



Advocacy Update

Association of Old Crows | March 2018

AOC MESSAGE ON THE HILL

Last January, outgoing Secretary of Defense Ash Carter signed “The DoD Electronic Warfare Strategy,” which was developed in the context of what the previous administration called “The Third Offset Strategy.” The EW Strategy talks about an “agile, adaptive, and integrated EW workforce, capable of demonstrating Electromagnetic Spectrum superiority, in all military operations.” This conversation continues to evolve, but the central tenet remains that there are operational realities in A2/AD environments where near peer competitors are challenging our reliance on the EMS. For decades, no one could challenge us in the EMS – this is not the case today. The Congress continues to hear from experts on our readiness for future warfare. Many elements relate directly to how we need to fight in the EMS. We need to invest in and defend against a range of non-kinetic technologies, including electronic warfare, directed energy, and cyber operations in the RF spectrum.

The AOC views the EMS as a complex and contested maneuver space in which U.S. forces must be able to dominate in all military operations. The National Defense Strategy should address the need for a balanced investment plan for EMSO across DOTMLPF-P. Since it appears that the Third Offset, as an overarching construct, has faded, the administration needs to develop a new top-level modernization strategy that will help shape investment in game-changing non-kinetic technologies and capabilities. As the EMS becomes a more complex environment, there are operational challenges abound, but there are also significant opportunities. As the EW Strategy suggests, we need to reassert “overmatching EMS sensing, maneuver, and engagement capabilities.

To advance this message, for the 2nd year, the AOC worked in cooperation with the EW Working Group (EWWG) and the Directed Energy (DE) Caucus to convene a series of educational briefings to provide congressional staff the fundamentals of EW/EMSO, DE, and Cyber. The briefings included EW/EMSO 101 by AOC Secretary Jesse ... cont.

CORRECTING COURSE ON THE DEFENSE BUDGET

Last month, it took a brief and rather orchestrated shut-down, but Congress agreed on a 5th short-term continuing resolution for FY 2018 that runs until March 23. However, this CR is different in that it included a budget framework that increases spending caps for two years (FY 2018 and FY 2019), suspends the debt limit for one year, and provides numerous other sweeteners to garner enough votes to pass. The expectation is that a final FY 2018 spending bill is passed before this current CR runs out.

The spending cap agreement is a very positive development for the defense community as it significantly increases defense spending for FY 2018 and FY 2019 beyond limits set forth in the Budget Control Act (BCA). To recap, the BCA established strict caps for discretionary spending (defense and non-defense) for a 10-year period (FY 2012 through FY 2021). In 2015, after a few years of realizing the BCA was a very bad idea, Congress passed the Bipartisan Budget Act (BBA) that increased the spending for FY 2016 and FY 2017 to provide some breathing room to agree to annual spending. This effectively ... cont.

AOC MESSAGE ON THE HILL cont.

“Judge” Bourque, Intelligence Community Support for EW by Ken Dworin (Booz Allen Hamilton), Cyber vulnerabilities in the RF spectrum, by Trey Forgety (NENA, the 911 Association), and an Introduction to DE by Dr. David Stout (Booz Allen Hamilton). An industry perspective briefing on “Beyond Third Offset” by John Knowles (Journal of Electronic Defense) was postponed due to inclement weather.

The AOC applauds the work of the EWWG and the DE Caucus. These long-standing caucuses in the House include many Members of Congress and staff who understand that how we fight (and prepare to fight) in the EMS arguably holds the keys to winning future warfare. The EWWG is led by Reps. Rick Larsen (WA-02), James Langevin (RI-02), Austin Scott (GA-08) and Don Bacon (NE-02). The DE Caucus is led by Reps. Jim Langevin and Doug Lamborn (CO-05)”

| | BCA 2012 | BCA Amended (2015) | BCA Amended (2018) |
|----------------|----------|--------------------|--------------------|
| FY 2016 | \$523.1 | \$548.1 | \$548.1 |
| FY 2017 | \$536.1 | \$551.1 | \$551.1 |
| FY 2018 | \$549 | \$549 | \$629 |
| FY 2019 | \$562 | \$562 | \$647 |
| FY 2020 | \$576 | \$576 | \$576 |
| FY 2021 | \$590 | \$590 | \$590 |

CORRECTING COURSE ON THE DEFENSE BUDGET cont.

created a “crisis” year in FY 2018 as spending caps would revert to the original BCA limits. Absent a new deal, defense spending would actually have to be cut by \$2 billion from FY 2017 levels - a nonstarter to anyone in the defense community.

The new agreement raises the FY 2018 defense spending cap by \$80 billion and the FY 2019 cap by \$85 billion, a far greater increase than the BBA in 2015. It also creates another “crisis” year in FY 2020, but the substantial cut necessary to revert to BCA levels makes it all but certain Congress will pass another 2-year budget agreement down the road to cover the remaining years of the BCA. Thus, for all intents and purposes, the BCA is dead.

The new spending caps appear, on paper, to be a windfall for the defense community. Combined with Overseas Contingency Operations (OCO) funding, defense budgets will easily exceed \$700 billion over the new two years. But it’s not as dramatic as you might think. In FY 2011, the year before the BCA, then-President Obama requested \$549 billion in base defense spending (coincidentally, the same total as the FY 2018 BCA limit), a 2.4 percent growth of FY 2010. That year, when combined with \$159 billion in OCO and \$4 billion in mandatory funding, the total DoD budget authority was \$712 billion, which was 4.9 percent of GDP.

The Future Years Defense Plan (FYDP) for that year, which planned spending through FY 2015, predicted approximately a 3.4 percent annual growth rate in base defense funding to about \$648 billion. This would have represented about 3.3 percent of GDP. The new cap figure for FY 2019 comes in at \$647 billion in base budget authority, which is approximately 3.2 percent of GDP. It would represent approximately 1.8 percent annual growth rate since FY 2011. Thus, the new cap agreement goes a long way toward erasing the BCA, but we’re still a little off pace from projected defense spending using FY 2011 as a starting point.

FY 2019 Defense Budget Underway in Congress

On February 12, the annual congressional defense budget process kicked-off as President Trump officially submitted his FY 2019 budget request. Despite Congress not yet closing the books on FY 2018, they are at least moving forward with more certainty this year now that there is an agreement in place to lift the spending caps.

President Trump's budget matches the new BCA cap number to provide \$647 billion for defense — \$617 billion in base defense funding for DoD and \$30 billion for other agency defense-related activities. The budget also provides \$69 billion in additional Overseas Contingency Operations (OCO) funding, which does not count against the cap.

As per usual, the President's budget has been declared Dead on Arrival (DOA) - a record 229th consecutive year this has happened. That said, the reality is that the DOA label applies more to major priorities, as the bulk of agency funding will remain intact through the congressional budget process, especially (and historically) funding for most EW-related programs. Furthermore, the FY 2019 request assumes that there will be a new budget cap agreement governing FY 2020/2021

FY 2019 Defense Budget Request Overview

| Title | Total Funding | Army | Navy | USAF |
|-------------|---------------|--------|--------|--------|
| O&M | \$284.6 | \$77.5 | \$63.4 | \$61.4 |
| Personnel | \$152.9 | \$63.7 | \$50.2 | \$39 |
| Procurement | \$144.3 | \$27.8 | \$58.5 | \$50.5 |
| RDT&E | \$92.4 | \$10.5 | \$18.6 | \$40.5 |
| Other | \$13.0 | \$2.5 | \$3.4 | \$2.8 |

According to Bloomberg Government the FY 2019 budget would provide \$17 billion in additional DoD budget authority, which translates to approximately \$9 billion in new contract obligations. Combined with as much as \$35 billion in new contract obligations in FY 2018 (as a result of lifting the BCA caps), the defense industrial base can expect more opportunities and certainty moving forward than in years past.

Congress now looks to imprint its image on the budget. The House and Senate Armed Services Committees (HASC and SASC, respectively) begin a slate of oversight and budget justification hearings covering military service budgets, major theater operations, and investments in emerging technologies. Mark-ups of the FY 2019 National Defense Authorization Act (NDAA) will likely begin in the HASC in late-April. We will continue to update you on major developments through our AOC Advocacy Community Group at www.crows.org.