



NATIONAL DEFENSE
AUTHORIZATION ACT

HASC COMMUNICATIONS: 52539

REFORM AND REBUILD: NATIONAL DEFENSE AUTHORIZATION ACT FOR FY18

For 56 years, the National Defense Authorization Act (NDAA) has been the primary way in which Congress executes its Article 1 constitutional obligation to ***“provide for the common defense.”*** More than that, the NDAA equips, supplies, and trains our troops; cares for them and their families; and sets national security policy in a dangerous world.

The Fiscal Year 2018 (FY18) NDAA meets all of these commitments, while also continuing to reform the way the Department of Defense operates and organizes, equips our troops, and buys goods and services. It begins a much-needed rebuilding after a half-decade of cuts slashed nearly a quarter of the defense budget at the same time the military remained in steady combat. These cuts, combined with the pace of operations, have driven military readiness to a level that Defense Secretary Mattis recently said “shocked” him.

Today, we have **too many planes that cannot fly, too many ships that cannot sail, too many Soldiers who cannot deploy, while too many threats are gathering.** We have come to a key decision point. For six years, we have been just getting by - cutting resources as the world becomes more dangerous, asking more and more of those who serve, and putting off the tough choices. **The Chairman and members of the committee believe that we cannot keep piling missions on our service members without ensuring they have all they need to succeed.**

The bill supports funds for base budget requirements of \$631.5 billion, including a \$28.5 billion increase for essential readiness recovery above the President’s budget request. This level is informed by in-depth committee oversight, as well as unfunded requirements identified by the military services and validated by Secretary Mattis. Committee oversight indicates that the Department can efficiently spend these additional funds in FY18.

The NDAA addresses important readiness shortfalls neglected by the President’s request, including: \$7.9 billion for Aviation Readiness, \$5.9 billion for increased Naval presence, \$5.7 billion for Ground Forces, \$2.3 billion for facilities maintenance, and \$2.5 billion for Missile Defense.

TABLE 1: FY18 Funding Levels

Purpose	Amount (in billions)
DOD Discretionary Base Budget	\$592.8
DOE Discretionary Base Budget	+ \$20.8
Defense-Related Activities	+ \$0.2
FY18 Base Budget NDAA Topline	\$613.8*
Overseas Contingency Operations for Base Requirements	+ \$10.0
FY18 Funded Base Budget Requirements	\$623.8*
Overseas Contingency Operations	+ \$64.6
FY18 Discretionary Topline *	\$688.3*
Defense Mandatory Spending **	+ \$7.5
FY18 NDAA Topline	\$695.9

* Does not include \$7.8 billion of authorizations not within HASC jurisdiction.

** Includes Statutory requirements for Concurrent Receipt; does not include \$0.6 billion outside HASC jurisdiction.

- Totals may not add due to rounding

REFORM

Repairing and rebuilding our military is key to defending the country. So is reforming the way the Pentagon does business. The Chairman has committed to making defense reform a key priority during his tenure.

Over the past two years, Congress has enacted significant defense reforms with strong bipartisan support. They include an updated retirement system, an improved military health care system, a more efficient and sustainable commissary benefit, major bureaucratic overhauls, and reforms to the way the Pentagon buys goods and services. They also increase congressional oversight, improve transparency, and promote accountability across the Department. Anyone entering military service today will witness these reforms improve agility, cut bureaucracy, provide better benefits, and save the taxpayer billions over the course of their career.

Acquisition Reform: Changing the way the Pentagon does business

The FY18 NDAA includes the third installment of the committee's acquisition reform initiative, which will further streamline bureaucracy, drive efficiency through competition, and give the Pentagon the tools it needs to make better business decisions.

The first of the major reform elements is to **add oversight to service contracts**. In fiscal year 2015, the Pentagon spent \$274 billion through contracts, including big-ticket weapon systems like the Ford Class aircraft carrier and the F-35 fighter jet. But, 53 percent (\$144 billion) of this sum was actually spent on services – everything from lawn mowing on military bases to maintaining equipment to hiring specialized experts and administrative support. Unfortunately, DOD – and Congress – have limited insight into how and where this money is spent. The bill **requires more specificity in the funding requests for service contracts**, which will now be submitted through the DOD budget process, forcing the Pentagon to analyze actual needs and spending patterns much like they do for weapons. Those within the DOD who need to contract for a service will have to specify their requirements early enough to have them validated, the contracts awarded, and the funding secured. Congress will have a better idea of what kinds of services are being contracted and their cost, **improving oversight and enabling efficiencies**.

The second reform would improve the way the Pentagon buys commercial-off-the-shelf goods, ranging from bottled water to treadmills or even MRI machines. Today, the Department has two options for purchases: through the DOD contracting process or from the General Services Administration (GSA) schedule at the prices set there. A recent GSA Inspector General report revealed that for IT products alone, GSA rates were 13 percent higher than those on the open market. The bottom line is that the Department is rarely able to buy off-the-shelf items quickly and at a reasonable price.

A solution is obvious to most consumers – **allow the government to use online commercial sites like Amazon, Staples, or Grainger just as businesses do**. These portals function like mini-marketplaces, ensuring that the buyer gets the best price without a lot of red tape. Using these portals has the added benefit of allowing DOD to track and analyze procurement data. Any business will tell you that this “spend analysis” is critical to efficient operations. For the government, that kind of transparency and accountability would be revolutionary.

Finally, the NDAA will reform contract auditing by focusing it where it can do the most good for the taxpayers. The Defense Contract Audit Agency (DCAA) primarily focuses on two types of audits: forward-pricing and incurred cost. Forward pricing audits review the cost of labor, supplies, and overhead to inform the appropriate price range for a contract being negotiated. They provide real value to the taxpayer. The incurred cost audits go back and look at whether the costs charged to the government were reasonable and permissible under the contract.

According to DCAA’s own data, incurred cost audits provide the lowest return on investment to the taxpayer of any of DCAA’s audits. Data shows that DCAA may actually lose up to 13 cents for every dollar invested in conducting these types of audits. Further, it took an average of over 880 days to complete the incurred cost audits concluded last year, slowing the ability of DOD to recoup money and imposing added costs on the companies being audited. Increasingly, companies are deciding that it is just not worth doing business with the Pentagon.

To help reduce the audit backlog and get better value for our defense dollars, the Committee looked at the experience of other agencies, a number of which have hired private accounting firms to conduct incurred cost audits. Without costing extra money, qualified private sector auditors are getting the same work done faster. The bill will **direct DOD to move at least 25 percent of incurred cost audits to the private sector over the next few years** and have DCAA focus its experience and expertise on forward-pricing audits where the taxpayer reaps real benefits.

Slimming the Acquisition Code

The Committee strongly supports the ongoing efforts of the Section 809 Panel on Streamlining and Codifying Acquisition Regulations, which was established in the National Defense Authorization Act for Fiscal Year 2016 (Public Law 114-92). The Panel produced an interim report in May 2017, that recommended several revisions to acquisition statutes and regulations. In addition to the Panel's recommendations, the committee is concerned that process requirements have built up in acquisition statutes over time and may now impair effective procurement practices. The NDAA includes provisions intended to commence a longer-term effort to remove unnecessarily prescriptive requirements from U.S. Code, which create a culture of compliance within the acquisition community, rather than empowering smart, agile, decision-making.

Eliminating Duplication of Effort

The Committee remains concerned that the Department of Defense continues to invest billions of dollars in systems that fail to provide integrated business solutions, timely and reliable information, and other important financial and business information for the daily operations of the military. In fiscal year 2015, the Defense Business Council approved certification requests totaling \$6.9 billion for 1,182 business systems. Of these, more than 30 were for service or component unique contracting, procurement, and solicitation management systems. This redundancy diverts available funding from direct warfighting capability and decreases the Department's ability to manage its operations as an enterprise. The bill would restrict funding for service-unique contract writing systems in FY18, while requiring an assessment of the underlying requirements to inform future year's support for the programs.

Organizational Reform of National Security Space

As threats to our assets in space increase, the proposal supports the Air Force's recognition that space – just like land, air, and sea-- is now a warfighting domain. The NDAA incorporates the work of Strategic Forces Chairman Mike Rogers (R-AL) and Ranking Member Jim Cooper (D-TN) to establish **a new U.S. Space Corps as a separate military service within the Department of the Air Force** by 2019. The bill also **establishes a U.S. Space Command** as a new sub-unified command within U.S. Strategic Command. The intent is to ensure a senior military official can focus on and is responsible for training and equipping for operations in space and, likewise, for any future warfighting in this critical domain. The NDAA would also delayer complicated bureaucracy in the Pentagon and vest the Secretary of the Air Force with significant civilian responsibilities for space.

Congressional Oversight of Cyber Operations

The bill enhances congressional **oversight of sensitive military cyber operations and cyber weapons** by promoting greater transparency and congressional accountability for some of the most classified elements of our national defense. As offensive and defensive cyber capabilities evolve, it is imperative to establish clear standards, processes, and procedures for notification to Congress of sensitive operations to assure the appropriate oversight.

REPAIRING THE MILITARY & RESTORING READINESS

Troops and Their Families

While the world has grown more dangerous, our military has grown smaller. America's military leaders continue to warn that our personnel and their equipment are stretched thin after years of war, billions in budget cuts, downsizing, and continuing funding uncertainty. To help alleviate the stress on the force, the NDAA authorizes **increases the size of Army, Navy, Air Force, Army Guard and Reserve, Naval and Air Reserve, and Air Guard** commensurate with the threats we face. These increases include the Chief of Staff of the Army's unfunded requirement to grow the active Army by 10,000, the Army National Guard by 4,000, and the Army Reserve by 3,000.

Chairman Thornberry and members of the Committee agree that our personnel are our country's most valuable asset. The bill **fully funds the 2.4% pay raise our troops are entitled to under law while blocking the President's ability to reduce troop pay**. It also **extends special pay and bonuses for servicemembers**.

Ensuring the country keeps faith with those who serve and their families is a key priority for the Committee. The NDAA takes steps to protect the benefits servicemembers have earned and deserve, including quality health care. As such, the bill **prohibits the reduction of inpatient care for military Medical Treatment facilities located outside the United States**, blocking the misguided attempt to close military medical facilities upon which our deployed troops and their families rely. In addition, it also provides commonsense resources to help families manage challenges like relocations, permitting the Services to reimburse a service member up to \$500 for a spouse's expenses related to obtaining licensing or certification in another State because of a military move.

The NDAA also enhances the tools available to prosecute perpetrators of nonconsensual sharing of intimate images by adding a new provision to the Uniform Code of Military Justice specifically prohibiting these crimes.

Rebuilding From the Readiness Crisis

Committee oversight continues to highlight the readiness crisis facing our military today. In testimony before the committee, all of the services noted the serious consequences of years of under-funding and high operational tempo: the Air Force testified that less than 50 percent of its planes were combat ready, while the Navy and Marine Corps had just over 50 percent of the aircraft necessary for their training and operations. In total, only three of the Army's 58 Brigade Combat Teams are ready to "fight tonight".

To address this crisis, the NDAA makes **key investments not provided for in the President's Budget Request**. While readiness shortfalls will take many years to correct, these initiatives will **begin to recover lost readiness and begin rebuilding the force**.

Maintenance

Much of our equipment is simply too broken to repair and delivery of new equipment is essential. In the meantime, Congress must make vital maintenance investments not included in the President's budget to ensure that next-to-deploy units are mission capable. The NDAA **increases Navy Ship and Aircraft depot maintenance and afloat readiness, while also including additional funds for the Army, Navy, Marine Corps, and Air Force operation and maintenance** accounts to fulfill their unfunded requests for necessary maintenance and increased training opportunities. **Each of these investments was identified as a critical requirement by the military services and validated by Secretary Mattis; none of them were fully funded in the President's Budget Request.**

Facilities

Facilities maintenance and sustainment is the area where the military has assumed great risk as the services balance priorities against sharply reduced resources. The bill increases funding to support military facilities above the President's Budget Request. In so doing, it **supports 90 percent of requirements for facilities sustainment and a significant increase for facilities restoration and modernization**. Additionally, the bill increases funding for facilities restoration and modernization by \$1.4 billion. The increased funding will restore and maintain infrastructure, ranging from barracks to hangars and runways to hospitals. Restoring funding to meet these critical requirements is key to responsibly restoring the military's immediate and long-term infrastructure needs. **Each of these investments was identified as a critical requirement by the military services and validated by Secretary Mattis.**

Comparison of President's Budget Request to FY18 NDAA

	<i>PRESIDENT'S BUDGET REQUEST</i>	<i>SERVICE/COCOM IDENTIFIED SHORTFALL</i>	<i>CHAIRMAN'S MARK PROVIDES</i>
ARMY END STRENGTH	476,000 Active 343,000 Guard 199,000 Reserve	10,000 Active 4,000 Guard 3,000 Reserve	486,000 Active 347,000 Guard 202,000 Reserve
NAVY END STRENGTH	327,900 Active 59,000 Reserve	0 Active 1,000 Reserve	327,900 Active 59,000 Reserve
MARINE CORPS END STRENGTH	185,000 Active 38,500 Reserve	0 Active 0 Active	185,000 Active 38,500 Active
AIR FORCE END STRENGTH	325,100 Active 106,600 Guard 69,800 Reserve	0 Active 0 Guard 0 Reserve	325,100 Active 106,600 Guard 69,800 Reserve
MILITARY PAY RAISE	Requested 2.1% increase, 0.3% below ECI	Committee action	Funds 2.4% increase, matching ECI as required by law
F-35	70 aircraft requested	24 aircraft	87 aircraft
F/A 18	14 aircraft requested	10 aircraft	22 aircraft
V-22	6 aircraft requested	6 aircraft	10 aircraft
AH-64E	61 aircraft requested	9 aircraft	69 aircraft
CH-47	6 aircraft requested	13 aircraft	14 aircraft
CH-53K	4 aircraft requested	2 aircraft	4 aircraft

UH-60M	48 aircraft requested	15 aircraft	53 aircraft
AH-1Z	22 aircraft requested	7 aircraft	27 aircraft
HC-130J	2 aircraft requested	1 aircraft	3 aircraft
MC-130J	5 aircraft requested	12 aircraft	11 aircraft
KC-130J	2 aircraft requested	4 aircraft	6 aircraft
KC-46A	15 aircraft requested	3 aircraft	17 aircraft
E-2D	5 aircraft requested	2 aircraft	2 aircraft
P-8A	7 aircraft requested	6 aircraft	10 aircraft
MQ-1 EXTENDED RANGE GRAY EAGLES	11 aircraft requested	10 aircraft	17 aircraft
MQ-9 REAPER	16 aircraft requested	N/A	16 aircraft
RQ/MQ-4	3 aircraft requested	\$39.6 Million	3/\$745.7 million
JSTARS RECAP	\$417.2 requested	N/A	\$417.2
NAVY AVIATION SPARES AND REPAIR PARTS	\$1.7 billion requested	\$168.0	\$1.8 billion
DDG-51	2 destroyers requested	Committee action to speed the fleet	3 destroyers
LITTORAL COMBAT SHIP	1 LCS requested	Committee action to speed the fleet	3 LCS
LPD-30	No funds requested	Committee action to speed the fleet	1 LPD-30
ESD	No funds requested	Committee action to speed the fleet	1 ESD
SHIP TO SHORE CONNECTOR	3 SSC requested	5 SSC	8 SSC
ABRAMS TANK UPGRADES	56 requested	29 tanks	85 tanks
BRADLEY FIGHTING VEHICLES	60 requested	33 vehicles	93 vehicles
HERCULES IMPROVED RECOVERY VEHICLES	16 requested	35 vehicles	51 vehicles
STRYKER DOUBLE V-HULL	\$97.6 requested	116 vehicles	116 vehicles
STRYKER LETHALITY	0.0 requested	\$354.0	\$177.0
JOINT LIGHT TACTICAL VEHICLE	2,777 requested	N/A	2,777 vehicles
AMPHIBIOUS COMBAT VEHICLE	26 requested	N/A	26 vehicles
ARMORED MULTIPURPOSE VEHICLE	107 requested	N/A	107 vehicles
AMMO INDUSTRIAL BASE	\$329.3 requested	\$100.0	\$429.3 funded
ATACMS	121 ATACMs	75 ATACMs	196 ATACMs
RAM BLOCK II	60 missiles requested	60 missiles	120 missiles
STINGER MISSILES	1,676 requested	\$26.0 million product improvement program	1,676 Stinger missiles/\$26.0
JAVELINS	794 requested	373 Javelin missiles	1,167 Javelin missiles

JOINT DIRECT ATTACK MUNITION SMALL DIAMETER BOMBS	34,529 requested	N/A	34,529 JDAMs
GUIDED MULTIPLE LAUNCH ROCKET SYSTEMS AMRAAM	7,312 requested	N/A	7,312 bombs
	6,000 requested	\$14.5 (tooling for increased capacity)	6,000 systems
	325 requested	\$12.0M (guidance section upgrades)	325 AMRAAMs

CONFRONTING AGGRESSION & ADDRESSING THREATS

Afghanistan

The NDAA provides for a robust Afghanistan Security Forces Fund to support our Afghan allies who have suffered significant losses in the fight against the Taliban and terrorist organizations. The fund provides for enhancements in the Afghan Air Force’s fixed and rotary wing fleet and supports the expansion of the Afghanistan Special Security Forces. At the same time, the bill also provides tools to support President Ghani’s anti-corruption efforts. It also directs the Secretary of Defense to provide an Afghanistan strategy that will look beyond the next five years to describe the trajectory of U.S. efforts in Afghanistan and assess the timeline and total resources necessary to achieve U.S. objectives.

Syria & Iraq

The NDAA provides for U.S. support to partner forces engaged in combatting the ISIS through Operation INHERENT RESOLVE. This support has been critical to creating the momentum necessary to curtail ISIS expansion, recover territory in Iraq and Syria, and refit partner forces after difficult combat missions. The NDAA, however, directs the Department of Defense provide a comprehensive, regional strategy for Syria that describes U.S. long-term objectives in the wake of active combat against ISIS.

Ukraine

The Committee remains committed to provide defensive lethal assistance to Ukraine to allow it to better defend itself against Russian aggression. The NDAA builds on the last two years’ authorizations and appropriations by providing \$150 million for the Ukraine Security Assistance Initiative to help train, equip, and assist the Ukrainian military, National Guard, and security services.

Russia

Over the past year, Russia has maintained its gains in Ukraine, continued support for the Assad regime in Syria, interfered in U.S. elections, violated landmark disarmament treaties, and continued to take unprecedented provocative actions against U.S., NATO-allied, and partner ships and planes. These events all point to the importance of ensuring the U.S. Military has the capability needed to protect the country and our interests, and to assure America’s allies and partners.

Russia has employed conventional and unconventional warfare methods to counter U.S. and western interests. To help address this aggression, Congress authorized the European Deterrence Initiative (EDI) last year. **This year, the bill supports another significant increase to EDI funding and moves the EDI requested resources from OCO to base allowing for more consistent planning for the DOD and sending a strong message to our partner and allies about the U.S. commitment to an enduring presence in Europe.** This funding continues the transition from an assurance posture to deterrence against Russian aggression. These resources are allocated to specific requirements, including heel-to-toe rotations of U.S. combat units into the region, the pre-positioning of up to a division set's worth of equipment in Europe, vital infrastructure improvements for the U.S. Air Force, and additional training and exercises. The bill requires the Department of Defense to **examine placing permanent U.S. troops back in the European theater** and to re-evaluate the European Infrastructure Consolidation.

The NDAA provides increased funding for U.S. intelligence and warning capabilities, technologies supporting U.S. information operations, and strategic communications activities. It also provides increased funding for additional modernized ground combat vehicles to include Abrams tanks and Bradley fighting vehicles, short range air defense capabilities, Javelin anti-tank missiles, conventional and preferred munitions, vehicle active protection systems and aircraft survivability equipment.

To further address Russian aggression, the bill denies funding related to use of Open Skies overflights, as well as unnecessary spending related to the Open Skies Treaty. It also takes significant actions concerning **Russia's violation of the INF treaty**, including \$50 million to develop military options to respond to Russian capabilities deployed in violation of the treaty, of which \$25 million will be invested for research and development of U.S. intermediate range systems. Additionally, the bill provides that, if Russia hasn't returned to compliance with the treaty within 15 months of enactment, the U.S. would no longer be legally bound by the treaty as a matter of domestic law. As the Commander of U.S. Pacific Command, Admiral Harry Harris recently testified, "there are only two countries that signed on to and one of them doesn't follow it. That becomes a unilateral limitation on us."

Indo-Asia-Pacific Region

The NDAA **makes key investments in critical capabilities to support U.S. military readiness**, deter aggression, and to respond to crises in the Indo-Asia-Pacific Region. It seeks to position sufficient forces forward and invests in critical munitions and **joint training exercises**. It reaffirms U.S. extended deterrence commitments to our allies, condemns any assertion that limits the right of freedom of navigation and overflight, and bolsters our strong alliances and partnerships in the Indo-Asia-Pacific region.

Africa

The Committee remains concerned about threats to U.S. national security emanating from Africa. The NDAA focuses on the Department of Defense's ability to respond to crises on the African continent, focuses on training authorities, and requires the President to clarify U.S. strategic objectives in Somalia.

Counterterrorism

The NDAA provides the resources necessary to ensure that the Department of Defense continues to focus on protecting U.S. interests from the threat of terrorist groups across the globe. The bill would

fully resource and authorize counterterrorism efforts and U.S. Special Operations Forces, programs, and activities, including ongoing operations in Iraq, Syria, Afghanistan, Yemen, Somalia, and elsewhere. The bill provides additional resources for unfunded requirements to counter global terrorism threats, including external operations threats emanating from the Middle East. Additional resources are also provided to accelerate analytical capabilities to support counterterrorism analyses and analytic tools.

Intelligence, Counterintelligence, and Security

Committee oversight shows critical threats to DOD personnel, equipment, installations and critical technology developments. The NDAA provides policy guidance and resources to improve the ability of the department to defeat these threats. It also takes initial steps to address the backlog of national security clearances, by providing authorities to the Secretary of Defense to address high priority investigations.

Foreign Military Sales (FMS)

The NDAA builds upon the work conducted by the Oversight & Investigations Subcommittee to continue to improve the Foreign Military Sales process to ensure our partners can procure U.S. defense products that support our strategic objectives and industry. Among other provisions, the bill would establish specific milestones and standard timelines with DOD for foreign military sales.

Defense Security Cooperation

The Department of Defense trains and equips our foreign partners through Defense Security Cooperation so our allies can meet their own security needs in support of U.S. strategic objectives, and reduce the likelihood that U.S. forces will need to be employed. The bill continues to advance the progress made in last year's NDAA to reform defense security cooperation in order to ensure training and equipment is provided effectively and efficiently.

Assured Access to Space

The Committee continues to view assured access to space as a national security priority. This includes a continued focus on the development of a new American rocket engine to replace the Russian RD-180, ensuring we do not lose existing and highly-capable launch vehicles, and prioritizing national security-specific requirements over new launch vehicles to protect assured access to space and end reliance on Russian engines.

Strengthening our Nuclear Deterrent

The NDAA authorizes the full budget request for the National Nuclear Security Administration's (NNSA) nuclear weapons activities and defense nuclear nonproliferation program, including critical efforts to modernize the nuclear weapons stockpile. The bill creates strong oversight processes, ensuring the nation's nuclear command, control, and communications system remains robust and secure during ongoing recapitalization efforts. It directs the Secretary of Defense and the Director of National Intelligence to jointly establish an intelligence fusion center for enhancing the protection of nuclear

command, control, and communications programs, systems, and processes and continuity of government programs, systems, and processes.

Cyber Warfare and Cyber Operations

The NDAA fully funds \$8 billion for cyber operations, an increase of \$1.7 billion, and fully supports the Department's defensive and offensive cyberspace capabilities and strategies. It provides \$647 million for U.S. Cyber Command, an increase of 16 percent. The bill continues to build and enhance U.S. cyber warfare activities and capabilities within CYBERCOM and across the services and within the Intelligence Community - including resiliency of DOD networks, weapons systems, and supply chains. The NDAA also addresses military services unfunded requirements by providing additional funding to close critical gaps.

Enhancing Missile Defense

The Committee continues to be a strong supporter of a robust missile defense program given the increasing threats against our homeland and regional allies posed by North Korea, Iran and others. The bill **adds \$2.5 billion above the President's budget request to meet critical missile defense needs.** It also recognizes the increasing quantitative and qualitative nature of the ballistic missile threats we face as a nation. Subsequently, the NDAA requires the Missile Defense Agency to develop a space-based sensor layer for ballistic missile defense. The bill also authorizes funding to procure additional SM-3 IB, THAAD, and Patriot MSE interceptors, along with additional investments in the Ground-based Midcourse Defense System, and boost phase missile defense. To combat increasing threats and enable critical modernization as quickly as possible, the bill gives the Army one final chance to propose an acquisition schedule and modernization program for the Army's Air and Missile Defense Sensor Program before transferring the program to the Missile Defense Agency.

The NDAA also provides Israel the resources it has requested, approximately \$705 million, for co-production, including in the United States, and co-development of Israeli missile defense systems, including Iron Dome, David's Sling, and Arrow

Detention Facility at Guantanamo Bay

The NDAA carries the annual restrictions against transferring detainees from the detention facility at **Guantanamo Bay** to the United States and building or modifying facilities in the United States for housing detainees. The bill also prohibits DOD from using any funds to transfer the U.S. Naval Base at Guantanamo Bay back to Cuba.

REBUILDING

Equipment Modernization

Eight years of constrained budgets and consistent high-operational tempo has forced the military services to defer buying more modern and capable equipment, instead relying on repairs to equipment we already have. Today, much of that equipment can no longer be safely repaired, or the cost of doing so is higher than bringing more modern platforms into service. The NDAA authorizes **key investments to accelerate fielding of new, more effective, lethal, and reliable and cost-effective platforms**. It also provides additional capacity for high-demand assets to reduce the stress on the force, rebuild the depth-of-bench in critical capability areas, and begins a path to restoring full-spectrum readiness.

Armored Brigade Combat Team Modernization

The Army's modernization funding has declined 74 percent from 2008-2015 because of sequestration and continuing resolutions. As a result, General Dan Allyn, the Vice Chief of Staff of the Army testified, today's Army is "out-ranged, outgunned, and outdated; and on our present course, the U.S. Army will not be sufficiently modern to deter and defeat potential enemies."

Under the President's budget, the Army will not complete modernizing their Abrams tanks until 2035. The NDAA provides additional funding to address unfunded requirements to accelerate armored brigade combat team modernization and works to restore needed to capability to Army Armored Brigade Combat Teams (ABCTs) to ensure continued ground combat overmatch.

Specifically, the bill:

- Authorizes over \$1.0 billion for 85 M1A2SEPV3 Abrams tanks, the most modernized version of the Abrams tank. This represents an increase of \$442.8 million above the President's budget request and addresses an unfunded requirement.
- Authorizes \$896.8 million for 93 M2A4 Bradley fighting vehicles, the most modernized version of the Bradley, as well as other modifications. This represents an increase of \$111.0 million above the president's request and fully supports an unfunded requirement.
- Authorizes \$194.4 million for 51 HERCULES improved recovery vehicles, the primary single recovery vehicle in ABCTs. This represents an increase of \$122.0 million over the budget request and fully supports an unfunded requirement.
- Fully supports the President's budget request for the Armored Multipurpose Vehicle program.
- Fully supports the President's budget request for the Joint Light Tactical Vehicle program.
- Directs the Secretary of the Army to provide a long-term investment strategy that sufficiently funds improvements and needed modernization for Army Ammunition Plants to help improve safety and capacity.

Maintaining Air Dominance

The committee received testimony from senior Navy and Marine Corps leaders this year that over 60 percent of Department of Navy F-18s cannot fly. Worse, the two services are short over 100 aircraft. Senior Air Force officials have stated that **“we have become one of the smallest, oldest-equipped, and least ready forces across the full-spectrum of operations, in the Air Force’s history...”**

The NDAA provides the authority for the procurement of Economic Order Quantities for F-35 Joint Strike Fighters to reduce costs to the taxpayer by authorizing bulk procurement of common manufacturing materials while also requiring continued oversight through DOD certifications regarding design stability and cost savings estimates. It also directs a report on the extension of the System Design and Development (SDD) phase of the F-35 Joint Strike Fighter program, which is expected to finish in FY18.

To generate better cost savings for the taxpayer and provide needed capability to the Navy and Marine Corps, the bill authorizes multiyear procurement authorities for V-22 Osprey tiltrotor aircraft. The bill provides an additional \$376.5 million for 4 V-22 aircraft supporting Navy and Marine Corps unfunded requirements; an additional \$103.0 million for A-10 wing upgrades to address an Air Force unfunded requirement; and an additional \$157.5 million for 5 AH-1Z attack helicopters to help address an unfunded requirement for the Marine Corps. ***Each of these investments was identified as a critical requirement by the military services and validated by Secretary Mattis.***

Strike Fighter Shortfall

To help address strike-fighter capability and capacity shortfalls, the NDAA includes over \$2.0 billion in additional funding to procure additional F-35As, F-35Bs and F-35Cs to address unfunded requirements and help accelerate needed 5th generation strike-fighter capability to the Air Force, Navy and Marine Corps. The bill also provides an additional \$591.2 million to procure 8 additional F/A-18E/F Super Hornets to support a Navy unfunded requirement.

Army Aviation

To address unfunded requirements and to accelerate modernization of Army rotorcraft for the Active and Reserve Components, the NDAA provides additional funding for UH-60M Blackhawks, AH-64E Apaches, and CH-47F Chinook helicopters, specifically:

- \$100.0 million for 5 UH-60Ms for the Army National Guard
- \$274.4 million for 8 AH-64Es
- \$108.0 million for 4 CH-47F Block Is
- \$246.5 million for 4 MH-47Gs
- \$16.7 million for 3 UH-60Vs

Critical Munitions

The Committee remains concerned about shortfalls in critical munitions. To address this gap, **the NDAA authorizes additional funding for critical munitions in war reserves**, improves the manufacturing capacity of the munitions industrial base, and accelerates long range precision fires programs. The NDAA:

- Provides additional funding for critical munitions to address shortfalls in war reserves, improve the manufacturing capacity of the munitions industrial base, and accelerate long-range precision fires programs.
- Supports the President's request for Joint Direct Attack Munitions and Small Diameter Bombs, critical munitions being used in Operation INHERENT RESOLVE. The budget request maximizes current production capacity for these munitions.
- Authorizes an additional \$100.0 million to address an unfunded requirement for critically needed modernization efforts required to improve capacity and safety at Army Ammunition Plants, and directs a briefing from the Secretary of the Army on the long-term investment strategy for modernization of these plants.
- Authorizes an additional 146 lower tier air and missile defense interceptors to fully meet the Army's requirement.
- Supports the budget request for Army and Marine Corps Guided Multiple Launched Rocket Systems (GMLRS), a high priority munition for ground forces. The budget request maximizes current production capacity for GMLRS by providing an additional \$13.0 million to address an Army unfunded requirement that would provide the tooling necessary to increase maximum production rates for GMLRS rockets.
- Authorizes an additional \$69.4 million for Army Tactical Missiles, a critically needed surface-to-surface munition for full spectrum operations and long range fires.
- Authorizes an additional \$183.5 million to address an Army unfunded requirement to maximize production capacity of Excalibur 155mm precision guided artillery rounds.

ISR

Intelligence, Surveillance, and Reconnaissance (ISR) is a critical capability of our military that allows them to effectively and safely accomplish their mission. Repeated testimony before the committee indicates a significant ISR shortfall. The NDAA makes progress on addressing this shortfall by strengthening and improving ISR investment strategies in order to better meet combatant commander ISR requirements. It also prohibits the retirement of the U-2 and RQ-4 Reaper, supports an improved acquisition strategy to recapitalize E-8C Joint STARS platforms; authorizes an additional \$60.0 million for 6 Extended Range (ER) Improved Gray Eagle (IGE) Air Vehicles; supports increased funding for development of ISR sensors supporting the U-2, MQ-4, and wide-area motion imagery capabilities; and addresses deficiencies related to National Guard access to Department of Defense unmanned aircraft systems that support individual State's disaster-response missions.

Stryker Combat Vehicles

The NDAA authorizes an additional \$348.0 million for 116 double V-hull Stryker combat vehicles in order to complete the 4th Stryker Brigade Combat Team vehicle set of these highly survivable combat vehicles. ***This investment was identified as a critical requirement by the military services and validated by Secretary Mattis.***

The bill also authorizes an additional \$177.0 million to begin equipping a second SBCT with a 30mm cannon lethality upgrade, which address another Army unfunded requirement.

Marine Corps Combat Vehicles

The NDAA supports the President's budget request for the Amphibious Combat Vehicle Increment 1.1 program, authorizing \$161.5 million for 26 low rate production vehicles.

Short-Range Air Defense

The Army has identified significant capability and capacity shortfalls in short-range air defense artillery (SHORAD) force structure and posture. Given current and emerging threats, to include the proliferation of small, unmanned aircraft as well as near-peer and peer competitor's anti-access and area denial capability, this was a high priority for the committee. The NDAA provides an additional \$729.0 million to fully support Army unfunded requirements for SHORAD.

Electronic Warfare

To enhance capabilities across an array of aircraft electronic warfare systems, the NDAA supports programmatic increases related to unfunded requirements of over \$110.0 million.

FORCE PROJECTION & STRATEGIC PRESENCE

The NDAA prioritizes force projection of the U.S. Military and its ability to maintain a strategic presence where and when it is necessary.

In order to advance the Chief of Naval Operations vision of a 355-ship Navy, the Committee believes that long-term contracts with the shipbuilding industry are essential to reducing costs and delivering the ships we need. The NDAA provides authority for the Department of the Navy to enter into long term contracts for Arleigh Burke class destroyers and Virginia class submarines. These five-year contracts are projected to **save almost 15 percent over a typical procurement** that orders ships on an annual basis.

National Sea-Based Deterrence Fund

The Department of the Navy's highest priority is the timely procurement of 12 Columbia-class ballistic missile submarines. Many of the components associated with the Columbia-class ballistic missile submarine are common across the undersea industrial base. The Committee believes that efficiencies

can be obtained by procuring common equipment with other similar platforms such as the Virginia-class attack submarines and Ford class aircraft carriers. The bill expands the Navy's ability to efficiently procure additional equipment, saving several hundred million dollars with each submarine and aircraft carrier.

Accelerating the Future Navy Fleet

In keeping with the President's pledge to grow the fleet, the NDAA adds an additional five ships including an additional Arleigh Burke class destroyer, two Littoral Combat Ships, a Puller-class Expeditionary Support Base, and a San Antonio class Amphibious Landing Platform. The bill also supports advance procurement for aircraft carriers and attack submarines. This is in addition to the eight ships that were requested by the Administration and takes advantage of hot production lines to deliver the right capabilities at the lowest cost to the taxpayers.

Bombers

The ability of Air Force bomber fleets to hold targets at risk around the globe with conventional or nuclear weapons is diminishing as adversary countries add highly sophisticated air defense weapons systems to their arsenals. The NDAA recognizes this critical challenge to air power and fully supports the development of the advanced stealth B-21 program, which is intended to recapitalize the aging bomber fleets starting in the mid-2020s.

Airlift, Special Mission and Air Refueling Tankers

Airlift and air refueling aircraft extend the reach of the military enabling it to conduct operations on a global scale. These assets must also operate throughout increasingly contested airspace. The NDAA boosts Air Force procurement by adding funds for an additional 2 KC-46A air refueling aircraft, 6 MC-130J and 1 HC-130J special mission aircraft. It also provides funds to upgrade the propulsion systems of 20 C-130H tactical airlift aircraft and funds upgraded Large Aircraft Infrared Counter Measures defensive systems for C-5, C-17, and C130 aircraft identified on the service's unfunded requirements list. In addition, the bill provides funds to procure an additional 3 P-8A, 2 E-2D and 4 KC-130J aircraft from the Navy and Marine Corps as unfunded requirement.