

U.S. Defense Budget for Fiscal Year 2018

Testimony before the Senate Armed Services Committee

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by

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Chairman McCain, Ranking Member Reed, and distinguished members of the Committee, I deeply appreciate your invitation to appear before you today to discuss the defense budget for Fiscal Year 2018.

The views I express in this testimony are my own, and should not be construed as representing any official position of The Heritage Foundation.

This Committee has already fully explored the extent to which the US defense budget has been cut in real terms over the last several years, so I do not think it worth this Committee's important time for me to dwell on the details of that topic. The military service chiefs and senior members of their staffs have testified before you on numerous occasions, describing the condition of their services, how budget cuts—combined with sustained, high operational tempo—have affected them, the challenges of carrying out the tasks assigned to them in such a constrained budget environment, and their forecasts of the future condition of the services if current trends are not altered. To be fair, the military budget was certainly increased following the attacks of September 11, 2001, but those increases were immediately consumed by the operations in Afghanistan, Iraq, and elsewhere. What was not addressed was the baseline force and all the things that make it possible to organize, equip, train, deploy, and sustain combat power. That includes the institutional elements of the services: the physical infrastructure of bases, air stations, and maintenance facilities, training ranges, and so forth.

As Chairman McCain has noted in his just-released White Paper, the combined effects of nearly \$1.5 trillion in cuts over a decade—which includes Secretary of Defense Robert Gates' \$200 billion in "efficiency cuts" during roughly the same ten-year period—have been devastating to our military. I realize this may seem odd to the public and even to many in Congress, since we spend more than \$600 billion each year on defense, and the military appears to do that which is asked of it. But the military's dedication to accomplishing the current mission, their "can-do" spirit if you will, has come at a substantial cost that is less well known or understood. There is a growing and increasingly worrisome cost to the nation in strategic terms—a situation that perhaps is even less well known or understood. To sustain current operational readiness for deployed forces, all the services have sacrificed readiness and capability in all other areas of military affairs. This has taken a toll among programs to modernize their forces, to prepare for the future, and to maintain their physical infrastructure.

For reasons already well known to this Committee, Congress has been unwilling to make investing in the defense of the United States and its interests a high enough priority among the

many competing interests within the federal budget. Consequently, defense spending has steadily declined since the end of the Cold War to a point of historic lows for the modern era.

As mentioned, it is not worth the Committee's valuable time for me to rehash budgetary details it already knows so well. Rather, I would like to share some thoughts on what the FY '18 budget represents for the United States, its allies and friends, its competitors and enemies, and for countries "on the fence" somewhere between friend and foe.

The news has been awash in reports of degraded unit and material readiness:

- Ships unable to get underway, delayed getting out of the repair yards, or suffering engineering casualties while deployed;
- Aviation mishaps resulting from both equipment failures and pilot or crew error due to lack of adequate flight hours for training, aging planes; and
- Ground combat units that are understrength, at low levels of readiness, and so few that service-members (and their families) are being worn out as quickly as their equipment.

Both our friends and our enemies can count the number of units, squadrons, and ships the U.S. maintains abroad. They pay close attention to the service chiefs' testimony provided to Congress that has, for the last several years, increasingly highlighted growing risk in the military's ability to perform its functions. They read the same headlines and watch the same televised news programs we do, reporting the consistent message of a U.S. military understrength, aging, and challenged to defend U.S. interests at an acceptable level of risk. And they track the reports of canceled, truncated, and delayed acquisition and modernization programs stemming from problematic program management but also the now-routine shortage and variability of funds that has driven the military to be smaller, older, and less ready than at any time since the 1930s.

A robust investment in defense, via the fiscal year 2018 budget, will not only be an important first step in rebuilding the U.S. military to the size, modernity, and readiness essential for it to perform its function in protecting America and its interests, but it will also send a profoundly important message to the rest of the world that America is once again becoming serious about protecting itself and its interests, standing with those who choose to align with it in common cause and prepared to lead like-minded nations in the effort to preserve peace, enhance stability, and expand freedom and opportunity, and to serve as a bulwark against forces of disorder.

It isn't a matter of figuring out what problems need to be addressed or where additional funds can be best spent or savings obtained. Nor is it a matter of quantifying shortfalls and their impact on military operations. My personal observation is that the military services have done this analysis; they know what they need, and have prioritized those needs for every additional dollar they might be provided. They have analyzed their forces and institutional ability to generate and sustain those forces and how they would spend additional funding to generate near-term readiness and longer-term preparedness in a balanced manner. In my judgment, their analysis is, by and large, right on target.

What they fear is imbalance, usually driven by spending decisions imposed on them. They are concerned about having too many people and too little equipment or the reverse: too much

equipment and too few people. They understand the difficulty of generating new units, the time it takes not only for individuals and small units to become tactically proficient but also for a commander and his or her staff to become operationally competent.

They must balance repairing aging equipment to keep it in the fight (while awaiting replacement items) with buying new equipment that is critical to keeping the force relevant in future years. Rebuilding a force, especially one that has been depleted over so many years, must be done in a balanced way.

Stability over time is also essential to building and maintaining a healthy, diverse, and innovative industrial base that enables the government to leverage competition to get the best product at the best price. Highly constrained and unpredictable budgets inevitably lead to consolidation in the manufacturing sector, which results in fewer companies able to produce the tools needed by our military. Sometimes this leads to a single manufacturer—a government-driven monopoly—that effectively eliminates the government’s ability to compete a project for best price and innovation in design.

The point here is that the fiscal year 2018 budget represents an absolutely critical opportunity for the United States to tell itself and the world where its priorities are and can serve as a much needed first step toward rebuilding the military we need. It will put our potential adversaries on notice that the U.S. intends to operate from a position of strength, and it will give assurance to our allies that we will fulfill our commitments to them.

Once again, I thank you for this opportunity to speak about the health of our military and I look forward to answering your questions.

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