U.S. Military Forces in FY 2017

Stable Plans, Disruptive Threats, and Strategic Inflection Points

AUTHOR
Mark F. Cancian

A Report of the
CSIS DEFENSE OUTLOOK SERIES
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About the Author
Acknowledgments

Late in 2015, CSIS initiated “Defense Outlook,” an annual series of studies on the linkages between strategy, budgets, forces, and acquisition. As part of the series, this paper examines how changes in the FY 2017 budget and in the security environment are shaping the size and composition of the force, and what those changes mean in terms of cost, strategy, and risk. Todd Harrison has authored a companion paper, Analysis of the FY 2017 Defense Budget.

The series is part of a broader effort, called Defense 360 (http://defense360.csis.org/), to collect in one location the analysis that CSIS has done on current security issues.

The author would like to thank Adam Saxton and Cody Crunkilton for their research support throughout the course of this study.

The author also thanks the many reviewers, inside CSIS and outside, who read the draft and provided valuable comments. Their insights improved the report, but the content presented—including any mistakes—remains solely the responsibility of the author.

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Caveat

This paper is based on the President’s Budget proposal for FY 2017, presented to the Congress on February 9, 2016, as well as on historical documents where needed. However, the annual budget process goes forward as the different congressional committees consider the president’s proposal. Their actions, taking place over many months, will change some of the analyses in this paper. As the paper is being published, for example, the House Armed Services Committee has just released its mark. Because that mark has many steps to go before it becomes law—passage by the whole House, conference with the Senate, then signature by the president—it is not included in the analysis here.
Executive Summary

The three themes emerge about forces this year: stable plans, disruptive threats, and strategic inflection points.

- Stable plans refers to the fact that the Obama administration in its last year in office is playing out the strategic approach that it established in the 2014 Quadrennial Defense Review (QDR).

- Disruptive threats refers to events that have occurred since the 2014 QDR, that were not fully foreseen and that, as a result, upset its strategic vision—in particular, the rise of an aggressive and irredentist Russia, an increasingly assertive China, and ISIS attacks both in the Middle East and globally.

- Strategic inflection points refer to the installation of a new administration in January 2017 and its charting of a new direction. Outside advice already abounds about what the new administration should do.

One thing is clear: the days of speculating about how low forces might be cut are over. A consensus has developed that threats are growing and forces need to grow to meet them. Structure is at its low point, and any changes will be on the up side (assuming continuing budget deals to avoid sequestration).

Army

Army officials have become increasingly outspoken that the Army is too small for the tasks it is facing. The Army has some justification. In 2001, the total Army had 1,039,000 soldiers; the Army’s current “postwar” target is 980,000. So the Army will be substantially smaller coming out of the wars in Iraq and Afghanistan than going into them. However, it is not clear that the world will put fewer demands on the Army.

The National Commission on the Future of the Army made its report in January, arguing strongly for a robust Army and a total Army approach. The Department of Defense (DOD) and the Army will accept most of the commission’s recommendations. However, some recommendations, especially those for aviation, will cost money. DOD is balking at these, being reluctant to cut other programs, but Congress may add the money on its own.

To counter an aggressive Russia, the Army is returning to Europe in a major way through the European Reassurance Initiative (ERI). The resulting discussions about deterrence, trip wires, and rapid reinforcement have a distinctly Cold War feel.

The Army’s modernization program is in good shape for upgrading existing systems but does not have new systems in place for the 2020s and beyond.
Navy

Navy force size is a good news/bad news story. The good news is that the fleet size will be increasing, reaching the target of 308 ships in 2021; the bad news is that the Navy is only meeting about half the regional commanders’ (unconstrained) requests. As a result, the Navy is going to conduct a new force structure assessment (FSA). The clear implication is that the new requirement will be higher than 308 ships.

The carrier debate is in full swing, pro and con. It’s important for the future of the Navy because most of its force structure and operations are built around the carriers.

Carrier issues are also being fought out in the naval aviation program, specifically around what to do with the Navy’s first carrier-based Unmanned Aircraft System (UAS). Should it be a complement to manned aviation or a possible replacement for it?

The issue of presence (being there in peacetime) versus posture (war fighting) arose when Secretary of Defense Ash Carter curtailed the Littoral Combat Ship (LCS) buy, arguing for posture over presence. ADM John Richardson, the chief of naval operations, seemed to endorse posture over presence in his guidance to the fleet but then in the face of criticism noted the continuing importance of presence.

Other issues this year: cruiser modernization (will the Congress accept the Navy’s new plan?), submarine construction (can it be increased?), Ohio-replacement (how to make it more affordable?), icebreakers (will the Navy pay for the Coast Guard’s ship?), munitions (how many advanced systems to buy to face peer competitors like Russia and China?), and operations (how to meet increasing demands for deployments without straining the fleet?).

Marine Corps

Alone among the services, the Marine Corps is coming out of the wars at a higher manpower level (182,000) than it went in (172,600). Thus, although the Marine Corps is busy, the commandant has not asked for more people. Instead he has instituted a major strategic review of force structure to cope with the changed strategic environment and evolving methods of conducting military operations. Unclear now is whether these changes will be evolutionary or revolutionary.

The move of forces from Okinawa to Guam, initiated to reduce crowding and ease tensions with the local population, continues, but slowly and expensively.

The Marine Corps is developing two innovative concepts: Special Purpose Marine Air Ground Task Forces (SP-MAGTFs) and the use of alternative amphibious platforms. SP-MAGTFs are smaller units that may provide a way for stretched Marine Corps forces to meet pop-up contingencies. Alternative amphibious platforms involve the use of various support ships for some peacetime amphibious operations and thereby expanding the scope of engagement activities with partners and allies.
Air Force

The Air Force took the major potential issue off the table before the budget even came out by announcing that it would retain the A-10 fleet and not try to retire the aircraft as it had last year. Nevertheless the A-10 issue never quite goes away because it raises three fundamental strategic questions: what kinds of conflicts should the Air Force prepare for? What is the value of stealth in modern air warfare? How can the Air Force achieve the greatest effects? The answers to these questions drive the Air Force’s central decision in each budget: setting the balance between maintaining the capacity it needs for lower-end conflicts by keeping legacy fourth-generation aircraft in the inventory longer and developing new capabilities it may need for more sophisticated adversaries by investing in advanced fifth-generation aircraft.

Another nonissue was unmanned (or “remotely piloted”) aircraft. Unlike the Navy, the Air Force continued to buy unmanned aircraft and support their missions without public controversy. Discussions about the appropriate balance between permissive and non-permissive environments occurred in the classified world, with only hints leaking out.

Like the Navy, the Air Force continues acquisition of advanced munitions to prepare for high-end conflicts. It is also implementing fixes to its nuclear enterprise after a series of incidents in recent years.

Aircraft modernization issues are always present: B-21 (fixed-price contract or cost plus?), F-35 (will it ever pass its operational tests?), KC-46 (will Boeing’s underbid affect contract performance?), and the presidential replacement aircraft (will the high cost become an issue?).

Special Forces

The size of the force is stable and not decreasing like the military services. However, a high level of global operations continues, so personnel remain under high stress. As a result, taking on additional missions will be difficult.

The Special Operations Command (SOCOM) is particularly heavily dependent on war (Overseas Contingency Operations, OCO) funding, which increases risk in future budgets.

Government Civilians

This is another good news/bad news story. The good news is the 1.6 percent pay raise, same as the military. The bad news is that DOD instituted a hiring freeze for the Office of the Secretary of Defense, defense agencies, and field activities.

More bad news is the possible limitation of employee appeal rights in order to hold executives more accountable. This now applies only to Veterans Administration (VA) executives, but could potentially be applied more broadly in the future.
Contractors

Operational ("battlefield") contractors have become a permanent element of DOD’s force structure. They outnumber military personnel in Afghanistan three-to-one and nearly equal military personnel in Iraq. As a result, DOD is continuing to standardize and institutionalize the contracting process that supports contingencies.

DOD has instituted new processes to better oversee its numerous (150,000) and expensive ($130 billion) service contracts.

Contracting out of commercial government functions is still shut down, although outside interest in reactivating the process is increasing.

DOD-Wide

*Goldwater-Nichols 2.0.* Many reform ideas have been proposed in response to an initiative by Senator John McCain, chairman of the Senate Armed Services Committee. However, no central theme has emerged. Secretary Carter provided his recommendations on April 5. These were sound but limited and unlikely to satisfy Senator McCain, who reportedly wants to do something big.

*Readiness.* Progress on rebuilding readiness will slow in FY 2017 because the budget deal reduced DOD’s expected funds. Achieving adequate readiness has also become more challenging because of the department’s strategic shift to full-spectrum war fighting, that is, being able to conduct high-end operations against peer adversaries like Russia and China.

*Missile Defense.* The budget continues its long-term decline. No major programs are cancelled, but all are squeezed.

*Management Headquarters.* Implementation of the 25 percent management headquarters cut, begun in 2013, continues.

*Infrastructure.* The construction "holiday" continues with proposed FY 2017 funding at a near-record low of $6.1 billion. DOD is living off the high construction budgets of the 2000s and the previous Base Realignment and Closure (BRAC) rounds. This low level of funding is not sustainable indefinitely.

*Base Realignment and Closure.* DOD has proposed another BRAC round in FY 2019 but with a twist: a threat to take unilateral action if Congress does not act.

*DOD/National Nuclear Security Administration (NNSA) split.* This affects DOD because both are in the "050" budget category and compete for funds under the budget caps. In previous years, DOD had to give NNSA more money to cover cost increases, to which DOD objected strongly. This year there was no additional transfer, but conflicts lie ahead as the Department of Energy (DOE) has signaled that it will need more money for NNSA in the future.
Introduction

Three themes emerge for forces this year: stable plans, disruptive threats, and strategic inflection points. Stable plans refers to the fact that the Obama administration in its last year in office is playing out the strategic course that it established in the 2014 Quadrennial Defense Review (QDR). This course reduced manpower levels and force structure to a long-term fiscally sustainable level and aligned them with the then-anticipated strategic needs.

Disruptive threats refers to events that have occurred since the 2014 QDR and upset its strategic vision. In particular, the rise of an aggressive Russia, an increasingly assertive China, and ISIS attacks both in the Middle East and globally have changed the strategic outlook and with it the demands put on military forces. These demands are in addition to the continuing threats from North Korea and Iran.

Strategic inflection point refers to the installation of a new administration in January 2017 and its charting of a new strategic direction. However, there are already many proposals being put forward to revise the strategy, particularly to increase forces, to meet the new demands.

Stable Plans

Table 1 captures the stability in this year’s presidential budget proposal. The change in manpower between the plan and the actual request is small—about 0.3 percent, up a little for the Air Force, down a little for the Navy (discussed in their respective sections of this report).

This is not surprising. The plans were set by major strategic reviews (the 2012 Comprehensive Review and the subsequent 2014 QDR) after extensive internal deliberations. Changing these plans now in an environment of budget caps would require difficult decisions about what to increase and what to decrease. Further, the new administration will review and revise any changes next year. Thus, there is little incentive to make major changes now. The budget does propose changes to individual programs, some of which have long-term policy implications, and these are discussed in the individual force sections.
## Table 1: FY 2017 End Strength, Planned v. Request

<table>
<thead>
<tr>
<th>Service End Strength*</th>
<th>FY 2017 Planned</th>
<th>FY 2017 Requested</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Army</td>
<td>460,000</td>
<td>460,000</td>
<td>0</td>
</tr>
<tr>
<td>Army National Guard</td>
<td>335,000</td>
<td>335,000</td>
<td>0</td>
</tr>
<tr>
<td>Army Reserve</td>
<td>195,000</td>
<td>195,000</td>
<td>0</td>
</tr>
<tr>
<td>Navy</td>
<td>326,500</td>
<td>322,900</td>
<td>-3,600</td>
</tr>
<tr>
<td>Navy Reserve</td>
<td>57,400</td>
<td>58,000</td>
<td>+600</td>
</tr>
<tr>
<td>Air Force</td>
<td>312,900</td>
<td>317,000</td>
<td>+4,100</td>
</tr>
<tr>
<td>Air National Guard</td>
<td>102,800</td>
<td>105,000</td>
<td>+2,200</td>
</tr>
<tr>
<td>Air Force Reserve</td>
<td>67,300</td>
<td>69,000</td>
<td>+1,700</td>
</tr>
<tr>
<td>Marine Corps</td>
<td>182,000</td>
<td>182,000</td>
<td>0</td>
</tr>
<tr>
<td>Marine Corps Reserve</td>
<td>38,000</td>
<td>38,500</td>
<td>+500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,076,900</strong></td>
<td><strong>2,082,400</strong></td>
<td><strong>+5,500</strong></td>
</tr>
</tbody>
</table>

* End strength = the number of service members on September 30 of the fiscal year. Source: FY 2016 and FY 2017 President’s Budget Request.

## Disruptive Threats

The secretary of defense and the chairman of the Joint Chiefs of Staff (along with many other officials, military and civilian) have identified five challenges to the United States: Russia, China, ISIS/global terrorism, North Korea, and Iran.\(^1\) What is disruptive is that Russia and ISIS were not considered major threats in the last QDR, and China was expected to be a longer-term challenge, rather than the near-term challenge in the South China Sea it has become. These threats affect forces in two ways: new warfighting requirements and increased day-to-day demands for forward presence and engagement. The big change in warfighting requirements is the need to defend the Baltic states against a possible Russian invasion. Unlike Ukraine, which Russia also threatens, the Baltics are members of NATO, and Article 5 states that an attack on one NATO state is an attack on all. President Obama reinforced this in 2014 when he visited the Baltics and stated that the U.S commitment was “unbreakable.”\(^2\)

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As a recent RAND study noted, "Unfortunately, neither the United States nor its NATO allies are currently prepared to back up the president’s forceful words." RAND’s extensive war gaming concluded, “the outcome was, bluntly, a disaster for NATO. Russian forces . . . were at the gates of or actually entering Riga, Tallinn, or both between 36 and 60 hours after the start of hostilities.” Both RAND and CSIS recommended reinforcement of the Baltics in peacetime with pre-positioned or rotational forces. Other analyses have come to the same conclusions and made similar recommendations. As will be seen, the president’s European Reassurance Initiative takes steps in this direction.

Day-to-day the challenge is to meet the many new demands for ongoing conflicts, crisis response, partner/ally engagements, and forward deployments. Army units are rotating into Europe and the Baltics to reassure European allies. Army, Marine Corps, and special operations forces are rotating into Iraq. Force levels in Afghanistan will be higher for longer than had been anticipated. The campaign against ISIS has generated what is, in effect, an air war. The world has not returned to a state of “peace” that the Obama administration had anticipated when it pledged a "responsible exit" from American involvement in Iraq and Afghanistan and to focus on nation building at home. Instead, the world appears to be in a state of persistent conflict that has demanded a continuing U.S. response.

The result is much more stress than had been expected on a shrinking force.

These day-to-day demands are different from warfighting requirements in that they must be met in a way that is sustainable for the long term and without extensive surge of reservists or personnel tempo. To do this, each service has its own process for building, training, and then deploying forces on a regular cycle. The services aim for a ratio of about 1:3, that is, one period of time deployed and three at home. Faster cycles are possible—some high demand units currently have deployment rations of 1:2 and in a surge situation the services have cycles as fast as 1:1—but this creates stress on personnel, and surge cycles cannot be sustained indefinitely. Thus, on average it takes a base of four units to keep one deployed continuously, whether it is Navy carriers, Air Force squadrons, or Army Brigade Combat Teams (BCTs).

There is no easy solution to meeting these new demands. The response to Russia falls mainly on the Army, the response to global terrorism falls mainly on special operations forces, and the response to China falls mainly on the Navy and Air Force. So a U.S. response to the new challenges cannot be focused on a single force element but instead needs to be broad, and hence it is expensive.

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Strategic Inflection Points

The Next Strategic Review

The defense policy community is already looking ahead to a new administration that takes office on January 20, 2017. In the federal bureaucracy that means preparing papers to explain what agencies are doing and conducting studies to lay the groundwork for the strategic review that is coming.

The nature of the strategic review is not clear. It will not be another Quadrennial Defense Review as was conducted in 1997, 2001, 2006, 2010, and 2014. In 2015 Congress changed the statutory requirement (10 USC 118) to a Strategic Defense Review (SDR). The major difference was that the SDR could consider resources as well as strategy. This was a major step forward. If strategy is about connecting ends, ways, and means, then a strategic review that can explicitly consider all three would be more useful. Recently the House Armed Services Committee (HASC) has considered changing the review again and instead establishing an advisory "Defense Strategy Commission" on national security and requiring the secretary to develop a "Defense Strategic Guidance" document. The nature of the review will likely be uncertain until passage of the FY 2017 authorization act later this year or early next year.

Force Structure Proposals

The Congress has not waited for a new strategic review to lay out some of its ideas about national security. Not surprising for a Republican-dominated Congress, these ideas call for higher budgets and more forces. Senator McCain has been particularly outspoken: "Since the end of the Cold War, now a quarter century ago, the United States has maintained a similar but ever-shrinking version of the military we built in the 1980s. In constant dollars, we are spending almost the same amount on defense now as we were 30 years ago. For this money today, we are getting 35 percent fewer combat brigades, 53 percent fewer ships, 63 percent fewer combat air squadrons. . . . Yes, our forces are now more capable than ever, but they are not capable of being in multiple places at once. Capacity still matters, especially given the numerous potential contingencies we face around the world."6

Representative Mac Thornberry, chairman of the House Armed Services Committee, has been less outspoken but has nevertheless noted that "All the military advisors say that [the proposed budget] is at least $40 billion too little" and that "Military strength requires both quantity and quality," increasing quality alone not being enough.7

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7 Mac Thornberry, "Remarks as prepared for delivery" (speech, National Press Club Luncheon, Washington, DC, January 13, 2016).
Conservative and centrist think tanks have also proposed larger force structures.

- Heritage has proposed a large expansion: 50 regular Army brigades, about 350 Navy ships, 36 active duty Marine Corps battalions, 1,200 Air Force fighter/attack aircraft.\(^8\)

- A team at the American Enterprise Institute has similarly recommended a broad expansion of forces to cover a “three-theater” demand. This includes a regular Army of 600,000, a Marine Corps over 200,000, and a Navy of 12 carrier battle groups/12 amphibious groups. The recommended budget is 4 percent of GDP, about $80 billion above the Obama administration’s planned FY 2018 budget.\(^9\)

- The National Defense Panel, which reviewed the 2014 QDR, concluded that “The QDR force is not adequate to meet requirements.” It recommended a regular Army of not less than 490,000, a Navy of 323 to 346 ships, and a larger Air Force.\(^10\)

Liberal/progressive groups have not entirely agreed. The *New York Times* recommends “a better, not bigger” defense budget, but concedes that “America needs a strong and technologically advanced military.”\(^11\) A coalition of progressive and libertarian groups recommended $38 billion in budget cuts but no force structure reductions.\(^12\)

Looking across these many voices, one thing is clear: the days of speculating about how low forces might be cut are over. A consensus is developing that threats are growing and forces need to be adequate to meet them. Structure is at its low point, and changes in the future will likely be on the up side.

**Presidential Candidates**

This being an election year, we cannot avoid talking about presidential candidates. Regarding defense programs, the divide is not so much between Republicans and Democrats but between disruption (Trump, Sanders) and continuity (Cruz, Kasich, Clinton).

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**Disruption**

Donald Trump has criticized reductions in military forces, and said he will “spend what [is] needed to rebuild our military,” so that “our military dominance is unquestioned.” This implies, as with the other Republican candidates, an increase in the defense budget and in the size of the forces. What is potentially disruptive is his often-stated desire to avoid overseas entanglements, restructure alliances, and put more responsibility onto our allies.

Senator Sanders has not put out a specific program but some elements can be inferred. First, the defense budget would be much smaller. All his new social programs, whatever their merits, must be paid for. Higher taxes could cover part of the cost, but inevitably other budget elements would get squeezed. He talks about eliminating “fraud, waste and abuse” but, while worthwhile, such efforts never produce significant budgetary savings. Over the years he has been especially critical of nuclear and missile defense programs so these would be cut first.

**Continuity**

Senator Cruz has made specific proposals for force increases to meet emerging threats: a regular Army of 525,000 “trained and fully equipped soldiers” [current target: 450,000]; a Navy of 12 carrier strike groups and “at least 350 ships” [current target: 11 carriers and 308 ships]; an Air Force of “at least 6,000 total airplanes, with a minimum of 1,500 tactical fighter aircraft” [current target: 5,500 total aircraft and about 1,100 fighter attack aircraft]; a larger Marine Corps. The additional cost would be about $140 billion per year.

Governor Kasich also called for force and budget increases, though not as aggressively as Senator Cruz. Regarding himself as a “cheap hawk,” Kasich proposed increases specifically to the Navy (“to get closer” to the 15 carriers battle groups of the Reagan era) and to cyber. He would add $102 billion to the defense budget over the period FY 2017 to FY 2025.

Former Senator Clinton has said little about what her program would entail, but some elements can be inferred. She has positioned herself as more hawkish than Obama, though how that would translate into a defense program is unclear. Like Sanders she has proposed new entitlement programs and that will limit any budget increases for defense. Likely she would make incremental changes to the Obama program, perhaps small funding increases and some program adjustments.

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Implementation Challenges

Implementing any plans for expansion will be difficult. Such plans require more money, which, as my colleague Todd Harrison explains in a companion paper,¹⁸ can only be obtained through some government-wide budget agreement that changes the Budget Control Act. Additional forces could be supported temporarily through Overseas Contingency Operations funding (the war funding, or OCO), but that would not be a long-term solution and might not be acceptable to the administration.

Army

Table 2: Army – Active and Civilians

<table>
<thead>
<tr>
<th></th>
<th>Regular Army</th>
<th>Civilian Full-Time Equivalents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Brigade Combat Teams</td>
<td>Combat Aviation Brigades</td>
</tr>
<tr>
<td>FY2016 Enacted</td>
<td>30</td>
<td>11</td>
</tr>
<tr>
<td>FY2017 Proposed</td>
<td>30</td>
<td>11</td>
</tr>
<tr>
<td>Change</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 3: Army – Reserve and National Guard

<table>
<thead>
<tr>
<th></th>
<th>Army National Guard</th>
<th>Army Reserve</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Brigade Combat Teams</td>
<td>Combat Aviation Brigades (CABs)/Aviation Restructure initiative</td>
</tr>
<tr>
<td>FY2016 Enacted</td>
<td>28</td>
<td>8</td>
</tr>
<tr>
<td>FY2017 Proposed</td>
<td>26</td>
<td>8</td>
</tr>
<tr>
<td>Change</td>
<td>-2</td>
<td>0</td>
</tr>
</tbody>
</table>

Note: Figures are for end of fiscal year.

In FY 2017 the Army will nearly complete its planned drawdown. The Regular Army has declined from a peak of 566,000 soldiers in FY 2010/2011, headed for a target of 450,000 by the end of FY 2018, with the FY 2017 level of 460,000 as a way point. The Army National Guard and Army Reserve will reach their long-term targets of 335,000 and 195,000 soldiers, respectively, by the end of FY 2017.

The Regular Army maintains 30 Brigade Combat Teams (BCTs)—its target size—with no change from FY 2016 to FY 2017. The Army National Guard will cut 2 BCTs in FY 2017 and
7,000 personnel, with a projected force of 26 BCTs and 8 Combat Aviation Brigades (CABs) by the end of 2017. The Army Reserve is retaining 2 Theater Aviation Brigades (TABS), while reducing end strength by 3,000 from 198,000 to 195,000 in FY 2017.

The Army continues its reorganization of BCTs begun in 2014. Under the reorganization, the Army will add a third maneuver battalion to infantry and armored brigades, which recently had only two. (Stryker brigades already had three maneuver battalions.) This reorganization makes brigades larger and more flexible, but reduces the number.

The Size of the Army

Army officials have become increasingly outspoken that the Army is too small for the tasks it is facing.

- Acting Secretary of the Army Patrick Murphy said the Army’s budget is only “minimally adequate.” “We are taking a high risk as a nation when we fund the Army at this level, especially giving our op tempo.”

- Army Vice Chief of Staff GEN Daniel Allyn said, “I am very uncomfortable with the trajectory of our drawdown right now, and I do believe it’s time for a strategic review of, what is best for the nation?”

- GEN Lloyd Austin III, then-commander of Central Command and former Army vice chief of staff, said, “We are getting dangerously small.”

- GEN David Rodriguez, then-commander of U.S. Africa Command, said cutting the Army’s active component to 450,000 soldiers is “high risk.”


22 “Generals: Regular Army Cuts Are ‘High Risk.’” Association of the United States Army, March 9, 2016, http://www.ausa.org/news/2016/Pages/GeneralsRegularArmyCutsAre%2520HighRisk%2520HighRisk.aspx; GEN Rodriguez’s full remarks may be viewed at David M. Rodriguez, testimony before the Senate Armed Services Committee, Hearing on United States Central Command, United States Africa Command and United States...
Army official documents reflect this same concern. In its report to the Congress on force structure, the Army stated: “The scenarios [used by DOD for risk assessment] are overly optimistic in their assumption of allied, partner, and host nation contributions. Scenarios assume units have a 100 percent equipment readiness rate and units are fully manned. Scenarios do not account for the attrition of forces. . . . The strategy and underlying assumptions for which risk were assessed do not reflect the current international security environment. Therefore, the level of risk has increased.”

The Army has some justification. In 2001, just as the wars were beginning, the Army’s strength was 482,000 in the Regular Army, 352,000 in the Army National Guard, and 205,000 in the Army Reserve for a total of 1,039,000. The Army’s current “postwar” target is 450,000 in the Regular Army, 335,000 in the Army National Guard, and 195,000 in the Army Reserve, for a total of 980,000. So the Army will be 59,000 smaller coming out of the war than going into it. However, it is not clear that the world will put fewer demands on the Army. In 2001 the Army was quite stressed by deployments to Bosnia, Kosovo, and Kuwait as well as the usual overseas deployments in Korea and across the globe. Postwar demand for deployments appears to be at least as high.

The Army is already hedging its drawdown plans, having announced a delay to planned reductions of its Alaska-based combat brigade.

The reasons for the manpower decline are strategic and financial. The strategic reason is that decisionmakers envisioned a postwar strategy emphasizing the Pacific, which was seen as primarily a naval and air theater with a lower demand for Army forces. Further, there was a strong belief that, as a result of the unhappy experience in Iraq and Afghanistan, the United States should not conduct another long-term stabilization campaign. The financial reason was that the cost of service members had skyrocketed. Since 2001, pay per service member grew about 50 percent in constant dollars. Military pay increased 40 percent more than civilian pay since 2000. As a result it takes more money to support the same number of soldiers. (Todd Harrison’s Analysis of the FY 2017 Budget covers personnel costs in depth.)

The gap between Army size and potential demands has received outside attention.

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25 Robert F. Hale, statement before the Senate Armed Services Committee, Subcommittee on Personnel, Hearing on Active, Guard, Reserve and Civilian Personnel Programs, 112th Congress, 2nd sess., March 28, 2012. Hale said, “Since 2001, the cost of military and pay and benefits has grown by over 87 percent (30 percent more than inflation), while Active Duty end strength has grown by about three percent.” Calculations vary depending on treatment of accruals for TRICARE and retirement, the mobilization of reservists, and personnel costs in war funding but all methods show large cost increases.
As noted earlier, Senator Cruz called for a regular Army of 525,000 and Heritage a Regular Army of over 600,000 (the implication of a 50-BCT structure).

Paul Scharre at the Center for a New American Security (CNAS) noted the need to prepare for "large-scale prolonged troop commitments and . . . multiple overlapping contingencies" despite the "Iraq and Afghanistan syndrome" that has set in.26

Michael O’Hanlon made the same observations, described a wide variety of conflicts where ground forces would be needed, and called for the ground force reductions to stop.27

A RAND Arroyo Center study calculated that the Regular Army would require 545,000 soldiers to fully meet current commitments, wartime and peacetime, for Europe, North Korea, the Pacific, counter-ISIS, and the broader Middle East.28

In Congress, Reps. Chris Gibson (R-NY) and Mike Turner (R-OH) proposed a bill that would stop the Regular Army reduction at 475,000 as well as increase the Army Guard, Army Reserve, and the Marine Corps.29 In keeping with the Congress’s custom of giving legislation clever names, the bill is called “Protecting Our Security through Utilizing Right-Sized End-Strength Act of 2016” or the “POSTURE Act.” The bill has no chance of passage. It would require changes to the already-enacted FY 2016 budget and break the budget agreement for FY 2017. However, it does indicate some support for increasing the size of the ground forces.

It’s not clear how the Army gets out of this conundrum. It needs more soldiers, but soldiers are expensive, and it doesn’t have the budget. Even if DOD gets more money, it’s not clear that buying more soldiers would be at the top of DOD’s priorities, given a large modernization bow wave that the department is facing and the interest in “third offset” strategies.

National Commission on the Future of the Army

Army discussions at the beginning of the year were dominated by the commission’s report. The commission had been created to resolve disagreements between the army’s Regular and reserve components over how to conduct the postwar drawdown, particularly regarding the Aviation Restructure Initiative.30 As part of the initiative, the Army proposed to consolidate all AH-64 attack helicopters in the Regular Army. In return, some Regular Army cargo helicopters would be transferred to the Army National Guard and Army Reserve. The Army National Guard strongly opposed the change.

29 350,000 for the Army National Guard; 205,000 for the Army Reserve; 2,000 for the Marine Corps.
In its final report, the commission repeatedly called for the components to think of themselves as part of a “Total Army” and made a total of 63 recommendations. The most important recommendations were as follows:

- Retain 11 CABs in the Regular Army, with one forward-stationed in Korea.
- Increase Armored Brigade Combat Team (ABCT) capacity, with one forward-stationed in Europe.
- Retain four battalions of Apaches (with 18 aircraft each) in the Army National Guard.
- Maintain a minimum total Army end strength of 980,000 soldiers.
- Budget the Army at no less than president’s FY 2016 budget level.
- Encourage the creation of a true “Total Force” by establishing and incentivizing assignments across all three components and within multi-component units, as well as beginning a pilot program that allows recruiters to recruit individuals into any Army component.
- Assess ways, and associated costs, to reduce or eliminate shortfalls in responsiveness and capacity of the following capabilities: aviation, air defense artillery, chemical, biological, radiological, and nuclear capabilities, field artillery, fuel distribution, water purification, watercraft, and military police.

CSIS scholars provided their commentary and many others have also. Some criticized the report for not being aggressive enough with regard to multi-component units or sidestepping the sensitive issue of whether Army National Guard combat units could be ready in time. Others criticized it for not arguing more strongly for a larger Army. In general, the commission seems to have met the requirement to ease disagreements among the Army components. Army leadership talks about a total Army of 980,000 in its public statements, not just the 450,000 in the Regular Army. The sharp public disagreements seen two years ago have ceased, at least for the moment. Of course, tensions between the Regular Army and the militia have existed since the beginning of the Republic, so they will likely emerge again in some form.

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Army officials, military and civilian, welcomed the commission’s report but noted the difficulty finding funds to implement all the recommendations. (An official Army response will be published soon.) As a result, the Army put some recommendations onto its unfunded requirements list. That list includes additional aircraft to retain Apaches in the Army National Guard and additional funds to maintain the 11th CAB in the Regular Army in Korea. The Congress is likely to be sympathetic to this request, given its desire to ease tensions within the Army and resolve the issue of Apache distribution, and its traditional support for the reserve components. It would not be surprising if these funds ended up in OCO since the Congress has frequently put Guard and reserve equipment in OCO (as the National Guard and Reserve Equipment Account, NGREA), even though such equipment does not meet the administration’s published criteria for OCO.

Europe, Russia, and the European Reassurance Initiative (ERI)

The Army is returning to Europe in a major way, and there is a “Back to the Future” tone to the discussion echoing the circumstances of the Cold War.

ERI is funding the Army’s return to Europe. ERI was established in the FY 2015 budget “to reassure allies of the U.S. commitment to their security and territorial integrity as members of the NATO Alliance.” The money was mostly for exercises and troop rotations to Europe, the bulk going to the Army but some to the Air Force and Navy. Although ERI was originally planned to be a one-time activity, it was funded again in FY 2016.

The president’s FY 2017 budget proposes to quadruple funding for ERI to $3.4 billion, up from $789 million in FY 2016. More fundamentally, it indicates the administration’s acknowledgement of the growing threat Russia poses to long-term U.S. national security interests in Europe. ERI now represents a long-term commitment and is no longer conceived of as a one-year or short-term effort, despite residing in OCO. The FY 2017 request is explicitly the first year of a multiyear plan.

In addition to exercises, the new ERI funds a continuous rotation of Army ABCTs to Europe from the United States. With the two existing brigades in Europe, there will thus be a total of three U.S. BCTs on the continent at all times. The initiative will also transition the equipment sets currently in the east, including tanks, heavy artillery, weapons, ammunition, and other gear, to Western Europe, and the rotating brigades will bring more modern equipment with them from the United States.

Although this substantially increases U.S. presence and combat capability in Europe, it falls short of the forces that will be necessary to slow or stop a Russian invasion. A study by CSIS

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put the rapid surge requirement to deter Russian aggression at 13 U.S. and NATO brigades.\textsuperscript{35} The force requirement is driven by the choice of objectives: whether to deter, slow, or defeat a possible Russian invasion. Until that objective is resolved, the debate about how much is enough in the Baltics will continue.

Facing the Russians is a very different kind of conflict than the Army has faced recently. LTG McMaster, director of the Army Capability Integration Center, recently commented that the Army would have to fight “out-ranged and outgunned.”\textsuperscript{36} GEN Milley has often stated his concern about Army readiness to fight a high end conflict: “My concern, going forward, is at the higher end in the event of a contingency. . . . I have grave concerns in terms of the readiness of our Force—the Army forces—to be able to deal with that in a timely manner. And I think the cost, both in terms of time, casualties in troops, and the ability to accomplish military objectives would be very significant.”\textsuperscript{37}

A conflict in the Baltics would be vastly different not only from the counterinsurgency campaigns of Iraq and Afghanistan but also from the conventional theater campaigns of Desert Storm in 1991 and Operation Iraqi Freedom in 2003. Indeed, it would look like old Cold War scenarios on the inter-German border—with NATO outnumbered facing massive adversary firepower—though on a much smaller scale and with lower stakes (defense of NATO’s periphery v. defense of NATO’s heartland). To gain insight into how a high-end conflict might play out, the Army is looking at contemporary combat in the Ukraine and even to the 1973 Yom Kippur War.\textsuperscript{38}

\textbf{Modernization}

Army procurement and RDT&E are in very different situations, which has major implications for the future of the Army.

- Procurement funding is not particularly low by historical standards. The Army’s request for FY 2017 is $18.1 billion, including OCO. This is down about $1.3 billion from FY 2016, but that’s to be expected given that the budget agreement reduced DOD’s FY 2017 top line. Although this is down substantially from the wars’ high point in 2008 of $77 billion, it is higher than the level in 2000 before the wars began ($14.2


billion, FY 2017 dollars) and substantially higher than levels during the procurement holidays of the 1990s (averaging about $12 billion per year, FY 2017 dollars).

- The RDT&E request of $7.6 billion is at a relatively low level. Although consistent with the level of recent years ($7.0 in FY 2015 and $7.7 billion in FY 2016, FY 2017 dollars), it is down from a wartime high of $14.3 billion in FY 2008 (FY 2017 dollars). More importantly, it is about at the low level of the late 1990s, which averaged $7.2 billion (FY 2017 dollars).

As other CSIS analyses have shown, such postwar declines in Army modernization have been the rule as the expanded wartime force is reduced to a new steady state.39

Looked at more broadly, Army modernization is a classic good news, bad news story: the good news is that over the last 10 years the Army was able to use war funding to replace a lot of its aging equipment, especially the equipment required for counterinsurgencies. The bad news is that the Army does not have a new generation of systems in development to take it into the 2020s and beyond and for conventional combat against twenty-first-century threats.

The Good News

Going into the wars in Iraq and Afghanistan, the Army had very old equipment as a result of the procurement holiday of the 1990s when the Army was putting its money toward maintaining personnel and living off the inventories of the Cold War. Its truck fleet averaged 20 years old, its helicopters were aging. War funding changed that for four reasons.

- The Army was able to get war funding to pay for its reorganization from a division-based structure to a brigade-based structure (called "modularity"). The new equipment required by the reorganization was mostly paid by war funds and not out of the Army base budget.

- All the Army’s combat losses were replaced one-for-one with new equipment, irrespective of the age of the lost equipment. That meant that if, for example, the Army lost a UH-60A, the replacement was a modern UH-60L or M model. Further, the loss did not have to be catastrophic. If, on return to the United States, equipment was judged not economically repairable, then it was disposed of and replaced.

- All returning equipment was repaired or "reset" to a high ("10/20") standard with war funds and that will continue into the future as long as Army is deployed to conflicts covered by OCO.

- The Congress has frequently used war funding for nonwar uses. For example, the Congress has added billions of dollars for reserve equipment that would otherwise have to be purchased out of the Army’s base budget.

As a result the Army has bought tens of thousands of trucks, thousands of fighting vehicles, and dozens of aircraft outside of its normal budget. A Stimson Center study\(^{40}\) examined the service procurements during the period 2000–2010 and found that “the Army has a much larger inventory than it envisioned, sooner than it had planned.” For example, the Army had planned to buy 1,806 Bradleys but ended up buying 4,372; Strykers, planned 2,000, actually procured 4,000; similar procurements occurred with Abrams tanks, HMMWVs, and support vehicles. These were, however, procurements of existing designs, not new systems.

The Bad News

The bad news is that the Army does not have a modernization program in place for the 2020s and beyond and does not have the planned RDT&E budget levels needed to begin such programs. It has well-established upgrade programs for many existing systems: the Abrams tank, the Bradley Fighting Vehicle, the Stryker fighting vehicle, the Paladin self-propelled howitzer, the PATRIOT missile system, the UH–60 Blackhawk, the AH–64 Apache, and the CH–47 Chinook. These programs run smoothly, produce equipment at known costs and on predictable schedules, and avoid acquisition scandals that embarrass the Army in front of the Congress and the public.

The only really new platform in the Army modernization program is the Joint Light Tactical Vehicle (JLTV), a light truck replacement. That provides a useful capability, but it is hardly central to the Army’s warfighting mission. The Army is also trying to develop the Armored Multi-Purpose Vehicle, a replacement for the M113 family of vehicles, but the vehicle is early in the development process.

The Army has not been successful—in fact, it has been spectacularly unsuccessful—in establishing the next generation of systems. The reasons are twofold: acquisition failures and organizational priorities.

The Army’s record of modernization in the 2000s was catastrophic. It spent $19 billion on the failed Future Combat System, an attempt to modernize a broad set of fighting systems at once using leap-ahead technology. None of the planned 8 vehicles or 10 other systems were fielded, for reasons covered extensively elsewhere\(^{41}\), so the Army got essentially nothing out of the 10 year effort. Also cancelled before production were the RAH–66 Comanche helicopter ($6.9 billion spent), the XM 2001 Crusader howitzer ($2.7 billion spent), and the Armed Reconnaissance Helicopter ($500 million spent). All told, the Army had 22 programs cancelled during the period 1995–2010 at a cost of $32 billion with little to show for the

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investment. An Army report concluded: "Broadly it can be said that the Army has not succeeded as an institution . . . with its acquisition investment strategy."  

These failures cost the Army a modernization generation. It has since tried to establish a ground combat vehicle program to replace the Bradley fighting vehicle, but the requirements process devised a large (60-ton) vehicle at a time when the Army was trying to become more agile and mobile, so the concept has not gained traction. There are some long-range development programs for armored vehicle components, infantry weapons, and aviation technologies but no programs of record. Probably the most far along are some robotic programs to provide autonomous vehicles for logistics. Still, these are not likely to be fielded within the five-year period.

Organizational priorities have also limited modernization. Driven by the demands of ongoing operations, the Army explicitly funded readiness ahead of modernization in this year’s budget. As stated in its budget documents, "The Army continues to prioritize readiness at the expense of modernization to address current demands to support our global commitments and protect the homeland."  

This also goes to a deep cultural view. Whereas the Navy and Air Force man equipment, the Army equips manpower. Therefore, historically it has prioritized force structure and readiness above modernization.

Reshaping the Force

Is the Army configured appropriately for future conflicts? In addition to questions about size and modernization, commentators have asked whether the Army needs to develop new kinds of capabilities. One idea came from the National Commission, which recommended expanding short-range air defense. During the Cold War, the Army had extensive force structure dedicated to short-range air defense to protect its forces against any enemy aircraft that got through the U.S. Air Force fighter screen. However, after the Cold War, these units were mostly deactivated with only a few left in the Army National Guard. The new threat is not so much enemy aircraft but cruise missiles and UAVs. Many prospective adversaries have such capabilities, and the Army has few defenses.

Another potential mission area is land-based anti-ship missiles. This would be a way for land forces to participate in a maritime conflict by diluting an adversary’s anti-access/area denial (A2/AD) threat and allowing friendly air and naval assets to focus on other tasks. RAND and

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the Center for Strategic and Budgetary Assessment (CSBA)\textsuperscript{46} both examined the concept and noted the advantages of such systems in a joint campaign. This capability would be especially useful in the Pacific where anti-ship missiles could impose a “far blockade” and choke off the many maritime straits. The Army in the past had coastal artillery units and might pick the mission up again (as might the Marine Corps, which also had coastal defense units in the past). The idea, however, has been controversial.\textsuperscript{47}


The Navy is planning to construct seven ships in FY 2017 and to be on track to have a total of 308 ships by 2021/2022. The Navy is also retaining 11 Carrier Strike Groups, although decreasing its active duty end strength by 4,400 from 327,300 in FY 2016 to 322,900 by the end of FY 2017. The rationale for decreasing personnel is the inactivation of seven additional cruisers and deactivation of an air wing, both discussed below, and from speeding up of training.49

The Navy remains on track to have 60 percent of the fleet in the Pacific by 2020.

The Size of the Navy

On the one hand, Navy force size is a good news story. The Navy is currently (April 2016) at its low point, 272 ships, but starting to increase in size as new ships are delivered, particularly the numerous Littoral Combat Ships (LCSs). (Rightly or wrongly,50 the ship count is often

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48 PAA stands for Primary Authorized Aircraft, that is, aircraft in units; data from Department of the Navy, Highlights of the Department of the Navy FY 2017 Budget (Washington, DC: Department of the Navy, 2016), Figure 21, Section 3-7, http://www.secnv.navy.mil/fmc/fmb/Documents/17pres/Highlights_book.pdf.
50 ADM James Winnefeld, for one, argues wrongly that focus on ship count distorts decisionmaking, “Charting a New Course for the U.S. Navy,” Boston Globe, November 8, 2015,
used as a measure of Navy capacity.) The Navy projects that it will hit 287 ships by the end of FY 2017, reach its 308-ship target in 2021, and hold that level for about a decade.\textsuperscript{51} Average number of ships deployed will increase from the current 94 to 118 in FY 2021.\textsuperscript{52}

On the other hand, the Navy is feeling a lot of stress. Theater commanders say they only receive about half of their requests for Navy ships.\textsuperscript{53} The Navy in response says that it would need a fleet of 450 ships to fully meet the theater requests.\textsuperscript{54}

Because these theater requests are not resource constrained, it is unsurprising that the requests greatly exceed what is available. Nevertheless, this shortfall engenders a concern that the Navy is too small for the tasks that it is being asked to perform. In congressional testimony ADM Richardson, the chief of naval operations, reiterated his view that, "my most serious concern [is] the gap between challenges to America’s security and prosperity and the resources available to protect them."\textsuperscript{55} Outside studies, like that by Bryan Clark and Jesse Sloman at the Center for Strategic and Budgetary Assessments, reinforce this point: "The U.S. Navy and Marine Corps are operating today under unsustainable levels of stress because of a fundamental mismatch between the demands placed on them and their supply of ready forces."\textsuperscript{56} Rep. Randy Forbes, chairman of the Seapower Subcommittee of the House Armed Services Committee, has been particularly outspoken: "The first [step] is to have the Armed Services Committee, have Congress, and have the country realize that we simply have to...
have a bigger navy than we have today. . . . We have to put real teeth into the types of ships we have and the dollars to build those ships."57

As a result the Navy is going to conduct a new force structure assessment (FSA). As ADM Richardson noted, "Last time we did [an FSA] we really didn’t have to account for a resurgent Russia, we really didn’t have to account for [the Islamic state], so we’re starting again. The strategic landscape has changed sufficiently that we have to constantly reassess."58 The clear implication is that the new requirement will be higher than 308 ships.

Many think tanks have weighed in on what the size of the Navy should be. The answer depends heavily on the analyst’s views about U.S. global presence. As Table 5 shows, progressive (Project on Defense Alternatives, Sustainable Defense Task Force) and libertarian (Cato) organizations are wary of global intervention and therefore of a large Navy. Others (Heritage, National Defense Panel, Center for Strategic and Budgetary Assessments) support robust forward presence and therefore a larger Navy.

Table 5: Think Tank Recommendations for Size of the Navy

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Aircraft Carriers

CARRIERS ARE DINOSAURS. NO, CARRIERS HAVE UNPARALLELED VERSATILITY AND WARFIGHTING CAPABILITIES. Once again, as has happened periodically before, the issue of carrier usefulness and survivability in the face of modern anti-ship weapons has come to the fore. The current highly charged debate has engendered a large number of commentaries

and op-eds, including from the current author. These have laid the issues out in depth. The following summarizes the debate:

Supporters of big deck carriers point out their many strengths.

- **Versatility.** Carriers carry many different aircraft—from strike to air defense to antisubmarine warfare to reconnaissance and surveillance—and therefore can conduct a wide range of missions. Thus the reason for the classic presidential question during a crisis: where are the carriers?

- **Sovereignty.** Carriers are "90,000 tons of American sovereignty." They do not require permission from another country to conduct operations, as would be the case for land-based fighter/attack aircraft. This gives the United States great latitude in conducting its national security policy.

- **Defenses.** Carriers are heavily defended in all dimensions—air, sea, underwater—with both organic capabilities and those of its escorts.

Opponents don't dispute these strengths but raise concerns about carriers' value and survivability in the future.

- **High cost.** The ship alone costs $12 billion, and the carrier battle group costs perhaps $35 billion when aircraft and escorts are included. This limits resources available to build other capabilities.

- **Vulnerability.** Prospective adversaries have increasingly quiet submarines and long-range anti-ship missiles, both of which threaten carriers. The Chinese DF–21D has particularly caught analysts' attention because it seems specifically designed to kill U.S. carriers.

- **Small numbers.** Even powerful ships can only be in one place at one time. Because of their high cost and long deployment cycles, only two to three carriers can routinely be deployed at any time.

The carrier's future is a critical question for the Navy because, since World War II, most its force structure and operations have been built around the carriers.

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Irrespective of views about the carriers, there is a broad consensus that the short range of modern carrier aviation is a problem. From the 1950s through to the 1980s, the average range of carrier aviation was about 1,000 miles. Now it is about half that. The F-35, for whatever other capabilities it brings, will increase the carrier’s strike range only a little. It is possible to use aerial tankers to extend range but that assumes an environment benign enough for vulnerable tankers to survive in. Today’s carriers have less standoff capability than Doolittle had in the attack on Japan in 1942.63

For the kinds of operations the United States has been conducting since World War II, carriers appear to be worth their high cost, at least as the political process has judged since the United States has continued to build carriers. Their usability in a conflict with a peer competitor, however, is the great uncertainty. This will not be resolved short of an outright conflict. Thus, the debate will continue without resolution until some naval event clarifies the situation.

As a result, the Navy has continued to build new carriers at its previous pace of one every five years. USS Ford (CVN-78), the lead ship of that class, finally delivers in late summer, though it won’t actually make a deployment until 2020. Construction continues on the John F. Kennedy (CVN-79) and long-lead items are being procured for the Enterprise (CVN-80).

The midlife carrier overhauls also continue with George Washington in the yard now and long-lead items being procured for the John Stennis. These overhauls are major programs in their own right, taking 4 years and costing $4.5 billion, but giving the carriers another 25 years of life. In 2014, to save money the Navy proposed to retire the George Washington rather than overhaul it, but congressional pressure pushed them to implement the planned overhaul.

Naval Aviation

Carrier issues are instead being fought out in the naval aviation program, specifically around what to do with the Navy’s first carrier-based UAS. For several years the Navy has been testing a prototype unmanned carrier aviation system. The demonstrators showed that they were able to take off and land from an aircraft carrier. The plan was to evolve these experimental demonstrators into a program of record, the Unmanned Carrier Launched Aerial Surveillance and Strike (UCLASS) program. However, the program was projected to cost $24 billion, and there was not enough money to support both it and the F-35. As a result, the Navy canceled the UCLASS program. This was harshly criticized as “strategic malpractice of the highest order”64 because, unlike the F-35 and F-18, such UASs had both the long-range and stealth to allow carriers to stand off in anti-access/area denial (A2/AD) environments.


The Navy has now proposed to evolve this program into a tanker, called the Carrier-Based Aerial Refueling System (CBARS), with some intelligence, reconnaissance, and surveillance capabilities, though it will allocate fewer resources. Perhaps to emphasize its warfighting qualities, the Navy has taken to calling the program “Stingray.” The Navy sees this approach as a way to accelerate fielding of an unmanned capability. As of this writing, the Navy is insisting that “CBARS/Stingray” will be strictly a tanker/reconnaissance aircraft even though some observers would evolve the program into a reconnaissance/strike aircraft.

Many analysts would have traded some F-35s for such a strike/reconnaissance aircraft, seeing it as the future of Navy strike aviation. Which way the program evolves will likely take years to resolve. Expect the controversy and commentary to continue, therefore, because the stakes are high, and whatever the Navy does will cost a lot of money.

The other major aviation issue is how long the Navy will continue to buy F–18s. The Air Force stopped buying its fourth-generation F-15s and F-16s back in the 1990s, and moved solely to fifth-generation aircraft, the F-22 and the F-35. In contrast, the Navy continued to buy its fourth-generation aircraft, the F-18 in its E, F, and G models. Every year the Navy has either requested aircraft in its budget or indicated in its unfunded requirements list that it desired more and then the Congress added the aircraft. As a result the Navy’s tactical aviation fleet is much younger than the Air Force’s (16 years on average v. 23 years). (This also gave the Navy a hedge in case the F-35 program failed.)

The Navy requested only two F-18s in FY 2017, and these in OCO to replace two combat losses. However, it plans to buy 14 in FY 2018. It also has 14 on its unfunded requirements list for FY 2017, which was provided to the Congress. These F-18s were the top item and, at $1.5 billion, nearly a third of the total amount.

The policy issue is not whether a particular factory remains open (although that’s important to the Missouri congressional delegation, where the aircraft are manufactured). Rather, the policy issue is what kinds of conflicts the United States expects its aircraft to fight. Procuring a mix of fourth-generation and fifth-generation aircraft implies that some conflicts will be less demanding and not require the stealth and high survivability of fifth-generation aircraft.

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The effect of buying a mix also is to increase total numbers since fourth-generation aircraft, being far into production, are less expensive. The Navy has taken this path. Conversely, the Air Force is procuring only fifth-generation aircraft, although it is also upgrading some of its legacy fourth-generation aircraft. This implies that most conflicts will be in a very demanding air defense environment and is the genesis of the A-10 controversy, described in the Air Force section.

The Navy has proposed to deactivate one of its 10 carrier air wings. The decision may be controversial in the Congress, which had established a requirement for 10, but there is less here than meets the eye. The Navy is not proposing to eliminate any actual aircraft. What it is eliminating is a headquarters. The rationale is that there will always be two carriers in such deep maintenance that they cannot deploy quickly and therefore do not need an air wing.

The remaining issues in naval aviation (both Navy and Marine Corps) are programmatic, rather than policy; that is, they relate to issues of program management, cost, and schedule, rather than broader policy questions. Thus, in FY 2017, the F-35 program was slightly accelerated; the CH-53K program procures its first two aircraft; the P-8, AH-1Z/UH-1Y, E-2D, and V-22 programs continue production, more or less as planned, though with some reductions in quantity for affordability.

Navy Shipbuilding

*Littoral combat ship*

The big issue for Navy force structure leaked before the budget was released: Secretary Carter directed the Navy to cut 12 littoral combat ships (LCSs) from the 52-ship program and instead procure enhancements to its existing platforms such as advanced munitions and combat systems.\(^70\)

The secretary characterized this as focusing on warfighting “posture” rather than peacetime “presence.” All the services feel some tension between warfighting and peacetime presence. For the Army and Air Force the tension manifests itself in training tasks: when units deploy, will they conduct training exercises at relatively basic levels to help partners and allies or will they train for operations against a near-peer threat. The equipment, however, is the same. For the Navy the ships might be different. Inexpensive but numerous ships like the LCS might have limited warfighting capabilities but provide visible peacetime presence. Being there is important. As one former ambassador noted, “presence . . . demonstrates to our friends that the U.S. will be there for them in times of crisis.”\(^71\)

On the other hand military forces exist ultimately to fight. Systems that look good in peacetime but can’t fight effectively in wartime may constitute a waste of limited resources. That was Secretary Carter’s judgment. It may be that the new version of the LCS (to be

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renamed “frigates” or FFs, a traditional nomenclature for such ships) will have enough warfighting capability that this distinction between posture and presence is no longer an issue. That remains to be seen in an LCS program that has had a lot of shortfalls to date.

ADM Richardson seemed to endorse posture in his initial guidance, *A Design for Maintaining Maritime Superiority*,72 which did not contain the word “presence.” Later, he seemed to back off in the face of criticism, saying that presence was also important.73

The Navy had planned to buy three LCSs in FY 2017 but will now only buy two. Secretary Carter’s December memo directed buying only one, but industrial base considerations (there are two production yards, Austral in Alabama and Lockheed/Martin in Wisconsin) drove the number to two. The planned buy declines to one in FY 2018. Secretary Mabus seems unreconciled to the smaller program, however. He said that the validated requirement was still 52 and that the new version would mitigate many of the earlier weaknesses.74 He also said that buying two in FY 2017 allowed the next administration to make a decision about the program’s future—another way of saying that the Navy will get an opportunity to reverse Carter’s decision.

*Cruiser modernization*

Once thought resolved, this issue is back, with the Navy proposing to amend last year’s agreement with the Congress. The background is this: in 2012 and 2013 the Navy proposed to retire the oldest CG-47-class cruisers but the Congress refused. The Navy then proposed to put 11 of the 22 cruisers into reduced operating status. The inactivated cruisers would be modernized in the future and brought back into active service in increments in the 2020s as other cruisers retired at the end of their service lives. Fearing that the ships would be stripped and never reactivated, the Congress again balked. The Navy reluctantly agreed to a plan whereby the cruisers would stay on active duty and be modernized in groups. This plan, called “2/4/6,” mandates that two ships go into modernization at a time, the work last no more than four years, and no more than six ships be in maintenance at any given time.

The Navy now again proposes to put all 11 (4 already in the modernization program and 7 more) into this inactive status but to meet congressional concerns proposes that the Congress enact statutory requirements for the Navy to bring the ships back in the 2020s and to allocate $500 million in future budgets to modernize the cruisers. In effect, the Navy is proposing to tie its own hands so that it cannot retire the cruisers. Whether the Congress will accept this approach remains to be seen. With all of the discussion about the Navy having

too few ships to cover its commitments, it’s unlikely that it will be allowed to remove more ships from active service.

**Ohio Replacement Program (ORP) and the Sea Based Deterrence Fund**

The Ohio Replacement Program remains on track in development. The annual cost is rising, however, from $1.3 billion in FY 2016 to $1.8 billion in FY 2017, so affordability, long identified as a challenge for Navy shipbuilding, is becoming a near-term, rather than a long-term, issue. The Sea Based Deterrence Fund, established in 2015 outside the regular shipbuilding account to help the Navy pay for the ORP, continues its nebulous existence. Congressional authorizers want to do something to help Navy shipbuilding accommodate the high cost of ORP. However, appropriators did not support the concept and provided no funds. So the fund continues with its existing, and not very helpful, transfer authorities. The fund is not included in the president’s budget proposal.

Undaunted, Air Force supporters, not wanting to miss the opportunity to have nuclear programs paid for centrally, have proposed adding the Minuteman III replacement (called Ground-Based Strategic Deterrent) and B-21 Long Range Bomber to the fund and calling it the National Nuclear Deterrence Fund. Although many defense officials and outsiders have criticized the fund as a gimmick,75 Secretary Carter indicated he would not oppose such a fund if the Congress took action.76 Ultimately, there’s no more DOD money; it’s just jockeying for budget share.

**Attack submarines (SSNs)**

In the near term, the attack submarine fleet is fine. Numbers stay above the 48-boat requirement, and the Navy builds new boats at the rate of two per year. The problem is longer term, when the ORP submarines begin construction and put fiscal pressure on the shipbuilding account. The Navy now plans to build only one attack boat in the years that it procures an ORP boat. That happens in FY 2021 when the first ORP boat is funded. The reduced production will exacerbate a shortfall in attack submarine numbers during the period 2025–2040, which has long been foreseen because of the low submarine build rate in the 1990s. The Navy is looking to mitigate this shortfall by extending the life of some legacy boats, but there are severe limits to what is possible.

The incorporation of the Virginia payload module (VPM) beginning in FY 2019 increases the fiscal challenge. The VPM increases munitions loadout but also increases the submarine’s cost by about $550 million.77 This prospective submarine shortfall will also happen at a time when Russian and Chinese submarines are becoming more capable and active. Today, the Navy can only meet 50 to 60 percent of the theater commanders’ (unconstrained) request

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for submarine forward presence. So look for a lot of discussion about submarine shortfalls though no action is needed or likely in the near term.

**DDG-51 destroyers**

The program is on track, with another two DDG-51s funded in FY 2017 consistent with the multiyear contract. Congress did add some money in FY 2016 for a third destroyer, but the remaining funds ($433 million) are on the Navy’s unfunded priority list, not in the budget. The Navy did hint broadly that, if the Congress provided the money, the Navy would be happy to buy the ship. The program is transitioning to the Flight III configuration with a more-powerful radar, called the Air and Missile Defense Radar. The Navy is confident the radar is ready, but the radar was originally planned to go on a much larger ship (a new cruiser that was canceled), so there’s some risk.

**Icebreakers**

Icebreaking is a Coast Guard mission, so one would not expect the Navy to be involved. Operationally, it isn’t. Budgetarily, however, it may be. Because the two operational Coast Guard icebreakers (Polar Star and Healy) are aging, there is great interest in buying a new icebreaker. In 2015 the president committed to buying a new icebreaker. That would cost about $1 billion, which is more than the Coast Guard’s entire annual shipbuilding (“surface assets”) budget ($704 million requested in FY 2017). Then-commandant of the Coast Guard, ADM Robert Papp, stated that “It’s going to be tough to fit a billion dollar icebreaker in our five-year plan without displacing other things.” Instead, the Coast Guard website suggested a “whole of government approach” with funding from other agencies. Some observers point to the Navy. The Navy, not surprisingly, is extremely reluctant to do this, because it sees icebreaking, at least at present, as a civilian requirement and faces great pressure on its shipbuilding budget. The Coast Guard has programmed design funds but not the procurement funds.

The issue of who plays for construction will be latent during the design period, but in a year or so will arise when the design is ready to be built. Then there will be a discussion about

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whether military missions in the increasingly accessible arctic region justify DOD paying for a Coast Guard icebreaker.

**Ghost ship**

DOD has started testing a 132-foot autonomous ship called Sea Hunter. The idea is that the ship could hunt diesel-powered submarines in constricted waters better than conventional, manned ships. The technology certainly has potential, but it is a long way from being a program of record and even a longer way from displacing manned vessels. Organizationally, the program also has far to go. Unlike CBARS/Stingray, this program belongs to a research organization (the Defense Advanced Research Project Agency), not to the Navy.

**Other ships and affordability**

The remaining shipbuilding programs are on track. The budget provides one LHA(R), one support ship, and several ship-to-shore connectors. Although the FY 2017 budget had been projected to fund 10 battle force ships and actually only funds 7, this is not as large a change as it seems. Congress brought two ships into FY 2016, so the decrease is only one (the LCS).

Looming over all the shipbuilding plans is the risk of affordability. The Congressional Budget Office estimates that the Navy’s 30-year shipbuilding plan will cost about $2 billion more per year than the Navy projects and that the plan will require shipbuilding budget levels averaging $20 billion per year, about one-third higher than in recent history.82

**Navy Weapons**

The major news about Navy weapons is the emphasis on advanced and long-range strike against air, surface, and ground targets. This is what curtailment of the LCS program bought. The rise of A2/AD environments, particularly with China and Russia but also with North Korea and Iran, has meant that the Navy will have an increasingly difficult time getting in close to its targets. There is, therefore, great value in having long-range munitions that allow platforms to stand off and not have to fight their way into these difficult A2/AD environments. The Navy’s FY 2017 budget therefore funds the following:


- Tactical Tomahawk. Navy buys an additional 100 and funds development of a maritime strike variant to engage surface targets.

- Standard Missile 6 (SM-6). The Navy buys another 125 and has given this anti-air missile an anti-surface capability, thus allowing more platforms to have a long-range strike capability.

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• AIM-9X/AIM-123D. Although not long range, the latest variants of these air-to-air missiles can operate against advanced countermeasures.

The downside of munitions procurement is that munitions are "sterile," in the sense that once purchased they sit on the shelf until used or demilitarized. In contrast, ships and aircraft can fly and sail and thus provide visible value day-to-day, outside combat operations. For this reason, it's always difficult for munitions to compete with platforms in budget formulation.

Naval Operations

The Navy has also been drawn into the ERI, increasing its operations in the Black Sea and the Baltic. This puts stress on Navy ships and personnel because Europe had become a tertiary theater, far behind the Middle East and the Pacific in terms of Navy attention. If the Navy is to permanently increase its operations in Europe, and make it a full theater of operations as it was during the Cold War, then the Navy will need to get larger, station more ships abroad, or deplete forces in other theaters, which will be hard to do strategically.

Another indicator of this reviving attention to Europe is the repair of the Cold War-era airbase in Iceland. During the Cold War the United States and NATO kept a large presence in Iceland, mainly Air Force fighters and Navy antisubmarine warfare aircraft, to hold the Greenland–Iceland–United Kingdom barrier against Soviet submarines. With Russian submarine activity increasing and causing concerns in NATO, the Navy antisubmarine aircraft will soon operate in Iceland again.

The Navy has put a fourth BMD-capable destroyer into Rota, Spain, as part of the “Phased Adaptive Approach” to European missile defense. That program is aimed at the threat from Iranian missiles, but the ships are also available for operations in response to Russian naval activity.

Ship availability is being constrained by the Navy’s new maintenance/training/deployment cycle. Announced in 2014, the Optimized-Fleet Readiness Plan in effect locks in maintenance times and backs off the extended deployments that had curtailed ship maintenance and caused materiel problems. That is good for readiness and quality of life but has the effect of reducing time deployed. The Navy will continue expanding the program in 2016 and 2017.

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Marine Corps

Table 6: Marine Corps – Active, Reserve, and Civilians

<table>
<thead>
<tr>
<th></th>
<th>Marine Corps Active</th>
<th>Marine Corps Reserve</th>
<th>Total Force Aviation</th>
<th>Civilian Full-Time Equivalents</th>
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<tr>
<td></td>
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<td>End Strength</td>
<td>Infantry Battalions</td>
<td>End Strength</td>
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<td>8</td>
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</table>

The FY 2017 Marine Corps budget maintains the FY2016 active duty end strength of 182,000. The Marine Corps Reserve end strength decreased by 400 from 38,900 to 38,500. Civilian Full-Time Equivalents were nearly constant. These are, more or less, the target levels devised in QDR 2014.

The budget maintains three Marine Expeditionary Forces (MEFs): I and II MEFs located in the continental United States (California and North Carolina, respectively) and III MEF on Hawaii, Okinawa, and mainland Japan.

One AV-8B squadron deactivates prior to reactivating as an F-35 squadron. Although aviation structure is relatively stable, aircraft change as AH-1Ws leave the force, replaced by AH-1Zs, AV-8Bs leave and F-35s enter, and more V-22s arrive.

The Marine Corps rotational deployments to Darwin, Australia, continue into their fourth year, with a six-month presence on the ground.

Stable Force Structure . . . for Now

The commandant noted in his posture statement how busy the Marines were: 100 operations, 20 amphibious operations, 140 theater security cooperation events, 160 major exercises, in addition to the creation of cyber forces and expansion of embassy security. He
also noted that the “optimal” end strength was 186,800.\textsuperscript{84} Despite this tempo and apparent shortfall, he did not ask for additional end strength in his unfunded requirements list. The reason is likely that, alone among the services, the Marine Corps is coming out of the wars at a higher level (182,000) than it went in (172,600).\textsuperscript{85}

Because the Marine Corps has achieved its target end strength and force structure, no major changes are currently planned. However, to cope with the changed strategic environment and evolving methods of conducting military operations, the Marine Corps (like the Navy) has embarked on a force structure review, called “Force 2025.” A group at Quantico, Virginia, the Marine Corps doctrine and education base, is looking at different future possibilities. LTG Robert Walsh, deputy commandant for combat development and integration, said there were two major courses of action being considered: evolutionary adjustments and revolutionary change.\textsuperscript{86}

Modernization

The most expensive Marine Corps modernization programs are aviation, which are funded, and discussed in this report, under naval aviation. The largest (total program cost) ground modernization program is JLTV, a joint vehicle program with the Army. JLTV funding was reduced in FY 2017 to fund two other priorities: initial procurement of G/ATOR (a ground-based aviation radar) and development of the Armored Combat Vehicle (ACV).\textsuperscript{87} The ACV is the Corps’ third (at least) attempt to replace the 1970s-era Amphibious Assault Vehicles. The last major attempt, the Expeditionary Fighting Vehicle, was canceled in 2011 after the Corps spent $3 billion. In this attempt the Corps is taking an evolutionary approach, phasing its requirements, and not asking for technologically challenging high-water speed, at least not initially.

Guam and Force Restationing

The Marine Corps is in a long-term process of moving forces from Okinawa to Guam. This move arose because of pressure from the Okinawans, who felt that the Marine presence had become burdensome. What had once been a rural and sparsely inhabited island had become much more crowded and developed. The government of Japan is paying for much of this move, which involves massive facility construction on Guam and has proved more expensive, complicated, and politically controversial than expected. CSIS discussed this in depth in its

recent report on the Asia-Pacific rebalance. The move also involves building a new air facility on Okinawa in a less inhabited area, called the Futemna replacement facility. However, this has been delayed due to demonstrators and opposition from the provincial government of Okinawa. The process continues, slowly, and few Marine forces have yet left Okinawa.

**Special Purpose Marine Air Ground Task Forces (SP-MAGTFs)**

Although not new, these units may represent an important future capability for the Marine Corps. Traditionally, the smallest unit that the Marine Corps deployed was a Marine Expeditionary Unit (MEU) with about 2,200 Marines. To provide rapid response in AFRICOM and theater engagement in SOUTHCOM, the Marine Corps established these land-based special-purpose units, smaller than the MEU. That made them both more agile and easier to deploy. With the Marine Corps being stretched just to meet existing commitments, it may use more of these smaller units in the future to meet pop up requirements.

**Amphibious Ships and Alternative Platforms**

Ever since its forces began redeploying from Iraq, the Corps has talked about reenergizing its naval orientation and moving away from being a "second land army."

Consistent with that reorientation, the Marine Corps has strongly stated its support for an amphibious fleet of 38 ships, up from the current 30. This fleet can carry two MEBs of Marines in a wartime situation (34 ships), with 10 percent additional to cover ships in long-term maintenance. The Navy's 30-year shipbuilding plan does achieve this level in the future, but, as noted earlier, there is risk in the affordability of this plan.

To meet near-term demands, which greatly exceed ship availability, the Marine Corps has been experimenting with using other kinds of ships, such as Maritime Prepositioning Force (MPF) ships (TAK-Es), high-speed vessels (JHSVs), and afloat forward staging bases (AFSBs, Mobile Landing Platforms). The ships do not have the survivability needed for high-intensity conflict, but they do provide cargo storage, flight decks, and personnel berthing that can be used for training and engagement events with allies and partners. They also have the advantage of not being as large as regular ("L"-class) amphibious ships, and therefore don’t overwhelm some of the smaller navies with which they might work.

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Air Force

Table 7: Air Force—Active and Civilians

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<thead>
<tr>
<th></th>
<th>Air Force Active</th>
<th>Civilian Full-Time Equivalents</th>
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<tr>
<td></td>
<td>Combat Coded Squadrons</td>
<td>End Strength</td>
</tr>
<tr>
<td>FY 2016 Enacted</td>
<td>40</td>
<td>317</td>
</tr>
<tr>
<td>FY 2017 Proposed</td>
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<td>317</td>
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<tr>
<td>Change</td>
<td>+1</td>
<td>0</td>
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</table>

Table 8: Air Force—Reserve and Air National Guard

<table>
<thead>
<tr>
<th></th>
<th>Air Force Reserve</th>
<th>Air National Guard</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Combat Coded Squadrons</td>
<td>End Strength</td>
</tr>
<tr>
<td>FY 2016 Enacted</td>
<td>3</td>
<td>69.2</td>
</tr>
<tr>
<td>FY 2017 Proposed</td>
<td>3</td>
<td>69</td>
</tr>
<tr>
<td>Change</td>
<td>0</td>
<td>-0.2</td>
</tr>
</tbody>
</table>

The Air Force FY 2017 budget supports an increase from 40 to 41 active combat-coded squadrons (fighter and bomber), while the reserve combat-coded squadrons decline from 24 to 23 as planned. The additional active duty squadron is a retained A-10 squadron.

The budget maintains the FY 2016 level of 317,000 active duty members, but 4,100 more than had been planned for FY 2017. Compared to FY 2016, the Air Force Reserve decreased by 200 to 69,000, while the Air National Guard increased by 200 to 105,700; however, they were 1,700 and 2,200 higher, respectively, than had been planned. The reason for the higher manpower levels was the retention of more legacy aircraft like the A-10, as directed by Congress, which limited the Air Force’s ability to trade manpower and structure for modernization. This is a change to the Air Force’s long-term trend of decreasing manpower numbers, decreasing aircraft numbers, but maintaining the pace of modernization.
By having the active and reserve components increase together, and not favoring one component or the other, the Air Force avoided the internal conflicts that had marred earlier budgets and required a force structure commission to make peace.

The A-10 Nonissue

The Air Force took the major potential issue off the table before the budget even came out by announcing that it would retain the A-10 fleet and not try to retire them as it had last year. It could hardly do otherwise since the Air Force was using them in combat in the Middle East and was also complaining about how it was stretched thin.

Retiring legacy aircraft is still part of the service’s plan to shrink its force and put the savings into more modern aircraft. The Air Force has therefore not given up on retiring the A-10 but will delay any such proposals beyond FY 2018.

The Air Force did announce that it was considering establishing a program, often called the A-X, to replace the A-10. The aircraft would focus on close air support. Whether this will turn into a real program, or just be a way to quiet opposition to A-10 retirement, will be seen over time. 90

Nevertheless, the A-10 issue never quite goes away because it raises three strategic questions: What kinds of conflicts should the Air Force prepare for? What is the value of stealth in modern air warfare? How can the Air Force achieve the greatest effects? The answers to these questions drive the Air Force’s central decision in each budget: setting the balance between legacy fourth-generation and new fifth-generation aircraft.

Regarding the types of conflicts, the issue is between less-demanding air environments and A2/AD environments. For less-demanding air environments, the Air Force can use legacy aircraft extensively and therefore keep them in the inventory longer. For conflicts against sophisticated adversaries like China and Russia, it needs to develop and field advanced capabilities. For 15 years, the Air Force has operated intensively but in relatively permissive environments. That allowed unchallenged power projection, forward bases as sanctuaries, low combat attrition, and assured communications. In the future the Air Force faces contested environments—in the air, in space, and in cyber—where none of these attributes may be valid.

This is also a debate about how the Air Force can achieve the greatest strategic effects in future conflicts. Will the effects come from close air support and battlefield interdiction? The ground forces have strong opinions here,91 arguing that these effects are immediate and tangible. Specifically designed aircraft like the A-10 are both cheaper and more effective for

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these missions than multirole stealth aircraft like the F-35. Or will the greatest effect come from deep attack of strategic targets, which requires extensive self-protection capabilities. The Air Force has historically leaned toward the latter for a variety of organizational and doctrinal reasons. The debate goes far beyond this monograph.

Questions about the value of stealth arise from its high cost both in aircraft acquisition and in performance. A stealth aircraft costs about 50 percent more than the latest version of a legacy aircraft, even putting aside the multibillion-dollar upfront development. Because stealthy aircraft must fly “clean” to remain stealthy, they cannot carry external munitions or fuel tanks. Proponents argue that the tradeoff is worthwhile. Opponents argue that only a small part of the fleet needs to be stealthy while the rest can be nonstealthy.

This tension will continue until budget constraints ease, so the Air Force can follow both approaches, or until something happens in combat operations that clarifies the way to go.

**Piloted v. Unpiloted (or “Manned v. Unmanned”)**

This has been a quiet revolution. Whereas the Navy’s efforts to integrate unmanned aircraft into its aviation fleet have been controversial, as described earlier, the Air Force has incorporated unmanned aircraft as a routine part of its force structure.

The FY 2017 budget procures 24 additional MQ-9 Reapers, the follow-on aircraft to MQ-1 Predators. All aircraft are funded in OCO. It maintains 60 unmanned aircraft combat air patrols. The Air Force is also putting recruiting and retention money for pilots of unmanned aircraft, and it has greatly increased the number of such pilots that it trains.

Two questions remain regarding Air Force UAVs. The first is what to call them. The Air Force is emphatic that these are aircraft and are not “unmanned” but are instead “remotely piloted.” Hence, the Air Force uses the term “Remotely Piloted Aircraft.” There are cultural reasons for this distinction, the Air Force being run by pilots. However, there is also a substantive argument in that, although there are no humans in the aircraft itself, there is a large ground-based support structure to launch, fly, and recover the aircraft.

The substantive issue is whether to buy RPAs for permissive or nonpermissive environments. Predator and Reaper can only operate in permissive environments. That has

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been fine for the kinds of conflicts the United States has been involved with recently. However, in a conflict with a high-end competitor like Russia or China, these aircraft will likely be too vulnerable to survive. The question, then, is should the Air Force buy stealthy RPVs with self-protection measures to operate in these challenging environments. There are indications that such aircraft may exist in the black world, but there is little in the open literature.96

Operational Tempo

Like the other services, the Air Force notes how busy it is—1.7 million hours of flying, 20,000 airmen deployed overseas—and how this exceeds what was expected. By the standards of the other services, this might not be a terribly high deployment level but expectations are institutional.

As with the Army and Navy, the Air Force has become more active in Europe through the ERI. It has conducted patrols over the Baltic, deployments to Eastern Europe for training with allies, and deferred planned reductions of F-15s in the United Kingdom. F-22s recently made a training/reassurance/deterrence deployment. The budget requests funds for air base projects, mainly in Romania and Poland, so the groundwork is literally being laid for future engagements.

The Air Force has asked for 4,000 additional personnel97 and that is on their unfunded requirements list. The Air Force is the only service to put end strength on its list. The additional personnel are needed to support the growing fleet of F-35s while maintaining the A-10 fleet.

Aircraft Modernization

These individual programs will be explored in more detail in a forthcoming CSIS publication on acquisition in the FY 2017 budget. Here are the headlines:

B-21

The Air Force announced the nomenclature, B-21, for the previously named “Long Range Strategic Bomber.” The program has become real in a budgetary sense also. Although slowed because of contract delays, the program requests $1.4 billion in FY 2017, rising to $3 billion in FY 2020. The major news, however, is a dispute with Senator McCain about the kind of contract: fixed price or cost plus. The Air Force argued the conventional wisdom, that is, development contracts should be cost plus because of the uncertainty and cost control brought through various incentives. Senator McCain, picking up on Air Force rhetoric about the maturity of the technologies, pressed for a fixed-price contract. At this writing, the issue is unresolved.

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97 House Appropriations Committee-Defense (HAC-D).
**F-35**

The F-35 program moves ahead with the Air Force buying 43 aircraft in FY 2017. A further five, which the Air Force had to cut for affordability reasons, are on the Air Force’s unfunded requirement list. Over the Future Years Defense Plan (FYDP), the Air Force cut 45 aircraft to save money. Although annual production is increasing, the program continues to have problems. J. Michael Gilmore, director of operational test and evaluation, noted: “The F-35 system remains immature and provides limited combat capability, with the officially planned start of Initial Operational Test and Evaluation (IOT&E) just over one year away.”\(^{98}\) GAO also noted limitations with the logistics software program.\(^{99}\) The long saga of F-35 troubles is not over yet.

**KC-46**

The news here is that there is no news, at least for now. Boeing continues to execute the fixed price contract that it greatly underbid and on which the company is taking large losses ($1.3 billion so far).\(^{100}\) GAO has also raised questions about the test program, noting that test officials believe it is “optimistic” and that there may be four months of schedule risk in delivering the first 18 aircraft in 2017.\(^{101}\)

**Presidential Aircraft Replacement (“Air Force One”)**

The program is still in development, but the annual cost has jumped to $351 million in FY 2017 and is planned to increase again to $626 million in FY 2018. The total cost for the two aircraft (highly converted Boeing 747-8s) will be several billion dollars, of which $2.8 billion is programmed in FY 2017–2021.\(^{102}\) When this cost becomes widely known, expect a lot of scrutiny. However, it is not out of line with the inflated cost of the existing aircraft and what it takes to produce an aircraft that is nuclear hardened, long-range, and capable of carrying the presidential party.

**Munitions**

Like the Navy, the Air Force has continued a commitment to procuring advanced munitions.

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• Joint Air-to-Surface Standoff Munition—Extended Range (JASSM-ER). Procurement of this long-range cruise missile (500+ miles) continues at the high level of 360 per year.

• AIM-9X Sidewinder and AIM-120D AMRAAM. Procurement of these advanced air-to-air missiles continued at relatively high levels, 287 and 256 respectively, though a bit below the FY 2016 levels.

The other munitions news is that the Air Force is buying large numbers of air-to-ground munitions to rebuild inventories as a result of the escalating air war against ISIS. The Air Force noted that it had dropped 28,000 munitions so far in the fight against ISIS. These munitions are funded partly in the base budget but mostly with OCO.

• Joint Direct Attack Munition (JDAM). 12,133 base, 18,531 OCO

• Small Diameter Bomb. 312 base, 4,190 OCO

• Hellfire. 284 base, 1,250 OCO.

Nuclear Enterprise

The Air Force (and the Navy) are doing a lot to improve the standards and quality of their nuclear enterprise, both personnel and operations. This is in response to scandals several years back and several outside reviews. Although most of this is happening outside the public eye, the cost is several billion dollars per year.

The most visible element of the nuclear enterprise, other than the B-21, is the early development of a replacement for the Minuteman III, called the Ground-Based Strategic Deterrent (GBSD). This is already controversial among arms-control advocates and some budget hawks who see it as unnecessary. Similar controversy surrounds the Long Range Standoff (LRSO) weapon, a nuclear-armed cruise missile. These programs contribute to the nuclear modernization bow wave that DOD faces in the 2020s and 2030s, which will require it to either trim programs or increase the proportion of the budget allocated to nuclear forces.\(^{103}\) Although there are no major decision points for these programs this year, we should expect that there will be continuing questioning of these requirements as annual funding requirements build.

And Finally Some Nostalgia

A picture surfaced of two OV-10 Broncos, propeller-driven attack aircraft from the Vietnam era, which had been taken out of mothballs and were being used for attacks against ISIS. A military spokesperson said that it was an experiment to determine whether such aircraft had

a role in these kinds of conflicts. That’s sensible, since many militaries around the world use propeller-driven aircraft for low-intensity conflicts and counterinsurgency, where the threat to aircraft is low. Although this was just a small experiment, the Internet lit up with excitement from former Bronco pilots. The youngest former Bronco pilot is now approaching 60 and long retired, but that did not prevent the community from sharing stories and pictures of themselves in their glory days as young pilots fighting a faraway war.

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Special Operations Forces (SOF)

Table 9: Special Operations Forces—Military, Civilians, Contractors

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<th>Military End Strength</th>
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<td>+43</td>
<td>+144</td>
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</table>

The Special Operations Command’s (SOCOM) military and civilian personnel are reported in the respective service tables. These numbers are therefore not additional to what is in the service numbers.

Size of the Force

SOCOM grew greatly in size during the wars, from 42,800 in 2001\textsuperscript{105} to 63,347 military service members today. This large post-2001 increase has been in response to DOD steadily increasing the number and type of missions SOCOM is expected to carry out. Beyond its core missions of direct action, foreign internal defense irregular warfare, and civil affairs, SOCOM has provided the core counterterrorism capabilities for DOD. Demand for all these missions has grown, not just in Central Command (CENTCOM) but globally as well.\textsuperscript{106}

SOCOM’s size has now leveled off. This has occurred for both fiscal reasons—the budget downturn—and recruiting reasons—there are a limited number of personnel suitable for SOCOM roles. Although reductions are unlikely, so is further growth.


Stress on the Force

High OPTEMPO has continued even after the substantial withdrawals from Iraq and Afghanistan. GEN Joseph L. Votel noted that half of SOCOM deployments are outside the CENTCOM area. These deployments have produced high OPTEMPO, with the average service member in SOF having deployed between 4 to 10 times over the last 14 years and having frequently had less than 12 months at home between deployments.

This high OPTEMPO, combined with limits on force size, places the force under high stress.107 SOCOM has experienced increased suicides and pressures on families and has instituted programs to reduce both.108 Nevertheless, the high level of stress likely puts limits on any increases in SOCOM deployments. If DOD wants to add missions to SOCOM, it will need to find mechanisms to shift some existing missions to conventional forces.

Risks in OCO funding

SOCOM is particularly dependent on OCO funding. In FY 2017 it has requested $2.7 billion of Operations and Maintenance funds in OCO, about one-third of its total operational funding.109 This has occurred because SOCOM is allowed to fund global counterterrorism operations in OCO, unlike the military services.110 Although OCO looks stable for the immediate future, its long-term prospects are unclear. As Todd Harrison notes in his companion paper, this will be a major budget issue for the next administration. About $30 billion of OCO costs are for enduring activities that are not “emergency and unforeseen” and therefore should be funded in the base budget. However, doing that in an environment of budget caps would be highly disruptive.

108 Votel, testimony before the House Armed Services Committee, Emerging Threats and Capabilities Subcommittee, March 18, 2015.
DOD Civilians

Table 10: Department of Defense Civilians

<table>
<thead>
<tr>
<th></th>
<th>Total DOD Civilians(^\text{111})</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2016 Enacted</td>
<td>738,100</td>
</tr>
<tr>
<td>FY 2017 Proposed</td>
<td>732,900</td>
</tr>
<tr>
<td>Change</td>
<td>-5,200</td>
</tr>
</tbody>
</table>

Total full-time equivalents, U.S. and foreign direct hires, excluding classified activities.

Pay Raise and Hiring

For federal civilians, it is the best of times, it is the worst of times. The good times arise from the proposed civilian pay raise, which is 1.6 percent, same as the military, and higher than the 1.3 percent that had been projected for FY 2017 last year. Recently civilians have lagged the military. In 2010 the civilian pay raise was lower (2 percent v. 3.4 percent) and there were three years (2011, 2012, 2013) when civilians received no pay raise at all while the military did get a pay raise.

The bad news is that DOD instituted a hiring freeze for the Office of the Secretary of Defense, defense agencies, and defense field activities (“the fourth estate”), effective March 20. The policy does allow some limited exceptions for “mission critical requirements.” The hiring freeze is also tied to efforts to get accurate information about manpower through the Fourth Estate Manpower Tracking System (FMTS). The hiring freeze results from efforts to reduce the size of headquarters. (See discussion below.)

So the pay raise is great news if you are already in the government, but the hiring freeze is bad news if you are a young person trying to get started.

Discipline and Accountability

A source of concern for federal civilians is what is happening in the Department of Veterans Affairs (VA). As is widely known, performance there has been severely criticized. In 2014

Congress provided the agency with tools to discipline or fire poorly performing executives (called the "Choice Act"). When the agency tried to use these authorities against two executives with particularly poor records, the Merit Systems Promotion Board (MSPB) reinstated the executives. The administration, with encouragement from the Congress, has proposed further changes to the status of VA senior executives (in the federal government, called Senior Executive Service or SES), making some of them more like "at will" employees with fewer appeal rights. (Technically, the proposal is to move the executives from Title 5 to Title 38 of the U.S. Code.) Currently, federal employees are considered to have a property right in their employment and therefore have extensive procedural safeguards. The intention is to make executives more accountable.

The change is opposed by federal manager associations like the Senior Executives Association, who naturally want to protect their members from arbitrary disciplinary actions. The associations further make the point that allowing political appointees to easily move or remove federal managers would politicize the bureaucracy in a way not seen since the passage of the Pendleton Civil Service Act in 1883, which established the principle that federal employment should be on the basis of merit (and, as it has evolved, of tenure and seniority). The broader concern is that these VA changes might be applied government wide, rather than being limited to the VA and to the whole workforce, not just senior executives.

Politics and Elections

At the end of every administration there is a concern about political appointees “burrowing” into the bureaucracy. "Burrowing in" refers to political appointees converting their employment into regular civil service status, thus allowing them to remain in the government after the administration leaves office. There are statutory restrictions against this practice because of concerns that the bureaucracy will become politicized and unresponsive to a new administration’s policy initiatives.

There have also been the usual warnings to federal employees against political activity, as contained in the Hatch Act. (Uniformed personnel are not subject to the Hatch Act but are under similar restrictions as a result of Department of Defense Directive 1344.10, Political Activities by Members of the Armed Forces.)

Hiring and Retention Initiatives

Government-wide, there are some modest initiatives “to attract highly qualified and diverse talent.” Probably the most important is a proposal to provide six weeks of paid administrative leave for the birth, adoption, or foster placement of the child. In the past, however, such initiatives have not gained traction in a Republican-controlled Congress concerned about the high cost of federal employee benefits.

Major changes to DOD’s civilian personnel system were supposed to occur as part of Secretary Carter’s larger “Force of the Future” initiative, but nothing has yet happened. "Force of the Future" is Secretary Carter’s term for a series of highly touted personnel reforms. So far, Carter has rolled out two “tranches,” both concerned solely with military personnel. Last
summer, Brad Carson, then the acting undersecretary of defense for personnel and readiness and the lead for Force of the Future, indicated that revamping “a rigid personnel system that stymies our civilian workforce”112 would be part of the effort. Now Carson has resigned—continuing the extraordinarily high turnover in that position113—and it is unclear what reforms, if any, will be proposed for the civilian workforce.

Bureaucratic Annoyances

To reduce spending on conferences and to safeguard against abuses that had surfaced, the president directed additional oversight. OMB and DOD duly developed implementing instructions. As a result, DOD has spent millions of dollars on oversight processes, sharply reduced attendance at educational and professional conferences, and greatly lengthened travel approval times—in R&D facilities, from an average of a week to six months.114 Not the “Force of the Future” that Carter imagined.

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Contractors

Acquisition and Service Contractors

The major news here is DOD's efforts to manage its service contracts better. CSIS has analyzed these contracts in detail, showing how service contract obligations increased from $74 billion in 2000 to $180 billion at their peak in FY 2009 (all in FY 2014 dollars). Although service contract obligations have declined to $130 billion in FY 2014 (the last year of data available), they are still substantially above the prewar level.\(^\text{115}\) In response to this increase, DOD is trying to give these contracts the kind of oversight that product contracts have received.

The total amount of service contract spending is large, but it is spread over 150,000 contracts. To focus attention on the most important contracts, DOD has established categories of service contracts, “S-CATs,” patterned on the “ACATs” for weapon systems. The military services have stood up Service Requirement Review Boards to identify redundancies and improve contract value.\(^\text{116}\)

Not surprisingly, the administration proposes no changes to the existing prohibitions on contracting out of government activities. Although outsourcing had been an element of the Clinton and Bush administrations’ “reinvent government” initiatives, in 2008–2010 the Democratic-dominated Congress and then the Obama administration effectively shut this effort down. This shutdown occurred partly as a result of concerns about disruptions to the workforce and the actual achievement of savings, partly in response to complaints by unions anxious to protect their members’ jobs. However, because outsourcing offers the possibility of savings and of conducting activities without increasing government employment, look for this to be an issue in the next strategic review. This is especially true if there is a Republican administration, because in the past they have had a predisposition to move activities outside government.


Operational Contractors

Contractors now form a permanent element of the U.S. forces overseas, along with active duty personnel, reservists, and government civilians. As Table 11 shows, they outnumber military personnel in Afghanistan and approach the number of military personnel in Iraq, though fewer than half are U.S. citizens. Overall, contractors in Central Command outnumber military personnel more than 2 to 1 (1 to 1 for U.S. citizen contractors to military).

Table 11: Department of Defense Military and Contractor Personnel in USCENTCOM Area of Responsibility

<table>
<thead>
<tr>
<th></th>
<th>Total Military</th>
<th>Total Contractors</th>
<th>U.S. Citizens</th>
<th>Third-Country Nationals</th>
<th>Local/Host-Country Nationals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan Only</td>
<td>9,700</td>
<td>28,626</td>
<td>9,640</td>
<td>6,611</td>
<td>12,375</td>
</tr>
<tr>
<td>Iraq Only</td>
<td>3,500</td>
<td>2,619</td>
<td>1,564</td>
<td>721</td>
<td>334</td>
</tr>
<tr>
<td>Other Locations</td>
<td>5,071</td>
<td>13,738</td>
<td>6,427</td>
<td>7,263</td>
<td>48</td>
</tr>
<tr>
<td>AOR Total</td>
<td>18,271</td>
<td>44,983</td>
<td>17,631</td>
<td>14,595</td>
<td>12,757</td>
</tr>
</tbody>
</table>

Note: Data as of April 2016; excludes classified data for Iraq, Iran, Kuwait, and Syria.

In Afghanistan, about half of contractors perform logistics/maintenance functions and most of the rest do base operations and administrative tasks. The number of contractors is declining more slowly than military personnel because contractors are closing bases and taking over military functions as military personnel leave.

A small number of contractors do combat kinds of tasks. Of the 28,626 contractors in Afghanistan, 872 are in Personnel Security Detachments (PSDs). This function is highly sensitive because the contractors carry weapons routinely and detachments committed highly publicized abuses in the past. As required by Congress, an international standard for PSD training, recruiting, and conduct is being established, and PSDs are required to conform to it. The industry is participating through its professional organizations, the Professional Services Council and the International Peace Operations Association, among others. The fact that no recent incidents have arisen indicates that the oversight and controls instituted in the last decade may be effective.118

In Iraq the number of contractors has increased eightfold since last year, following the return of U.S. military forces and contractors’ role in their support.119 There are another 5,100

contractors working outside DOD, presumably for Department of State, U.S. Agency for International Development (USAID), and the intelligence community.

DOD recognizes that operational contractors are a permanent element of DOD force structure. As a result, DOD is continuing to standardize and institutionalize the contracting process that supports contingencies, both conflicts and peacetime needs such as natural disasters and humanitarian assistance. Some actions DOD has taken are as follows:

- To coordinate policy, DOD has established the Operational Contract Support Functional Capabilities Integration Board. To provide operational support program management, DOD has established the Joint Contingency Acquisition Support Office, which, when requested, can provide deployable teams.
- Contract support planners sit at the combatant commands to integrate contract support into operational plans.
- Lessons learned processes and professional military education gather and disseminate knowledge.
- The contracting community conducted its third annual operational contracting exercise at Ft. Bliss, Texas, designed to train individuals and units.

Although the widespread and routine use of operational contractors remains controversial—Rachael Maddow, the MSNBC commentator, criticized “[reliance] on a pop-up army . . . of greasy, lawless contractors”120—such use for logistics and administrative functions has become both routine and deeply embedded in contemporary operations because of the high cost and scarcity of military personnel and the sensitivity in their use.121 Indeed, some analysts have suggested that their use for these functions be expanded as military manpower becomes increasingly stretched.122 DOD may have no choice, since the Army is cutting enablers more than combat units,123 which may be strategically sound but which opens up a greater need for contractor support.

This will not be an issue for the FY 2017 budget process but will arise in the next administration’s strategic review as it seeks to balance manpower availability, demands, and cost.

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DOD-Wide

Readiness and Full-Spectrum Warfighting

DOD defines operational readiness as, “The capability of a unit/formation, ship, weapon system, or equipment to perform the missions or functions for which it is organized or designed” and distinguishes it from force structure and modernization. Sequestration in 2013, which required DOD to cut $32 billion in six months, severely reduced readiness because cuts had to be made quickly, and readiness accounts are easy to adjust in the short term.

The services are still rebuilding readiness after those cuts and have all made progress. However, as shown in Table 12, progress has slowed because the budget deal reduced expected FY 2017 funds. The services will not achieve targeted levels until FY 2020, 2023 for the Air Force.

The services deploy forces at a high level of readiness because these forces will conduct real-world operations, either immediately as in Afghanistan, or potentially as with carrier battle groups. Forces at home are inevitable at a lower level of readiness as they wind down after deployment, then rebuild and train up for the next deployment. The risk is that these forces will drop to a readiness level that is too low. The risk then is that, if unexpected demands arise, these units may need to deploy before they are ready. GEN Mark A. Milley summed up all of the service perspectives when he said, "readiness to fight and win in combat is, and will remain, an inviolate benchmark; no American soldier must ever deploy to combat unready."


Achieving adequate readiness has become more challenging because of the department’s strategic shift to full-spectrum warfighting and away from the narrower focus of counterinsurgency operations that had been needed for the wars in Iraq and Afghanistan. That broader focus means being able to conduct operations in high-end operations against peer adversaries like Russia and China. All of the services are building readiness programs to meet this broader requirement.

The challenge is that readiness is both expensive and perishable. It is expensive because it requires more money for operations and supplies, particularly for large-scale, complex exercises like the Army’s Combined Arms Training Centers, the Air Force’s Red Flag, and the Navy’s Top Gun. It is perishable because it must be continually refreshed. Service members need to practice their skills, and there is a lot of turnover in the ranks so that new personnel are constantly coming in and needing to be trained.
Missile Defense

Missile defense deserves more in-depth treatment than is possible here. My colleague at CSIS, Thomas Karako, has produced such an analysis.\textsuperscript{129} A summary follows:

- The Missile Defense Agency’s (MDA) budget continues to decline. The proposed FY 2017 budget is $7.5 billion, down from a high of $10.9 billion in FY 2007.

- The major programs remain on track—THAAD, Aegis Ashore in Poland, Ground-Based Midcourse Defense to protect the U.S. homeland. All were squeezed, however, as MDA’s top line came down.

- The RDT&E proportion of MDA’s budget continues to decline from 85 percent in 2011 to 77 percent in 2017 as procurement and operations activities grow.

- MDA is evaluating several locations in eastern U.S. for a possible third national missile defense site, consistent with congressional direction, but the administration has made no commitment to construction.

- Assistance to Israel continued but the proposed amount declined to $145 million in FY 2017. This is down from a high of $729.1 million in FY 2014 (from DOD-wide and MDA), but it is not clear why any assistance to Israel comes out of MDA and the Defense Department. The State Department, which is in charge of security assistance, provides $3.1 billion per year, and missile defense is the only piece that comes out of the Department of Defense.\textsuperscript{130}

“Goldwater-Nichols 2.0”

“Goldwater-Nichols 2.0” refers to efforts to make the national security decisionmaking process operate more effectively. The original Goldwater-Nichols legislation of 1986 made major changes to the roles of joint organizations, the chairman of the Joint Chiefs of Staff, and the military services, and to the management of officer careers. CSIS scholars have discussed these issues extensively elsewhere,\textsuperscript{131} so the discussion here will be a quick summary.


These efforts are an initiative of Senator John McCain, chairman of the Senate Armed Services Committee, who wants to make major reforms before the 2016 election, when there is a chance that he could lose his seat or the Republicans could lose the Senate, and he will no longer be the chairman. The committee held a series of hearings in the fall and winter, listening to 35 experts provide their analysis and recommendations.

In the 1980s there had been a clear sense of the problem to be solved: increasing jointness in military operations because the services did not seem to coordinate their actions well. No such central theme has emerged this year despite the large array of recommendations. The closest to a central theme is that strategy formulation could be improved and that cross-region, cross-functional operations needed better integration.

On April 5, 2016, Secretary Carter provided his views. He recommended a number of sensible but limited changes: charging the chairman with cross-regional/cross-functional integration of operations and plans, easing of joint-duty requirements, reducing the size of the defense acquisition board to make it function more smoothly, and putting the military services back in charge of certain acquisition programs (as directed in last year’s authorization legislation). He rejected more aggressive measures such as merging combatant commands or putting the chairman into the chain of command. He also indicated that the department is conducting many additional studies to assess further actions. He twice noted that the original Goldwater–Nichols process took four years of study and advocated the principle “first, do no harm.”

It is unlikely that these steps will be sufficient for Senator McCain, who has signaled his desire for something big. What that “something big” is, we will all see when the Senate Armed Services Committee publishes its markup in mid-May.

Reduction in Management Headquarters

In 2015 the Congress directed a 25 percent reduction in headquarters spending. DOD had already been reducing its headquarters staff as a result of 2013 guidance from then-Secretary Chuck Hagel. To be consistent with congressional direction, the department increased its reduction target to 25 percent. This reduction affects both civilian and military personnel. However, since military personnel numbers are controlled separately, military personnel cut from headquarters can be reassigned elsewhere. Civilian personnel numbers are reduced. It is unlikely, however, that any civilians will actually lose their jobs. Typically, reductions will come through attrition.

Facilities and Infrastructure

DOD has taken a “military construction holiday” since 2013, with budgets declining from a peak of $30.4 billion in 2009 to the FY 2017 level of $6.1 billion (all in FY 2017 dollars). DOD has been living off the large construction budgets of the 2000s and the large construction activity of previous BRAC rounds, especially the massive 2005 round. This recent level is insufficient to recapitalize DOD’s existing facilities, meet new health and environmental requirements, and build facilities for new missions. DOD projects some increases in the future but not enough. At some point DOD will need to substantially increase the amount of construction that it does. The services have recognized this (and the Congress’s support for local construction) by all putting facility funding, construction or maintenance, on their unfunded requirements lists.

Base Realignment and Closure (BRAC)

BRAC is the process by which DOD closes bases using an outside commission and an all-or-nothing list of facilities. The department conducted successful rounds in 1988, 1991, 1993, 1995, and 2005 and cites $12.5 billion in annual savings as a result. The last round was controversial, however, because of its large size ($35 billion v. ~$5 billion for the others).

The administration proposes another BRAC round in 2019. Typically, DOD picks a date two or three years in the future to give enough time to do the needed analysis and to run the process. To show its seriousness, DOD has put $2 billion in FY 2020/2021 to cover upfront costs. Last year the Congress (again) forbade DOD to do a BRAC round but did allow DOD to conduct “an inventory and assessment of infrastructure necessary to support the force structure.” DOD just released the results of this analysis. It found that there is 22 percent excess infrastructure and emphatically argued for another BRAC round: “DOD must stop wasting money on unnecessary infrastructure. We must right size our infrastructure, capture the savings, and devote these savings to readiness, modernization, and other more pressing national security requirements.” The analysis looked at infrastructure categories, for example, Army depots, not specific bases or facilities. Nevertheless, the analysis was detailed, examining a total of 30 categories.

The prospects for BRAC this year are not promising. Despite the analysis, Mac Thornberry, chairman of the House Armed Services Committee, released a statement saying that the analysis did not account for needed force expansion. DOD can argue that, typically, BRAC rounds have eliminated 5 percent of excess, so there would be enough slack left after a BRAC round for force expansion. However, this seems unlikely to prevail. The HASC Readiness Subcommittee recommended against a BRAC round.

If this proposal fails again, DOD has two additional mechanisms: changing the legislative language and unilateral action. The nature of the proposed BRAC legislation is important. DOD has proposed the same legislative language for future BRAC rounds as it has used in the

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past BRAC rounds, believing that any changes would open the door to other changes that it would not support. However, this approach has not been successful so far. If the proposal does not work again this year, DOD might need to make some changes to allay the major congressional concerns—the size of the BRAC round and the inclusion of overseas bases.

One wrinkle this year is the threat to take unilateral action if Congress does not act: “The need to reduce unneeded facilities is so critical that, in the absence of authorization of a new round of BRAC, the department will explore any and all authorities that Congress has provided to eliminate wasteful infrastructure.” The authorities are weak, but they may be enough to induce some congressional action.

DOD/National Nuclear Security Administration (NNSA) Split

The NNSA is the part of the Department of Energy that develops and produces nuclear weapons, develops and sustains naval reactors, and conducts nuclear nonproliferation activities. It is relevant to DOD from a budget perspective because, with the associated nuclear cleanup activities, NNSA constitutes the major non-DOD element of the national security budget activity, called “050.” Because the statutory budget caps apply to 050, NNSA and DOD are in a zero-sum budget situation.

In 2009 then-Secretary of Defense Robert Gates wrote a letter to DOE asking that certain critical nuclear weapons programs be funded in NNSA’s budget. A deal was struck whereby DOD would reserve a portion of its future funds for support of NNSA. (As a technical matter, these funds are a line in DOD’s Future Years Defense Program, or FYDP.) Every year as the budget is developed, DOD transfers these funds to NNSA, so that NNSA’s budget reflects its full requirement. In some years, when new programs and cost growth on old programs increased NNSA’s funding needs, the amount of the transfer had to increase—to which DOD objected strongly. These transfers are substantial, $1.6 billion in FY 2017.

This year the transfer was made as planned, without any additional funds needed. Further, NNSA was not exempted from the budget deal cuts. In FY 2016 its planned funding level for FY 2017 was $13.1 billion. The actual request is $12.9 billion, reflecting NNSA’s share of the cuts.

However, the secretary of energy, Ernest Moniz, told the Office of Management and Budget that NNSA needed an additional $5.2 billion over FY 2018 to FY 2021 to replace aging facilities, enhance stockpile assurance, and fully fund uranium enrichment programs. So this will continue to be an area of friction.

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136 Ibid
About the Author

Mark Cancian (Colonel, USMCR, ret.) is a senior adviser with the CSIS International Security Program. He joined CSIS in April 2015 from the Office of Management and Budget, where he spent more than seven years as chief of the Force Structure and Investment Division, working on issues such as Department of Defense budget strategy, war funding, and procurement programs, as well as nuclear weapons development and nonproliferation activities in the Department of Energy. Previously, he worked on force structure and acquisition issues in the Office of the Secretary of Defense and ran research and executive programs at Harvard University’s Kennedy School of Government. In the military, Colonel Cancian spent over three decades in the U.S. Marine Corps, active and reserve, serving as an infantry, artillery, and civil affairs officer and on overseas tours in Vietnam, Desert Storm, and Iraq (twice). Since 2000, he has been an adjunct faculty member at the Johns Hopkins School of Advanced International Studies, where he teaches a course on the connection between policy and analysis. A prolific author, he has written over 40 articles on military operations, acquisition, budgets, and strategy and received numerous writing awards. He graduated with high honors (magna cum laude) from Harvard College and with highest honors (Baker scholar) from Harvard Business School.
U.S. Military Forces in FY 2017
Stable Plans, Disruptive Threats, and Strategic Inflection Points

AUTHOR
Mark F. Cancian

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