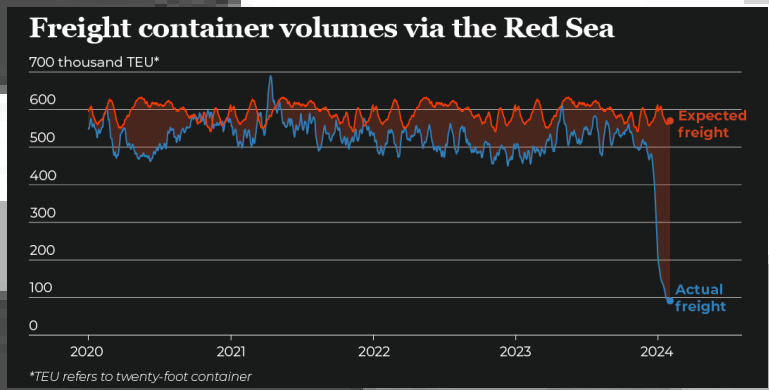




All In A Year

Outlook 2024



Objectives For Today

- Broad understanding of defense budget structure and priorities.
- Nobody becomes an expert in defense economics, but...
- ...as leaders in your company and your community, take away a better perspective and curiosity of the world's events.
- Some take-aways for the industry.

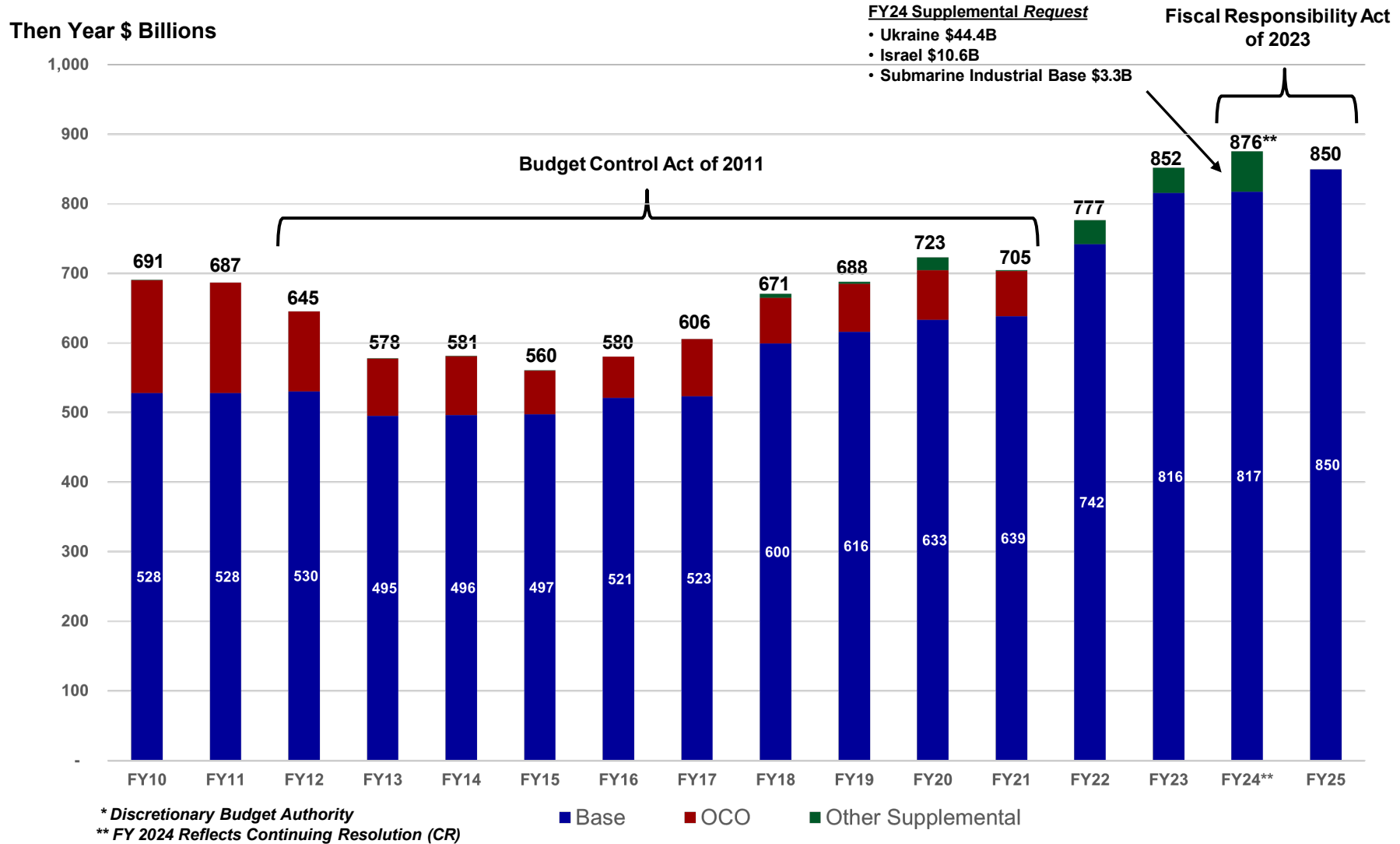




Topics for Today

- DoD Budget and Priorities
- Army Budget and Priorities
- Challenges for DoD and National Security
- Comments on Ukraine
- Comments on Textiles in DoD

DoD Budget FY 2010 - FY 2025*

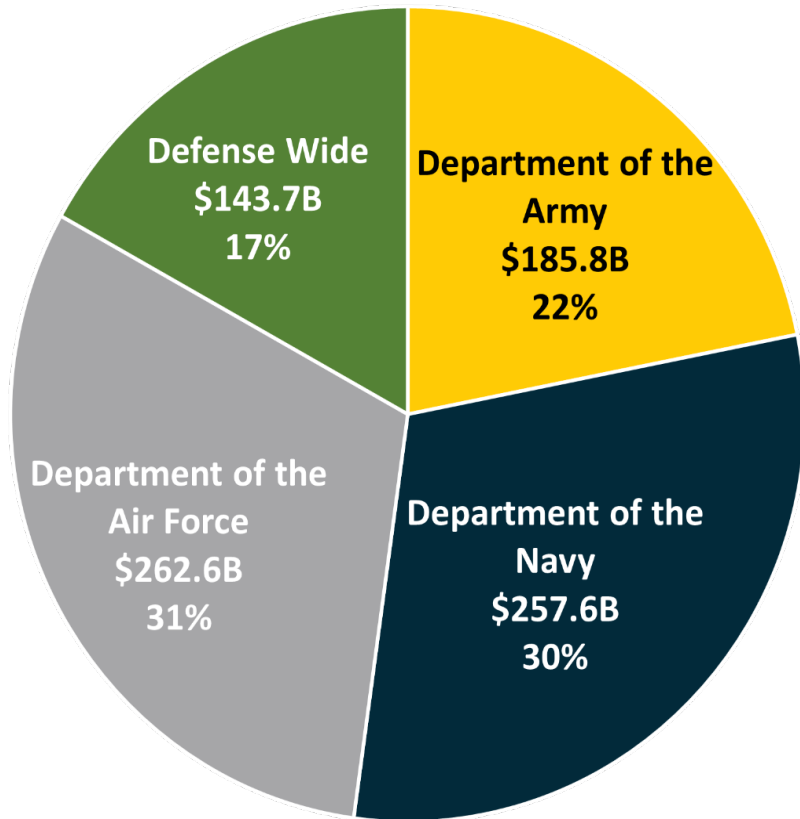


FY 2025 aligned to Fiscal Responsibility Act funding levels

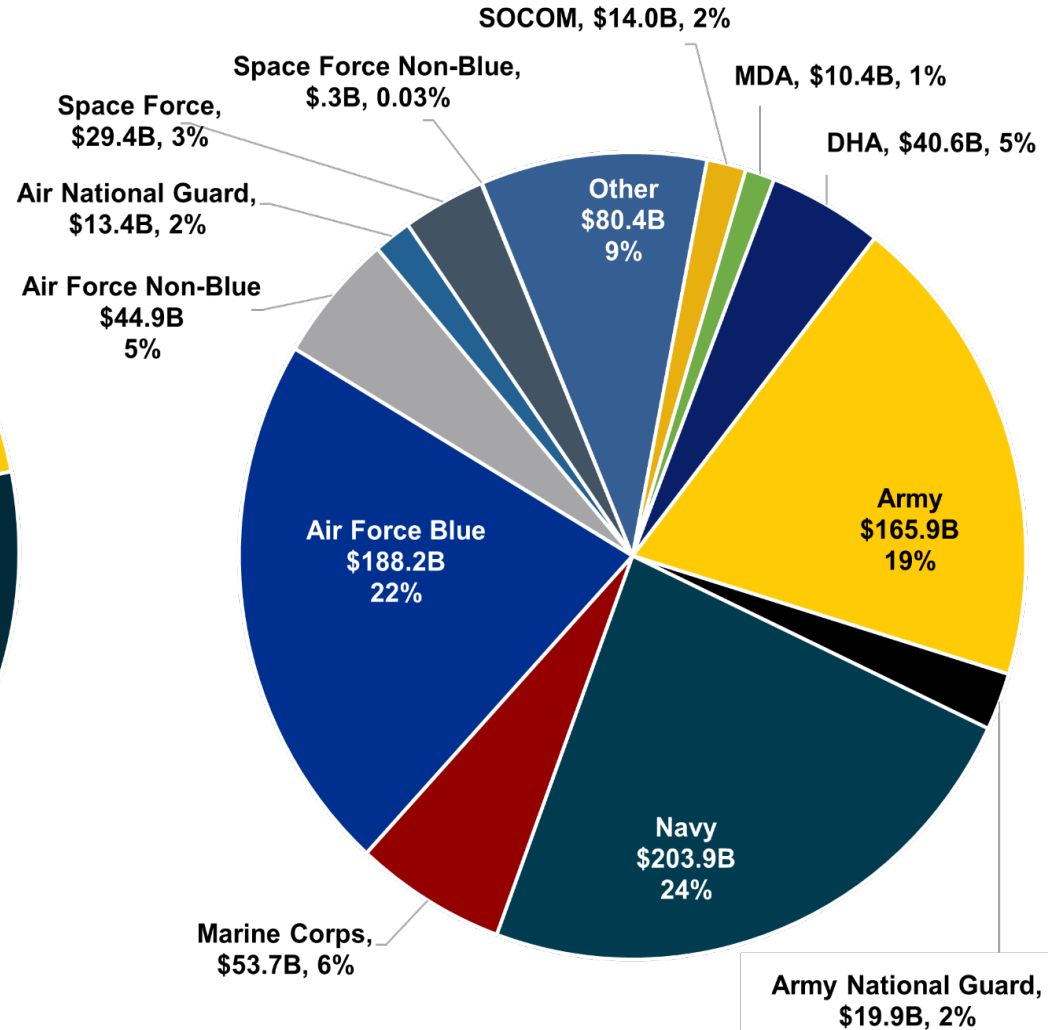
FY 2025 Funding

Department of Defense Budget Request \$849.8 billion

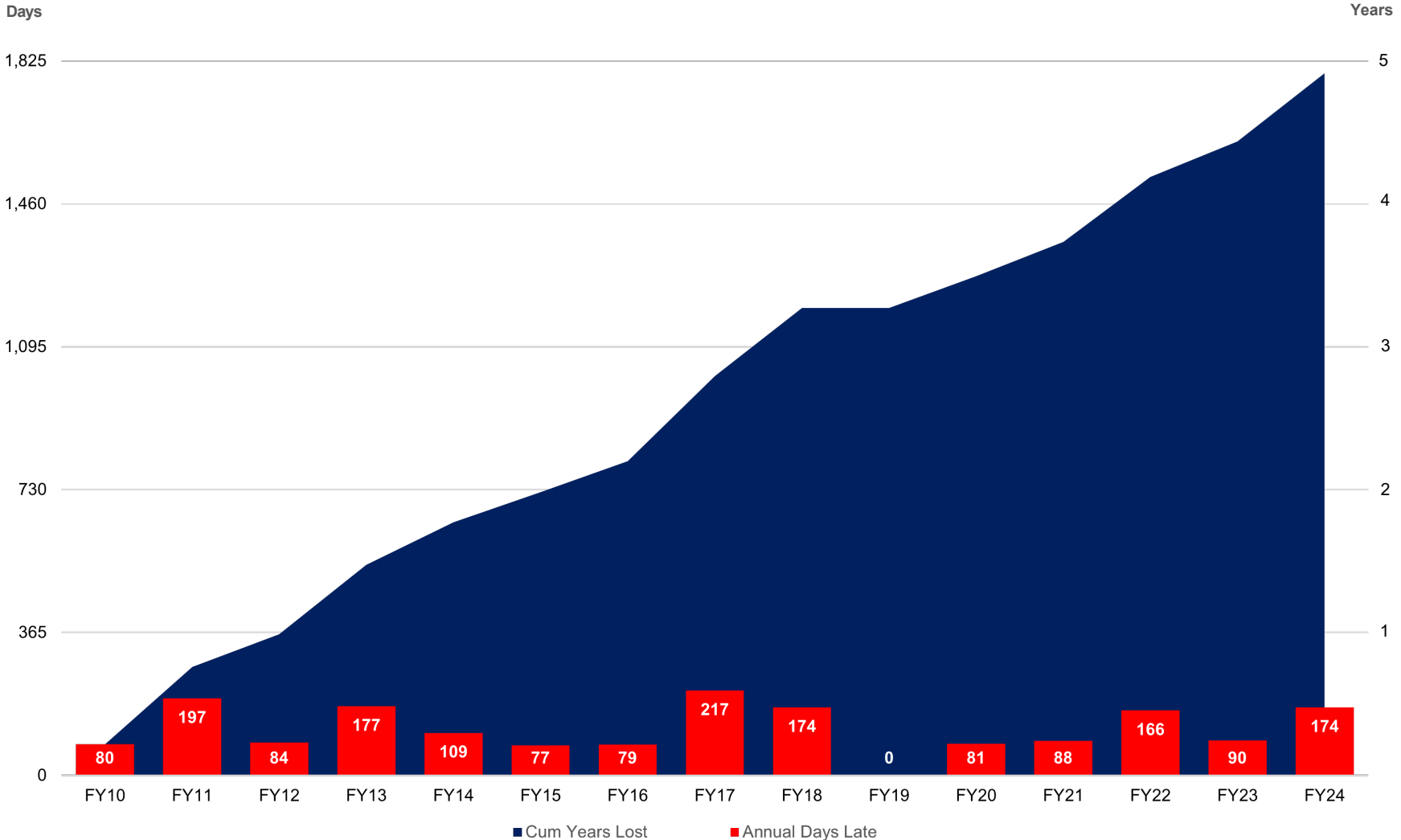
By Military Department



Detailed



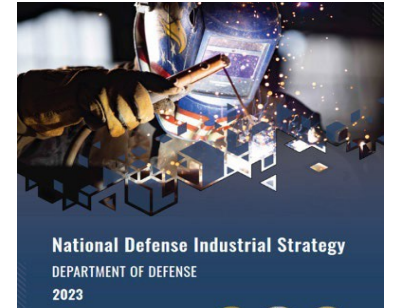
Cumulative Time Lost to Continuing Resolutions (CRs) FY10 – FY24



Nearly 5 years lost out of last 15 years

Building Enduring Advantages Defense Industrial Base and Supply Chain

- **The Department continues to invest in critical industrial base focus areas in support of the National Defense Industrial Strategy:**
 - Casting and Forging \$369 million: supports near- and longer-term revitalization and modernization efforts of key sector manufacturing capabilities
 - Kinetic Capabilities \$243 million: expands and/or on-shores critical chemical production strengthens the hypersonic industrial base, and facilitates the munitions sub-tier industrial base
 - Strategic and Critical Materials \$193 million: funds the National Defense Stockpile to procure critical materials needed in event of a national emergency
- **Additional investments will be made in other priority areas:**
 - Strengthening the Submarine Industrial Base with \$4.0 billion investment to support multi-year joint OSD-U.S. Navy efforts to ensure the health and capacity of the Submarine Industrial Base – also supports AUKUS
 - Microelectronics \$2.5 billion: invests to mitigate gaps in the advanced packaging ecosystem and provides enhanced visibility into the supply chain strengthening U.S. economic competitive advantage, in addition to CHIPS Act funding
 - Enhance munitions industrial base to increase production capacity and leverage multi-year procurement to affordably deliver critical munitions



"Robust and resilient defense supply chains are critical to the Warfighting capability of the United States."

- Assistant Secretary of Defense for Industrial Base Policy Dr. Laura Taylor-Kale

Building Enduring Advantages Munitions

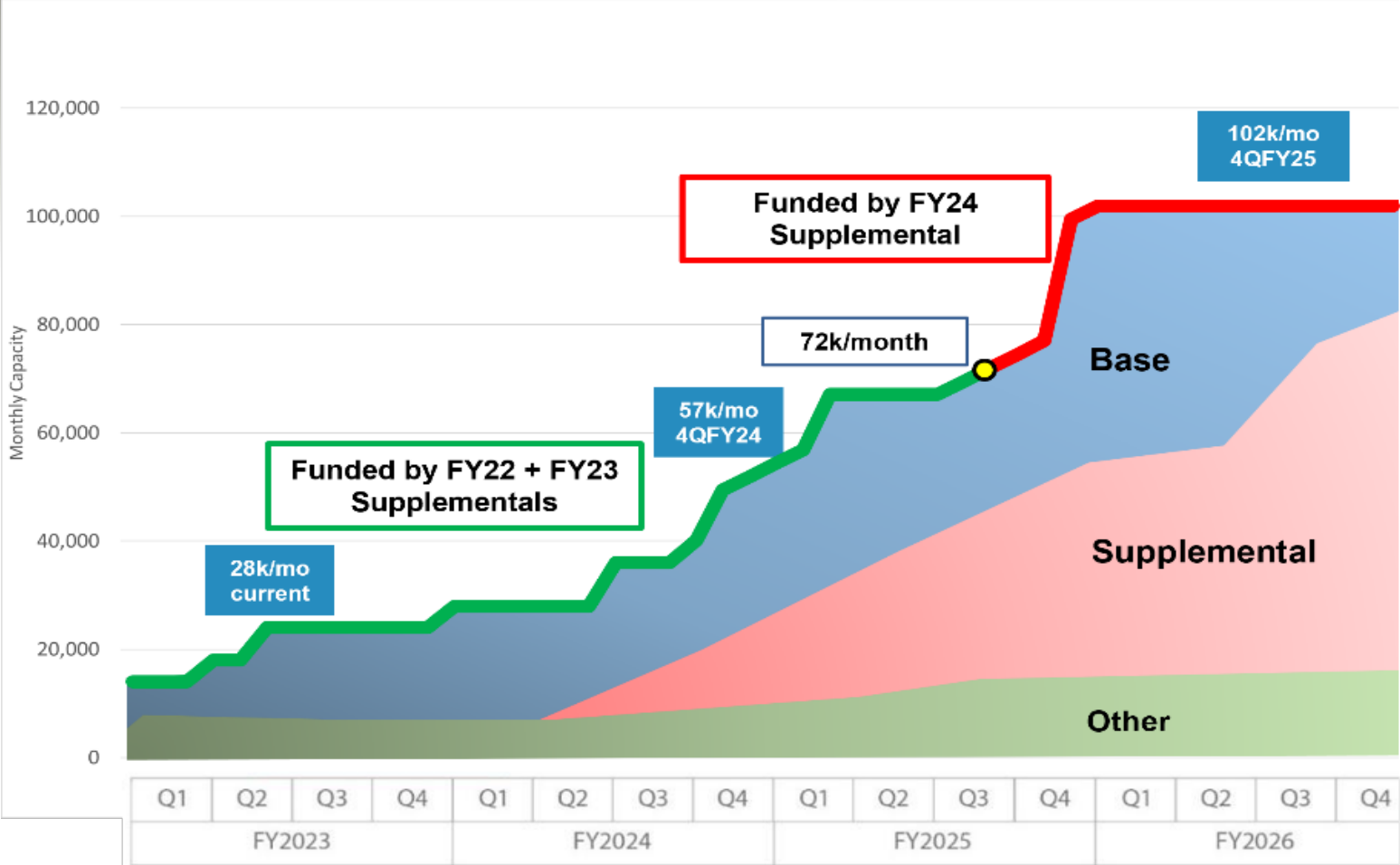
- **The FY 2025 budget for munitions totals \$29.8 billion and includes: \$5.9 billion for Ammunition, \$16.0 billion for Tactical Missiles, \$7.2 billion for Strategic Missiles, and \$0.7 billion for Technology Development.**
- **This budget continues to leverage Multiyear Procurement authorities provided by Congress to deliver critical munitions affordably, while bolstering our inventories and providing a more predictable demand signal to the industry.**
- **MYPs requested/initiated in PB24 and continuing in PB25 include:**
 - Naval Strike Missile (NSM) (Navy / USMC)
 - Standard Missile (SM-6) (Navy)
 - Advanced Medium Range Air-to-Air Missile (AMRAAM) (Air Force / Navy)
 - Long Range Anti-Ship Missile (LRASM) (Air Force)
 - Joint Air-to-Surface Standoff Missile - Extended Range (JASSM-ER) (Air Force)
 - Guided Multiple Launch Rocket System (GMLRS) (Army)
 - Patriot Advanced Capability 3 (PAC-3) Missile Segment Enhancement (MSE) (Army)
- **It encompasses concurrent MYP contracts for Precision Guided Missiles programs.**
- **Production would be structured to maximize manufacturing capacity, accelerate delivery schedules, and drive down unit costs.**



Multi-Year Procurement for Munitions – Provide Predictable Demand Signal to Defense Industry

Investing in Critical Munitions Depth

Army 155mm Capacity and Production Funding



Major Investments in the FY 2025 Budget

Aircraft	FY 2023 Actual		FY 2024 Request		FY 2025 Request	
	Qty	\$B	Qty	\$B	Qty	\$B
F-35 Joint Strike Fighter (Air Force, Marine Corps, Navy)	77	\$11.8	83	\$13.6	68	\$12.4
F/A-18E/F Super Hornet (Navy)	8	\$2.1	-	\$1.8	-	\$1.8
F-15EX (Air Force)	24	\$2.8	24	\$3.0	18	\$1.9
KC-46 Pegasus (Air Force)	15	\$2.6	15	\$3.0	15	\$3.0
CH-53K King Stallion (Marine Corps)	12	\$2.5	15	\$2.4	19	\$2.7
Future Long-Range Assault Aircraft (Army)	-	\$0.7	-	\$1.0	-	\$1.3
MQ-25 (Navy)	1	\$1.1	3	\$1.0	3	\$0.9
C-130J (Navy, Marine Corps, Air Force)	21	\$2.8	2	\$0.8	-	\$0.8
UH-60M/V Black Hawk (Army)	56	\$1.2	50	\$0.9	24	\$0.8
AH-64E Apache Attack Helicopter (Army)	38	\$0.9	42	\$1.0	31	\$0.7

Includes Procurement and Research, Development, Test and Evaluation (RDT&E) funding/quantities *Numbers may not add due to rounding*



Addressing the Pacing Challenge in the Pacific

Campaigning - \$461.4M for Operation Pathways

- Pacific Deterrence Initiative (PDI) request: \$1.5B
- 11 Exercises and Employment (\$377.1M) 200% increase over FY24: Pacific Sentry, Talisman Saber, Garuda Shield
- Theater Intelligence (ISR-PED)(\$46.5M)
- Theater Sustainment (\$37.8M)

Investing in Integrated Air & Missile Defense as part of the Joint Force

- Army Integrated Air & Missile Defense (AIAMD)(\$602M RDTE + \$2.8M PROC) Fielding of AIAMD capability in support of Guam defense
- Lower Tier Air and Missile Defense Sensor (LTAMDS)(\$516.6M MSLS) Procures 4 replacements for Patriot Radar
- Patriot (\$172M MSLS) 15 fielded Patriot Battalions
- IFPC (\$167.9M RDTE + \$657.6M MSLS) completes procurement of assets needed for IOT&E (12 Launchers and 48 Missiles)

Contested Logistics – Enabling the Joint Force

- Army watercraft modernization (\$86.6M)
- Logistics Command and Control
- Point of Need Sustainment (\$63M) to include Next Generation Automated Test System, Armament Repair Shop Sets, Tactical Water Purification System, Fire Suppression Refill System

Enabling Training and Experimentation with Partners

- Rotational deployments in the Pacific
- 5th Security Force Assistance Brigade: trains and operates with 12 different countries
- Joint Pacific Multinational Readiness Center: first training center in Indo-Pacific
- Army Futures Command – Project Convergence: closing critical fires kill webs in the Pacific through joint and allied experimentation

The background of the image is a complex camouflage pattern, likely a digital or pixelated style, featuring a mix of green, brown, tan, and grey tones. The pattern is dense and irregular, typical of modern military camouflage.

**Army Budget
for
FY 2025**

Army's FY25 Budget at a Glance

The Army's FY25 request increased by 0.2% from the FY24 request

Military Personnel

▲ 1.2% Rate adjustments for Basic Pay, Housing, and Subsistence

Military Construction

▲ 41.1% Barracks Projects, 325% increase from FY24

Operations and Maintenance

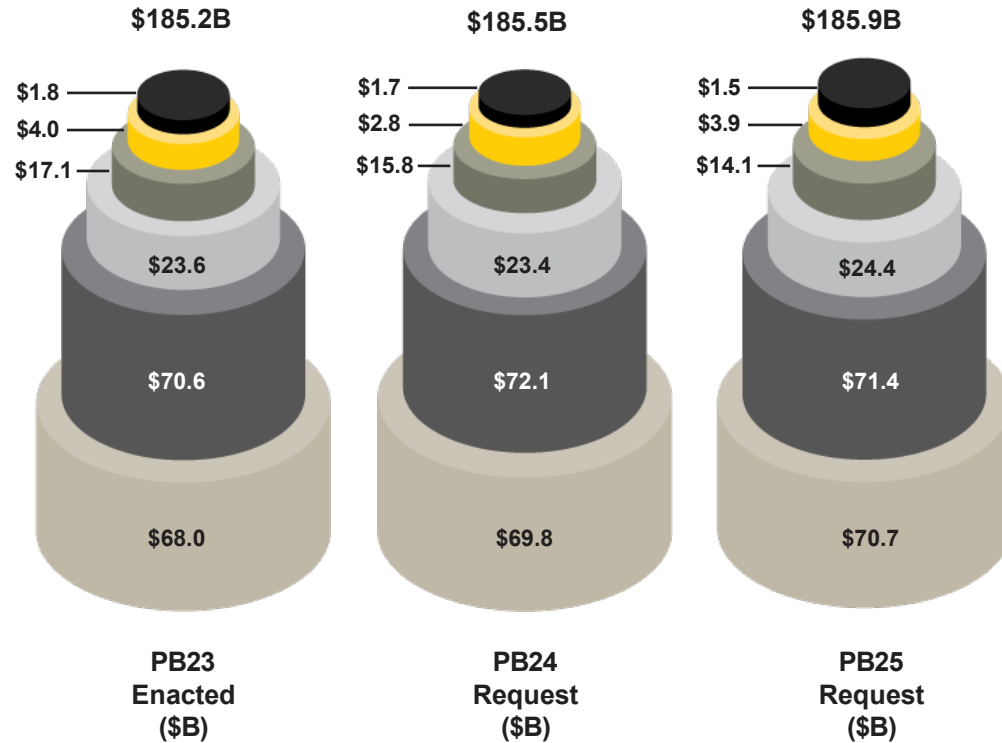
▼ 0.9% Army Structure changes while maintaining readiness to support projected global requirements

Research, Development, Test, and Evaluation

▼ 10.8% Decrease to RDTE as we shape R&D efforts and programs move to production

Procurement

▲ 4.5% Reflects programs moving into production from RDTE



*Numbers may not add due to rounding

Continued Focus on Improving Barracks

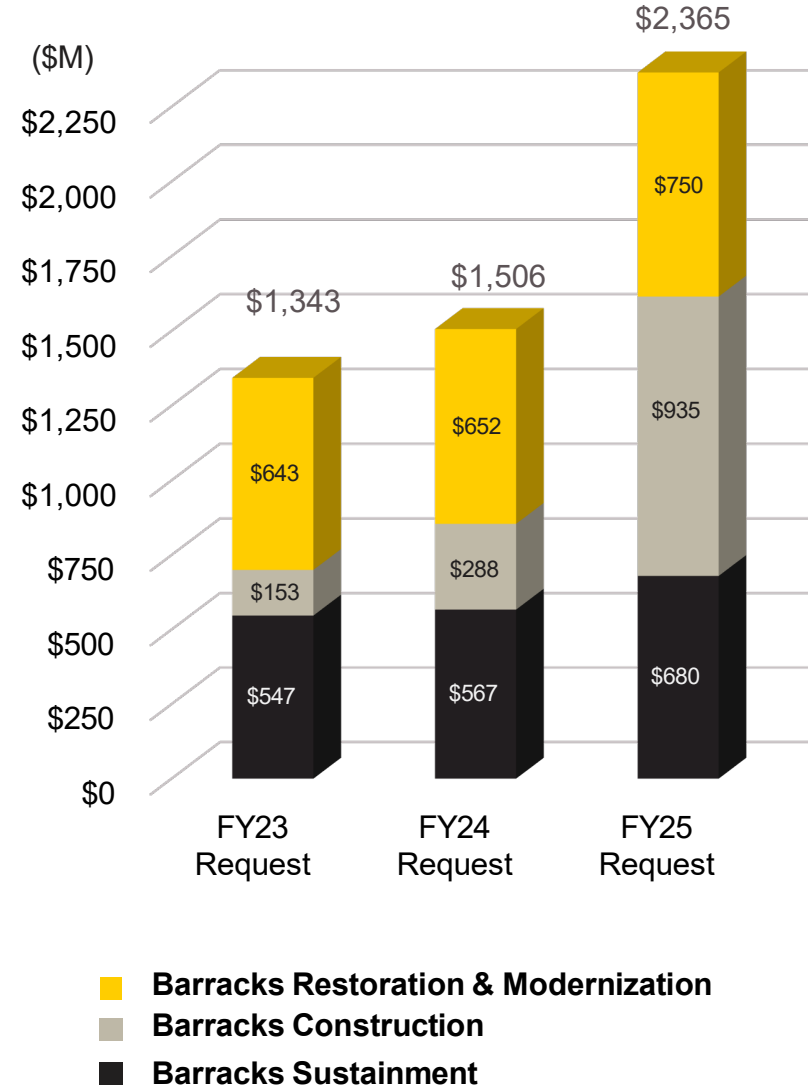
Significant Investment in Soldier Housing

- Investing an average of \$2.1B per year across all three components to construct, repair, and sustain all barracks types (Permanent Party; Institutional Training; Collective Training)
- 9 barracks projects in FY25 (\$935M), 325% increase in construction from FY24
 - 7 Active Duty and 2 Army Reserve
- Barracks sustainment funded to 100% (\$680M) for the first time in recent history
- Recently completed:
 - Fort Liberty Smoke Bomb Hill barracks renovation
 - Fort Cavazos barracks project

Reducing the Army Barracks Deficit

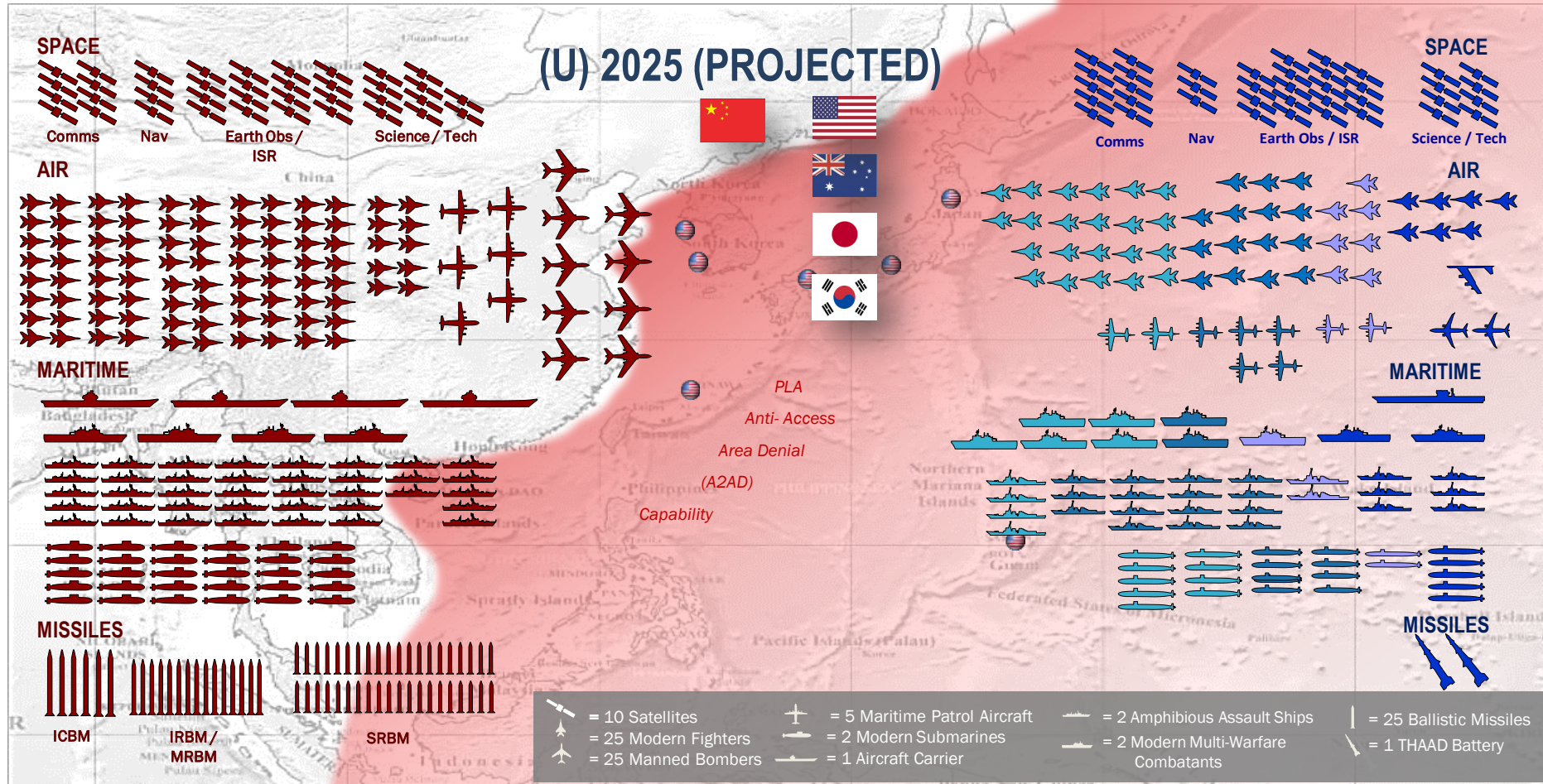
The Army's goal is to reduce its barracks quality and availability deficits through better resourcing and management. It will accomplish this by:

- Continuing significant investment in barracks construction
- Leveraging U.S. Army Corps of Engineers experts earlier in the planning and design process to stabilize project cost growth
- Investing fully in sustainment to fund ongoing maintenance and prevent deterioration in barracks conditions
- Improving management, oversight, and maintenance of barracks by increasing the size and effectiveness of civilian staff
- Utilizing new R&M authorities to repair failing barracks by replacement, supplementing MILCON funds



Other Observations

- Increasing reliance on commercial satellites and commercial space.
- Exposed our vulnerabilities in stockpiles, supply chains and manufacturing capability.
- Army's pivot away from soft wall shelters for mobile command posts and some base camp applications.
- But, there will always be a need, at some level, for soft wall shelters.
- A need for fabrics that perform in extreme cold and Arctic environments. Comment: something more than a square-foot swatch.
- Natick's Broad Area Announcement in effect until February 28, 2025.
- Solicitation Number W911QY-20-R-0022



UNCLASSIFIED

UNITED STATES AIR FORCE | PACIFIC AIR FORCES

PRC military strategy based on 'active defense'
Strategic Defense combined with Offensive Operational & Tactical Actions



A Few Observations on Ukraine

- ...unlimited arms supply in support of an endless war...”
- “Whatever it takes, for as long as it takes” is **NOT** a strategy.
- Geography and terrain matters.
- Elements of firepower, both sides.
 - Killer drones
 - Portable anti-tank systems
 - “Dumb” Ammunition
 - Ukrainian manpower

Geography and Terrain Is Everything in Ground Warfare





* Assessed Russian advances are areas where ISW assesses Russian forces have operated in or launched attacks against but do not control.

April 13, 2022

Areas of Russian military control in Ukraine



April 10, 2024



* Assessed Russian advances are areas where ISW assesses Russian forces have operated in or launched attacks against but do not control.

Areas of Russian military control in Ukraine



What Next ?

First Presented: April 25th, 2022

- Nearly universal flawed assumptions regarding the success for Russia for complete occupation (me included).
- Human suffering.
- **US (and NATO) bias against provoking escalation has huge humanitarian and military implications for Ukraine.**
- Vehicle losses for both sides (of greater significance for the Russians).
- Regenerating losses for Ukrainians.
- The longer this goes on, resupply goes from ad hoc to some sort of systemization.
- Russia lacks the combat power for maximal objectives; cannot conduct major simultaneous operations; and is challenged in taking (and holding) major cities. Important political vs military options.
- Ukraine has demonstrated the national will, but lacks the combat power for sustained offensive operations and to expel Russians from controlled territory. Long defensive lines with a shrinking force.

Each side lacks the forces for an ideal outcome as seen by each.
Without a negotiated settlement, this becomes a protracted stalemate.





Implications for Textiles

US Army DEVCOM, Soldier Center

<https://sc.devcom.army.mil/>

- CRADA: Cooperative Research and Development Agreement
- Unsolicited Proposals
- Patent License Agreements
- Materials Incorporating Antimicrobial Polymers
- Chlorine Dioxide for Surface Decontamination
- Functional Fit System for Apparel
- Textile Composite to protect against highly toxic agents and chemicals
- Integrated Body Armor Garment
- Pant-integrated knee pad
- Blast debris protective harness for lower torso and extremities
- Improved flame-resistant fabrics



Program Executive Office Soldier (PEO-Soldier)

<https://www.peosoldier.army.mil/>

130 Programs of Record; 253 Products

Program Manager Soldier Survivability (PM SSV)

Product Manager Soldier Clothing and Equipment (PdM SCIE)

Army Combat Boot

Army Combat Uniform

Ghillie Suit Accessory Kit (GSAK) Upgrade

Sleep Systems

Parachute Systems

Others

Product Manager Soldier Protective Equipment (PdM SPE)

Protective Eyewear

Modular Scalable Vest

Advanced Combat Helmet

Others

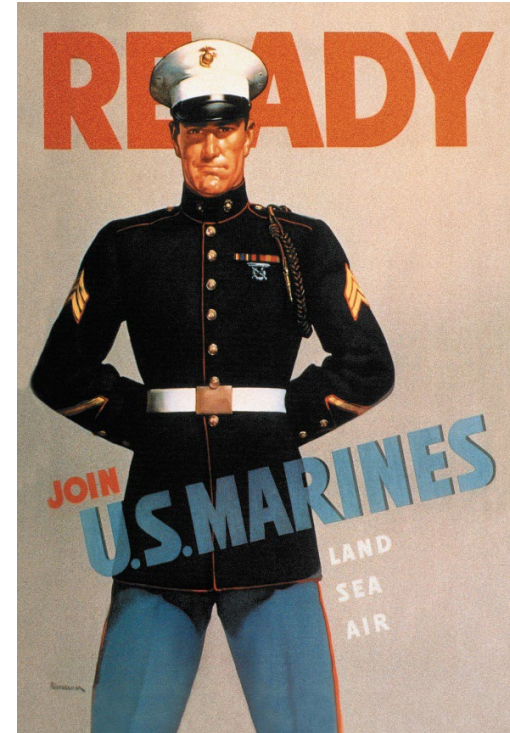
Product Manager Air Warrior (PdM AW)

Helmet Systems

Oxygen Delivery Systems

Others





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