

ISSUE BRIEF

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2017 NDAA: The Big Picture

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The U.S. faces a range of growing threats to its vital interests, but its military is getting smaller and weaker. The House of Representatives and the Senate have passed their versions of the National Defense Authorization Act (NDAA) for fiscal year (FY) 2017 and are now negotiating the final bill. Both bills are massive in size and scope, containing a wide range of important and not-so-important provisions. The NDAA is an opportunity to begin rebuilding the U.S. military and Congress needs to take advantage of it.

Strategic Situation: Threats vs. Capabilities

The U.S. has a variety of security interests at home and abroad, but its vital interests are these:

1. Protect America's people and homeland;
2. Prevent serious conflict in the key regions of Europe, the Middle East, and Asia, or win a war in those regions if it were to arise; and
3. Protect access to the global commons of sea, air, and space so that Americans and everyone else can trade freely.

As outlined in the *2016 Index of U.S. Military Strength*, all three vital national interests face growing threats.¹ At the same time, the U.S.'s primary means of defending its interests—the military—is growing smaller and weaker. The *Index* measures the strength of the U.S. military according to three principal criteria:

1. Capability,
2. Capacity, and
3. Readiness.

While each military service is different, all are struggling in all three areas. As threats rise, America's military remains out-of-date, too small, and not ready for combat.

The NDAA represents a potential turning point. Rebuilding a strong military will take years, so Congress should start the process now through the NDAA, rather than waiting for a new Administration.² In negotiating the final 2017 NDAA, Congress should focus on modernizing the military, expanding the size of the military, and increasing combat readiness.

House vs. Senate

In developing their versions of the NDAA, the House and Senate have taken very different paths. The House bill provides funding for Overseas Contingency Operations (OCO) only through April 30, 2017, and instead increases funding for modernization, readiness, and personnel priorities. This move essentially circumvents the Budget Control Act's spending cap. The Senate bill, while making many small funding

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CHART 1

House NDAA Adds \$18 Billion to Defense



SOURCE: U.S. House of Representatives, H.R. 4949, <https://www.congress.gov/114/bills/hr4909/BILLS-114hr4909pcs.pdf> (accessed July 25, 2016).

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changes, follows the budget structure proposed by President Barack Obama. The President proposed a Department of Defense (DOD) base budget of \$524 billion, plus \$5 billion in OCO funding for base priorities, plus \$54 billion in OCO for actual overseas operations.

By funding OCO only through the end of April instead of the end of September 2017, the House was able to apply \$18 billion from OCO to other defense priorities. The Obama Administration has strongly criticized this approach, saying that it would cut off “critical funding for wartime operations.”³ Congressman Mac Thornberry (R-TX), chairman of the House Armed Services Committee, has defended this move saying that a new President will have the option to request a supplemental funding bill for operations in Afghanistan and elsewhere, just as President Obama did during his first year in office.

With increased force levels in Iraq and Afghanistan, supplemental funding is likely to be needed, even if Congress were to fully fund operations at the level requested by President Obama.⁴ If the House strategy prevails, supplemental funding will be

required in early 2017 and the combined total for the base defense budget and OCO will be increased.

The House NDAA uses these OCO funds to invest in a number of major priorities. As outlined in Table 1, the House bill makes investments aimed at growing and strengthening the military. Highlights include:

- Increasing personnel for the Army,
- Preserving an extra carrier air wing and cruiser,
- Doubling the number of UH-60 Blackhawks,
- Increasing pay for all service members, and
- Increasing funding for nuclear modernization and ballistic missile defense.

Because the Senate NDAA largely aligns with the budget structure proposed by the President, it does not have additional funds to pay for increases like those in the House bill.

1. Dakota L. Wood, ed., *2016 Index of U.S. Military Strength* (Washington: The Heritage Foundation, 2016), <http://index.heritage.org/military/2016/>.

2. Justin T. Johnson et al., “The 2017 NDAA Should Begin Rebuilding America’s Military,” Heritage Foundation *Backgrounder* No. 3105, March 28, 2016, <http://www.heritage.org/research/reports/2016/03/the-2017-ndaa-should-begin-rebuilding-americas-military>.

3. U.S. Office of Management and Budget, *Statement of Administration Policy, HR4909*, Fiscal Year 2017 (Washington, DC: U.S. Government Printing Office, 2016), p. 1, https://www.whitehouse.gov/sites/default/files/omb/legislative/sap/114/saphr4909r_20160516.pdf (accessed July 21, 2016).

4. Mark Lander, “Obama Says He Will Keep More Troops in Afghanistan Than Planned,” *The New York Times*, July 6, 2016, <http://www.nytimes.com/2016/07/07/world/asia/obama-afghanistan-troops.html> (accessed July 21, 2016).

TABLE 1

NDAAs: Comparing Investments

■ More than President's request
 ■ Less than President's request

	President's Request	House (H.R. 4909)	Senate (S. 2943)
AVIATION PROGRAMS			
Carrier Air Wings	Supports 9	Supports 10	Supports 9
F/A-18E/F and EA-18G	2	16	2
F-35 Joint Strike Fighter	63 (43 USAF, 16 USMC, 4 USN)	74 (48 USAF, 18 USMC, 8 USN)	63 (43 USAF, 16 USMC, 4 USN)
KC-46A	15	15	15
P-8 Poseidon	11	11	11
UH-60 Blackhawks	36	72	36
AH-64 Apache	52	57	52
CH-47 Chinook	22	22	22
C-130J (KC, HC, MC)	14	17	14
V-22	16	18	16
NAVY SHIP BUILDING			
Total Battleforce Ships	7	10	7
LHA-7	1	1	1
LX (R)	0	1	0
Virginia Class Submarine	2	2	2
DDG-51 Destroyer	2	3	2
Littoral Combat Ship	2	3	2
Other			
Ship-to-Shore Connector	2	5	2
Aegis Cruisers (Modernization)	Preserves 15	Preserves 16	Preserves 11
Missile Defense Agency Funding	\$7.5 billion	\$7.8 billion	\$7.615 billion
National Nuclear Security Agency	\$19.2 billion	\$19.5 billion	\$19.1 billion
SELECTED PERSONNEL LEVELS			
End Strength (Active)			
Navy	322,900	324,615	322,900
Air Force	317,000	321,000	317,000
Marine Corps	182,000	185,000	182,000
Army	460,000	480,000	460,000
End Strength (Reserve)			
Army Reserve	195,000	205,000	195,000
Army National Guard	335,000	350,000	335,000
Total (Active)	1,281,900	1,310,615	1,281,900
Total (Reserve)	801,200	826,200	801,200
GENERAL PROVISIONS			
Military Pay Raise	1.6% raise	2.1% raise	1.6% raise
Afghanistan Troop Levels	5,500	9,800	5,500

SOURCES: U.S. Department of Defense, Office of the Under Secretary of Defense (Comptroller), "Defense Budget Overview," February 2016, http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2017/FY2017_Budget_Request_Overview_Book.pdf (accessed July 25, 2016); U.S. House Armed Services Committee, "H.R. 4909—The National Defense Authorization Act for Fiscal Year 2017," https://armedservices.house.gov/sites/republicans.armedservices.house.gov/files/wysiwyg_uploaded/FY17%20NDAAs%20Summary.pdf (accessed July 25, 2016); and U.S. Senate Armed Services Committee, "National Defense Authorization Act for Fiscal Year 2017," <http://www.armed-services.senate.gov/imo/media/doc/FY17%20NDAAs%20Bill%20Summary.pdf> (accessed July 26, 2016).

Readiness vs. Modernization

Increasing military readiness is the top priority for the 2017 NDAA. Although the crisis in military readiness has been a major topic of debate, the funding increase in the House bill does not go primarily to the main readiness funding account (operations and maintenance). While \$3.6 billion was added to operations and maintenance, almost three times as much (\$10.5 billion) was added to procurement. The military personnel account received a \$2.1 billion increase to pay for increasing the end strength of all four services (and the Army in particular).

If combat readiness is the problem, does this dramatic increase in procurement funding make sense? The answer is a qualified “yes.” Combat readiness is a combination of training, maintenance, and modernization. As equipment ages, it requires more maintenance to keep it functional. Replacing old equipment with new equipment can both modernize the force and cut down on the maintenance required. As Congressman Thornberry has argued, at some point you have to replace an old F-18 with a new F-35.⁵ The House NDAA invests more in buying new equipment than in maintaining old equipment.

For comparison, the DOD’s planned funding levels for FY 2017 in its FY 2016 budget actually look quite similar to the House NDAA’s. The House NDAA modernization and readiness accounts are all within 1 percent–2 percent of the DOD’s previously planned levels for 2017.⁶

Another comparison, however, is less favorable to the House bill. Each year the military services release a list of their unfunded priorities. Their lists for 2017 total just over \$18 billion, roughly the same amount that the House NDAA moved from OCO to base requirements. The services requested twice as much readiness funding as the House NDAA added, no significant changes in end strength, and about \$2 billion less than the House NDAA in procurement funding. In sum, the services prioritized training and maintenance over modernization and force size.

Next Steps for Congress

Congress should focus on three main points as it develops the final NDAA.

- 1. Increase the total defense budget.** Partially funding overseas operations is a risky maneuver. Instead, funding for overseas operations should be increased to support higher troop levels in both Afghanistan and Iraq. At the same time, funding for the main defense budget should also be increased. Heritage analysts have previously recommended a funding level of at least \$600 billion for FY 2017 (instead of \$551 billion) in addition to the full cost of OCO.⁷ Only with increased funding will the military be able to start rebuilding combat readiness, increasing the force size, and modernizing equipment. To do this, Congress should reduce non-defense discretionary spending to offset increases in defense spending while remaining below the total discretionary spending level set by the Budget Control Act.⁸
- 2. Ensure that combat readiness is appropriately funded.** Increasing modernization and force size contributes to higher readiness over the long term, but training and maintenance are vital for current readiness. Congress should consider increasing funding for near-term readiness in the operations and maintenance accounts. The House NDAA focuses more on long-term readiness, but the military wish lists indicate that near-term readiness needs additional funding.
- 3. Maintain a larger force and support modernization.** The House NDAA plan to increase the size of the military (both personnel and equipment) is the right path. The House NDAA also increases investments in modernization, which is vital to the long-term strength of the military.

5. Justin T. Johnson and Frank Russo, “5 Reasons the US Military Is in Trouble,” *The Daily Signal*, July 12, 2016, <http://dailysignal.com/2016/07/12/5-reasons-the-u-s-military-is-in-trouble/>.

6. U.S. Department of Defense, *National Defense Budget Estimates for FY 2016*, March 2015, Table 1-9, http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2016/FY16_Green_Book.pdf (accessed July 22, 2016), and National Defense Authorization Act for Fiscal Year 2017, H.R. 4909, 114th Congress, 2nd Sess.

7. Justin T. Johnson, “Congress Should Enact a Strong Defense Budget in FY 2017,” *Heritage Foundation Issue Brief* No. 4521, February 29, 2016, <http://www.heritage.org/research/reports/2016/02/congress-should-enact-a-strong-defense-budget-in-fy-2017>.

8. *Blueprint for Balance: A Federal Budget for 2017* (Washington: The Heritage Foundation, 2016).

The military is stretched thin as threats against U.S. vital interests continue to grow. Rebuilding the military will take time, which makes the 2017 NDAA crucial. The time is now and the 2017 NDAA is the opportunity to start rebuilding the U.S. military.

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