

## **Alert** | Government Law & Policy



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### **US Army FY 2027 Budget Request – Key Trends, Risks, and Implications**

This is one in a series of GT Alerts examining the president's FY 2027 budget request to Congress, breaking down the [president's budget for the Department of War](#). This alert focuses on the proposed budget for the Department of the Army.

#### **Bottom Line Up Front**

The U.S. Army's FY 2027 budget request emphasizes force growth, modernization, and industrial base expansion. The Army is requesting approximately \$252.8 billion, an increase over FY 2026 levels. Army leadership has characterized FY 2027 as a foundational year in a longer-term transformation effort.

The request proposes simultaneous investment in personnel growth, next-generation capabilities, munitions capacity, and readiness. It also incorporates a dual-track funding structure that combines discretionary appropriations with a proposed mandatory funding component. As with the Navy's request, the Army's FY 2027 proposal indicates areas of potential demand but remains subject to modification through the congressional authorization and appropriations process.

## 1. *Topline & Budget Structure*

The Army's FY 2027 request totals approximately \$252.8 billion, representing one of the largest single-year requests in its history, a nearly 24% increase relative to FY 2026 enacted levels. This topline reflects the Army's role within the broader Department of War budget expansion and supports a wide range of priorities, including force structure growth, modernization, and readiness improvements.

The Army budget employs a combined funding structure similar to the other services and the Department of War overall. The request includes approximately \$215 billion in discretionary funding and about \$37.7 billion in proposed mandatory funding, which is intended to be enacted through separate legislative vehicles such as reconciliation.

This structure introduces additional complexity into the budget outlook. While discretionary funding follows the standard appropriations process, the mandatory component is contingent on separate legislative approval. As a result, the overall level of resources ultimately available to the Army may differ from the request, depending on how Congress addresses these two funding streams.

## 2. *Major Investment Priorities*

### A. Force Structure & Personnel

A notable feature of the FY 2027 request is its emphasis on force expansion and personnel investment. The Army proposes to increase its end strength by approximately 18,300 soldiers across active and reserve components, alongside a pay increase of roughly 5 to 7%.

These investments are intended to improve recruitment, retention, and overall force readiness. In contrast to prior years where end strength remained relatively stable, the FY 2027 request signals a deliberate effort to expand capacity in personnel alongside equipment and capability investments. This approach underscores the Army's focus on matching modernization initiatives with corresponding increases in trained personnel to operate and sustain new systems.

### B. Procurement & Equipment Modernization

The Army's procurement accounts see one of the largest proportional increases in the FY 2027 request, with a roughly 28.7% increase in discretionary procurement funding.

This funding would support a range of modernization priorities, including next-generation ground vehicles, aviation platforms, air defense systems, and munitions. Key programs highlighted in the budget materials include:

- The M1E3 Abrams hybrid-electric tank
- The XM30 Mechanized Infantry Combat Vehicle, entering early procurement
- The MV-75 (Future long-range assault aircraft / Cheyenne II variant)
- Continued investments in integrated air and missile defense systems

The procurement portfolio reflects a broad modernization effort spanning mobility, lethality, protection, and air defense. In addition, the Army is investing in its organic industrial base (OIB), allocating billions to modernize government-owned production facilities that support munitions and equipment manufacturing.

This focus on industrial infrastructure mirrors trends seen in other services and highlights production capacity as a key enabler of modernization goals.

C. Weapons & Munitions

The FY 2027 request includes a significant push to expand munitions production and replenish inventories. The Army allocates approximately \$7.3 billion toward munitions expansion, with a focus on accelerating production of critical systems such as Patriot and THAAD interceptors.

This investment is complemented by broader efforts to strengthen the defense industrial base and address supply chain limitations. The scale of funding reflects a shift toward planning for sustained operational demand, rather than episodic consumption, and reinforces the importance of scalable production capacity across the munitions enterprise.

D. Research, Development, Test & Evaluation (RDT&E)

The Army continues to invest heavily in innovation, requesting a roughly 12.9% increase in RDT&E funding, totaling approximately \$19 billion. A key component of this request is \$2.9 billion dedicated to Science and Technology (S&T), with a significant request to fund the Next Generation Command and Control (NGC2) to ensure the digital backbone is ready to support multi-domain operations.

Funding supports a wide range of programs, including:

- Next-generation aviation platforms
- Integrated air and missile defense systems
- Autonomous and unmanned systems, as well as counter-drone technologies
- Hypersonic weapons

These investments are designed to maintain technological competitiveness while accelerating the transition from prototype development to production. The inclusion of systems transitioning into procurement, such as the XM30, demonstrates an effort to move more rapidly from development pipelines into operational fielding.

E. Operations, Maintenance & Readiness

The Army's request increases funding for Operations and Maintenance (O&M) by approximately 9.6%, with a focus on improving readiness across units.

Funding would support:

- Home station and large-scale training exercises
- Maintenance and repair backlogs
- Support for combatant command priorities and domestic operations

The emphasis on readiness is consistent with broader DOW trends and reflects a continued effort to ensure that existing forces remain deployable and mission-capable while modernization efforts are underway.

## F. Infrastructure & Quality of Life

The FY 2027 request includes targeted investments in infrastructure and quality of life, particularly in barracks modernization, housing improvements, and installation resilience.

Mandatory funding is also directed toward family housing and facility upgrades, reinforcing the connection between infrastructure investment and personnel readiness. These efforts aim to address longstanding facility challenges and improve overall conditions for service members.

### 3. *Strategic & Structural Themes*

Several key themes emerge from the Army's FY 2027 request. First, the budget reflects a coordinated effort to align force expansion with modernization, with the goal of ensuring that personnel growth and capability development proceed in parallel.

Second, the Army emphasizes the industrial base, including both private-sector suppliers and government-owned production facilities. Investment in the OIB and munitions production capacity is treated as a strategic priority, rather than a secondary consideration.

Third, the request highlights the Army's focus on multi-domain capabilities, including air defense, long-range fires, aviation, and autonomous systems. This reflects an effort to integrate capabilities across operational domains rather than relying solely on traditional ground force structures.

Finally, the budget underscores a continued push toward acquisition reform and speed, with leadership emphasizing the need to deliver capabilities to units more rapidly than in previous cycles. This is an area where Congress will work on a bipartisan basis with the Department of the Army in the annual National Defense Authorization Act (NDAA) to build on acquisition and sustainment reforms included in the FY 2026 NDAA.

### 4. *Congressional Outlook & Budget Cycle Considerations*

As with the broader DOW budget, the Army's FY 2027 request represents the starting point for congressional deliberations. The presence of both discretionary and mandatory funding streams introduces additional uncertainty into the process. While discretionary funding will be addressed through annual appropriations, the proposed mandatory funding will require separate legislative action, and its approval is not guaranteed.

Congress will also adjust specific program funding levels, procurement quantities, or timelines as part of the legislative process. As a result, stakeholders should expect potential changes to both topline figures and program-level details prior to final enactment as this the Budget request is just the first step in the FY 2027 process.

### 5. *Takeaways for Industry & Stakeholders*

The Army's FY 2027 request presents a broad set of opportunities across the defense industrial base. Contractors involved in ground systems, aviation, munitions, and industrial infrastructure are likely to see increased demand, particularly in areas tied to modernization and production capacity expansion.

Suppliers supporting the OIB and munitions manufacturing ecosystem may benefit from sustained investment aimed at increasing throughput and resilience. At the same time, the focus on RDT&E and

next-generation systems creates opportunities for firms specializing in advanced technologies, including autonomy, AI, and advanced materials. However, stakeholders should remain attentive to the legislative process.

## Conclusion

The Army's FY 2027 budget request reflects a comprehensive effort to expand capacity, accelerate modernization, and strengthen the industrial base that underpins land force readiness. By combining investments in personnel, equipment, technology, and infrastructure, the request seeks to align near-term readiness with long-term transformation.

At the same time, the ultimate impact of these investments will depend on congressional action. As the budget moves through the authorization and appropriations process, stakeholders should anticipate potential adjustments while recognizing that the overall direction signals sustained demand and continued emphasis on modernization and industrial capacity in the years ahead.

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