

**Department of Defense Budgetary Appeal  
FY 2017 Department of Defense Appropriations Bill**

**Subject:** Conventional Prompt Strike

**Appeal Citation:** HRpt. 114-577, Pg. 256, 143, Line 117, 2; SRpt. 114-263, Pg. 179, 87, Line 117, 2

**Appropriation:** Research, Development, Test and Evaluation, Defense-Wide; Aircraft Procurement, Navy

**Summary:** The Senate would reduce the Conventional Prompt Global Strike program by \$80.0 million based on rephrasing due to a schedule slip. The House had no similar provision.

<u>Item</u>	<u>Budget</u>	<u>Budget Authority</u> (Dollars in Millions)		<u>House Appeal</u>	<u>Senate Appeal</u>
		<u>House</u>	<u>Senate</u>		
Maintain program affordability: Rephase due to schedule slip (Research, Development, Test and Evaluation, Defense-Wide, H. Rpt. 114-577, pg. 256, line 117, S. Rpt. 114-263, pg. 179, line 117)	\$181.3	\$181.3	\$101.3	\$181.3	\$181.3
Offset - Additional 12 aircraft (Aircraft Procurement, Navy, H. Rpt. 114-577, pg. 87, line 2, S. Rpt. 114-263, pg. 143, line 2)*	\$0.0	\$1,200.0	\$979.0	\$0.0	\$0.0

\* The offset is used in Conventional Prompt Strike, Advanced Undersea Prototyping, Innovation and Access to Non-Traditional Suppliers, Long Range Strike - Bomber, VH-71, and Asia-Pacific Rebalance Infrastructure.

**DoD Position/Impact:** The Department objects the proposed \$80.0 million Senate reduction to the Prompt Global Strike Capability Development (CPS) effort. The CPS program budget request supports Flight Experiment #1 (FE-1) in CY 2017, enables completion of Preliminary Design Review for FE-2 in FY 2020, and allows the program to achieve the Milestone (MS) 2A goal directed by the FY 2016 National Defense

Authorization Act. The reduction increases risk for FE-1, delays FE-2 by one year, slows progress toward MS A, and eliminates all planned FY 2017 research and development to address more challenging targets and denied environments at a time when adversaries are rapidly building and demonstrating hypersonic capabilities.

The additional \$1.2 billion added by the House and \$979.0 million by the Senate for 12 additional F/A-18E/F aircraft unfunded requirement is not required. The F/A-18E/F is the premier operational strike fighter aircraft for the Department of the Navy. However, the F-35B attained Initial Operational Capability (IOC) in July 2015, with the F-35C IOC scheduled for August 2018. There is no validated requirement for additional F/A-18E/Fs. The Department recommends \$80.0 million for the Senate be redirected from the congressional add enhancement to restore the Prompt Global Strike Capability Development program congressional mark.

The Department urges the conferees to support the President's Budget request of \$181.3 million for the Prompt Global Strike Capability Development program. Increase to overall funding appropriation levels associated with this appeal are offset from lower priority activities, to keep the overall appropriation funding levels within the FY 2017 security caps of the Bipartisan Budget Act of 2015.

**Department of Defense Budgetary Appeal  
FY 2017 Department of Defense Appropriations Bill**

**Subject:** CH-53K

**Appeal Citation:** HRpt. 114-577, Pg. 140, 232, 149, Line 7, 147, 3; SRpt. 114-263, Pg. 87, 156, 92, Line 7, 147, 3

**Appropriations:** Aircraft Procurement, Navy; Research, Development, Test and Evaluation, Navy; Weapons Procurement, Navy

**Summary:** The House reduced CH-53K RDT&E funding by \$31.5 million due to program delay. The Senate reduced CH-53K procurement funding by \$26.6 million based on costs excess to need and early to need. The Senate also reduced CH-53K RDT&E funding by \$54.0 million due to execution delays.

<u>Item</u>	<u>Budget</u>	<u>Budget Authority</u> ( <u>Dollars in Millions</u> )		<u>House Appeal</u>	<u>Senate Appeal</u>
		<u>House</u>	<u>Senate</u>		
Maintain program affordability: Recurring costs excess to need and Restoring acquisition accountability: Support equipment early to need (Aircraft Procurement, Navy, S. Rpt. 114-263, pg.87, line 7)	\$348.6	\$348.6	\$322.0	\$348.6	\$348.6
Improving funds management: Execution Delays (Research, Development, Test and Evaluation, Navy, H. Rpt. 114-577, pg. 232, line 147, S. Rpt. 114-263, pg. 156, line 147)	\$404.8	\$373.3	\$350.8	\$373.3	\$373.3

Budget Authority  
(Dollars in Millions)

<u>Item</u>	<u>Budget</u>	<u>House</u>	<u>Senate</u>	<u>House Appeal</u>	<u>Senate Appeal</u>
Offset - Program increase (Weapons Procurement, Navy, H, Rpt. 114-577, pg. 149, line 3, S. Rpt. 114-263, pg. 92, line 3)	\$186.9	\$146.3	\$236.1	\$179.9	\$179.9

**DoD Position/Impact:** The Department objects to the proposed Senate reductions to aircraft procurement and Research, Development, Test and Evaluation, Navy (RDT&E, N) funding for the CH-53K.

These reductions will result in shortfalls in test, correction of deficiencies discovered during test, and readiness for introduction to the operating forces. The decrement to RDT&E, N funding will result in the test articles intended for Initial Operational Test and Evaluation (IOT&E) not being in the appropriate production-representative configuration, a significant entry criterion set by the Director of Operational Test and Evaluation (DOT&E).

The procurement decrement will result in the inability to procure complete end items. The loss of support equipment funding will result in inadequate initial provisioning of the operating forces. The potential one-year delay to Initial Operating Capability would extend reliance on aging CH-53E aircraft, whose readiness issues are currently resulting in suboptimal support to the operating forces.

The additional \$56.2 million added by the Senate for Tactical Tomahawk procurement is unnecessary. Tactical Tomahawk procurement ends in FY17 as efforts transition to the missile recertification program. The Navy has acquired sufficient inventory of the Block IV TACTOM with the FY17 procurement of 100 missiles to meet combat needs and will begin development of a follow-on Next Generation Land Attack Weapon. The Department recommends that \$26.6 million in aircraft procurement and \$22.5 million in RDT&E for the Senate be redirected from the congressional add enhancement to restore the CH-53K (Heavy Lift) and CH-53K RDTE congressional marks.

The Department urges the conferees to support the House position of \$348.6 million (Aircraft Procurement) and \$373.3 million (RDT&E) for the CH-53K program. Increase to overall funding appropriation levels associated with this appeal are offset from lower priority activities, to keep the overall appropriation funding levels within the FY 2017 security caps of the Bipartisan Budget Act of 2015.

**Department of Defense Budgetary Appeal  
FY 2017 Department of Defense Appropriations Bill**

**Subject:** Long Range Strike - Bomber

**Appeal Citation:** HRpt. 114-577, Pg. 238, 143, Line 35, 2; SRpt. 114-263, Pg. 166, 117, Line 35, 2

**Appropriations:** Research, Development, Test and Evaluation, Air Force; Aircraft Procurement, Navy

**Summary:** The Senate would reduce funding for the Long Range Strike-Bomber program by \$100.0 million for forward financing. The House had no similar provision.

<u>Item</u>	<u>Budget</u>	<u>Budget Authority</u> (Dollars in Millions)		<u>House Appeal</u>	<u>Senate Appeal</u>
		<u>House</u>	<u>Senate</u>		
Improving funds management: Forward financing (Research, Development, Test and Evaluation, Air Force, H. Rpt. 114-577, 238, line 35, S. Rpt. 114-236, pg. 166, line 35)	\$1,358.3	\$1,358.3	\$1,258.3	\$1,358.3	\$1,358.3
Offset - Additional 12 aircraft (Aircraft Procurement, Navy, H. Rpt. 114-577, pg. 87, line 2, S. Rpt. 114-263, pg. 143, line 2)*	\$0.0	\$1,200.0	\$979.0	\$0.0	\$0.0

\* The offset is used in Conventional Prompt Strike, Advanced Undersea Prototyping, Innovation and Access to Non-Traditional Suppliers, Long Range Strike - Bomber, VH-71, and Asia-Pacific Rebalance Infrastructure.

**DoD Position/Impact:** The Department strongly objects to the Senate \$100.0 million reduction to the Department of the Air Force’s Long Range Strike – Bomber (B-21) RDT&E budget. The requested funding is supported by two independent cost estimates, and there are no excess funds in the program in FY 2017. The funding reduction will result in a delay in moving forward with the development program by delaying prime contractor and the key subcontractors from hiring the required personnel to support the program and will introduce risk to the program schedule.

The additional \$1.2 billion added by the House and \$979.0 million by the Senate for 12 additional F/A-18E/F aircraft unfunded requirement is not required. The F/A-18E/F is the premier operational strike fighter aircraft for the Department of the Navy. However, the F-35B attained Initial Operational Capability (IOC) in July 2015, with the F-35C IOC scheduled for August 2018. The Department recommends \$100.0 million be redirected from the congressional add enhancement to restore the Long Range Strike-Bomber program congressional mark.

The Department urges conferees to support the House position of \$1,358.3 million for the Long Range Strike-Bomber. Increase to overall appropriation levels associated with this appeal are offset from lower priority activities, to keep the overall appropriation funding levels within the FY 2017 security caps of the Bipartisan Budget Act of 2015.

**Department of Defense Budgetary Appeal  
FY 2017 Department of Defense Appropriations Bill**

**Subject:** VH-71

**Appeal Citation:** HRpt. 114-577, Pg. 223, 143, Line 106, 2; SRpt. 114-263, Pg. 155, 87, Line 106, 2

**Appropriations:** Research, Development, Test and Evaluation, Navy; Aircraft Procurement, Navy

**Summary:** The Senate reduced the VH-71A program by \$35.5 million due to execution delays. The House had no similar provision.

<u>Item</u>	<u>Budget</u>	<u>Budget Authority</u> (Dollars in Millions)		<u>House Appeal</u>	<u>Senate Appeal</u>
		<u>House</u>	<u>Senate</u>		
Improving funds management: Execution delays (Research, Development, Test and Evaluation, Navy, H. Rpt. 114-577, pg. 223, line 106, S. Rpt. 114-263, pg. 155, line 106)	\$338.4	\$338.4	\$302.9	\$338.4	\$338.4
Offset - Additional 12 aircraft (Aircraft Procurement, Navy, H. Rpt. 114-577, pg. 87, line 2, S. Rpt. 114-263, pg. 143, line 2)*	\$0.0	\$1,200.0	\$979.0	\$0.0	\$0.0

\* The offset is used in Conventional Prompt Strike, Advanced Undersea Prototyping, Innovation and Access to Non-Traditional Suppliers, Long Range Strike - Bomber, VH-71, and Asia-Pacific Rebalance Infrastructure.

**DoD Position/Impact:** The Department objects to the proposed Senate \$35.5 million reduction to the VH-71A Executive Helicopter program. The reduction would impact the timely redesign of the Mission Communication System and selected survivability characteristics to correct deficiencies identified during developmental test. Because correction of these deficiencies is on the critical path to Initial Operating Capability (IOC), recapitalization of the 1950's era VH-3D Presidential Helicopter would unnecessarily be

delayed by 6-12 months.

The additional \$1.2 billion added by the House and \$979.0 million by the Senate for 12 additional F/A-18E/F aircraft unfunded requirement is not required. The F/A-18E/F is the premier operational strike fighter aircraft for the Department of the Navy. However, the F-35B attained Initial Operational Capability (IOC) in July 2015, with the F-35C IOC scheduled for August 2018. There is no validated requirement for additional F/A-18E/Fs. The Department recommends \$35.5 million be redirected from the congressional add enhancement to restore the Executive Helo Development program congressional mark.

The Department urges the conferees to support the President's Budget request of \$338.4 million for the Executive Helo Development program. Increase to overall funding appropriation levels associated with this appeal are offset from lower priority activities, to keep the overall appropriation funding levels within the FY 2017 security caps of the Bipartisan Budget Act of 2015.



**Department of Defense Budgetary Appeal  
FY 2017 Department of Defense Appropriations Bill**

**Subject:** Availability of Funds for Retirement or Inactivation of Ticonderoga-Class Cruisers or Dock Landing Ships

**Appeal Citation:** H.R. 5293, sec. 8124, Pg. ; HRpt. 114-577, Pg. 155, Line 11; S. 3000, sec. 8041, Pg. ; SRpt. 114-263, Pg. 208, 198, Line 11

**Appropriations:** Ship Modernization, Operations and Sustainment Fund (SMOSF); Shipbuilding & Conversion, Navy

**Summary:** Senate section 8041 would rescind \$1.3 billion from funds remaining available for obligation in the SMOSF account. The Senate would include an increase of \$183 million in the Operation and Maintenance, Navy account and \$101.5 million in the Other Procurement, Navy account to support cruiser and dock landing ship modernization efforts in FY 2017. House section 8124, "Cruiser Modernization" would require the Navy to comply with House direction to program no more than two cruisers entering a modernization period each year, with the modernization period for each cruiser lasting no longer than 4 years, and having a maximum of six ships in a modernization period at any one time.

<u>Item</u>	<u>Budget</u>	<u>Budget Authority</u> ( <u>Dollars in Millions</u> )		<u>House Appeal</u>	<u>Senate Appeal</u>
		<u>House</u>	<u>Senate</u>		
Program adjustment (Ship Modernization, Operations and Sustainment Fund, pg, 208, rescission section 8041)	\$0.0	\$0.0	\$-1,317.3	\$0.0	\$1,317.3
One ship for the polar icebreaker recapitilization project (Shipbuilding & Conversion, Navy, pg. 98, line 11)	\$0.0	\$0.0	\$1,000.0	\$0.0	\$0.0
Offset - House - Program increase - one additional ship, Senate - Additional ship (Shipbuilding & Conversion, Navy, H. Rpt.	\$1,125.6	\$1,439.2	\$1,600.6	\$1,125.6	\$1,125.6

Budget Authority  
(Dollars in Millions)

<u>Item</u>	<u>Budget</u>	<u>House</u>	<u>Senate</u>	<u>House Appeal</u>	<u>Senate Appeal</u>
114-577, pg. 155, line 11, S. Rpt. 114-263, pg. 98, line 11)**					

\*\*This offset is used in Joint Mission Environmental Test Capability (JMET) National Cyber Range, Availability of Funds for Retirement or Inactivation of Ticonderoga-Class Cruisers or Dock Landing Ships, Reduction of Funds for Countering Weapons of Mass Destruction System "Constellation", and Reductions to Funding for Critical Electronic Warfare (EW) Capabilities

**DoD Position/Impact:** The Department strongly objects to Senate section 8041, which would rescind \$1.317 billion from the Navy Ship Modernization, Operations and Sustainment Fund, but still require the Navy to continue executing the congressionally directed modernization plan as defined in House section 8124. The Navy's phased modernization approach maintains an effective cruiser and dock landing ship force structure while balancing scarce operation and maintenance funding. Both versions would significantly reduce planned savings and accelerate the retirement of all TICONDEROGA-Class cruisers. The Navy's current requirement for active large surface combatants includes eleven Air Defense Command ships, one assigned to each of the active carrier strike groups. This requirement is met by the modernization plan proposed in the FY 2017 President's Budget. The Navy's plan is fully funded across the Future Years Defense Program (FYDP) and includes \$521.0 million in the base budget in addition to SMOSF, which the Navy planned to obligate and fully expend by FY 2021.

The congressionally-directed "2-4-6" Carrier Group (CG) Modernization plan, supported by House section 8124, will have a negative impact on long term large surface combatant force structure. Under the "2-4-6" CG Modernization plan, all Ticonderoga Class Cruisers will be decommissioned by 2037, with the final 11 ships block retired in the 2 year span between FY 2035-37. In contrast, the Navy proposal maintains 11 Cruisers (one per carrier strike group) into the 2040s by replacing retiring Cruisers with a modernized Cruiser on a one-for-one basis. This approach results in a gradual phase out of the class between FY 2035-44, delaying the requirement for Cruiser recapitalization until after the peak years of Ohio Replacement Program (ORP) recapitalization when the Shipbuilding appropriation is most stressed.

SMOSF funding is critical to modernizing the CGs under any plan. When this rescission is combined with the \$3.2 billion shortfall generated by the "2-4-6" CG Modernization plan, the result is a \$4.2 billion shortfall across the Future Year Defense Plan (FYDP) to fund Cruiser manpower, maintenance, modernization, and operations.

The additional funding added by the Senate for the Polar Icebreaker is not required. The President's Budget for the U.S. Coast Guard includes a realistic funding plan that would enable it to acquire a new icebreaker by 2020, 2 years earlier than previously planned.

The additional \$384.1 million added by the House and \$475.0 million added by the Senate for an additional Littoral Combat Ship (LCS) is unrequested. Funding two LCS in FY 2017 ensures that both LCS-producing shipyards are on equal footing and have sustained production leading up to the FY 2018 or FY 2019 down-select to one shipyard for the remainder of the program. This competitive environment ensures the best price for the taxpayer on the remaining ships. Procuring three ships in FY 2017 does not align with the current LCS Acquisition Strategy and prevents the use of resources for higher priorities to improve DoD's warfighting capability, such as undersea, other surface, and aviation investments. The Department recommends \$1,317.3 billion rescission for Senate be redirected from the congressional add enhancement to restore the Ship Modernization, Operations and Sustainment Fund (SMOSF) program congressional marks.

The Department the urges the conferees to support exclusion of the Senate \$1, 317.3 billion rescission in section 8041 and exclusion of House section 8124 for the Ship Modernization, Operations and Sustainment (SMOSF) program. Increase to overall funding appropriation levels associated with this appeal are offset from lower priority activities, to keep the overall appropriation funding levels within the FY 2017 security caps of the Bipartisan Budget Act of 2015.

**Department of Defense Budgetary Appeal  
FY 2017 Department of Defense Appropriations Bill**

**Subject:** Reductions to Funding for Critical Electronic Warfare (EW) Capabilities

**Appeal Citation:** HRpt. 114-277, Pg. 164, 231, 155, Line 53, 106, 11; SRpt. 114-263, Pg. 109, 106. 98, Line 155, 53, 11

**Appropriations:** Other Procurement, Navy; Research, Development, Test and Evaluation, Navy; Shipbuilding & Conversion, Navy

**Summary:** The House and Senate reduced EW programs critical for platform survivability. The Senate reduced AN/SLQ-32 funding by \$63.0 million citing Block 2 unit cost growth, Block 3 concurrency, and Block 3T excess installation funding. The House reduced AN/SLQ-32 by \$8.3 million, citing Block 3 and Block 3T excess support, and Block 3T installation prior year carryover. The Senate reduced Next Generation Jammer Increment 2 (NGJ Inc 2) funding by \$33.1 million citing unjustified growth. The House reduced NGJ Inc 2 by \$10.0 million also citing program growth.

<u>Item</u>	<u>Budget</u>	<u>Budget Authority</u> <u>(Dollars in Millions)</u>		<u>House</u> <u>Appeal</u>	<u>Senate</u> <u>Appeal</u>
		<u>House</u>	<u>Senate</u>		
Restoring acquisition accountability: Block 2 unit cost growth, Restoring acquisition accountability: Block 3 concurrency, and Restoring acquisition accountability: Block 3T excess installation funding (Other Procurement, Navy, H. Rpt. 114-577, pg. 164, line 53, S. Rpt. 114-263, pg. 164, line 53)	\$274.9	\$266.6	\$211.9	\$266.6	\$266.6
Restoring acquisition accountability: Unjustified growth, pg. 155, line 109	\$52.1	\$42.1	\$19.0	\$42.1	\$42.1

Budget Authority  
(Dollars in Millions)

<u>Item</u>	<u>Budget</u>	<u>House</u>	<u>Senate</u>	<u>House Appeal</u>	<u>Senate Appeal</u>
(Research, Development, Test and Evaluation, Navy, H. Rpt. 114-577, pg. 231, line 101. S. Rpt. 114-263, pg. 155, lline 109)					
Offset - House - Program increase - one additional ship, Senate - Additional ship (Shipbuilding & Conversion, Navy, H. Rpt. 114-577, pg. 155, line 11, S. Rpt. 114-263, pg. 98, line 11)**	\$1,125.6	\$1,439.2	\$1,600.6	\$1,125.6	\$1,125.6

\*\*This offset is used in Joint Mission Environmental Test Capability (JMET) National Cyber Range, Availability of Funds for Retirement or Inactivation of Ticonderoga-Class Cruisers or Dock Landing Ships, Reduction of Funds for Countering Weapons of Mass Destruction System "Constellation", and Reductions to Funding for Critical Electronic Warfare (EW) Capabilities

**DoD Position/Impact:** The Department strongly objects to multiple reductions to Electronic Warfare programs. These efforts are critical for platform survivability in contested environments. The reduction of \$63.0 million for AN/SLQ-32 production units will postpone delivery of critical ship self-defense capability necessary to meet today's threat. The Department prioritized this program to field capabilities at the maximum production rate based on advances in adversary threats. The Department also objects to the reduction of \$33.0 million for NGJ Inc 2. NGJ Inc 2 will replace the EA-18G's low-band ALQ-99 Tactical Jamming System pods. These pods are rapidly becoming obsolete and outpaced by modern adversary emitters. The reduced level of funding is insufficient to start any of the three technology demonstration awards in FY 2017.

The additional \$384.1 million added by the House and \$475.0 million added by the Senate for an additional Littoral Combat Ship (LCS) is unrequested. Funding two LCS in FY 2017 ensures that both LCS-producing shipyards are on equal footing and have sustained production leading up to the FY 2018 or FY 2019 down-select to one shipyard for the remainder of the program. This competitive environment ensures the best price for the taxpayer on the remaining ships. Procuring three ships in FY 2017 does not align with the current LCS Acquisition Strategy and prevents the use of resources for higher priorities to improve DOD's warfighting capability, such as undersea, other surface, and aviation investments. The Department recommends \$54.7 million of the House procurement funding and \$54.7 million of the Senate RDTE, N funding be redirected from the congressional add enhancement to restore the AN/SLQ-32 and Next

Generation Jammer (NGJ) Increment II program congressional marks.

The Department urges the conferees to support the House position of \$54.7 million for procurement and \$54.7 million for RDTE, N funding for the AN/SLQ-32 and Next Generation Jammer (NGJ) Increment II program. Increase to overall funding appropriation levels associated with this appeal are offset from lower priority activities, to keep the overall appropriation funding levels within the FY 2017 security caps of the Bipartisan Budget Act of 2015.

**Department of Defense Budgetary Appeal  
FY 2017 Department of Defense Appropriations Bill**

**Subject:** Reduction of Funds for Countering Weapons of Mass Destruction System “Constellation”

**Appeal Citation:** HRpt. 114-577, Pg. 260, 88, 155, Line 66, 270, 11; SRpt. 114-263, Pg. 175, 47, 198, Line 66, 270, 11

**Appropriations:** Research, Development, Test & Evaluation, Defense-Wide; Operation and Maintenance, Defense-Wide; Shipbuilding & Conversion, Navy

**Summary:** The House reduced RDT&E funds by \$23.6 million and eliminated the \$4.5 million O&M within the Countering Weapons of Mass Destruction (CWMD) Systems program. The House reduced funds in order to prohibit further research, development, or prototyping of Constellation, in accordance with FY 2017 NDAA (H.R. 4909, sec. 216). The Senate had no similar provision.

<u>Item</u>	<u>Budget</u>	<u>Budget Authority</u> (Dollars in Millions)		<u>House Appeal</u>	<u>Senate Appeal</u>
		<u>House</u>	<u>Senate</u>		
Program decrease (Research, Development, Test and Evaluation, Defense-Wide, H. Rpt. 114-577, pg. 260, line 66, S. Rpt. 114-263, pg. 175, line 66)	\$44.8	\$21.2	\$44.8	\$44.8	\$44.8
CWMD - program reduction (Operation and Maintenance, Defense-Wide, H. Rpt. 114-577, pg. 88, line 270)	\$4.5	\$0.0	\$4.5	\$4.5	\$4.5
Offset - House - Program increase - one additional ship, Senate - Additional ship (Shipbuilding & Conversion, Navy, H. Rpt. 114-577, pg.	\$1125.6	\$1,439.2	\$1,600.6	\$1,125.6	\$1,125.6

Budget Authority  
(Dollars in Millions)

<u>Item</u>	<u>Budget</u>	<u>House</u>	<u>Senate</u>	<u>House Appeal</u>	<u>Senate Appeal</u>
155, line 11, S. Rpt. 114-263, pg. 98, line 11)**					

\*\*This offset is used in Joint Mission Environmental Test Capability (JMET) National Cyber Range, Availability of Funds for Retirement or Inactivation of Ticonderoga-Class Cruisers or Dock Landing Ships, Reduction of Funds for Countering Weapons of Mass Destruction System "Constellation", and Reductions to Funding for Critical Electronic Warfare (EW) Capabilities

**DoD Position/Impact:** The Department opposes the House reduction of \$23.6 million (RDT&E) and \$4.5 million (O&M) for research, development, and prototyping of the Constellation system. The Constellation system is under development to close capability gaps identified by the Combatant Commands for CWMD situational awareness, which have been validated by the Joint Requirements Oversight Council. The Congress authorized and appropriated the development of the Constellation system in FY 2014-2016. The Department will field an initial prototype in FY 2016, conduct user evaluation and further development in FY 2017, and plan to deliver a completed system in FY 2019. If FY 2017 funds are not restored, this initiative effectively will be terminated.

The additional \$384.1 million added by the House and \$475.0 million added by the Senate for an additional Littoral Combat Ship (LCS) is unrequested. Funding two LCS in FY 2017 ensures that both LCS-producing shipyards are on equal footing and have sustained production leading up to the FY 2018 or FY 2019 down-select to one shipyard for the remainder of the program. This competitive environment ensures the best price for the taxpayer on the remaining ships. Procuring three ships in FY 2017 does not align with the current LCS Acquisition Strategy and prevents the use of resources for higher priorities to improve DoD's warfighting capability, such as undersea, other surface, and aviation investments. The Department recommends \$23.6 million in RDT&E and \$4.5 million in O&M for the House be redirected from the congressional add enhancement to restore the CEMD Systems and Office of Secretary of Defense CWMD program congressional marks.

The Department urges conferees to support the Senate position of \$44.8 million (RDT&E) and \$4.5 million (O&M) for the CWMD Systems program. Increase to overall appropriation levels associated with this appeal are offset from lower priority activities, to keep the overall appropriation funding levels within the FY 2017 security caps of the Bipartisan Budget Act of 2015.



**Department of Defense Budgetary Appeal  
FY 2017 Department of Defense Appropriations Bill**

**Subject:** Joint Mission Environmental Test capability (JMETC) National Cyber Range

**Appeal Citation:** HRpt. 114-577, Pg. 262, 115, Line 139, 11; SRpt. 114-263, Pg. 179, 98, Line 139, 11

**Appropriations:** Research, Development, Test and Evaluation, Defense-Wide; Shipbuilding & Conversion, Navy

**Summary:** The House reduced the Joint Mission Environment Test Capability request by \$20.0 million for prior year carryover and minimize growth, and the Senate reduced the request by \$45.0 million to maintain program affordability and eliminate program growth.

<u>Item</u>	<u>Budget</u>	<u>Budget Authority</u> ( <u>Dollars in Millions</u> )		<u>House Appeal</u>	<u>Senate Appeal</u>
		<u>House</u>	<u>Senate</u>		
House - Prior year carryover and minimize growth, Senate Maintain program affordability: Eliminate program growth (Research, Development, Test and Evaluation, Defense-Wide, H. rpt. 114-577, pg. 262, line 139, S. Rpt. 114-263, pg. 179, line 139)	\$87.1	\$67.1	\$42.1	\$67.1	\$67.1
Offset - House - Program increase - one additional ship, Senate - Additional ship (Shipbuilding & Conversion, Navy, H. Rpt. 114-577, pg. 155, line 11, S. Rpt. 114-263,	\$1,125.6	\$1,439.2	\$1,600.6	\$1,125.6	\$1,125.6

Budget Authority  
(Dollars in Millions)

<u>Item</u> pg. 98, line 11)**	<u>Budget</u>	<u>House</u>	<u>Senate</u>	<u>House Appeal</u>	<u>Senate Appeal</u>
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\*\*This offset is used in Joint Mission Environment Test Capability (JMET) National Cyber Range, Availability of Funds for Retirement or Inactivation of Ticonderoga-Class Cruisers or Dock Landing Ships, Reduction of Funds for Countering Weapons of Mass Destruction System "Constellation", and Reductions to Funding for Critical Electronic Warfare (EW) Capabilities

**DoD Position/Impact:** The Department strongly objects to the Senate reduction of \$45.0 million for the Joint Mission Environment Test Capability (JMETC) PE 0605100D8Z. This reduction will have a very significant impact on cybersecurity for Defense warfighting systems and on the training of the Cyber Mission Forces. Prior to the current FY 2017 President's Budget Estimate, baseline funding for the JMETC Program has remained constant to support the Department's distributed Test and Evaluation (T&E) requirements. Additional funding requested by the Department is specifically intended to address the significant growth in demand for cyber range capabilities and capacity for both the Department's Test and Training communities. FY 2017 funding is intended to begin build out of 3 additional instances of the National Cyber Range (NCR) that will increase capacity ~500%, as well as for personnel to support users in planning, execution, and analysis. This impact will be realized immediately and will adversely affect NCR capability to support Overseas Contingency Operations as well as numerous acquisition programs such as Command Post Computing Environment (CP CE), Joint Space Operations Center (JSpOC) Mission System (JMS), P-8A Poseidon, MQ-4C Triton, MQ-8 Firescout, E-6B Mercury, AC-130J Ghost Rider, Presidential Helicopter, Tactical Mobile (TACMobile), Gerald R. Ford CVN 78, USS America LHA-6, Littoral Combat Ship, Enterprise GPS, 3D Extended Long Range Radar, Distributed Common Ground Station Family of Systems, Carrier Based Air Refueling System, Aviation Data Management and Control System, Long Range Strike Bomber, WIN-T, JUPITR, Integrated Pay and Personnel System Army, and other programs and platforms that are currently or are slated to be supported in FY 2017 by JMETC provided Cybersecurity infrastructure. Significant impact will also be felt by the Training community as JMETC provided Cybersecurity infrastructure also supports Cyber Mission Force Training and Certification for U.S. Cyber Command and Service Cyber Mission Forces. Additional demand is anticipated in response to NDAA16 S 1647 tasking to evaluate legacy DoD systems for Cybersecurity vulnerabilities. Leaving the House reduction of \$20.0 million in place will reduce the proposed cyber test and training range capacity expansion by 66% forcing a delay in both new acquisition program testing and development schedules and delaying the completion of the Defense Authorization Act 2016 S 1647 tasking. The funding profile will cause this delay to accumulate through the Future Year Defense Plan (FYDP).

The additional \$384.1 million added by the House and \$475.0 million added by the Senate for an additional Littoral Combat Ship (LCS) is unrequested. Funding two LCS in FY 2017 ensures that both LCS-producing shipyards are on equal footing and have sustained production leading up to the FY 2018 or FY 2019 down-select to one shipyard for the remainder of the program. This competitive environment ensures the best price for the taxpayer on the remaining ships. Procuring three ships in FY 2017 does not align with the current LCS Acquisition Strategy and prevents the use of resources for higher priorities to improve DOD's warfighting capability, such as undersea, other surface, and aviation investments. Capabilities and services supported by these restored funds could be utilized to meet the Cybersecurity Test and Evaluation requirements of the LCS program. The Department recommends \$45.0 million for the Senate be redirected from the congressional add enhancement to restore the Joint Mission Environment Test Capability (JMETC) program congressional marks.

The Department urges the conferees to support the Senate position of \$67.1 million for the Joint Mission Environment Test Capability (JMETC) program. Increase to overall funding appropriation levels associated

with this appeal are offset from lower priority activities, to keep the overall appropriation funding levels within the FY 2017 security caps of the Bipartisan Budget Act of 2015.

**Department of Defense Budgetary Appeal  
FY 2017 Department of Defense Appropriations Bill**

**Subject:** Asia-Pacific Rebalance Infrastructure

**Appeal Citation:** HRpt. 114-577, Pg. 86, 143, Line 260, 2; S. 3000, sec. 8084, Pg. 91, 92; SRpt. 114-263, Pg. 47, 87, Line 260, 2

**Appropriations:** Operation and Maintenance, Defense-Wide; Aircraft Procurement, Navy

**Summary:** The House eliminated required General Provision language and the Senate eliminated \$19.2 million in funding to Asia-Pacific Rebalance and modified General Provision language.

<u>Item</u>	<u>Budget</u>	<u>Budget Authority</u> (Dollars in Millions)		<u>House Appeal</u>	<u>Senate Appeal</u>
		<u>House</u>	<u>Senate</u>		
Authorization adjustment: Public health laboratory funding ahead of need (Operation and Maintenance, Defense-Wide, H. Rpt. 114-577, pg. 86, line 260, S. Rpt. 114-263, pg. 47, line 260)	\$86.7	\$86.7	\$67.5	\$86.7	\$86.7
Offset - Additional 12 aircraft (Aircraft Procurement, Navy, H. Rpt. 114-577, pg. 87, line 2, S. Rpt. 114-263, pg. 143, line 2)*	\$0.0	\$1,200.0	\$979.0	\$0.0	\$0.0

\* The offset is used in Conventional Prompt Strike, Advanced Undersea Prototyping, Innovation and Access to Non-Traditional Suppliers, Long Range Strike - Bomber, VH-71, and Asia-Pacific Rebalance Infrastructure.

**DoD Position/Impact:** The Department appreciates the inclusion of the \$86.7 million in the Operation and Maintenance, Defense-Wide account to support the military build-up on Guam. However, the Department strongly objects to the exclusion in H.R. 5293 of the general provision requested in the Administration's FY 2017 Budget that would allow \$86.7 million, of the amount appropriated for the Operation and Maintenance,

Defense-Wide account, to be made available for the Secretary of Defense to: make grants; conclude cooperative agreements; and supplement other Federal funds. This critical provision will provide assistance for civilian water and wastewater improvements to support the military build-up on Guam, and to construct a public health lab necessary to mitigate adverse impacts resulting from planned military actions for Guam identified in the Guam Military Relocation Supplemental Environmental Impact Statement and Record of Decision.

The Department appreciates the inclusion of the general provision and funding in S. 3000 that would allow DoD to make grants, conclude cooperative agreements, and supplement other Federal funds to facilitate civilian water and wastewater improvements that support the military build-up on Guam. In addition, however, the Department strongly objects to the exclusion of the requested authority, and the associated funding (\$19.2 million), to support the construction of a public health laboratory on Guam.

A key aspect of the Asia-Pacific rebalance is to create a more operationally resilient Marine Corps presence in the Pacific and invest in Guam as a joint strategic hub. This funding supports the ability of the President to execute our foreign and defense policies in coordination with our ally, Japan. In addition, not following through with these projects would call into question our commitment to implement the realignment plan and our ability to execute the defense strategy among regional states.

The additional \$1.2 billion added by the House and \$979.0 million by the Senate for 12 additional F/A-18E/F aircraft unfunded requirement is not required. The F/A-18E/F is the premier operational strike fighter aircraft for the Department of the Navy. However, the F-35B attained Initial Operational Capability (IOC) in July 2015, with the F-35C IOC scheduled for August 2018. There is no validated requirement for additional F/A-18E/Fs. The Department recommends \$19.2 million be redirected from the congressional add enhancement to restore the Operation and Maintenance, Defense-Wide - Office of Economic Adjustment program congressional mark.

The Department urges conferees to include the needed general provision language and the \$19.2 million for the Operation and Maintenance, Defense-Wide, Office of Economic Adjustment program. Increases to overall funding appropriation levels associated with this appeal are offset from lower priority activities, to keep the overall appropriation funding levels within the FY 2017 security caps of the Bipartisan Budget Act of 2015.

**Department of Defense Budgetary Appeal  
FY 2017 Department of Defense Appropriations Bill**

**Subject:** Reallocation of Missile Defense Agency Funding, Missile Defense Agency (MDA)

**Appeal Citation:** HRpt. 114-577, Pg. 260, 261, 262, 197, 257, Line 28, 30, 35, 73, 74, 78, 79, 82, 86, 88, 89, 93, 104, 105, 106, 112, 23, 26, 27, 176; SRpt. 114-263, Pg. 178, 179, 135, Line 30, 35, 40, 74, 78, 79, 82, 86, 88, 89, 105, 23, 26, 27

**Appropriations:** Research, Development, Test and Evaluation, Defense-Wide; Operation and Maintenance, Defense-Wide; Procurement, Defense-Wide

**Summary:** The House reduced \$349.0 million and the Senate reduced of \$212.0 million from the FY 2017 Budget Request.

<u>Item</u>	<u>Budget</u>	<u>Budget Authority</u> ( <u>Dollars in Millions</u> )		<u>House Appeal</u>	<u>Senate Appeal</u>
		<u>House</u>	<u>Senate</u>		
Improved Homeland Defense Interceptors – Senate – Restoring acquisition accountability, MD97 FTG-18 RKV flight test unit long lead materials early to need; Restoring acquisition accountability: MD97 C3 booster lack of requirements and acquisition strategy House – Schedule Delays (Research, Development, Test and Evaluation, Defense-Wide, S. Rpt. 114-263, pg. 175, line 105, H. Rpt. 114-577, pg. 255, line 105, PE 0604874C)	\$274.1	\$244.1	\$249.3	\$249.3	\$249.3

Budget Authority  
(Dollars in Millions)

<u>Item</u>	<u>Budget</u>	<u>House</u>	<u>Senate</u>	<u>House Appeal</u>	<u>Senate Appeal</u>
Long Range Discrimination Radar – House – Unrealistic Schedule (Research, Development, Test and Evaluation, Defense-Wide, S. Rpt. 114-263, pg. 175, line 104, H. Rpt. 114-577, pg. 255, line 104, PE 0604873C)	\$162.0	\$152.7	\$162.0	\$162.0	\$162.0
Ballistic Missile Defense Midcourse Defense Segment – House - Systems engineering and program management software delays (Research, Development, Test and Evaluation, S. Rpt. 114-263, pg. 178, line 74)	\$862.1	\$917.1	\$972.8	\$862.1	\$862.1
THAAD Procurement – House - THAAD sustainment early to need - (Procurement Defense-Wide, S. Rpt. 114-263, pg. 133, line 23, H. Rpt. 114-577, pg. 195, line 23,)	\$369.6	\$330.3	\$419.6	\$369.6	\$369.6
THAAD O&M – House - THAAD	\$72.1	\$65.8	\$72.1	\$72.1	\$72.1

Budget Authority  
(Dollars in Millions)

<u>Item</u>	<u>Budget</u>	<u>House</u>	<u>Senate</u>	<u>House Appeal</u>	<u>Senate Appeal</u>
sustainment early to need - (Operation and Maintenance, Defense-Wide, S. Rpt. 114-263, pg. 46, line 240, H. Rpt. 114-577, pg. 86, line 240)					
Ballistic Missile Defense Terminal Defense Segment – House - THAAD development previously funded efforts - (Research, Development, Test and Evaluation, Defense-Wide, S. Rpt. 114-263, pg. 175, line 73, H. Rpt. 114-577, pg. 86, line 73, PE 0603881C)	\$206.8	\$201.8	\$206.8	\$206.8	\$206.8
Aegis BMD - House - Aegis BMD 6.x development excess growth, SM-3 IIA development excess growth, Senate - Restoring acquisition accountability: SM-3 Block IIA FTM-29 flight test integration not required due to program delays, Maintain program	\$959.1	\$929.1	\$924.1	\$929.1	\$929.1



Budget Authority  
(Dollars in Millions)

<u>Item</u>	<u>Budget</u>	<u>House</u>	<u>Senate</u>	<u>House Appeal</u>	<u>Senate Appeal</u>
affordability: SM-3 Block IIA excess cost growth (Research, Development, Test and Evaluation, Defense-Wide, S. Rpt. 114-263, pg. 175, line 79, H. Rpt. 114-577, pg. 254, line 79, PE 0603881C)					
Ballistic Missile Defense Command and Control, Battle Management – House - Development and deployment unauthorized prior year funding, Communications unjustified growth, (Research, Development, Test and Evaluation, Defense-Wide, S. Rpt. 114-263, pg. 175, line 82, H. Rpt. 114-577, pg. 254, line 82, PE 0603896C)	\$439.6	\$429.4	\$443.5	\$439.6	\$439.6
Ballistic Missile Defense Targets House - Unjustified Program growth, Test delays Senate - Restoring acquisition accountability:	\$563.6	\$538.1	\$522.7	\$538.1	\$538.1

Budget Authority  
(Dollars in Millions)

<u>Item</u>	<u>Budget</u>	<u>House</u>	<u>Senate</u>	<u>House Appeal</u>	<u>Senate Appeal</u>
MRBM T3C2 contract award delay (Research, Development, Test and Evaluation, Defense-Wide, S. Rpt. 114-263, pg. 175, line 89, H. Rpt. 114-577, pg. 255, line 89, PE 0603915C)					
BMD Terminal Defense Segment Test – House – Test Delays (Research, Development, Test and Evaluation, Defense-Wide, S. Rpt. 114-263, pg. 175, line 106, H. Rpt. 114-577, pg. 255, line 106, PE 0604876C)	\$63.4	\$53.1	\$63.4	\$63.4	\$63.4
Advanced Concepts and Performance Assessment – House – Test Delays (Research, Development, Test and Evaluation, Defense-Wide, S. Rpt. 114-263, pg. 174, line 28, H. Rpt. 114-577, pg. 253, line 28, PE 0603176C)	\$17.9	\$15.0	\$17.9	\$17.9	\$17.9
Ballistic Missile Defense Test – House - FTT-18	\$293.4	\$291.4	\$296.4	\$293.4	\$293.4

Budget Authority  
(Dollars in Millions)

<u>Item</u>	<u>Budget</u>	<u>House</u>	<u>Senate</u>	<u>House Appeal</u>	<u>Senate Appeal</u>
and FTT-15 efficiencies (Research, Development, Test and Evaluation, Defense-Wide, H. Rpt. 114-577, pg. 261, line 88)					
Sea-Based X-Band Radar Sustainment – House - Test previously completed - (Research, Development, Test and Evaluation, Defense-Wide, S. Rpt. 114-263, pg. 175, line 86, H. Rpt. 114-577, pg. 255, line 86 PE 0603907C)	\$68.8	\$65.8	\$88.8	\$68.8	\$68.8
Weapons Technology House - Directed energy unjustified growth – Senate - Restoring acquisition accountability: MD69 redundancy (Research, Development, Test and Evaluation, Defense-Wide, S. Rpt. 114-263, pg. 174, line 30, H. Rpt. 114-577, pg. 253, line 30, PE 0603178C)	\$71.8	\$51.1	\$49.6	\$51.1	\$51.1

Budget Authority  
(Dollars in Millions)

<u>Item</u>	<u>Budget</u>	<u>House</u>	<u>Senate</u>	<u>House Appeal</u>	<u>Senate Appeal</u>
Special Programs – MDA Technology House – Program reduction – Senate – Program adjustment (Research, Development, Test and Evaluation, Defense-Wide, S. Rpt. 114-263, pg. 174, line 35, H. Rpt. 114-577, pg. 253, line 35, PE 0603274C)	\$83.7	\$11.8	\$11.8	\$11.8	\$11.8
Special Programs - MDA - House – Program reduction – Senate – Program adjustment (Research, Development, Test and Evaluation, Defense-Wide, S. Rpt. 114-263, pg. 177, line 78, H. Rpt. 114-577, pg. 254, line 78, PE 0603891C)	\$321.6	\$304.7	\$304.7	\$304.7	\$304.7
Technology Maturation Initiatives - House – Directed energy prototype development unjustified growth, Discrimination	\$90.3	\$74.4	\$90.3	\$90.3	\$90.3

Budget Authority  
(Dollars in Millions)

<u>Item</u>	<u>Budget</u>	<u>House</u>	<u>Senate</u>	<u>House Appeal</u>	<u>Senate Appeal</u>
sensor prototype development long lead materials early to need (Research, Development, Test and Evaluation, Defense-Wide, S. Rpt. 114-263, pg. 175, line 93, H. Rpt. 114-577, pg. 255, line 93, PE 0604115C)					
Multi Object Kill Vehicle – House - Change to acquisition strategy (Research, Development, Test and Evaluation, Defense-Wide, S. Rpt. 114-263, pg. 175, line 112, H. Rpt. 114-577, pg. 255, line 112, PE 0604115C)	\$71.5	\$56.5	\$71.5	\$71.5	\$71.5
Management HQ- MDA (Research, Development, Test, and Evaluation, Defense-Wide, H. Rpt. 114-577, pg. 257, line 176, PE 091598C)	\$31.2	\$6.2	\$31.2	\$31.2	\$31.2
Offset – Arrow Upper Tier (Procurement Defense-Wide, S. Rpt. 114-263,	\$0.0	\$120.0	\$120.0	\$0.0	\$0.0

Budget Authority  
(Dollars in Millions)

<u>Item</u>	<u>Budget</u>	<u>House</u>	<u>Senate</u>	<u>House Appeal</u>	<u>Senate Appeal</u>
pg. 133, line 26, H. Rpt. 114-577, pg. 195, line 26, PE 0604115C)					
Offset – David Sling - (Procurement, Defense-Wide, S. Rpt. 114-263, pg. 133, line 27, H. Rpt. 114-577, pg. 195, line 27, PE 0604115C)	\$0.0	\$150.0	\$150.0	\$0.0	\$0.0

**DoD Position/Impact:** The Department objects to the House \$49.0 million and the Senate \$25.0 million proposed reductions to homeland defense programs. The House homeland defense reduction includes targeted Program Element reductions to Improved Homeland Defense Interceptors (\$30.0 million), Long Range Discrimination Radar (LRDR) (\$9.0 million), and the BMD Midcourse Segment (\$10.0 million). Impacts include a reduction of approximately 20 percent of the Redesigned Kill Vehicle (RKV) Cross-Industry Team which will delay Preliminary Design Review (PDR) and Critical Design Review (CDR) and result in at least a four-to-six month delay to the overall RKV schedule; delay purchases of equipment for LRDR by three months and result in a possible delay to the initial fielding of the radar; and impact efforts to improve Ground-based Midcourse (GMD) Models and Simulations Verification and Validation activities which are required to verify GMD system performance to support the warfighter operations. The Senate \$25 million reduction to Improved Homeland Defense Interceptors will result in a one year delay to the improvement and integration of enhanced lightning protection, power transient protection, and survivability enhancements to the C3 Boost Vehicle. Additionally, the reduction will delay the acquisition of RKV long lead items needed for future flight testing.

The Department also objects to the House \$91.0 million and the Senate \$35.0 million proposed reductions to regional missile defense programs. The House proposal includes targeted Program Element reductions to THAAD procurement (\$39.3 million), THAAD O&M (\$6.3 million), THAAD RDT&E (\$5.0 million), Aegis BMD (\$30.0 million), and C2BMC (\$10.2 million). Significant impacts include a reduction in the number of THAAD interceptors from 24 to 20; eliminates the procurement of a Radar Training Device for the Army's THAAD schoolhouse at Ft. Sill; delays THAAD 4.0 software build needed to demonstrate a capability to intercept a MRBM using Launch on Link-16; creates a potential mis-alignment with the Navy's Phase 0 ACB 20 development milestones for Flight III DDGs; results in the non-execution of planned SM-3 Block IIA Cost Reduction Initiatives (CRIs) causing higher per-round costs for future production contracts; and delays the C2BMC fielding of Homeland Defense satellite communications nuclear hardening to FY2020 and delays C2BMC algorithm development required for the integration of new space sensors. The Senate \$35.0 million reduction to the Aegis BMD Program will result in the non-execution of Cost Reduction Initiatives (CRIs) for the SM-3 Block IIA.

The Department objects to the House \$44.0 million and Senate \$40.9 million reductions to missile defense testing efforts. The House proposal includes targeted Program Elements reductions to BMD Targets (\$25.5 million), THAAD Test (\$10.3 million), Advanced Concepts (\$2.9 million), BMD Test (\$2.0 million), and SBX (\$3.0 million). In particular, the \$25.5 million reduction to BMD Targets Program will result in the inability to fund the Juno non-recurring engineering development efforts and the inability to initiate hardware purchases to support FTT-16/FTO-03 in FY 2019. The Senate reduction will result in similar impacts to the

BMD Targets program.

The Department objects to the House \$140.0 million and the Senate \$111.0 million proposed reductions to missile defense advanced technology programs. The House proposal includes specific Program Element reductions to Weapons Technology (\$20.7 million), Special Programs – MDA Technology (\$71.95 million), Special Programs (\$16.9 million), Technology Maturation (\$15.8 million), and Multiple Object Kill Vehicle (MOKV) (\$15.0 million). The reductions directly impact the development of a boost phase intercept layer to the BMDS and will delay research at the Nation’s premier directed energy laboratories, MIT’s Lincoln Laboratory and the Lawrence Livermore National Laboratory for the Fiber Combined Laser (FCL) and the Diode Pumped Alkali Laser (DPAL) demonstrations by as much as a year. They also delay the Directed Energy Prototype Development competitive award of contracts to industry by one quarter and delay Discrimination Sensor Prototype Development flight testing (FEV-02) by one year. Furthermore, completion of critical technology development for the MOKV program will be delayed by 9 months. Specific details concerning the \$71.95 million reduction to Special Programs - MDA Technology and the \$16.9 million reduction to Special Programs are covered at a higher classification and will be submitted via appropriate secure channels. The impacts of the Senate proposal are identical to the House reductions described above.

The Department objects to the House \$25.0 million RDT&E funding reduction to the Management Headquarters Program Element (PE). Recent efficiency efforts impacting MDA’s Management Headquarters Activities (MHA) have already resulted in a 13 percent reduction to MHA from Fiscal Year (FY) 2016 Defense Appropriations to FY 2017 President Budget submission leaving the minimum headquarters workforce required to manage the Agency at acceptable levels of risk. A \$25.0 million reduction in fiscal year FY 2017 will reduce the MHA PE funding by an additional 80 percent for a total reduction of 93 percent in less than a one year period. The reduction will eliminate the entire MHA contractor workforce and further reduce the civilian manpower by 81 percent. The reduction will prevent the Director MDA from exercising his authorities to provide fiduciary, contractual, technical and program management oversight. It would also prevent proper management of MDA’s acquisition oversight obligations to service the Department’s oversight responsibilities; and to prepare for financial audit readiness by 2017 as required by law.

The additional \$270.0 million funding increase House and Senate for David’s Sling and Arrow-3 is early to need given the acquisition phase of these Programs. The President’s budget for Israeli Programs was developed based on the executable rate of progress. The United States – Israeli project agreements currently support the fiscal year 2017 (FY17) President’s Budget submittal, which does not include procurement funding for Arrow Upper Tier or David’s Sling. The Department recommends the \$270.0 million be redirected from the congressional add enhancement to restore the Missile Defense programs congressional marks.

The additional \$65.0 million added by the House for BMD Midcourse is early to need. The President’s budget for BMD Midcourse was developed based on the executable rate of progress. The Missile Defense Agency budget was developed as an integrated and balanced approach to meet the needs of the entire ballistic missile defense system. The Department recommends the \$65.0 million be redirected from the congressional add enhancement to restore the Missile Defense programs congressional marks.

The Department urges the conferees to support the President's Budget request for the Missile Defense program. Increase to overall funding appropriation levels associated with this appeal are offset from lower priority activities, to keep the overall appropriation funding levels within the FY 2017 security caps of the Bipartisan Budget Act of 2015.

**Department of Defense Budgetary Appeal  
FY 2017 Department of Defense Appropriations Bill**

**Subject:** Advanced Undersea Prototyping

**Appeal Citation:** HRpt. 114-577, Pg. 230, 143, Line 82, 2; SRpt. 114-263, Pg. 155, 87, Line 82, 2

**Appropriations:** Research, Development, Test and Evaluation, Navy; Aircraft Procurement, Navy

**Summary:** The House reduced funds by \$60.0 million for excess growth. The Senate reduced funds by \$74.6 million to restore acquisition accountability and made a program adjustment to lease multiple Commercial off the Shelf (COTS) vehicles for Concept of Operations development only.

<u>Item</u>	<u>Budget</u>	<u>Budget Authority</u> (Dollars in Millions)		<u>House Appeal</u>	<u>Senate Appeal</u>
		<u>House</u>	<u>Senate</u>		
House - Excess growth and Senate - Restoring acquisition accountability: Program adjustment- lease multiple COTS vehicles for CONOPS development only (Research, Development, Test and Evaluation, Navy, H. Rpt. 114-577, pg. 230, line 82, S. Rpt. 114-263, pg. 155, line 82)	\$78.6	\$18.6	\$4.0	\$78.6	\$78.6
Offset - Additional 12 aircraft (Aircraft Procurement, Navy, H. Rpt. 114-577, pg. 87, line 2, S. Rpt. 114-263, pg. 143, line 2)*	\$0.0	\$1,200.0	\$979.0	\$0.0	\$0.0

\* The offset is used in Conventional Prompt Strike, Advanced Undersea Prototyping, Innovation and Access



to Non-Traditional Suppliers, Long Range Strike - Bomber, VH-71, and Asia-Pacific Rebalance Infrastructure.

**DoD Position/Impact:** The Department objects to the \$60.0 million House reduction and the \$74.6 million Senate reduction in Advanced Undersea Prototyping (AUP). This new program advances undersea capabilities and contributes to the Third Offset Strategy. The proposed reductions will delay by up to two years urgently needed advanced unmanned undersea warfare capabilities necessary to counter emerging adversary anti-access/area denial capabilities.

Investments in unmanned undersea vehicles and related technologies are critical to improve and expand the Navy's undersea superiority and are in keeping with the Autonomous Undersea Vehicle (AUV) Requirements for 2025 Report to Congress (18 February 2016) of a family of AUVs with focused investment on four core enabling technologies. These technologies cover a Commander, U.S. Pacific Fleet-identified time critical capability gap codified in a validated Joint Emergent Operational Need (JEON). Due to the technical challenge of outpacing advanced undersea threats, aggressive, carefully governed prototyping is necessary. The AUP investments will permit the development of Extra Large Unmanned Undersea Vehicle (XLUUV) prototypes, funding technology maturation (\$20.8 million) of capabilities applicable to the Navy's family of AUVs, including \$10.8 million for advanced energy (endurance) and common control/autonomy of vehicles, \$4.4 million for explosive payloads, and \$5.6 million for non-lethal payloads.

The Navy no longer plans to do a sole source acquisition of five XLUUVs, as described in the budget exhibit. Since submission of the FY 2017 President's Budget, the Navy has discovered there are several potential commercial sources available to fabricate XLUUVs with military unique payloads. As a result, the Navy has adjusted the acquisition plan and will conduct a competitive procurement award in FY 2017 to deliver five XLUUVs. Leasing of commercial vehicles is still necessary to commence fleet training, experimentation, and to develop concepts of operations and tactics to ensure the fleet is ready to operate the vehicles when the completed platforms are delivered. Fleet feedback will continue to inform acquisition decisions for scaling fleet UUV procurements. It is necessary to utilize this parallel acquisition approach to satisfy the Commander, U.S. Pacific Fleet JEON.

Through partnering with industry, advanced undersea prototyping builds upon research of critical technologies, including extra-large vehicles, autonomy, communications and control, endurance systems, and explosive/non-lethal payloads. Maturing these core enablers will mainstream unmanned undersea tactical capability and capacity to the fleet. The information and experience gained during demonstrations in operationally relevant environments will inform current and future program of record decisions to balance capability and limited resources. These investments will also enable expanded mission tasking for unmanned undersea systems into other critical undersea warfare missions, allowing for the best balance of requirements to budget.

The proposed reductions will dramatically slow the Navy's ability to expand undersea superiority and project military force in far forward and contested areas. These investments help the Navy to develop asymmetric capabilities with sufficient freedom of action to operate effectively while holding our adversaries at risk.

The additional \$1.2 billion added by the House and \$979.0 million by the Senate for 12 additional F/A-18E/F aircraft unfunded requirement is not required. The F/A-18E/F is the premier operational strike fighter aircraft for the Department of the Navy. However, the F-35B attained Initial Operational Capability (IOC) in July 2015, with the F-35C IOC scheduled for August 2018. There is no validated requirement for additional F/A-18E/Fs. The Department recommends \$60.0 million for the House and \$74.6 million for the Senate be redirected from the congressional add enhancement to restore the Advanced Undersea Prototyping program congressional marks.

The Department urges the conferees to support the President's Budget request of \$78.6 million for Advanced Undersea Prototyping program. Increase to overall funding appropriation levels associated with this appeal

are offset from lower priority activities, to keep the overall appropriation funding levels within the FY 2017 security caps of the Bipartisan Budget Act of 2015.

**Department of Defense Budgetary Appeal  
FY 2017 Department of Defense Appropriations Bill**

**Subject:** International Security Programs (OCO)

**Appeal Citation:** HRpt. 114-577, Pg. 311, 316, 317, 318, 333, 344, Line 010; SRpt. 114-263, Pg. 224, 227, 230, 239, 240 , Line 010

**Appropriations:** Counter Islamic State in Iraq and the Levant Train and Equip Fund (CTEF); Iraq Train and Equip; Counterterrorism Partnership Fund (CTPF); Ukraine Security Assistance; National Guard Reserve Equipment; Operation and Maintenance, Defense-Wide, OCO

**Summary:** The House and Senate eliminated the Iraq Train and Equip Fund (ITEF) and established a Counter-ISIL Train and Equip Fund, combining Iraq and Syria train and equip programs into one fund. The House transferred the full request to the new Counter Islamic State in Iraq and the Levant Train and Equip Fund (CTEF) and the Senate reduced the request by \$100.0 million citing “Improving funds management: Unobligated balances”.

The House and Senate eliminated the Syria Train and Equip Fund (STEF) and established a Counter-ISIL Train and Equip Fund, combining Iraq and Syria train and equip programs into one fund. The House transferred the full request to the new fund and the Senate reduced the request by \$30.0 million citing “Improving funds management: Unobligated balances”.

The House provided \$250.0 million below request and rescinded \$200.0 million of the 2016/2017 CTPF without justification. The Senate provided no funding, reducing the request by \$150.0 million citing “Maintain program affordability: Maintain level of effort” and transferring \$850.0 million to the Defense Security Cooperation Agency for ‘Security Cooperation Enhancements’.

The House added \$150.0 million in unrequested funding for Ukraine Security Assistance citing the continued need of the Ukrainian military and national security forces for training, equipment, and assistance to counter Russian-backed separatists.

<u>Item</u>	<u>Budget</u>	<u>Budget Authority</u> (Dollars in Millions)		<u>House Appeal</u>	<u>Senate Appeal</u>
		<u>House</u>	<u>Senate</u>		
Counter Islamic State in Iraq and the Levant Train and Equip Fund (H. Rpt. 114-577, pg. 317, S. Rpt. 114-263, pg. 224)	\$0.0	\$880.0	\$930.0	\$1,060.0	\$1,060.0
Counterterrorism Partnership Fund (CTPF) (H. Rpt. 114-577, pg. 316, S. Rpt. 114-263, pg. 227)	\$1,000.0	\$750.0	\$0.0	\$150.0	\$150.0

Budget Authority  
(Dollars in Millions)

<u>Item</u>	<u>Budget</u>	<u>House</u>	<u>Senate</u>	<u>House Appeal</u>	<u>Senate Appeal</u>
Operation and Maintenance, Defense-Wide, OCO (H. Rpt. 114-577, pg. 311) Senate - Transfer Security Cooperation Enhancements from CTPF (S. Rpt. 114-263, pg. 224)	\$1,412.0	\$1,412.0	\$1,682.0	\$2,082.0	\$2,082.0
Counterterrorism Partnership Fund (CTPF) (H. Rpt. 114-577, pg. 344, Rescission)	\$0.0	\$-200.0	\$0.0	\$200.0	0.0
Operation and Maintenance, Defense-Wide, OCO (H. Rpt. 114-577, pg. 344, Rescission)	\$0.0	\$-300.0	\$0.0	\$300.0	\$0.0
Ukraine Security Assistance (H. Rpt. 114-577, pg. 318)	\$0.0	\$150.0	\$0.0	\$0.0	\$0.0
National Guard Reserve Equipment (H. Rpt. 114-577, pg. 333, S. Rpt. 114-263, pg. 239)	\$0.0	\$1,000.0	\$900.0	\$0.0	\$0.0

**DoD Position/Impact:** The Department sincerely thanks both the House and the Senate for their support in creating a single Counter-Islamic State of Iraq and the Levant (C-ISIL) Train and Equip Fund (CTEF). By creating the CTEF, the Department can take a more unified approach to fight ISIL and counterterrorism as a whole. Bringing these efforts together better enables, and promotes, the Department's regional and global security strategy.

Unfortunately, as part of this realignment, several reductions by the House and Senate are leaving multiple high priority requirements unfunded. The Department carefully considered these requirements and prioritized these specific levels of support to partner nations prior to submission. By reducing this support, more of the regional and global security efforts are shifted back to U.S. forces. It is much more expensive to deploy and

sustain U.S. forces in these forward locations. Furthermore, unilateral action allows for negative rhetoric against U.S. forces and the Department should therefore strive for coalition activity.

The Department strongly requests the following realignment of funds to promote the unified counterterrorism approach while still adequately enabling and supporting our coalition partners.

It is essential that the \$100.0 million reduction from ITEF and the \$30.0 million reduction from STEF be restored and placed in the new CTEF. Now, more than ever, we are seeing the benefit of having capable, trained and equipped, security forces fighting ISIL. There is momentum that cannot be stymied for an inability to resupply or replace equipment for these security forces. Additionally, there is a requirement for more support funds as the Secretary of Defense has pledged increased support to the Iraqi Security Forces within the Kurdistan Regional Government and the Syrian Arab Coalition is growing in size as the citizens in Northeast Syria are taking up arms against ISIL.

The Department strongly objects to the cumulative reduction of \$450.0 million to CTPF. After a slow start in FY 2015 for this new fund, mainly due to the continuing resolution in FY 2015, the Department has now hit its stride and is enabling partners across the Middle East and throughout the African continent, those areas most susceptible to the ideology and activities of ISIL and other terrorist organizations. The \$200.0 million rescission by the House to FY 2016/2017 CTPF must be restored as requirements have been coordinated with recipient nations. The \$250.0 million reduction by the House must also be restored as the U.S. intensifies pressure on counterterrorism in these regions.

The Department does not object to the transfer of \$850.0 million from CTPF to the Defense Security Cooperation Agency as long as the utilization of these funds does not count against security cooperation authority limits. The CTPF, while very cumbersome and time-consuming, did allow for the utilization of security cooperation authorities, like section 2282, the authority to build the capacity of foreign security forces, without counting against the \$350.0 million limitations. Without such a provision, the Department loses nearly 300 percent of its ability train and equip international partners.

The additional \$150.0 million for the Ukraine Security Assistance Fund by the House is unrequested funding. The Department opposes this congressional add because it consumes resources that are needed for critical warfighting requirements. Moreover, the Department's FY 2017 European Reassurance Initiative (ERI) budget request of \$3.4 billion continues U.S. efforts to assure NATO Allies and partners and deterrence Russian aggression. Furthermore, the Department can utilize the funds realigned to the Defense Security Cooperation Agency along with the existing Section 2282 authority to adequately support Ukraine. The Department recommends that \$150.0 million added by the House be redirected from the congressional add enhancement to restore the Counterterrorism Partnership Program Fund congressional mark.

The additional \$1.0 billion added by the House and the \$900.0 million added by the Senate, respectively, for National Guard and Reserve Equipment is not required. The Department has steadily taken steps to ensure National Guard and Reserve components are modernized along with active component forces. Further efforts do not align with the Department's funding priorities. The President's Budget request adequately funds the National Guard and Reserve equipment programs. The Department recommends \$600.0 million added by the House and the \$680.0 million added by the Senate be redirected from the congressional add enhancements to restore the Counter Islamic State in Iraq and the Levant (ISIL) Efforts, the Counterterrorism Partnership Fund, and the Operation, and Maintenance, Defense-Wide, Defense Security Cooperation Account congressional marks.

The Department urges the conferees to exclude the House rescissions provision and support the above realignment and restoration of funding for the Counter Islamic State in Iraq and the Levant (ISIL) Efforts, the Counterterrorism Partnership Fund, and the Operation, and Maintenance, Defense-Wide, Defense Security Cooperation Account program. Increase to overall funding appropriation levels associated with this appeal are offset from lower priority activities, to keep the overall appropriation funding levels within the FY 2017 security caps of the Bipartisan Budget Act of 2015.



**Department of Defense Budgetary Appeal  
FY 2017 Department of Defense Appropriations Bill**

**Subject:** Innovation and Access to Non-Traditional Suppliers

**Appeal Citation:** HRpt. 114-577, Pg. 260, 254, 51, 106, 143, Line 10, 67, 114, 116, 2; SRpt. 114-263, Pg. 178, 210, 87, Line 10, 67, 2

**Appropriations:** Research, Development, Test and Evaluation, Defense-wide; Military Personnel, Army National Guard; Operation and Maintenance, Army National Guard; Aircraft Procurement, Navy

**Summary:** The House reduced the Defense Technology Innovation (DTI) RDT&E funding that supports Defense Innovation Unit Experimental (DIUx) by \$30.0 million. In addition, the Senate reduced Defense Technology Innovation by \$2.0 million and realigned to Line 67 - SOF Advanced Technology Development and requested quarterly updates in the Department's efforts in leveraging innovation. The Senate rescinded \$75.0 million of \$100.0 million FY 2016 Defense Technology Offset congressional add.

<u>Item</u>	<u>Budget</u>	<u>Budget Authority</u> ( <u>Dollars in Millions</u> )		<u>House Appeal</u>	<u>Senate Appeal</u>
		<u>House</u>	<u>Senate</u>		
House - Prior year carryover and Senate - Transfer To Line # 67 SOF Advanced Technology Development (Research, Development, Test and Evaluation, Defense-Wide, H. Rpt. 114-577, pg. 260, line 10, S. Rpt. 114-263, pr. 178, line 10)	\$30.0	\$0.0	\$28.0	\$30.0	\$30.0
Defense Technology Offset - Rescission (Research, Development, Test and Evaluation, Defense-Wide, , S. Rpt. 114-263, pg. 210, line 67)	\$0.0	\$0.0	\$-75.0	\$0.0	\$75.0

Budget Authority  
(Dollars in Millions)

<u>Item</u>	<u>Budget</u>	<u>House</u>	<u>Senate</u>	<u>House Appeal</u>	<u>Senate Appeal</u>
Offset - Transfer From Line # 10 Defense Technology Program increase (Research, Development, Test and Evaluation, Defense-Wide, H. Rpt. 114- 577, pg. 254, line 67, S. Rpt. 114-263, pg. 178, line 67)	\$61.6	\$61.6	\$92.6	\$61.6	\$61.6
Offset - Additional 12 aircraft (Aircraft Procurement, Navy, H. Rpt. 114-577, pg. 87, line 2, S. Rpt. 114-263, pg. 143, line 2)*	\$0.0	\$1,200.0	\$979.0	\$0.0	\$0.0
Offset - Operation Phalanx (Military Peronnel, Army National Guard, H. Rpt. 114-577, pg. 51, Special Training)	\$0.0	\$10.0	\$0.0	\$0.0	\$0.0
Offset - Program increase - Operation Phalanx (Operation and Maintenance, Army National Guard, H. Rpt.	\$0.0	\$9.0	\$0.0	\$0.0	\$0.0



Budget Authority  
(Dollars in Millions)

<u>Item</u>	<u>Budget</u>	<u>House</u>	<u>Senate</u>	<u>House Appeal</u>	<u>Senate Appeal</u>
114-577, pg. 106, line 114 and 116)					

\* The offset is used in Conventional Prompt Strike, Advanced Undersea Prototyping, Innovation and Access to Non-Traditional Suppliers, Long Range Strike - Bomber, VH-71, and Asia-Pacific Rebalance Infrastructure.

**DoD Position/Impact:** The Department objects to the House complete elimination of the \$30.0 million investment funding associated with the Defense Innovation Unit Experimental (DIUx) a Secretary of Defense priority initiative. Elimination of this program increases the Department's risk of falling behind our adversaries in the critical area of identifying and developing innovative technologies and presents a disadvantage to the warfighter on the battlefield. This would also limit the Department's ability to identify, exploit and integrate emerging and innovative commercial technologies. Elimination will severely impact the DoD technology innovation program, and the ability to sustain investment in the future and maintain the United States' qualitative military superiority over potential adversaries.

The Department also objects to the Senate's \$75.0 million rescission of the \$100.0 million FY 2016 Defense Technology Offset congressional add for the following reasons:

(a) The Department has in fact made strides toward supporting the Secretary's third offset strategy by advocating for several demonstrations and initiatives that will accelerate future efforts therefore reducing the technological gap sooner than previously anticipated.

(b) The Department is aware that there are Senate concerns regarding how the Department allocated the initial \$100.0 million of the FY 2016 Defense Technology Offset congressional add. The below breakdown focuses on technologies that are vital to military technology superiority of the United States:

- Army's Autonomous Logistics Vehicle Warfare Demonstration: Supports the full execution of the Army's Expeditionary Warrior Experiment (AEWE) and Army Warfighting Assessment (AWA) 17.1 as part of the ongoing Science and Technology (S&T) program to develop autonomous vehicles for logistics operations.
- Air Force's Low Cost Attritable Aircraft Technology Multi-Vehicle Control Demonstration: Support the delivery of a long range responsive capability in Anti-Access/Area Denial (A2AD) environments where forward basing is difficult or prohibited, and could be used for strike, electronic attack, or Intelligence, Surveillance and Reconnaissance (ISR) capabilities.
- Air Force's Counter Electronics High Power Microwave Advanced Missile Project (CHAMP): Supports follow on studies which will address the improvements suggested by the CHAMP joint capability technology demonstration.
- Joint Improvised-Threat Defeat Agency's Demonstration AURORA: Supports the integration of new "attack the network" capabilities that use advanced analytics.
- Navy's Advanced Undersea Warfighting Prototype Concepts: Support advancing the targeting, discrimination and recognition capabilities of unmanned systems.
- A tri-service initiative to accelerate the development and deployment of an autonomous indicators and warnings prototype based on the Defense Science Board's findings regarding Autonomy
- Air Force's Low Cost Delivery Vehicle (LCDV) Weapon Demonstration: Accelerates planning and development of a much needed LCDV which is critical to more effectively operate in an A2AD environment.
- Defense Innovation Unit Experimental (DIUx): Broadens DoD's access to innovative commercial companies and technologies that will enable the development of leading-edge, asymmetric capabilities and help spur development of new ways to keep the United States on par with or ahead of the nation's most advanced adversaries even as they actively modernize and innovate.

Reducing or eliminating this Secretary of Defense high priority program -- and similar efforts such as the

Strategic Capabilities Office and newly-formed partnerships with In-Q-Tel -- would severely affect the Department's ability to keep our technological edge. As the committees press for the Department to innovate and explore disruptive means to procure advanced technology more rapidly, challenge our existing enterprises, and pursue new models of development, it is incongruous to cut the very places where the Department is carrying out such exploration.

These projects, spread across the Services and Defense Agencies, are taking advantage of recent developments in artificial intelligence with a focus on developing new autonomous capabilities and enhancing human-machine teaming. In order to sustain technological superiority, the Department must take advantage of rapid evolving or newly emerging commercial technologies that, when integrated with military systems and novel concepts of operations will be a source of battlefield advantage. Elimination of this program increases the Department's risk of falling behind our adversaries in the critical area of identifying and developing innovative technologies and presents a disadvantage to the warfighter on the battlefield. This would also limit the Department's ability to identify, exploit and integrate emerging and innovative commercial technologies.

The additional \$2.0 million that the Senate transfers from DIUx to SOF Advanced Technology Development is not required. This action is unnecessary as it was not included within the President's Budget and redirects critical funds to other priority projects. The Department recommends \$2.0 million be redirected from the congressional add enhancement to restore the Defense Technology Innovation program congressional mark.

The additional \$1.2 billion added by the House and \$979.0 million by the Senate for 12 additional F/A-18E/F aircraft unfunded requirement is not required. The F/A-18E/F is the premier operational strike fighter aircraft for the Department of the Navy. However, the F-35B attained Initial Operational Capability (IOC) in July 2015, with the F-35C IOC scheduled for August 2018. There is no validated requirement for additional F/A-18E/Fs. The Department recommends \$11.0 million for the House and \$75.0 million for the Senate rescission be redirected from the congressional add enhancement to restore the Defense Technology Innovation program and Defense Technology Offset rescission congressional mark.

The additional \$19.0 million added by the House for Operation Phalanx is not required because it adds appropriation language and funds in Military Personnel and Operation and Maintenance for the Army National Guard to support another government agencies mission. The additional funding in Military Personnel and Operations and Maintenance for the Army National Guard would change this National Guard support into a DoD mission that benefits the Department of Homeland Security (DHS) at the expense of National Guard training requirements. The Department recommends \$19.0 million be redirected from the congressional add enhancement to restore the Defense Technology Innovation program congressional mark.

The Department strongly urges the conferees to support the President's Budget request of \$30.0 million and restore the \$75.0 million rescission for the Defense Technology Innovation program and Defense Technology Offset respectively. Increase to overall funding appropriation levels associated with this appeal are offset from lower priority activities, to keep the overall appropriation funding levels within the FY 2017 security caps of the Bipartisan Budget Act of 2015.

**Priority Department of Defense Budgetary Appeal  
FY 2017 Department of Defense Appropriations Bill**

**Subject:** Rescission to 2016 Appropriations for the Afghanistan Security Forces Fund (ASFF)

**Appeal Citation:** S. 3000, sec. 9014, 9016, Pg. 140, 141; SRpt. 114-263, Pg. 239, 240, Line 0

**Appropriations:** Afghanistan Security Forces Fund; National Guard and Reserve Equipment

**Summary:** The Senate rescinded \$400.0 million in prior-year funds appropriated for 2016. The House had no similar provision.

<u>Item</u>	<u>Budget</u>	<u>Budget Authority</u> (Dollars in Millions)		<u>House Appeal</u>	<u>Senate Appeal</u>
		<u>House</u>	<u>Senate</u>		
Afghanistan Security Forces Fund, S. 3000, section 9014, pg. 140	\$0.0	\$0.0	\$-400.0	\$0.0	\$400.0
Military Readiness, S, 3000, section 9016, pg. 141	\$0.0	\$0.0	\$1,000.0	\$0.0	\$820.0
National Guard and Reserve Equipment, S. Rpt. 114-263, 239 and 240	\$0.0	\$1,000.0	\$900.0	\$0.0	\$0.0

**DoD Position/Impact:** The Department strongly objects to the Senate section 9014 provision to rescind \$400.0 million of prior-year funds appropriated for 2016 ASFF because it would undermine 15 years of U.S. investment in the Afghan National Defense and Security Forces (ANDSF) force structure by failing to adequately fund sustainment of the Afghan forces.

At present, the overall ASFF program is almost 90 percent recurring sustainment costs: salaries and incentive pay, life support, equipment maintenance, facilities O&M, munitions, and fuel. The proposed \$400.0 million rescission represents a more than 10 percent cut to the total 2016 ASFF, which already sustained a \$110.0 million mark against the President’s FY 2016 ASFF request. Further reductions will compromise the ability of the Afghan National Defense and Security Forces (ANDSF) to recover and reset after the 2016 campaign to be operationally ready and have adequate combat power for next year’s campaign. Additionally, this rescission will delay needed procurements of critical items with long lead times that must be bought now to avoid future shortages, such as ammunition, uniforms, and repair parts; and would severely degrade ANDSF operational readiness rates, diminish combat power and maneuverability, and directly jeopardize the stability and security of Afghanistan, creating unnecessary risks to force protection for U.S. and coalition troops.

Historically, the Committee has expressed concerns that ASFF is funded almost 1 year ahead of need. This is no longer the case, as the Department has taken deliberate steps to address lagging ASFF obligation and execution rates. The current execution rate for FY 2016 ASFF is now 100 percent higher than the 3-year average. These improvements to ASFF obligation rates have been achieved despite long contract-award lead

times; the prioritization by Military Department Contracting Commands of processing equipment, parts & supplies contracts for U.S. forces and those of competing security partners; and the delayed receipt of the full FY 2016 ASFF appropriation due to late enactment of the defense appropriations bill. The FY 2016 ASFF appropriation is projected for over 70 percent obligation by September 30, 2016. If the rescission holds, the FY 2016 carry-over amount and full FY 2017 ASFF appropriation amount are insufficient to meet the sustainment and training requirements of the ANDSF.

The Committee report accompanying S. 3000 also notes three additional concerns: (1) procurement in excess of or counter to Afghan requests; (2) procurement of new equipment rather than refurbished or reset equipment; and (3) ability of the ANDSF to absorb new equipment.

The Department conducts procurement planning for ASFF-funded requirements in a prudent and forward-thinking manner while accounting for procurement and contracting timelines. Further, the Department conducts rigorous validation of all Afghan funding requirements and requires that ANDSF leadership identify trade-offs or offsets when requesting equipment that does not directly mitigate capability gaps or increase combat effectiveness in the current security environment. The Department also conducts semi-annual program reviews in Washington with Afghan senior leaders to review execution of requirements for major weapon systems and commodities and identify and agree on modifications or adjustments to existing plans.

Furthermore, the Department is seeking to transfer refurbished or reset equipment—specifically, HMMWVs—to the Afghan government rather than rely on the procurement of new vehicles. In response to previous discussions with the Committee regarding the viability of pursuing a reset or refurbishment plan to replace damaged or non-serviceable ANDSF equipment, the Department modified its concept for ground-wheeled vehicle (GWV) recapitalization. With an increasing operational tempo, the need to address the attrition of the Afghan HMMWV fleet has accelerated and is an unfunded requirement in FY 2017. This requires not only replacing and overhauling destroyed and damaged HMMWVs, but it also requires replacing light tactical vehicles with armored HMMWVs to provide protected mobility and reduce already high ANDSF casualties. A \$400 million rescission of FY 2016 funds would significantly hamper efforts to meet this emerging operational requirement. The Department is developing a program that will replace an estimated 25 percent of the ANDSF HMMWV fleet based on anticipated combat losses and damage that will be uneconomical to repair with new vehicles or excess US military vehicles that have been reset in a U.S. depot. The other 75 percent of ANDSF HMMWVs will be overhauled or refurbished to extend their service life. This plan will increasingly leverage the Excess Defense Articles process to obtain HMMWVs divested by the U.S. military once fielding of the Joint Light Tactical Vehicles begins in 2018.

Finally, the Department no longer procures large quantities of equipment on behalf of the ANDSF, as the focus of ASFF shifted to equipment sustainment beginning with FY 2015 ASFF. Purchases of major defense end-items are limited primarily to those aviation platforms that serve as combat enablers and mitigate the ANDSF close-air support gap, as well as to replenish stocks depleted by combat losses. The Department is enhancing the capacity of the Afghan Air Force to absorb aviation assets by investing in increased aircraft and equipment training and increasing training program throughput, commensurate with anticipated delivery schedules. With regard to aircraft, pilot training pipelines have been reassessed and increased over the next 18 months to ensure full utilization of future A-29 and MD-530 deliveries.

The Department takes seriously the Committee's recommendations and continues to reevaluate its execution and management of ASFF to ensure accountability for U.S. taxpayer funds. Moreover, the Department continues to work diligently to address the Committee's concerns, including those identified in prior year legislation, and still retain a combat effective and operationally capable ANDSF. Through careful identification of efficiencies and concerted efforts to find cost-savings where possible, the Department has steadily reduced the total ASFF program by roughly 70 percent over the past 6 years, to include the current FY 2017 ASFF request.

The additional \$1.0 billion added by the House and the \$900.0 million added by the Senate, respectively, for National Guard and Reserve Equipment is not required. The Department has steadily taken steps to ensure

National Guard and Reserve components are modernized along with active component forces. Further efforts do not align with the Department's funding priorities. The President's Budget request adequately funds the National Guard and Reserve equipment programs. The Department recommends \$220.0 million added by the Senate be redirected from the congressional add enhancement to restore the Afghanistan Security Forces Fund (ASFF) congressional mark.

The additional \$1.0 billion added for Military Readiness by the Senate is unrequested funding. The Department carefully evaluated the allocation of funding for Military Component readiness against other requirements, to include modernization, research and development, and support to international partners, as it prepared the FY 2017 budget request. While the Department welcomes additional funds for unit readiness, the realignment from the Afghanistan Security Forces Fund leaves this higher priority requirement inadequately funded. Furthermore, the Department avoids the significant deployment and sustainment cost of U.S. troops when the capabilities of partner nations are appropriately improved and supported. While readiness funds are essential, the incremental readiness level achieved with \$180.0 million of OCO funding does not outweigh enabling our partners to promote regional security and around the globe. The Department recommends \$180.0 million for the Senate be redirected from the congressional add enhancement to restore the Afghanistan Security Forces Fund program congressional mark.

The Department urges the conferees to exclude the Senate rescission section 9014 provision and support the President's Budget request of \$400.0 million for the Afghanistan Security Forces Fund (ASFF) program. Increase to overall funding appropriation levels associated with this appeal are offset from lower priority activities, to keep the overall appropriation funding levels within the FY 2017 security caps of the Bipartisan Budget Act of 2015.

**Priority Department of Defense Budgetary Appeal  
FY 2017 Department of Defense Appropriations Bill**

**Subject:** Go to Files Tab and Print the Military Compensation Reforms 8-2-16 file for Hill Submission - Military Compensation Reform – Fiscal Year 2017 Increase in Military Basic Pay, Reforms to Healthcare, and Changes to Military Retirement

**Appeal Citation:** H.R. 5293, sec. 1, Pg. ; S. 3000, sec. 1, Pg.

**Appropriations:** Military Personnel Accounts

**Summary:** Fiscal Year 2017 Increase in Military Basic Pay – The House bill supports a 2017 annual military basic pay raise at 2.1 percent. The Senate bill supports the Administration’s proposed increase military basic pay of 1.6 percent for 2017.

TRICARE Reform –The House bill delays any modernization of the TRICARE health benefit, which would continue a benefit option that has not changed since 1995 and does not reflect current best civilian practices. The Senate’s provision, while modifying the administration’s proposal somewhat, puts the benefit changes in effect immediately.

Changes to Military Retirement – The House and Senate bills would expand the time period in which the uniformed services could offer continuation pay (CP) from the completion of the 12th year of service to anytime between the completion of the 8th and 12th year of service. In addition, it would reduce from 4 years to 3 years the amount of additional service required from a member upon receipt of continuation pay.

	<u>Budget Authority</u> (Dollars in Millions)				
<u>Item</u>	<u>Budget</u>	<u>House</u>	<u>Senate</u>	<u>House Appeal</u>	<u>Senate Appeal</u>

**DoD Position/Impact:** Fiscal Year 2017 Increase in Military Basic Pay – The Department supports the Senate bill, which is consistent with the Administration’s proposal as reflected in the President’s FY2017 Budget. The Department strongly objects to the House provision, which would set the rate of increase 0.5 percent higher than the Administration requested. Overall, military pay is healthy and exceeds the 70th percentile of wages for comparable civilians by age and education. Junior enlisted personnel are now paid at about the 90th percentile. In terms of real earnings, the average junior enlisted member, typically with just a high school degree, earns approximately \$47,000 per year compared to the median of \$26,104 for 16-24 year olds reported by the Bureau of Labor Statistics. This measure does not include the many special pays, bonuses, free medical care and a government-paid retirement plan that members would typically receive.

The Department is committed to a generous compensation package for those individuals willing to serve their country voluntarily. However, the Department cannot allow its personnel requirements to supplant investments in the readiness and modernization portions of the budget, which are essential to providing the needed training and equipment for these warriors. Balancing the available resources with readiness, capacity and capabilities, while maintaining a robust pay and benefits package, remains particularly important as the Department reshapes the force needed to remain effective in an uncertain future.

A 1.6 percent basic pay raise and current retention rates reflected within our force allow the Department to recruit and retain the requisite force and continue to offer a military pay and benefits package that remains competitive. It is important to emphasize that even with a lower basic pay raise, military compensation will still remain well above the 70th percentile, while achieving substantive savings. The cost of increasing the FY 2017 military pay raise by the additional 0.5 percent, which would occur under the House bill, is \$336

million in FY 2017 and approximately \$2.2 billion from FY 2017 – FY 2021. The Department strongly urges adoption of the Senate bill.

**TRICARE Reform** – The House provision substantially delays reform of the TRICARE health plan and fails to include important pharmacy co-pay adjustments and a sensible TRICARE for Life enrollment fee. As a result, the House version fails to capitalize on an estimated \$6.7 billion in health care savings between Fiscal Years 2017 – 2021. The Senate version includes reasonable pharmacy co-pay adjustments and, despite a 5-year phase-in period, includes meaningful TRICARE health plan reform. Taken together, this results in \$4.3 billion in savings between Fiscal Years 2017 – 2021. Unfortunately, the Senate version also fails to include a modest enrollment fee for TRICARE for Life beneficiaries, which foregoes an additional \$1.4 billion in savings over this time period. The Department prefers the Senate bill.

**Changes to Military Retirement** – The Department appreciates the flexibility provided in the House and Senate bills in connection with retired pay reform and urges the Congress to support the Department’s proposal, which would allow for the use of continuation pay (CP) for service members with up to 16 years of service, given varying retention rates across career fields and the uniformed services. Further, the Department urges Congress to support additional flexibility by allowing the Department to pay CP without a mandatory floor of 2.5 months of basic pay for all active component members and 0.5 months of basic pay for members in the Reserve Component. Eliminating the mandatory floor or allowing the Department to waive this required minimum payment would give the Services the ability to shape the force more effectively and efficiently. The Department urges modification of both the House and Senate bills to allow CP to be paid up to the 16th year of service and to allow the Department the flexibility to pay continuation pay as appropriate using a range between zero months of basic pay up to 13 months of basic pay for an active duty member or zero months of basic pay up to six months of basic pay for a reserve component member.

The below table captures the savings and cost (in red) associated with these reform proposals: