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FY2017 DEFENSE FUNDING BILL RECEIVES SUBCOMMITTEE APPROVAL

Senate Measure Meets Unfunded National Security Requirements

WASHINGTON, D.C. – The Senate Defense Appropriations Subcommittee today approved a FY2017 defense funding measure that identifies savings to reinvest in unfunded national security requirements, including readiness, shipbuilding and aircraft procurement.

The FY2017 Defense Appropriations Bill recommends \$515.9 billion in base Department of Defense funding and \$58.6 billion in Overseas Contingency Operations (OCO) funding. The funding level is consistent with the Bipartisan Budget Agreement of 2015. The President’s FY2017 budget request sought \$517.7 billion in base funding and \$58.6 billion for OCO. The Senate bill is scheduled for full committee consideration on Thursday.

“This is a bipartisan bill that responsibly funds national defense and shows strong commitment to those who serve in the Armed Forces,” said Senate Appropriations Committee **Chairman Thad Cochran**, who also leads the Subcommittee on Defense.

The subcommittee recommends more than 450 specific budget cuts totaling \$15.1 billion and reinvesting those funds to support unfunded requirements identified by the Services. The bill increases funding for readiness operation and maintenance accounts, shipbuilding and aircraft procurement.

The measure fully funds an active duty end strength of 1,281,900 and reserve component end strength of 801,200, with the 1.6 percent pay raise for military personnel requested by the President and authorized by the Armed Services Committee.

The bill provides a \$2.1 billion increase and three ships over the budget request for Navy shipbuilding programs, including \$1.0 billion for the first ship of the Polar Icebreaker Recapitalization Project. The measure provides more than \$2.5 billion not requested in the budget request for aircraft procurement requirements for the Air Force, Navy, Marine Corps and Air National Guard. The National Guard and Reserve equipment account is funded at \$900 million.

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Bill Highlights:

U.S. Department of Defense – Consistent with the Bipartisan Budget Agreement of 2015, the FY2017 Defense Appropriations Bill recommends \$515.9 billion in base defense funding and \$58.6 billion for Overseas Contingency Operations (OCO).

Budget Reductions – The Committee conducted a thorough review of the President’s budget request and made multiple reductions. In total, the defense bill recommends more than 450 specific budget cuts totaling \$15.1 billion. Roughly two-thirds of the cuts are made to improve funds management, 16 percent are to restore acquisition accountability, and 13 percent are to maintain program affordability. Major funding offsets include:

- \$3.8 billion in rescissions from prior year funds no longer needed
- \$1.6 billion due to lower-than-anticipated fuel costs
- \$306 million from Working Capital Fund cash balances

The Committee recommendation reinvests those funds to support unfunded requirements identified by the Services as well as readiness and military modernization priorities.

Readiness – \$212.5 billion in base and OCO funding for operation and maintenance accounts, which enable the services to continue addressing the most severe training and maintenance deficiencies while reconstituting the force to become smaller and more capable over the next several years. Within this amount, \$150 million is provided above the request to invest in facility sustainment, restoration, and modernization programs. The bill also includes an additional \$2.45 billion available for transfer to the Services to improve military readiness, including increased training, depot maintenance, and base operations support.

Shipbuilding – \$20.5 billion for Navy shipbuilding programs, an increase of \$2.1 billion and three ships above the budget request. In total, the bill funds the construction of 10 new ships: two Virginia class submarines, three DDG-51 destroyers, three Littoral Combat Ships, one LHA amphibious assault ship, and one Polar Icebreaker. The bill also fully funds advance procurement activities for the Ohio replacement submarine and aircraft carrier replacement programs.

The recommendation proposes to accelerate new construction of icebreaker ships. In August 2015, President Obama announced plans to accelerate planned icebreaker construction from 2022 to 2020 to help meet U.S. national security, economic, commercial and maritime needs. The Committee, recognizing the strategic importance of polar operations to the nation’s future security and prosperity, provides \$1 billion for the first ship of the Polar Icebreaker Recapitalization Project. The last icebreaker produced by the U.S. government was funded in the Department of Defense Appropriations Act, 1990 (Public Law 101-165).

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Aircraft Procurement – The bill addresses several unfunded requirements across the Services through the procurement of multiple air frames, including the following funding not requested in the President’s budget request:

- \$979 million for twelve F-18 aircraft (Navy)
- \$507 million for two F-35 carrier variant; and two F-35 vertical take-off, Joint Strike Fighters (Marine Corps)
- \$367 million for fifteen Blackhawk helicopters (Army National Guard)
- \$187 million for twenty-eight Lakota helicopters (Army)
- \$160 million for two C-130J aircraft (Air Force)
- \$150 million for two MV-22 helicopters (Marine Corps)
- \$103 million for Compass Call aircraft replacement (Air Force)
- \$75 million for UH-1N replacement helicopters (Air Force)

The bill also provides an additional \$100 million for Air Force F-35 advance procurement to restore planned reductions in FY2018, and an additional \$300 million for Marine Corps aviation spares and repair parts to address maintenance and readiness issues.

Missile Defense – \$600.7 million, \$454 million above the President’s request, for Israeli missile defense programs. The bill also adds \$333.1 million for other Missile Defense Agency programs and fully funds a request to start development of two prototype airborne laser demonstrations.

Missiles – \$236.1 million, \$56.2 million above the President’s request, for the procurement of Tomahawk missiles, an investment that supports a high-value Navy program.

National Guard and Reserve Equipment – \$900 million for the National Guard and Reserve Equipment Account, including two Navy Reserve C-40 aircraft and two Air National Guard C-130J aircraft. The bill also includes \$60 million for Army Guard and Reserve Humvee Ambulances.

Basic Research Investments – \$2.3 billion, \$163 million above the President’s request, for basic (non-medical) research for the Army, Navy, Air Force, and Department of Defense.

Military Personnel and Pay – Fully funds an active duty end strength of 1,281,900 and reserve component end strength of 801,200, and funds a 1.6 percent pay raise for military personnel, as requested by the Department of Defense and authorized by the Senate Armed Services Committee.

Troops and Families – The bill maintains a strong commitment to taking care of troops and their families by supporting quality of life programs such as Morale, Welfare and Recreation and Childcare. An additional \$25 million above the President’s request is provided for the continued implementation of the Sexual Assault Special Victims’ Counsel Program across the Services.

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Defense Health – \$34 billion for the Defense Health Program, which provides medical services for military personnel and their families, continues advancements in medical research, modernizes and maintains medical infrastructure, and implements the next generation of electronic health records. This amount includes an additional \$915 million for Defense medical research efforts, including \$300 million for the competitively awarded peer-reviewed medical research program and \$225.9 million to advance Defense Department medical research priorities.

Next Generation Rocket Engine – \$396.6 million, \$100 million above the budget request, for development activities related to space launch vehicles or rocket engines.

Space Launch/RD-180 Engines – The Committee recommendation includes a general provision, as requested by the Administration, which requires all competitive launch procurements to be available to all certified launch providers regardless of the country of origin of the launch vehicle rocket engine.

Overseas Contingency Operations (OCO) – The amounts provided for OCO enable the DoD to meet emerging threats and support ongoing military operations in Afghanistan and against the Islamic State of Iraq and the Levant (ISIL). The bill also fully supports the request for the European Reassurance Initiative.

Guantanamo Bay – Three legislative provisions related to Guantanamo Bay detainees are included in the bill, all of which are consistent with provisions carried in previous years and the same as in the Department of Defense Appropriations Act, 2016. These provisions:

- Prohibit the construction or modification of detention facilities in the United States to house Guantanamo detainees
- Prohibit the transfer of Guantanamo detainees to the United States
- Restrict the transfer of detainees to foreign countries except in accordance with certification and notification requirements in the National Defense Authorization Act of 2017

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