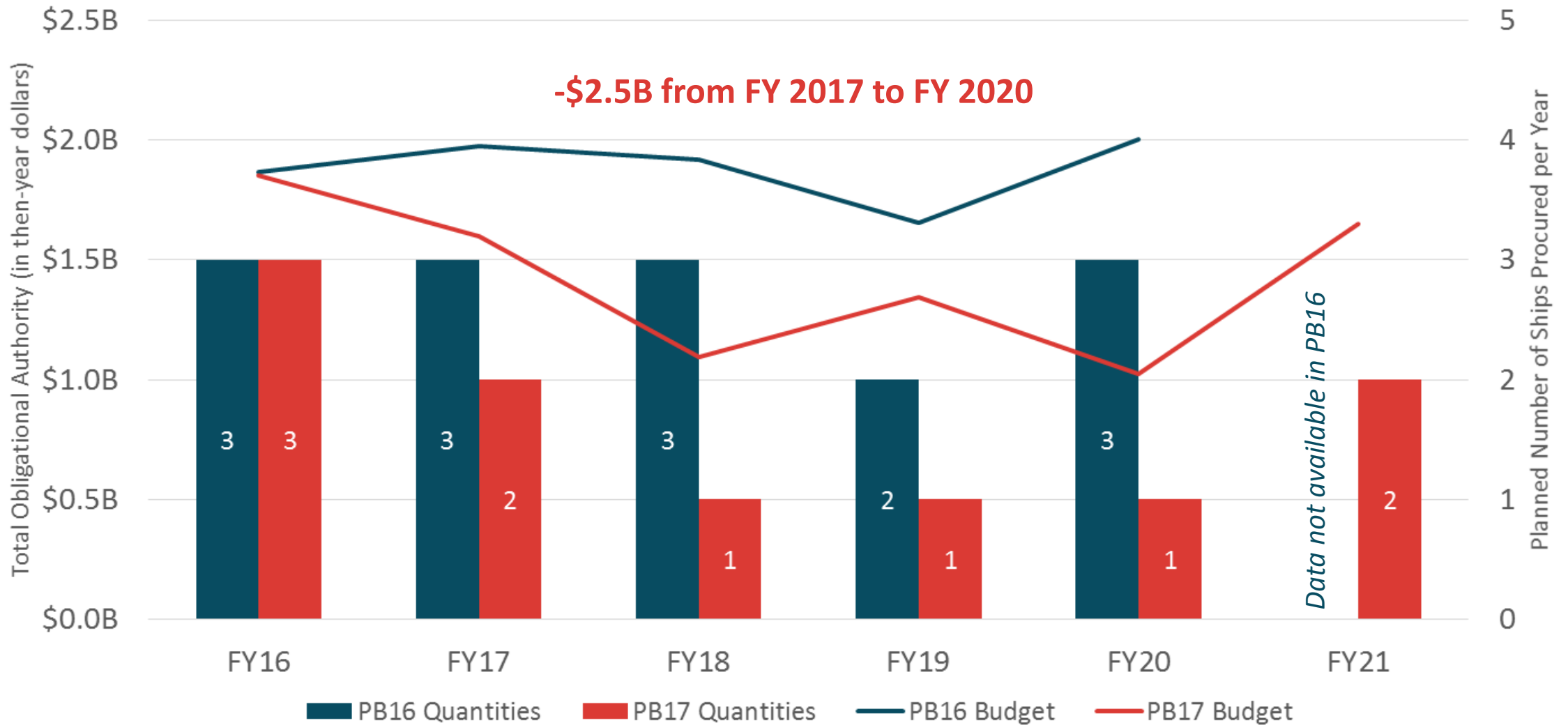
Ratio of Procurement to RDT&E Funding



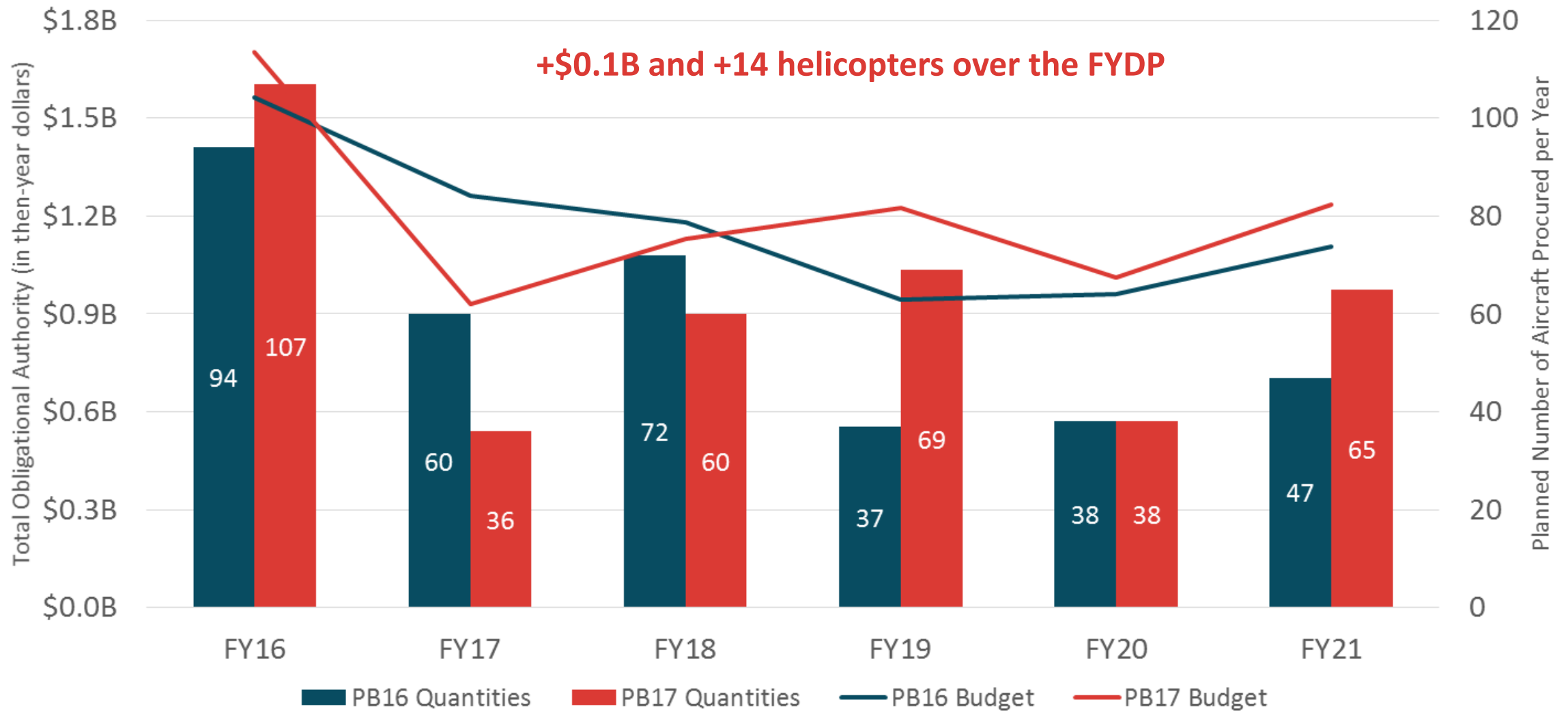
F-35 Joint Strike Fighter



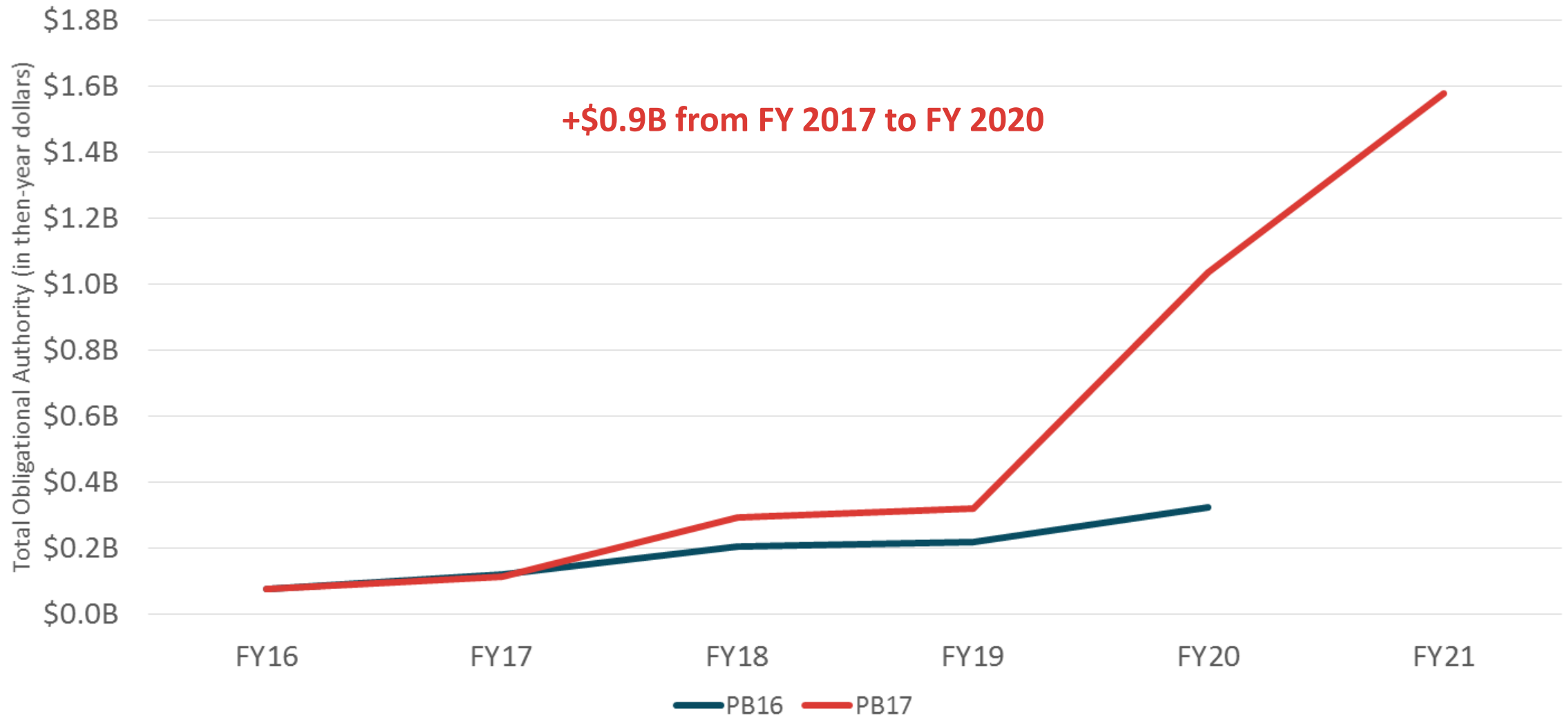
Littoral Combat Ship (LCS)



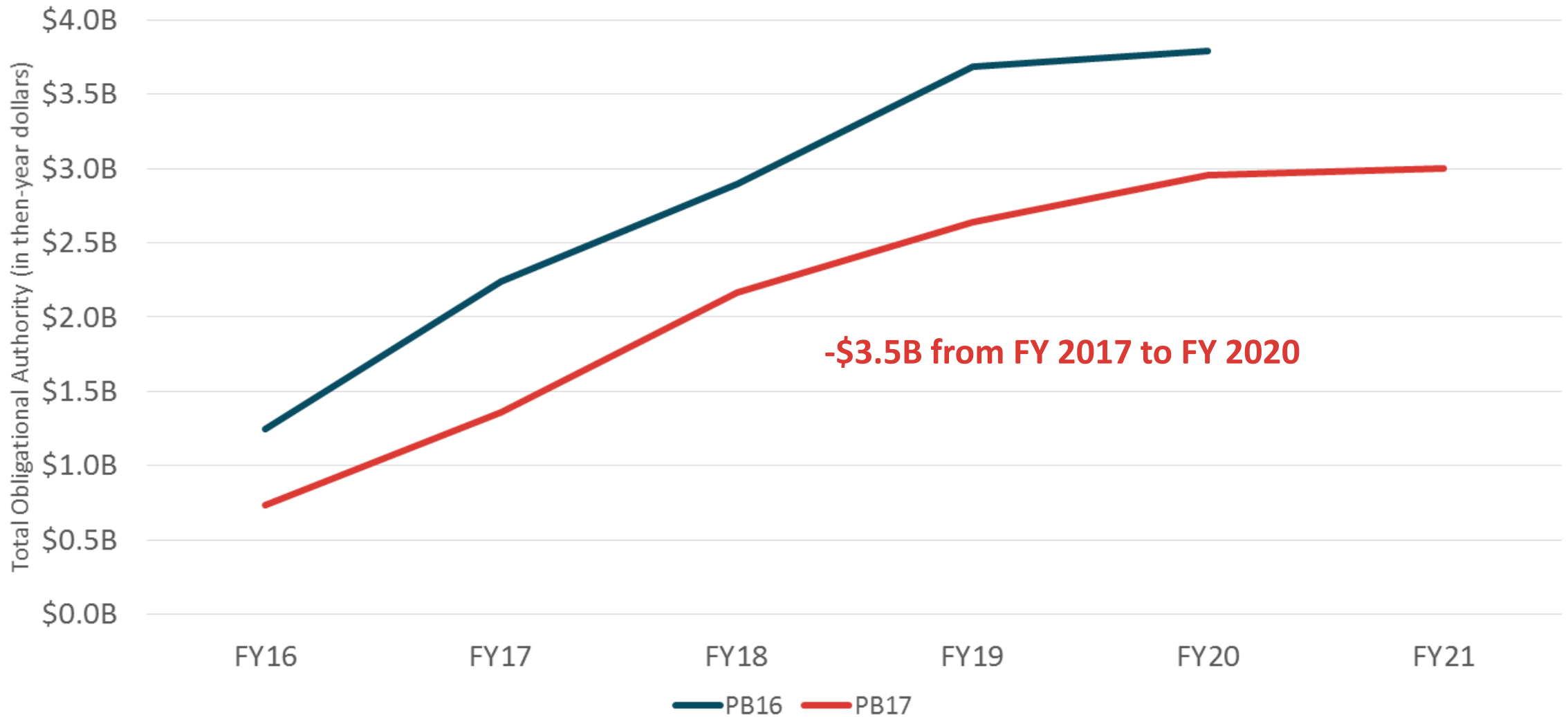
UH-60M Blackhawk



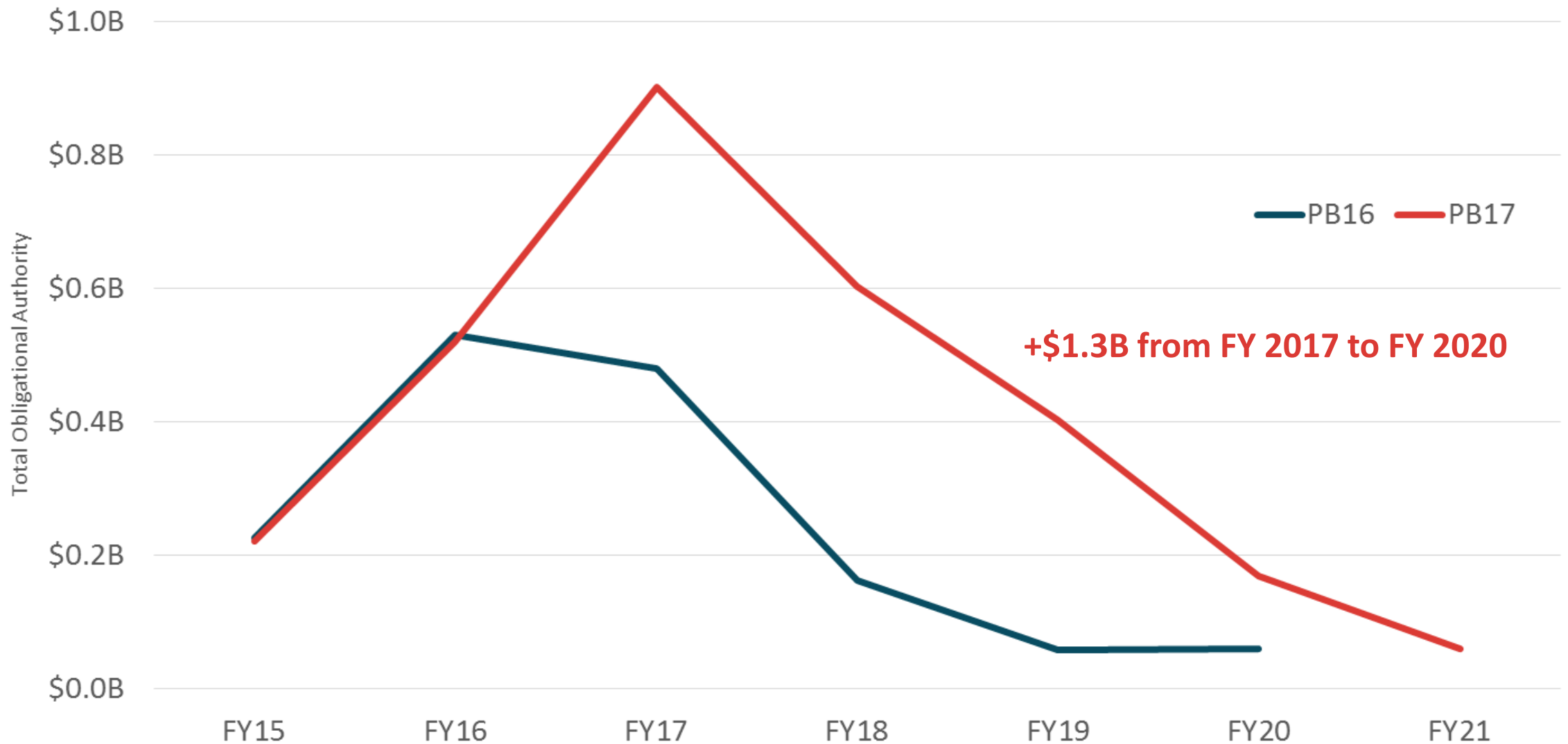
Ground Based Strategic Deterrent (GBSD)



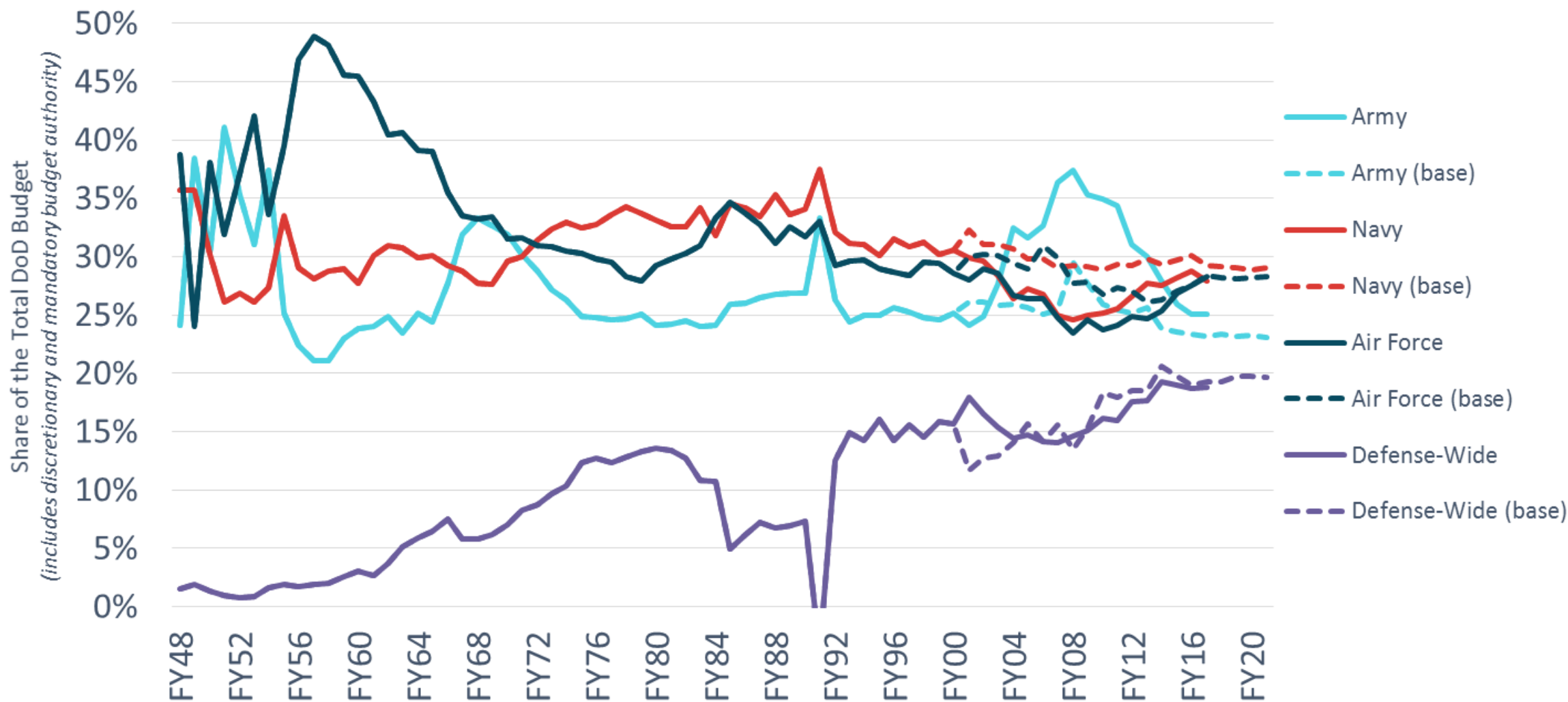
B-21 Long Range Strike – Bomber (LRS-B)



Strategic Capabilities Office (SCO)

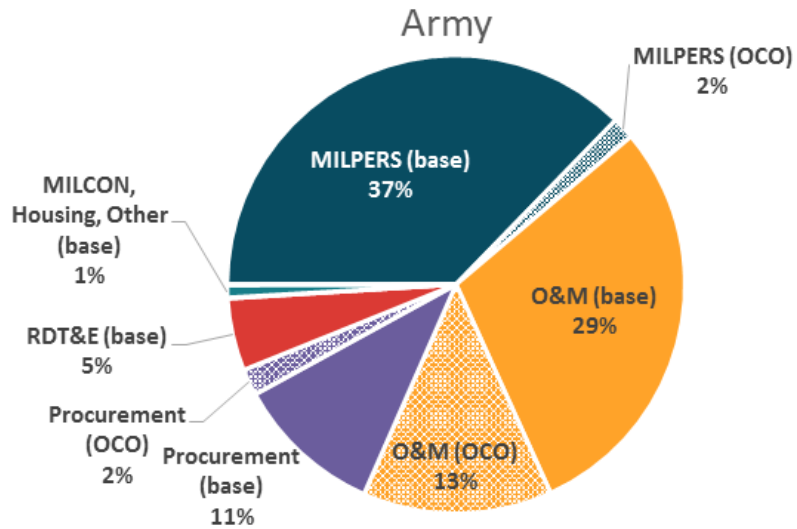


Service Shares of the DoD Budget

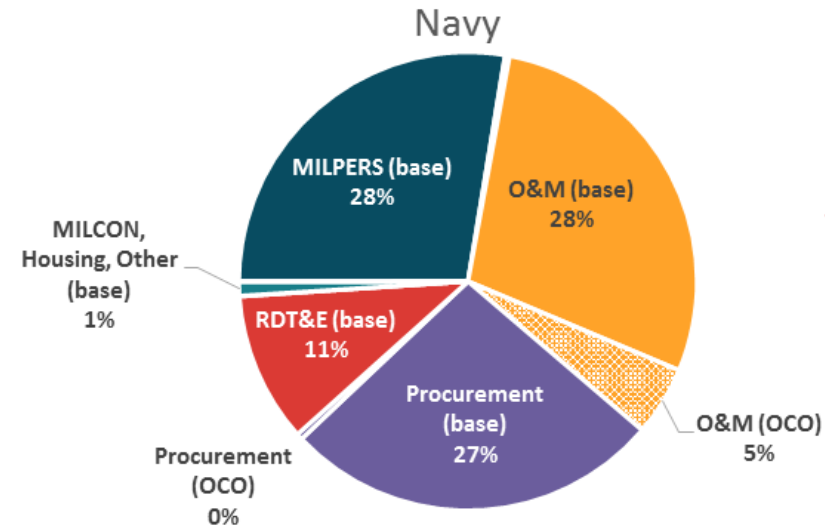


Service Budgets by Title

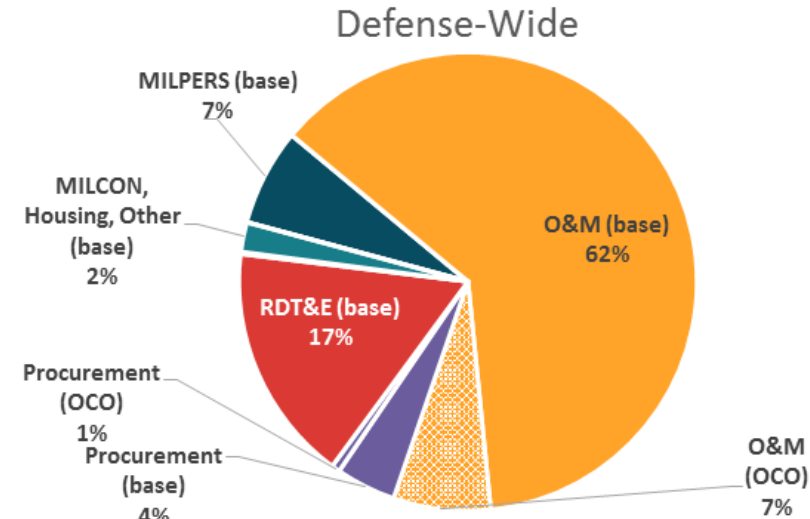
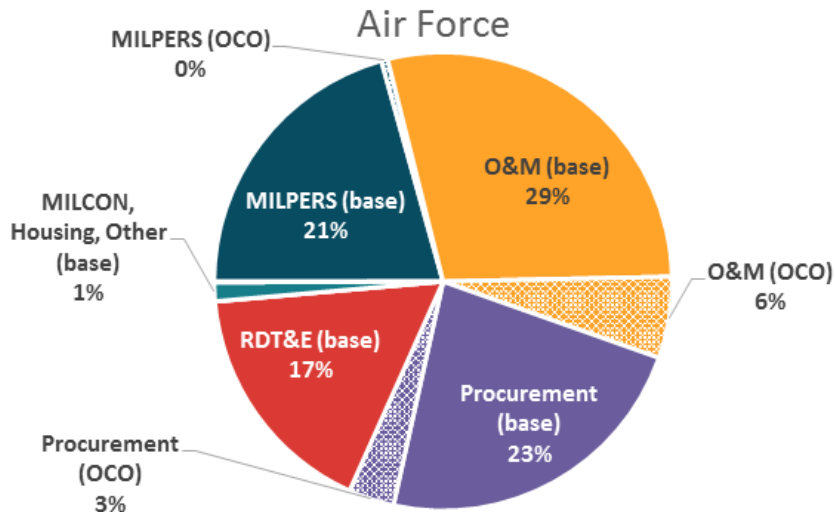
82% on
MILPERS
and O&M



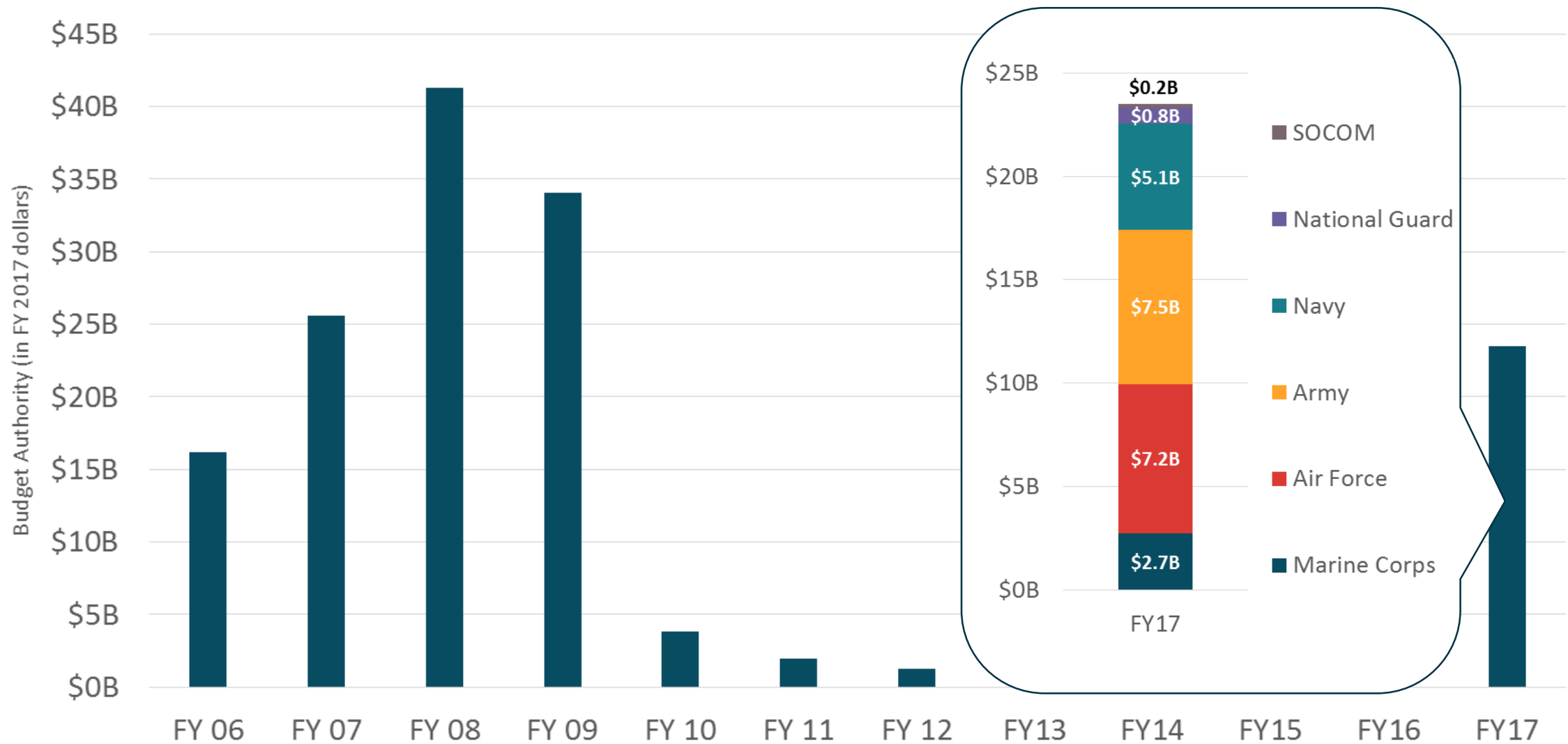
61% on
MILPERS
and O&M















55% on
MILPERS
and O&M



Trends in Unfunded Priorities



Tradeoffs in PB17 vs. PB16

Service	Capability	Capacity	Readiness
Army			
Navy			
Air Force			
Marine Corps			

Issues for the Next Administration

- Program-resource mismatch of ~\$233B over the FYDP
 - Revision or elimination of BCA budget caps for FY18-21
 - Use of OCO funding for base budget activities
- Modernization bow wave of the early 2020s
- Military and civilian personnel reform
- Acquisition reform and strategic technologies
- BRAC 20XX



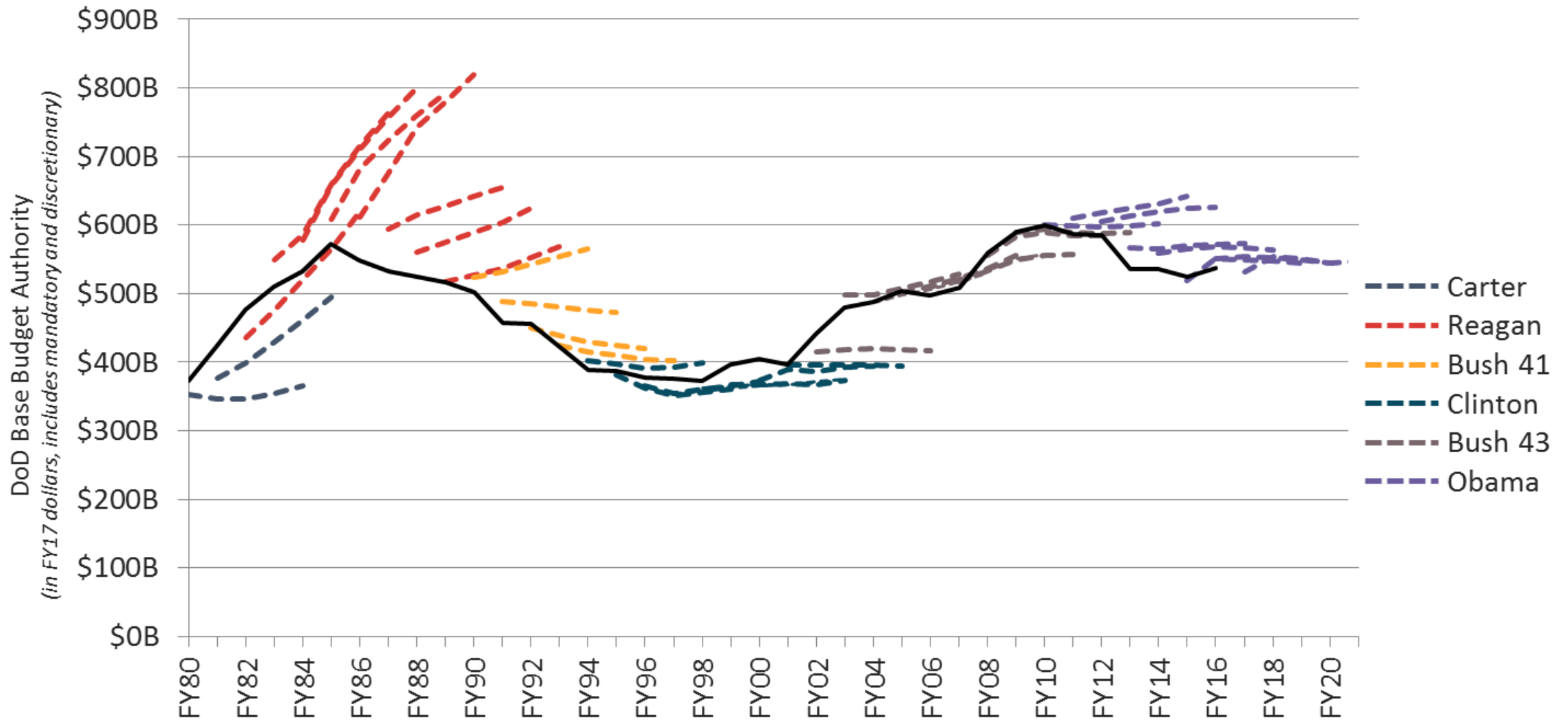
Questions?

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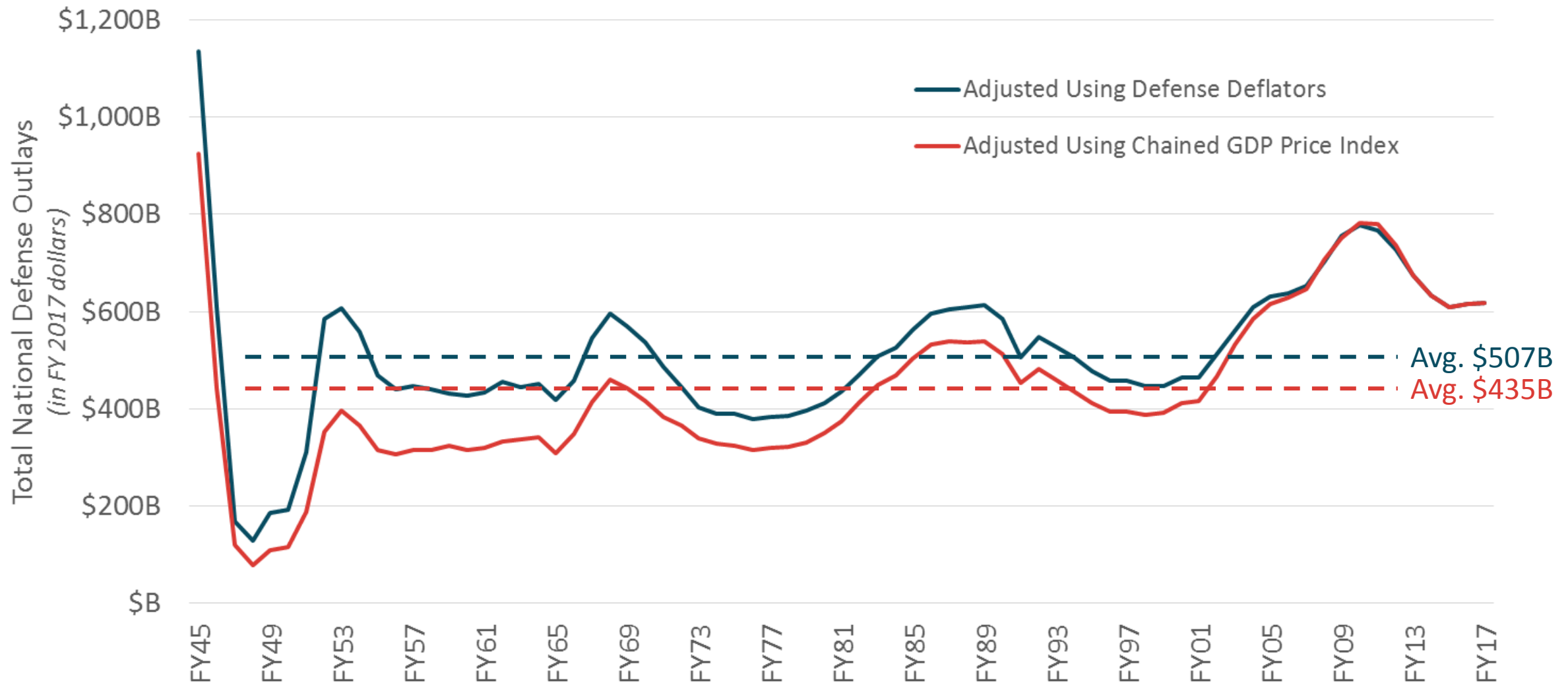
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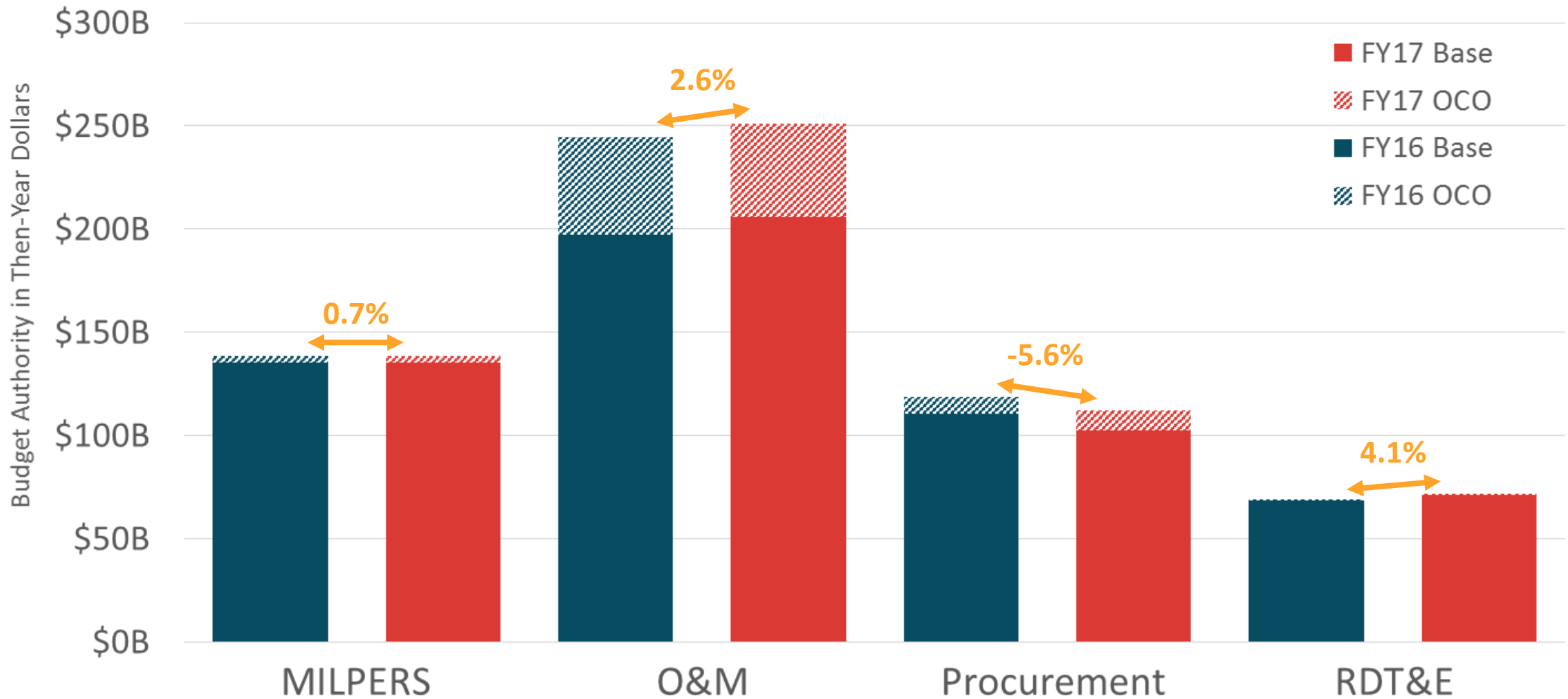
FYDP as a Lagging Indicator



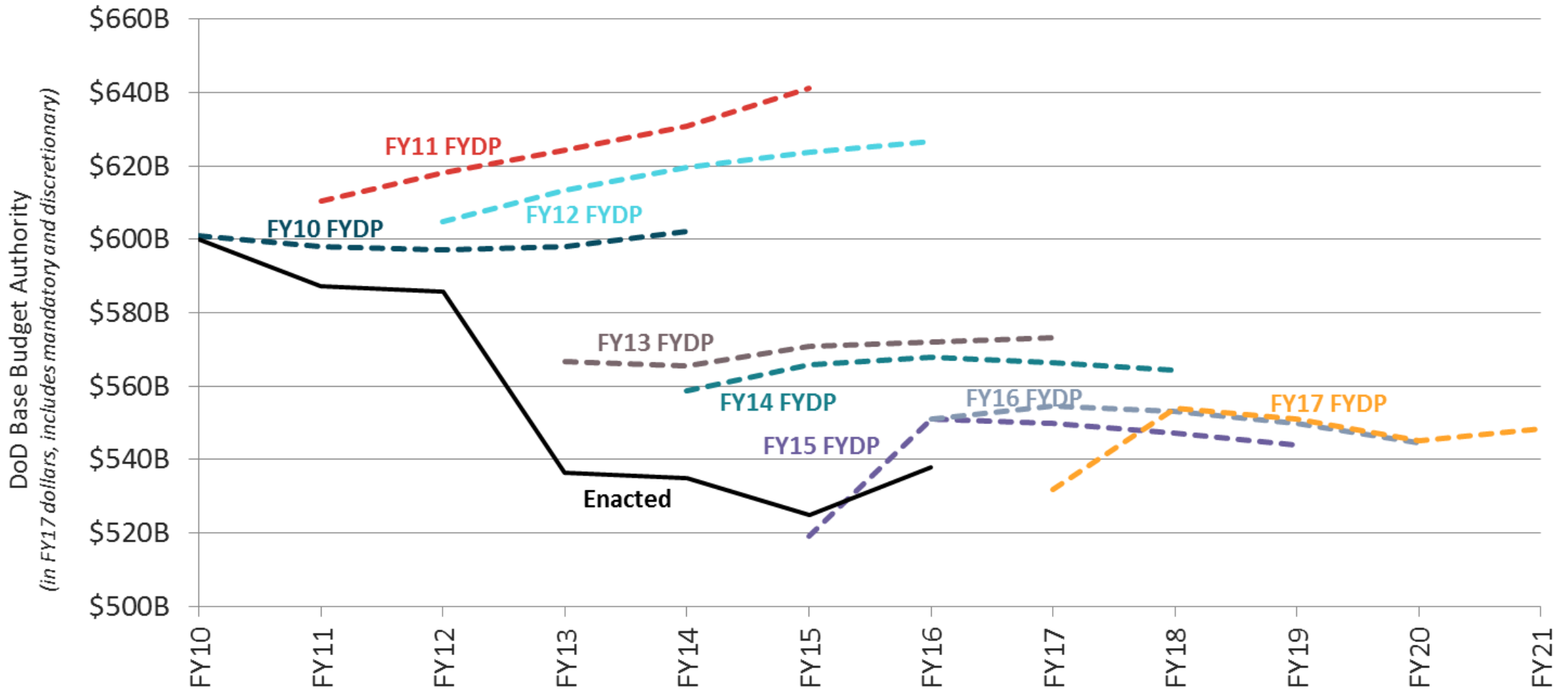
Total National Defense Outlays Adjusted for Inflation



FY16 vs. FY17 Funding by Title

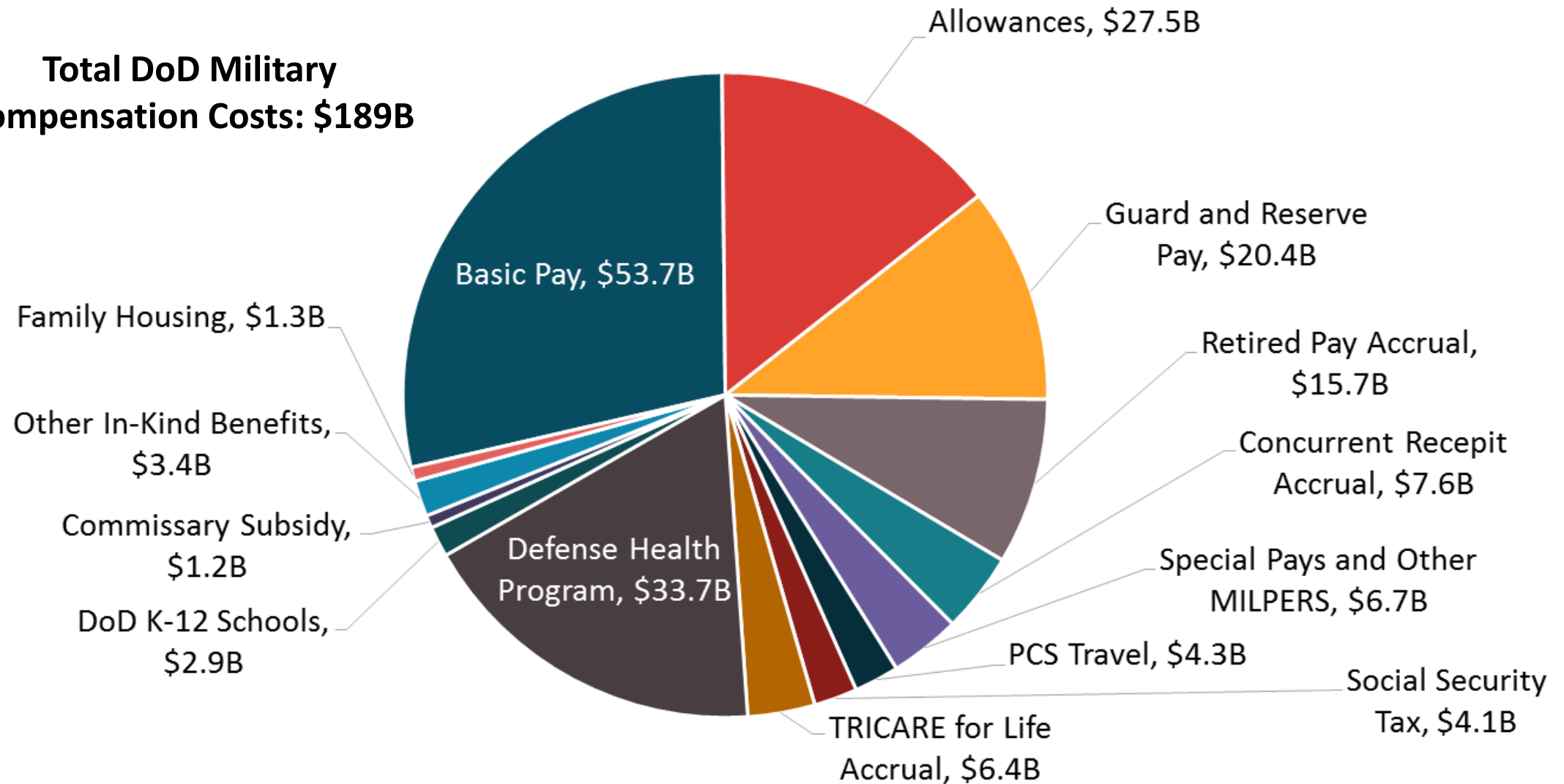


Comparison of Base DoD FYDP Projections

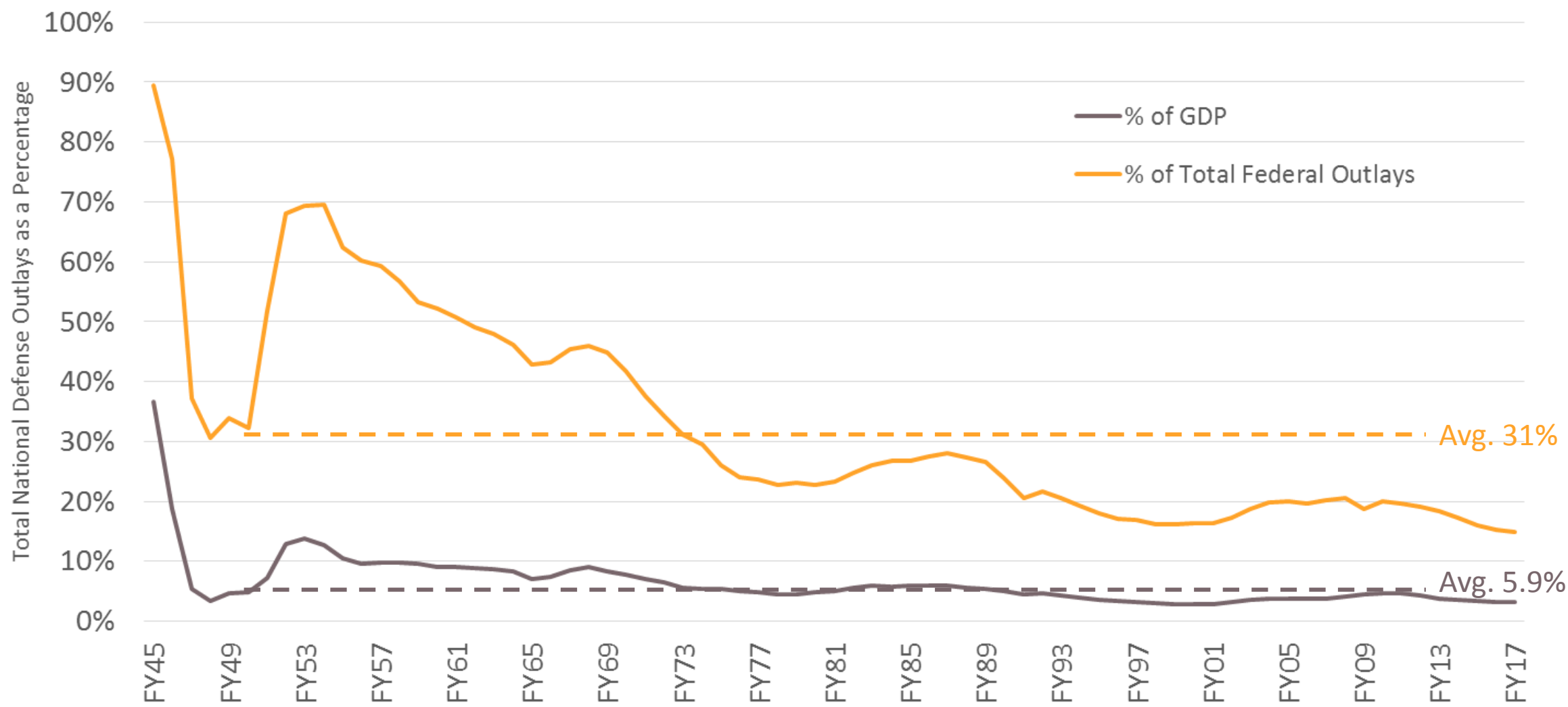


Military Compensation Costs in DoD's FY17 Budget

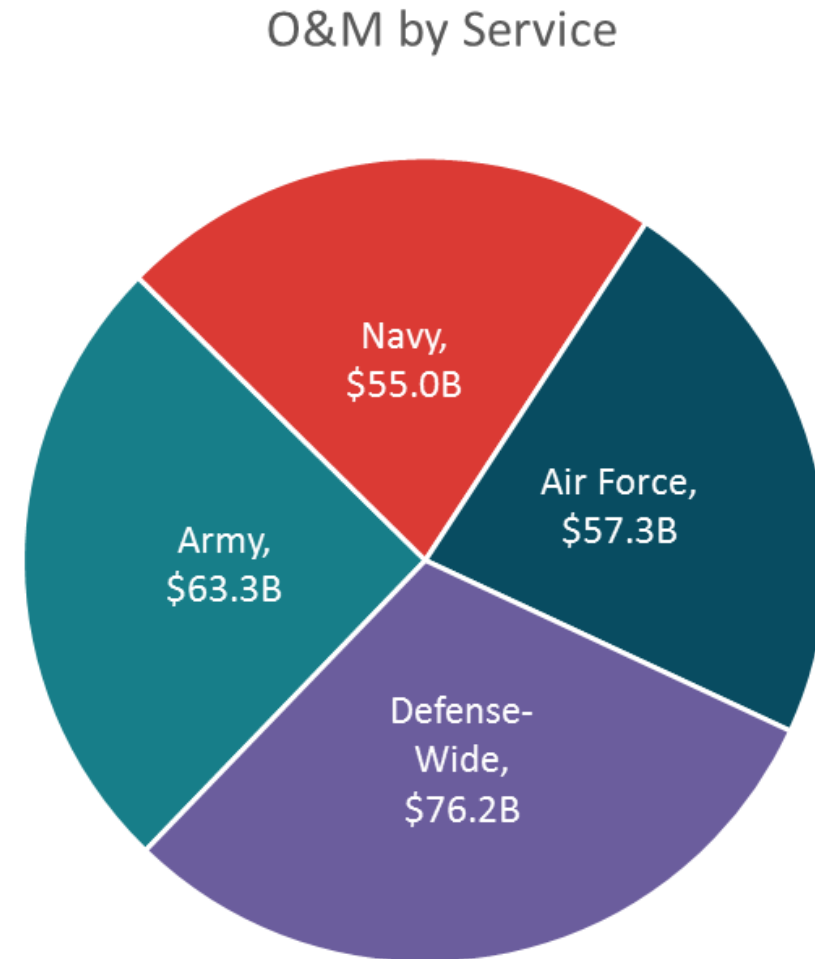
**Total DoD Military
Compensation Costs: \$189B**



Total National Defense as a Percentage of GDP & Federal Budget



Total O&M Funding by Activity and Service



Includes discretionary, mandatory, and OCO O&M funding

Trends in MILCON Funding

