

# MEETING OUR GREATEST CHALLENGES: NATIONAL SECURITY AND GLOBAL LEADERSHIP

Since the start of the Administration, the Nation has grown stronger and better prepared to both address global threats and seize opportunities to demonstrate global leadership.

We have renewed our alliances from Europe to Asia. Our rebalance to Asia and the Pacific is yielding deeper ties with a more diverse set of allies and partners. When complete, the Trans-Pacific Partnership will generate trade and investment opportunities—and create high-quality jobs at home. These alliances lay the groundwork for increasing U.S. economic power and harnessing the power of collective action to address problems of global concern, such as preventing a nuclear-armed Iran, stopping the threat of Ebola, and leading international efforts to pursue a lasting peace in Syria.

Leadership means a wise application of military power and rallying the world behind causes that are right. The United States has moved beyond the large ground wars in Iraq and Afghanistan that defined much of U.S. foreign policy over the past decade, dramatically

reducing the number of troops deployed in both countries and saving more than \$100 billion per year. At the same time, a strong military remains the bedrock of national security. The Nation must continue to reform and invest in our military—the finest fighting force the world has ever known—to ensure its dominance in every domain, to remain ready to deter and defeat threats to the homeland, and to be postured globally to protect our citizens and interests.

Investments in national defense and the security of Federal networks and critical infrastructure must be sustained because we continue to face serious challenges to our national security, including from violent extremism and evolving terrorist networks that pose a direct and persistent threat to America and our allies, cyber-threats on our Nation's critical infrastructure, Russian aggression, the accelerating impacts of climate change, and the outbreak of infectious diseases. The Administration is clear-eyed about these and other challenges and recognizes that the United States has the unique capability to mobilize and lead the international community to overcome them.

## ADVANCING NATIONAL SECURITY PRIORITIES

In accordance with the Bipartisan Budget Act of 2015, the President's Budget includes \$583 billion for the Department of Defense (DOD), a \$2 billion, or 0.4 percent, increase from the 2016 enacted level, to provide the military the resources needed for the President's national security strategy. These resources will enable our military to protect the homeland, including by providing support for ongoing military oper-

ations to defeat terrorist threats; build security globally; project power; and, should deterrence fail, win decisively against any adversary.

DOD's base budget is \$524 billion, which is \$2 billion, or 0.4 percent, above the 2016 enacted level. These resources will support our military's readiness and posture to address current security challenges and arm our

military with the capabilities needed to deter and, if necessary, respond to future threats. These capabilities include investments in 4<sup>th</sup> and 5<sup>th</sup> generation fighters, unmanned systems, a new long-range bomber, lethality upgrades to the Stryker combat vehicle, and technologies such as advanced torpedoes, electromagnetic railguns, high-speed long-range weapons, and new systems for electronic, space, undersea, and cyber warfare.

In addition to investments in advanced capabilities, the Budget promotes innovation to prepare for the future, including by modernizing personnel systems and introducing human capital best practices, funding cutting-edge research and technology initiatives, and promoting more agile warfighting strategies and concepts.

In an increasingly complex and competitive security environment, and in anticipation of major modernization and recapitalization costs beginning in the 2020s, the Budget also proposes a number of critical defense reforms that are needed to reduce spending on unnecessary or outdated force structure, modernize military health care, and reduce wasteful infrastructure and overhead.

DOD's Overseas Contingency Operations (OCO) request is \$59 billion, which is roughly equal to the 2016 enacted level, and is the level set by the Bipartisan Budget Act of 2015. It provides the funding needed to combat diverse terrorist groups, such as the Islamic State of Iraq and the Levant (ISIL), so that they do not threaten Americans at home. It also supports a responsible transition in Afghanistan, counters Russian aggression toward neighboring countries, and reassures allies and partners in Europe.

The Budget provides \$52.7 billion for the Department of State and Other International Programs (State/OIP), including \$37.8 billion in base funding and \$14.9 billion in OCO, which is a \$0.1 billion decrease from the 2016 enacted

level, excluding emergency funding. The Budget supports strategic investments in instruments of national security, diplomatic power, and development priorities. These include funding the President's signature initiatives in global health, food security, and climate change; deepening our cooperation with Allies and regional partners; continuing America's leadership in the United Nations and other multilateral organizations; supporting democratic societies and advocating for human rights; and investing in and protecting U.S. diplomatic personnel and facilities abroad. At a time when the demand for U.S. leadership and engagement has never been greater, the Budget provides America's diplomats and development professionals with the tools they need to advance the Nation's interests and build a safer and more prosperous world.

The President's Budget also recognizes that protecting our security requires long-term planning and stable resourcing, as well as investments in the economic security on which our national security depends. Starting in 2018, the President's Budget once again proposes to end sequestration for both defense and non-defense spending, and replace the savings by closing tax loopholes for the wealthy and cutting inefficient spending. Accepting the return of sequestration in 2018 and beyond would add risk to our national security by threatening the size, readiness, posture, and capability of our military, as well as critical national security activities at non-defense agencies such as the Departments of State and Homeland Security. Instead, the Budget builds on the bipartisan agreements that provided sequestration relief from 2014 through 2017, and which have enabled us to recover military readiness, advance badly-needed technological modernization, and provide the support our men and women in uniform deserve. Moreover, it provides the stable long-term base budget funding that is critical to military planning. As Secretary Carter has said, "we need to base our defense budgeting on our long-term military strategy, and that's not a one-year project."

## ADDRESSING TODAY'S CHALLENGES

### *Destroying ISIL*

The President's highest priority is keeping the American people safe. That is why the United States is leading the global coalition that will destroy ISIL. Our comprehensive strategy draws on every aspect of American power and enables the United States and its partners to continue delivering blows to ISIL's leaders, attack plotters, infrastructure, and revenue sources. The Budget provides robust funding for DOD and the Department of State so that the United States can continue to hunt down terrorists, provide training and equipment to forces fighting ISIL on the ground, help stabilize communities liberated from ISIL in Syria and Iraq, disrupt ISIL's financing and recruitment, counter ISIL's expansion, and support a political solution to the Syrian civil war. In Iraq, we will meet immediate and evolving stabilization needs, promote inclusive and responsive governance to bridge the sectarian divide, and provide for additional credit support and an expanded package of technical assistance to support economic reforms for greater fiscal stability, which is crucial to sustained success against ISIL. Specifically, the Budget provides \$7.5 billion to DOD to continue our military campaign, Operation Inherent Resolve, which is expelling ISIL from Syrian and Iraqi territory and disrupting ISIL efforts to plan external attacks through the use of precision airstrikes, Special Operations forces, intelligence collection and exploitation, and the development of capable local ground forces in Iraq and Syria. The Budget provides \$4.0 billion for State/OIP to pursue this effort, strengthen U.S. regional partners, provide humanitarian assistance to those impacted by the conflict, address needs in refugee host communities, and counter the ISIL narrative.

### *Combating Global Terrorism*

The Budget provides robust funding to support a sustainable and effective approach for combating global terrorism, with a focus on protecting the homeland, U.S. persons and interests abroad, and empowering partner nations facing these

terrorist threats. The Administration continues to implement its strategy to address recent domestic terror incidents and the emergence and ongoing efforts by groups—such as al Qaeda and ISIL—that are attempting to recruit, radicalize, and mobilize Americans to commit violence by empowering communities and their local partners to prevent violent extremism. It commits the Federal Government to improving engagement with and support to communities, including sharing more information about the threat of radicalization, building government and law enforcement expertise for prevention, and challenging terrorist propaganda through words and deeds while helping communities protect themselves, especially online.

The Department of Justice's Countering Violent Extremism (CVE) initiative is an Administration priority and directly aligns with and bolsters United Nations' efforts to address the threat of foreign terrorist fighters. The Budget provides additional resources to support community led-efforts, including \$4 million to conduct research targeted toward developing a better understanding of violent extremism and advancing evidence-based strategies for effective prevention and intervention, \$6 million to support flexible, locally-developed CVE models, \$2 million to develop training and provide technical assistance, and \$3 million for demonstration projects that enhance the ability of law enforcement agencies nationwide to partner with local residents, business owners, community groups, and other stakeholders to counter violent extremism.

The Department of Homeland Security's (DHS) newly created Office of Community Partnerships will formalize and continue efforts to build relationships and promote trust with communities, focusing on innovative, community-based approaches that seek to discourage violent extremism and undercut terrorist narratives and propaganda. The Budget also includes for DHS \$50 million in Federal assistance specifically for efforts to respond to emergent threats from violent extremism and prevent, prepare

for, and respond to complex, coordinated attacks. In addition, CVE programs and activities are considered generally eligible to receive Federal assistance funding through other DHS grant programs, such as the Urban Area Security Initiative and the State Homeland Security Grant Program.

As part of the Administration's global efforts, the Budget provides DOD and State/OIP funding to expand and deepen the global coalition to combat terrorism and counter the spread of extremist narratives. The Budget requests resources to enhance DOD's counterterrorism activities and support ongoing engagements for partner capacity building through such mechanisms as institutional reform and training and equipping programs. Within State/OIP, the Budget supports programs that engage governmental and non-governmental organizations to build community-based partnerships against violent extremism, disrupt the flow of foreign terrorist fighters to conflict zones, and weaken the legitimacy and resonance of extremist messaging.

### ***21<sup>st</sup> Century Cybersecurity: Securing the Digital Economy for All Americans***

The President has made clear that cybersecurity is one of the most important challenges we face as a Nation. Like so many of the world's evolving technologies, the internet was not initially designed to be used, and consumed, by everyone. In 1985, about 2,000 people used the internet, and almost all of them had a deep understanding of how the technology worked. Today, 3.2 billion people use the internet. What started out as a useful tool for a few is now a necessity for all of us—as essential for connecting people, goods, and services as the airplane or automobile. The U.S. economy, national security, educational systems, and social lives have all become deeply reliant on this connectivity.

Yet while these advancements have created great opportunities, the risks have also increased. As more and more sensitive data are stored online, as critical functions increasingly

rely on networked technologies, as the economy becomes ever more digital in nature, the consequences of malicious cyber activity grow more dire each year. Our adversaries know this, as evidenced in the steady stream of reports about cyber incidents. Cyber threats to critical infrastructure are growing in scope, sophistication, and persistence. Cyber-enabled theft of innovators' intellectual property persists and identity theft is the fastest growing crime in America.

The Federal Government is also vulnerable. Many Federal departments and agencies are reliant on aging applications running on outdated hardware and infrastructure that is difficult and costly to defend against modern cyber threats. Fragmented governance, insufficient policy, and a shortage of skilled cybersecurity professionals add to the challenges the Federal Government must address. Innovators and entrepreneurs have reinforced U.S. global technology leadership and grown the economy, but with each revelation of a Government database infiltrated, a high-profile company hacked, or a neighbor defrauded, more Americans are left to wonder whether technology's benefits may someday be outpaced by its costs.

That is why, since 2009, the President has executed a comprehensive strategy to defend the Nation against cyber threats. The strategy brings all elements of government together with private industry, academia, international partners, and the public to raise the level of cybersecurity in both the public and private sectors; deter and disrupt adversary activities in cyberspace; improve capabilities for incident response and resilience; and enact legislation to remove legal barriers to and incentivize cybersecurity threat information-sharing among private entities and between the private sector and the Government.

The Budget builds on these achievements by enhancing ongoing work, investing resources, and focusing leadership attention on new broader reforms—including fundamental changes to the way the Federal Government manages cyber risks. The Budget invests over \$19 billion, or a roughly 35 percent increase from 2016, in overall

Federal resources for cybersecurity to support a broad-based cybersecurity strategy for securing the Government, enhancing the security of critical infrastructure and important technologies, investing in next-generation tools and workforce, and empowering Americans to take better control of their digital security. In particular, this funding would support the Cybersecurity National Action Plan, which aims to dramatically increase the level of cybersecurity in both the Federal Government and the Nation's digital ecosystem as a whole. Key initiatives that are part of this investment package include the creation of a Federal Chief Information Security Officer, better securing high-value Federal assets, retiring or upgrading Federal legacy information technology (IT) systems that cannot be appropriately secured, rationalizing how Federal IT and cybersecurity are delivered, educating Americans so that they are more empowered to keep their information secure, upgrading the skills of the Nation's cybersecurity workforce by expanding cyber education at academic institutions, and securing commonly used software, protocols, and standards that the internet relies upon. These initiatives would also continue to develop partnerships with industry to share actionable information more effectively and rapidly, and increase the cyber defenses of our critical infrastructure.

With this Budget, a pivotal moment is reached in the approach to the cybersecurity challenges facing the Nation. The investments in the Budget would allow America to better defend against cyber threats, but just as cyber threats evolve at a relentless pace, so must the Nation's approach to the challenge. This problem will not be solved in one year or by one Administration. These challenges require that we take bold, aggressive steps, sustain those efforts over time, and fundamentally change the way we as a Nation think about issues of security, privacy, and digital identity in the online age. Yet, no single company or government agency has all the answers for what these steps should be or how to implement them. Therefore, to gather the best ideas from across industry, academia, and government, the President is also establishing a Commission to

identify recommendations for the President, future Administrations, and the Nation to enhance cybersecurity within the Government and across the private sector, and to empower Americans to take better control of their digital security.

### ***Strengthening Federal Cybersecurity***

The Federal Government is responsible for issuing, handling, and storing much of America's most important data—including Social Security numbers, tax returns, medical benefits, student loans, and top secret documents. The Government also operates critical functions, from satellites to financial payment systems, which rely upon networked technologies to function. It is critical that the Government take responsible actions for securing data and systems from those who would do us harm.

In 2015, the Office of Management and Budget (OMB), in coordination with the National Security Council, DHS, the Department of Commerce, and other departments and agencies, led a comprehensive review of the Federal Government's cybersecurity policies, procedures, and practices. The review found that many Federal IT systems are antiquated, making them difficult to secure, update, and defend, enabling adversaries to gain and maintain access. The review also revealed that current Federal Government budgeting and management structures do not allow for the consistent application of effective cybersecurity. In addition, the review found that the Federal Government does not have enough cybersecurity or privacy professionals, as shown by the difficulty agencies have in recruiting and retaining these personnel. These challenges are relics of systems, policies, and practices that were put in place before the onset of modern cyber risks and which have been updated only incrementally since then.

To begin to address these challenges, OMB directed a series of actions to further secure Federal information systems through the Cybersecurity Strategy and Implementation Plan for Federal civilian agencies. These actions and others have improved cybersecurity across the Federal

landscape. Examples of such action include: Federal civilian agencies urgently patching critical vulnerabilities; identifying high-value assets; tightly limiting the number of privileged users with access to authorized systems; and dramatically accelerating the use of Personal Identity Verification cards or an alternative form of strong authentication for accessing networks and systems. Since the Cybersecurity Sprint, an intensive effort conducted in July 2015 to assess and improve the health of all Federal assets and networks, Federal civilian agencies have nearly doubled their use of strong authentication for all users from 42 percent to 81 percent.

However, given the magnitude of the challenge, we will continue to build on these actions. That is why the Budget includes substantial funding for the Federal Government-focused portions of the Cybersecurity National Action Plan. Immediate steps are being taken to improve the Federal Government's cybersecurity while laying the foundation for more strategic structural transformation in the future. To address legacy technology problems, the Budget creates a \$3.1 billion revolving fund to retire antiquated IT systems and transition to new, more secure, efficient, modern IT systems, while also ensuring that Federal agencies maintain the security posture of their critical systems through reliable lifecycle management and keeping abreast of new technologies and security capabilities. Ultimately, retiring or modernizing vulnerable legacy systems will not only make us more secure, it will also save money. Agencies will also invest resources in identifying and better securing their high-value information assets.

The Budget also funds initiatives to expand the availability of cybersecurity services and tools across the Government. For example, the Budget invests \$275 million for the DHS to accelerate implementation of the Continuous Diagnostic and Mitigation program, with the long-term goal of increasing common cybersecurity platforms and services that protect the Federal civilian Government as a holistic enterprise. This program would assist agencies in managing cybersecurity risks on a near

real-time basis. The Budget also invests \$471 million to continue deployment of the National Cybersecurity Protection System (better known as EINSTEIN) across the Federal civilian Government. EINSTEIN detects and blocks cybersecurity threats before they can impact Federal agencies.

### ***Securing the Digital Ecosystem***

The Federal Government also has a responsibility to protect the Nation from threats in cyberspace. Citizens and businesses should have the tools they need to protect themselves. Just as one does not have to be an expert mechanic and professional driver to safely operate one's car, one should not have to be a technology expert to safely go online. Accordingly, the Budget sustains and expands on the Administration's previous work in this area as part of the Digital Ecosystem portion of the Cybersecurity National Action Plan.

Individuals increasingly rely upon online identities for essential services and for their social lives, but most current approaches to establishing and authenticating those online identities are easy to compromise and challenging to use. The Budget supports efforts to develop effective identity proofing and multi-factor authentication methods for users trying to obtain certain online Federal Government services by funding the General Services Administration's development of enhanced identity proofing and authentication services. These services would be more secure than systems relying on user names and passwords and would allow individuals to use the same credential with multiple Federal agencies, thereby making it easier to use as well.

Software is too often produced without sufficient consideration and design for security. This is especially true for much of the core software, standards, and protocols upon which users of the internet rely. These core technologies are often developed and maintained through an open source model, and often do not have sufficient funding to ensure security and reliability. To help secure widely used software, standards,

and protocols, the Budget proposes \$24.2 million to support the DHS Science and Technology Directorate's software assurance efforts.

The Nation's critical infrastructure is also increasingly under threat from disruption by cyber means. Such disruption could have severe adverse impacts on U.S. national security, economic security, and public health and safety. The Budget funds DHS and Sector-Specific Agency efforts to secure critical infrastructure, such as programs designed to increase the security and resilience of the electric grid. It also supports efforts to promote greater usage of the National Institutes of Standards and Technology's Cybersecurity Framework and best practices by industry and on-going efforts to deepen our partnership with critical infrastructure owners and operators. In addition, the Budget proposes up to \$4 million within the Department of Health and Human Services to increase the agency's ability to utilize auditing and investigation authorities with respect to cybersecurity, as well as to increase cyber threat information sharing within the health care sector, and improve awareness of cybersecurity by patients, practitioners, and medical companies.

The Budget also supports key initiatives for the larger national digital ecosystem by investing \$62 million to address the cyber workforce shortages and skill gaps that we face by creating a cybersecurity reservist program and expanding cybersecurity educational programs at academic institutions across the Nation. Current software engineering practices do not always produce software that is sufficiently secure and reliable, and training for developers on how to design software securely is uneven. These educational programs would strengthen training for software developers to improve the security and reliability of software that individuals and businesses rely on.

In addition, investments in cybersecurity research and development (R&D) provide the science and technology foundation needed to provide more effective and efficient security, secure fast-emerging information technologies, and thwart ever evolving cyber threats and ad-

versaries. The Budget includes \$318 million in R&D investments at Federal civilian agencies to address these ongoing challenges and continue investment in innovative cybersecurity technologies.

**Disrupting and Deterring Malicious Cyber Activity.** Even as we pursue initiatives to enhance U.S. cyber defenses, we must also invest in the capabilities needed to disrupt our adversaries' malicious activities, deter them from taking action in the future, and hold them accountable for their actions. The Budget includes funding to support the use of all the tools of U.S. national power to achieve this goal—including diplomatic, economic, law enforcement, intelligence, and military activities.

For example, the Budget includes funding to further enhance or establish programs across the civilian and defense agencies that would augment existing capabilities to defend the Nation against cyber threats and provide the President options in crisis or contingency. In support of this effort, DOD has established a trained and ready cyber operations workforce—including the Cyber Mission Forces (CMF)—with all the technical capabilities necessary to complete missions and support full-spectrum operations. The Budget fully supports this multiyear effort to improve defensive and offensive cyberspace operations capabilities and capacity, building on prior investments in tools, training, skills, and technology. The Budget also focuses on developing cyber tools to deter state and non-state actors from conducting malicious cyber acts, producing new capabilities and tools, including systems to support CMF missions, integration and improvements to the CMF platforms, and launching improved and consistent training for cyber forces. These investments are guided by the 2016 Federal Cybersecurity Research and Development Strategic Plan that was recently delivered to the Congress and will provide the Nation with science and technology elements to deter adversaries, protect cyberspace, detect malicious activities, and adapt to threats, vulnerabilities, and attacks.

The Budget expands law enforcement capabilities with the Federal Bureau of Investigation and other relevant agencies. It sustains the Department of State and the Department of the Treasury's ability to use their respective diplomatic and economic tools to impose costs on our adversaries. While we will use these tools judiciously and with restraint, the President has made clear that we will take action to defend U.S. citizens and our interests.

**Improving the Response to Cyber Incidents.** Despite the best efforts to raise our defenses and more effectively disrupt malicious activity, cyber incidents—intrusions, thefts, and even destructive events—will still occur. The Federal Government must be ready to respond effectively and rapidly when such events occur. Therefore, the Budget continues to invest in improvements to the Federal Government's incident response capabilities. In particular, the Budget enables the Cyber Threat Intelligence Integration Center to assume its role as a cornerstone of the Government's cybersecurity capabilities by fusing intelligence and “connecting the dots” regarding malicious foreign cyber threats to the Nation. We will also invest the resources required to be ready to work with the private sector to respond to incidents and, if necessary, to take action to protect U.S. interests, both domestically and abroad.

The digital age has already changed our lives in countless remarkable ways, and perhaps most remarkable of all, its potential still remains largely untapped. Ultimately, our vision is for an internet, cyberspace, and digital life that is inherently secure. If we modernize our approach to security, and prioritize keeping Americans safe, we will unlock more of that potential, and continue to deliver on the promise of this incredible age.

### ***Supporting the Transition in Afghanistan***

The Budget continues to support long-term national security and economic interests in Afghanistan and helps sustain political, eco-

nomics, and security gains in the country as the United States draws down its forces and assistance levels gradually decline. It also includes resources to reinforce Afghanistan's security and development by supporting military training and assistance as well as health, education, justice, economic growth, governance, and other civilian assistance programs necessary to promote stability and strengthen diplomatic ties with the international community. The Budget also supports the U.S. military mission to train, advise, and assist the Afghan National Security Forces and maintain a counterterrorism capability.

### ***Countering Russian Aggression and Supporting European Allies***

In response to increasing attempts by the Russian Federation to constrain the foreign and domestic policy choices of neighboring countries, the Budget includes over \$4.3 billion for political, economic, public diplomacy, and military support to build resilience and reduce vulnerabilities to Russian aggression among NATO allies and partner states in Europe, Eurasia, and Central Asia. To increase resilience within the governments and economies most targeted by Russian aggression, foreign assistance will support efforts to improve democracy and good governance, increase defense capabilities, strengthen rule of law and anti-corruption measures, and promote European integration, trade diversification, and energy security. This includes bolstering capabilities across the region to counter Russian aggression, with a particular focus on Ukraine, Georgia, and Moldova. In addition, through continued investments in U.S. public diplomacy and international media activities, the United States will seek to engage vulnerable populations in periphery countries, expand U.S. support for freedom of the press and independent journalism in the region, and advance America's foreign policy interests.

To increase security and reassure our NATO allies and partner states in Europe, the Budget provides over \$3.4 billion for DOD's European Reassurance Initiative (ERI). ERI funding would enable the United States to increase military

exercises and training, sustain a larger continuous rotational presence in Europe, enhance U.S. preparedness to reinforce NATO allies through the repositioning of equipment, and build the capacity of partner states in Europe to enhance interoperability with the United States and NATO to strengthen regional security.

### ***Providing Further Support for the Central American Regional Strategy***

The Budget supports the U.S. Strategy for Engagement in Central America by investing in a long-term, comprehensive approach designed to address the root causes of migration of unaccompanied children and families from the region. The Budget builds on the funding the Congress enacted in 2016 by providing \$1 billion to further support the Strategy, including financing support, to continue progress toward advancing security, prosperity, and economic growth in the region. This effort is designed to promote economic opportunities for the Central American people; build democratic, accountable, transparent and effective public institutions, and provide a safer and more secure environment for its citizens. The Budget request anticipates increased public and private investments in the region, which would increase economic growth and provide the necessary stability to counter illicit activities undermining Central American security. The Budget assumes continued coordination with international financial institutions, the private sector, civil society, and other international partners to promote prosperity through well-coordinated plans to address economic growth challenges. Executing the Strategy is inextricably linked to the readiness of the Central America governments and their ability to demonstrate continued will to undertake substantial political and economic commitments to bring about positive change in the region. Accordingly, the Strategy would continue to complement the “Alliance for Prosperity” plan jointly developed by the El Salvador, Honduras, and Guatemala governments to accelerate longer-term reforms and improvements in the lives of ordinary citizens.

### ***Advancing the Rebalance to Asia and the Pacific***

The Budget supports the Administration’s commitment to a comprehensive regional strategy in Asia and the Pacific that reinforces a rules-based order and advances security, prosperity, and human dignity across the region, as described in the highlights below. Recognizing that security in the Asia-Pacific region underpins regional and global prosperity, the Budget aligns resources and activities to strengthen U.S. alliances and partnerships with emerging powers, promote regional economic cooperation, and build a constructive relationship with China that simultaneously supports expanding practical cooperation on global issues while candidly addressing differences. It also provides the necessary resources to implement the Trans-Pacific Partnership (TPP), a historic, high-standard trade agreement with 11 countries of the region that levels the playing field for American workers and American businesses. Through TPP, the United States will lead the way in revitalizing the open, rules-based economic system that will boost American exports while creating jobs at home by promoting strong labor, environmental, and intellectual property protections.

To promote universal and democratic values, the Budget provides support for educational and cultural exchanges and strengthens regional cooperation with organizations, such as the Asia-Pacific Economic Cooperation forum and the Association of Southeast Asian Nations. The Budget also provides resources and advances regional cooperation in counterterrorism, countering violent extremism, and nonproliferation.

In pursuit of security cooperation, the Budget enhances and modernizes U.S. defense relationships, posture, and capabilities with a focus on maritime security. DOD funding remains consistent with the priorities identified in the 2012 Defense Strategic Guidance and the 2014 Quadrennial Defense Review. DOD’s most significant efforts to support the rebalance include implementing the Southeast Asia Maritime Security Initiative; increasing the number of ships assigned to the Pacific Fleet outside of U.S.

territory by approximately 30 percent, which improves the Navy's ability to maintain a more regular and persistent maritime presence in the Pacific; rotating four Littoral Combat ships through the region through 2017; and deploying the first P-8 Poseidon maritime patrol aircraft off Singapore. DOD continues to develop its defense relationship with India through the Defense Technology and Trade Initiative, the Joint Working Group on Aircraft Carrier Technology Cooperation, and the Jet Engine Technology Joint Working Group.

### ***Growing Partnerships in Africa***

The Budget supports the Administration's commitment to a broad partnership with countries in Africa that spans security, economic, and democracy and development priorities.

The Budget provides funding to ensure the U.S. will uphold the commitments it made during the U.S.-Africa Leaders Summit in 2014, including with respect to Power Africa, Trade Africa, the Security Governance Initiative, the Young African Leaders Initiative, the African Peacekeeping Rapid Response Partnership, and the Early Warning and Response Partnership. It also provides resources for implementing the peace agreement in South Sudan and helping the transitional government build the institutions it needs for a sustainable peace; supporting regional efforts to end the threat posed by the Lord's Resistance Army; delivering expanded security assistance to Nigeria and its regional partners to counter Boko Haram; securing governance and security gains in Somalia; and supporting preparations for peaceful and credible democratic elections on the continent.

## **PREPARING FOR THE FUTURE**

In addition to addressing today's changing security environment, the Budget makes significant investments to maintain our military's superiority and ensure the United States always has an operational advantage over any potential adversary. DOD does this by driving smart and essential innovation: pursuing new research and technology development; updating and refining operational concepts and warfighting strategies; identifying and supporting capacity building among local partners; building the Force of the Future; and pursuing additional enterprise reform.

### ***Building the Force of the Future***

The United States has the world's finest fighting force, and our people are our most enduring advantage. The Budget invests in the health of today's force, maintaining the current end strength ramps for our military services, continuing to recover readiness, and providing competitive compensation for our service men and women. It continues efforts to care for our military families, veterans transitioning to other employment, and our wounded warriors and

families of the fallen. The Budget also invests in the Force of the Future to ensure our people remain the best. These investments include attracting a new generation to service, integrating data into our human capital processes, creating dynamic links among the active force, the private sector, and reserve component, and investing in the health and well-being of our military personnel and their families.

### ***Maintaining Technological Superiority***

For generations the United States has relied on technological superiority to remain dominant across the domains of air, land, sea, and space as well as the cyber arena. In recent years, potential adversaries have accelerated their investments in military modernization and advanced technologies, narrowing the U.S. technological advantage. In the 2016 Budget, the Administration prioritized research, development, test, and evaluation (RDT&E) spending at a nine percent increase over the 2015 enacted level. The Budget continues that trend, raising the RDT&E budget levels to \$71.8 billion while remaining focused on innovation across DOD.

Unprecedented collaboration among the military services and with other agencies, especially the intelligence community, are creating new concepts and applications of current, first-rate weapon systems operated by trusted, agile, expert operators that will expand technological superiority. The Budget also continues to prioritize the necessary long-term investments in early-stage science and technology at \$12.5 billion to fund future technologies to reshape the battlespace, such as hypersonics, unmanned, and autonomous systems. New and innovative efforts in technology transfer are set to take advantage of early-stage basic research investments made throughout the Government. Cooperative efforts with both industry and academia are creating game-changing opportunities for national security in areas ranging from advanced manufacturing to new technologies for training. The combination of simultaneous investments in future defense system technologies and programs that deploy new technologies faster, leverage adapted commercial off-the shelf technologies, and develop strategic capabilities that bend the cost curve will change the calculus of warfare for our potential opponents both today and into the foreseeable future.

### ***Strengthening Space Security***

Space capabilities are vital to U.S. national security and the ability to understand emerging threats, project power globally, support diplomatic efforts, and enable global economic prosperity. It is the shared interest of all nations to act responsibly in space to help prevent mishaps, misperceptions, and mistrust. The Budget supports a variety of measures to help assure the use of space in the face of increasing threats to U.S. national security space systems. In addition, it supports the development of capabilities to defend and enhance the resilience of these space systems. These capabilities help deter and defeat interference with, and attacks on, U.S. space systems.

### ***Making the Military More Effective and Efficient through Defense Reforms***

Successfully executing the defense strategy requires prioritizing every dollar and spending it effectively. The Budget supports this goal by adjusting force structure, modernizing DOD's health care system, and further reducing wasteful overhead and infrastructure. The 2017 reform proposals build on the success of recent initiatives, such as the effort with the Congress to slow growth in compensation costs and enact a modern, military retirement system featuring both defined benefit and defined contribution plans. The Department of Defense's annual acquisition performance reports also strongly indicate that Better Buying Power initiatives are reducing cost growth and significantly lowering prices paid for major weapons systems.

Yet the need for reform remains urgent. Savings from reform can take years to fully achieve, and current reform proposals will be especially critical as they reach their full effect in the 2020s, when several major defense costs will converge. By then, the Department will be simultaneously recapitalizing the tactical air fleet and the nuclear triad, as well as other weapons systems. These recapitalization efforts form only one part of a broader investment strategy required to confront the threats posed by the accelerating military modernization programs of advanced competitors, and the rapid evolution of asymmetric technology, such as missile threats. If reforms do not begin now, the security and fiscal choices of the next administration will be much more challenging, with consequences for taxpayers, servicemembers, and national security.

The Department of Defense is responsible for implementing the Nation's defense strategy, but depends on congressional authority to execute force structure shifts that match capability with strategy. The Budget re-proposes retiring, restructuring, and modernizing a range of systems, to ensure that the military has the most capable, versatile, and survivable systems to perform its missions. Examples of critical force structure shifts that better match capability with

current and emerging threats include the Army's Aviation Restructure Initiative and the Navy's phased approach to cruiser modernization—both of which require congressional support.

In modernizing its health care system, the Department will simplify TRICARE—the health care program of the Military Health System—while adding choices for beneficiaries and encouraging the use of existing military treatment options.

The Budget reduces overhead and waste, such as through continued reductions to DOD's

major headquarters and the establishment of Service Requirements Review Boards across the Department to identify further efficiencies and cost-savings. The Budget also requests that the Congress authorize another round of Base Realignment and Closure (BRAC), which is critically important to re-align resources currently consumed by maintaining unneeded facilities. The need to reduce excess facilities is so critical that, in the absence of authorization of a new round of BRAC, the Administration will pursue new options to reduce wasteful spending on surplus infrastructure within existing authorities.

### **SUSTAINING THE PRESIDENT'S DEVELOPMENT AND DEMOCRACY AGENDA**

The successful pursuit of sustainable global development and democracy is a central pillar of U.S. foreign policy and national security and is essential to building a more stable and prosperous world. The Budget continues to advance the Administration's development and democracy initiatives and activities as it seeks to reduce extreme poverty, encourage broad-based economic growth, and support democratic governance and human rights, and to drive progress toward meeting the global development vision and priorities adopted in the 2030 Agenda for Sustainable Development.

The Budget provides \$1.0 billion for Feed the Future, the President's food security initiative, which uses development programs to reduce hunger sustainably, address the root causes of food insecurity, improve economic resilience, nutrition, and agricultural productivity, and develop regional markets and trade. The Budget also supports greater climate resilience and low-emission economic growth in partner countries, especially the poorest and most vulnerable, through \$1.3 billion in funding for the Global Climate Change Initiative (GCCCI). (See additional discussion of the GCCCI in Chapter 2.) It also includes \$300 million for Power Africa, which aims to expand electricity access in sub-Saharan Africa to more than 60 million new households and businesses by helping to catalyze private

investment in new and cleaner power generation projects and increasing the capacity of African governments and utilities to develop and manage their domestic energy sectors.

More generally, the Budget provides \$9.0 billion for the Development Assistance and Economic Support Fund accounts, \$2.3 billion for the Department of the Treasury's international programs, and \$1.0 billion for the Millennium Challenge Corporation, which continues to provide a powerful example of an evidence-based approach to development. Together, this funding supports activities across numerous sectors of development—including agriculture and nutrition, environmental sustainability and biodiversity, effective and accountable democratic governance and institutions, infrastructure, education, addressing corruption and financial mismanagement in countries working toward reform, promoting the rights of women and girls around the world, and enabling sustained and inclusive economic growth.

#### ***Mobilizing the Private Sector to Advance Sustainable Development***

To ensure that investments in global development have long-term and transformative impacts, the United States has increasingly focused these investments to achieve sustain-

able development outcomes, mobilize increased private capital flows, diversify the range of private sector and nongovernmental partners with whom we work, and enable developing countries to better mobilize and use their own domestic resources. The Administration has championed a new model for development assistance that aims to catalyze private sector and third party investment, understanding that the sheer cost of investments needed to achieve the next generation of development goals is unattainable by Official Development Assistance alone. Development programs that mobilize the private sector advance U.S. interests, deliver tangible results within the realm of complex development finance, and in some cases also support U.S. economic growth.

The Budget includes roughly \$200 million for the Overseas Private Investment Corporation, the Trade and Development Agency, and the U.S. Agency for International Development's (USAID's) Development Credit Authority, and supports efforts to catalyze private sector funding through other avenues such as the Millennium Challenge Corporation, in order to mobilize billions of dollars to support the Administration's priority development projects. These efforts build on the models of the Administration's flagship development initiatives like Power Africa and the New Alliance for Food Security and Nutrition, which have successfully showcased how U.S. taxpayer dollars can mobilize greater investments from the private sector, other donors, and foreign governments. The Budget also supports efforts to build developing countries' capacity to mobilize and effectively use domestic resources—including through improved revenue and fiscal management—and to attract domestic and foreign private investment to finance their own development and reduce their dependence on foreign aid. For example, the "Doing Business in Africa" initiative facilitates access and exports for American companies on a continent that has six of the top 10 fastest growing countries in the world.

### ***Addressing Humanitarian Needs***

The Budget maintains strong support for food aid and other humanitarian assistance, providing about \$6.2 billion to help internally displaced persons, refugees, and others affected by natural or man-made humanitarian disasters. The United States has provided over \$6 billion annually in humanitarian assistance for the past several years and continues to be the largest single humanitarian donor. Current trends show a greater number of people in need throughout the world due to more protracted crises and more extreme weather events. Meeting urgent humanitarian needs saves millions of lives and is integral to advancing the Administration's long-term goals of assisting people in crisis and reducing extreme poverty.

For the Syrian crisis alone, the United States provided over \$4.5 billion in humanitarian assistance through 2015 to address the impacts of conflict and mitigate the need for affected populations in Syria and in countries of first asylum. Refugee resettlement is an important component in our multifaceted response to the global refugee crisis and the Budget supports the admission of at least 100,000 refugees to the United States. In maintaining our long-standing tradition of providing refuge to some of the world's most vulnerable people, we will continue to strengthen our robust screening protocols, as we have no higher priority than safeguarding the American public.

### ***Advancing Global Health***

The Budget maintains support for effective global health programs, including for the President's Malaria Initiative and the President's Emergency Plan for AIDS Relief (PEPFAR). To support the President's call to end the scourge of malaria, the Budget includes an increase of \$71 million for the President's Malaria Initiative, for a total of \$745 million. Also, the Budget proposes to use an additional \$129 million out of the remaining Ebola emergency funding to combat malaria. The Budget includes \$1.35 billion for the Global Fund to Fight AIDS, Tuberculosis and Malaria. When combined with \$243 mil-

lion in 2016 enacted funds above the President's matching pledge to the Global Fund's Fourth Replenishment, the United States will be able to contribute nearly \$1.6 billion by 2017 toward a Fifth Replenishment contribution. Building on the President's September 2015 announcement of U.S. HIV/AIDS prevention, care, and treatment targets through 2017, the Budget includes \$4.65 billion for U.S. bilateral PEPFAR efforts, including enduring support for PEPFAR's Impact Fund to focus on reducing HIV infections in high-burden populations and areas. The Budget also increases support for Gavi, the Vaccine Alliance as part of the \$1 billion, four-year U.S. pledge, and continues strong support for other programs to end preventable child and maternal deaths.

The Administration continues to be vigilant on Ebola and to prepare to respond to future outbreaks. The Ebola epidemic in West Africa spotlighted the need to urgently strengthen global health security in vulnerable countries around the world that have poor infrastructure, limited capacity, high population density, and major transport hubs. The Budget increases support for programs to advance the Global Health Security Agenda (GHTA) at USAID and the Centers for Disease Control and Prevention, and continues support for DOD to improve disease surveillance, laboratory capacity, and biosecurity in support of the GHTA.

### ***Supporting Let Girls Learn***

In March 2015, the President and First Lady launched Let Girls Learn, which brings together the Department of State, USAID, the Peace Corps, and the Millennium Challenge

Corporation, as well as other agencies and programs like PEPFAR, to address the range of challenges preventing adolescent girls from enrolling, completing, and succeeding in school. Over the past year, the initiative has launched a \$25 million Challenge Fund, supported Peace Corps Volunteers in 13 countries, and forged adolescent girls' education partnerships with several countries. The Budget provides more than \$100 million in new funds for Let Girls Learn, which will augment ongoing investments that support adolescent girls. Let Girls Learn will continue to leverage public-private partnerships, and challenge organizations, governments, and private sector partners to commit resources to improve the lives of adolescent girls worldwide.

### ***Building Strong Democratic Institutions***

The Budget continues to provide robust support for democracy, human rights and governance programs, recognizing that promoting democracy and good governance reflects American values and is essential to achieving our broader global development and national security objectives. U.S. democracy programs foster good governance, promote access to justice, strengthen civil society and reinforce effective and accountable institutions at all stages of countries' democratic transitions. The Budget includes funding for programs in the areas of rule of law and human rights, good governance, political competition and consensus-building, and civil society capacity-building. It also supports key Administration initiatives, including the Open Government Partnership and Stand With Civil Society initiative.

## **HONORING OUR COMMITMENT TO VETERANS**

The Budget includes \$75.1 billion in discretionary 2017 resources for the Department of Veterans Affairs (VA), a 4.9-percent increase over 2016. The Budget also includes an advance appropriation request of \$66.4 billion for 2018 medical care, a 2.2-percent increase over the revised 2017 request. This funding would

ensure continued investment in the five pillars the President has outlined for supporting the Nation's veterans: providing the resources and funding they deserve; ensuring high-quality and timely health care; getting veterans their earned benefits quickly and efficiently; ending veteran homelessness (which has dropped 36 percent

since 2010, as measured by the yearly Point-in-Time count); and helping veterans and their families get good jobs, an education, and access to affordable housing.

### ***Improving Veteran Access to Quality Health Care***

The Budget provides \$65.1 billion for health care and continues to support the Administration's goal of providing timely, high-quality health care for the Nation's veterans. Building on the increased access made possible by the Veterans Access, Choice, and Accountability Act of 2014, the Budget proposes resources and legislative changes to further improve veterans' ability to access care, as described in the "Plan to Consolidate Programs of the Department of Veterans Affairs to Improve Access to Care," which was submitted to the Congress on November 1, 2015. These administrative improvements will increase efficiency when veterans are best served by seeing non-VA medical providers. Further, following the anticipated release of recommendations from the Commission on Care in mid-2016, the

Administration will determine how to best meet veterans' current and future needs using VA and community resources.

### ***Speeding the Processing of Disability Compensation Claims and Appeals***

The VA continues to make tremendous progress reducing the veteran disability claims backlog, which is down from a high of over 611,000 in March of 2013 to approximately 75,000. However, with approximately 11 percent of all initial claims decisions appealed by veterans, the increased completion of initial claims has created a corresponding increase in the number of appeals. The Budget includes legislative proposals to streamline the appeals process and provides additional funding to support technological improvements and the hiring of additional employees to continue to reduce both initial claim and appeal backlogs. Further, the Budget funds continued efforts to ensure consistent, personalized, and accurate information about services and benefits, especially in compensation and pension claims processing.

