Highlights of the FY2018 Defense Appropriations Bill:

**U.S. Department of Defense** – The Bipartisan Budget Act (BBA) of 2018 modified defense discretionary spending caps for fiscal years 2018 and 2019 to $700 and $716 billion, respectively. Consistent with the BBA, funding allocations provided in Department of Defense Appropriations Act, 2018 are consistent with the new discretionary caps. The bill provides $589.5 billion in base Department of Defense (DoD) funding and $65.2 billion in Overseas Contingency Operations funding. In total, this funding is $55.2 billion above amounts enacted in the FY2017 Defense Appropriations Act.

In addition to amounts provided in this bill, Congress has already appropriated $4.5 billion for Missile Defeat and Defense Enhancements (Public Law 115-96) and $434 million for Disaster Assistance (Public Law 115-123) during Fiscal Year 2018.

Overall, this is the biggest year-to-year increase in defense funding in 15 years, a $61 billion increase over FY2017 enacted levels.

**Military Personnel and Pay** – The agreement fully funds an active duty end strength of 1,322,500 and a reserve component end strength of 816,900, an increase of 9,500. It also funds a 2.4 percent pay raise for military personnel, as authorized by the 2018 National Defense Authorization Act. The agreement adds $222 million to pay for increased end strength and $206 million to address the increase in military pay.

**Readiness and Funding Flexibility** – The agreement includes two adjustments for FY2018 to provide DoD more funding flexibility within the operation and maintenance accounts. The first adjustment increases the limit of obligations in the last two months of the fiscal year from 20 to 25 percent. The second adjustment changes the reprogramming threshold from $15 million to $20 million, and modifies the guidelines for realignments between readiness budget line items from requiring prior approval to written notification.

These flexibility changes will allow for smarter execution of the $230 billion in base and OCO funding provided for the operation and maintenance accounts by avoiding the “use it or lose it” dilemma and allowing more timely execution of readiness line items that have been affected by fact-of-life changes or emergent requirements. Within this amount, $1.3 billion is provided above the request to accelerate readiness in the Pacific region, and $580 million is provided for facility sustainment, restoration and modernization programs. The bill also includes an additional $550 million for the Services to improve military readiness, including increased training, depot maintenance, and base operations support.

**DOD Enhancements List** – In response to the Bipartisan Budget Act of 2018, the Administration submitted to Congress a list of proposed enhancements to DoD programs beyond
what was submitted in the President’s initial budget request. The omnibus agreement provides roughly $21 billion in funding from the enhancements list to support unfunded requirements submitted by the military services and combatant commanders. Of this amount, the agreement provides $2.2 billion to specifically address Joint Urgent Operational Needs and Joint Emergent Operational Needs.

**Missile Defense** – $9.5 billion for the Missile Defense Agency (MDA), an increase of $1.6 billion above the FY2018 budget request. In December, Congress appropriated $2.0 billion in FY2018 funding for MDA to accelerate Missile Defense and Defeat Enhancements to counter the threat from North Korea, including: $960 million for additional THAAD and AEGIS interceptors; $568 million to initiate the expansion of Missile Field #4 at Fort Greely, Alaska, with 20 additional Ground-Based Interceptors equipped with the newest Kill Vehicle; and $123 million to support a Joint Emerging Operational Need from U.S. Forces Korea for integration and more efficient use of missile defense systems to improve defensive capability on an urgent timeline. This brings total FY2018 appropriations for the Missile Defense Agency to $11.5 billion, an increase of $3.3 billion above the FY2017 enacted level.

Additionally, the agreement supports:
- $706 million, $558 million above the request, for Israeli Cooperative Programs, as requested by the Government of Israel
- $632 million, $178 million above the request for additional SM-3 Block IB interceptors
- $617 million, $165 million above the request for additional THAAD interceptors
- $393 million, $393 million above the request to accelerate the development and fielding of 20 Ground-Based Interceptors with a modern kill vehicle new missile field in Fort Greely, Alaska
- $218 million, $218 million above the request to accelerate the response to a Joint Emerging Operational Need from U.S. Forces Korea
- $137 million, $137 million above the request to conduct an additional intercept flight test of the SM-3 Block IIA missile
- $90 million, $90 million above the request to increase sensor discrimination capability against advanced threats
- $89 million, $81 million above the request to begin replacing the aging MDA fleet of aircraft and sensors that collect data during MDA flight tests

**Shipbuilding** – $23.8 billion for Navy shipbuilding programs, $3.4 billion above the budget request. In total, the agreement funds the construction of 14 new ships: one aircraft carrier, two Virginia class submarines, two DDG-51 destroyers, three Littoral Combat Ships, one LXR amphibious warship, one Expeditionary Fast Transport ship, one Expeditionary Sea Base, one TAO fleet oiler, one Towing, Salvage and Rescue ship (ATS), and one T-AGS oceanographic survey ship. The agreement also fully funds advance procurement activities for Ohio class and Virginia class submarines. Other critical shipbuilding investments include an additional $225 million for the expansion of the submarine industrial base and $150 million to accelerate procurement of a Heavy Polar Icebreaker.
Aircraft Procurement – $44.0 billion for aircraft procurement programs, $9.5 billion above the budget request. The bill addresses several unfunded requirements across the services through the procurement of multiple air frames, including the following not included in the budget request:

- $2.9 billion for 10 conventional take-off, six carrier variant, and four vertical take-off F-35 Joint Strike Fighters as well as additional tooling and spare engines (Air Force, Navy, and Marine Corps)
- $739 million for 10 F-18 Super Hornet aircraft (Navy)
- $676 million for eight V-22 helicopters (Marine Corps and Navy)
- $600 million for five MC-130J aircraft (Special Operations Command)
- $577 million for 17 AH-64E Apache helicopters (Army)
- $510 million for three KC-46A tanker aircraft (Air Force)
- $501 million for three P-8A Poseidon aircraft (Navy)
- $480 million for six C-130J aircraft (Air National Guard)
- $400 million for eight MH-60R helicopters (Navy)
- $387 million for eight CH-47 Chinook helicopters (Army and Special Operations Command)
- $343 million for four KC-130J tanker aircraft (Marine Corps)
- $250 million for two CH-53K King Stallion helicopters (Marine Corps)
- $221 million for seven UH-1Y/AH-1Z helicopters (Marine Corps)
- $207 million for two C-40 aircraft (Marine Corps)
- $130 million for two C-37B aircraft (Air Force)
- $110 million for additional RQ-7 Shadow systems (Army)
- $108 million for eight UH-60 Blackhawk helicopters (Army National Guard)
- $107 million for nine MQ-1 Grey Eagle vehicles and payloads (Army)
- $100 million for one HC-130J aircraft (Air Force)
- $90 million for 11 UH-72 Lakota helicopters (Army)
- $84 million for six MQ-8 Fire Scout vehicles (Navy)
- $40 million for two SATURN ARCH aircraft (Army)
- $35 million for Compass Call modifications (Air Force)
- $29 million for one Dash 8 maritime patrol aircraft (Southern Command)

The agreement also provides an additional $455 million for Air Force, Navy, and Marine Corps aviation spares and repair parts to address maintenance and readiness issues, $144 million for C-130 aircraft modifications, $103 million for the A-10 wing replacement program, and $40 million for F-16 AESA radar upgrades.

Basic Research Investments – $2.3 billion, $120 million above the budget request, for basic (non-medical) research for the Army, Navy, Air Force, and Department of Defense.

Defense Health – $34.8 billion for the Defense Health Program, which provides medical services for military personnel and their families, continues advancements in medical research, and implements the next generation of electronic health records. This amount includes an additional $1.5 billion for defense medical research efforts, including $330 million for the competitively awarded peer-reviewed medical research program and $291 million to advance DoD medical research priorities.
Munitions – $16.2 billion, $1.9 billion above the budget request, for the procurement of missiles and ammunition. Additional funds address unfunded requirements identified by the military services, industrial base capacity support, and munitions replenishment.

Space – The agreement provides an additional $800 million for Air Force space programs, including $100 million above the budget request for space launch vehicle and engine development activities.

National Guard and Reserve Equipment – $1.3 billion for the National Guard and Reserve Equipment Account to modernize reserve forces and to ensure full interoperability with the active duty force. The agreement also includes $120 million for Army Guard and Reserve HMMWV Ambulances.

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