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**Department of War
Fiscal Year (FY) 2027 Budget Estimates**

April 2026



Office of the Secretary Of Defense

Defense-Wide Justification Book Volume 1 of 2

Defense Production Act Purchases

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Department of War
 FY 2027 President's Budget
 Exhibit P-1
 Total Obligational Authority
 DoW Component Summary
 (Dollars in Thousands)

Apr 2026

| <u>Appropriation Summary</u> | FY 2025 | FY 2026 | FY 2026 PL 119-21 | FY 2026 Total |
|--------------------------------------|----------------|-----------------------|-------------------|------------------|
| | Actuals | Discretionary Enacted | Spend Plan | |
| Defense Production Act Purchases | 495,829 | 321,923 | 1,000,000 | 1,321,923 |
| Total Defense-Wide | 495,829 | 321,923 | 1,000,000 | 1,321,923 |
| Grand Total Department of War | 495,829 | 321,923 | 1,000,000 | 1,321,923 |

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Department of War
FY 2027 President's Budget
Exhibit P-1
Total Obligational Authority
DoW Component Summary
(Dollars in Thousands)

Apr 2026

| <u>Appropriation Summary</u> | FY 2027 Discretionary Request | FY 2027 Mandatory Request | FY 2027 Total |
|--------------------------------------|-------------------------------------|---------------------------------|-------------------|
| Defense Production Act Purchases | 477,287 | 29,954,138 | 30,431,425 |
| Total Defense-Wide | 477,287 | 29,954,138 | 30,431,425 |
| | | | |
| Grand Total Department of War | 477,287 | 29,954,138 | 30,431,425 |

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Defense-Wide
FY 2027 President's Budget
Exhibit P-1
Total Obligational Authority
Defense Summary
(Dollars in Thousands)

Apr 2026

| <u>Appropriation Summary</u> | FY 2026 | | | FY 2026 Total |
|----------------------------------|--------------------|--------------------------|---------------------------------|------------------|
| | FY 2025 Actuals | Discretionary Enacted | FY 2026 PL 119-21 Spend Plan | |
| Defense Production Act Purchases | 495,829 | 321,923 | 1,000,000 | 1,321,923 |
| Total Defense-Wide | 495,829 | 321,923 | 1,000,000 | 1,321,923 |

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Defense-Wide
FY 2027 President's Budget
Exhibit P-1
Total Obligational Authority
Defense Summary
(Dollars in Thousands)

Apr 2026

Appropriation Summary

| | FY 2027 Discretionary Request | FY 2027 Mandatory Request | FY 2027 Total |
|----------------------------------|-------------------------------------|---------------------------------|-------------------|
| Defense Production Act Purchases | 477,287 | 29,954,138 | 30,431,425 |
| Total Defense-Wide | 477,287 | 29,954,138 | 30,431,425 |

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Department of War
FY 2027 President's Budget
Exhibit P-1
Total Obligational Authority
(Dollars in Thousands)

Apr 2026

| Organization: Procurement, Defense-Wide | FY 2025 | FY 2026 | FY 2026 PL 119-21 | FY 2026 Total |
|---|----------------|-----------------------|-------------------|------------------|
| | Actuals | Discretionary Enacted | Spend Plan | |
| Secretary of Defense, OSD | 495,829 | 321,923 | 1,000,000 | 1,321,923 |
| Total Defense-Wide | 495,829 | 321,923 | 1,000,000 | 1,321,923 |

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Department of War
FY 2027 President's Budget
Exhibit P-1
Total Obligational Authority
(Dollars in Thousands)

Apr 2026

| Organization: Procurement, Defense-Wide | FY 2027 Discretionary Request | FY 2027 Mandatory Request | FY 2027 Total |
|---|-------------------------------------|---------------------------------|-------------------|
| Secretary of Defense, OSD | 477,287 | 29,954,138 | 30,431,425 |
| Total Defense-Wide | 477,287 | 29,954,138 | 30,431,425 |

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Defense-Wide
FY 2027 President's Budget
Exhibit P-1
Total Obligational Authority
0360D Budget Activity Summary
(Dollars in Thousands)

Apr 2026

Appropriation: **Defense Production Act Purchases**

| | FY 2025 | FY 2026 | FY 2026 PL 119-21 | FY 2026 Total |
|---|----------------|-----------------------|-------------------|------------------|
| | Actuals | Discretionary Enacted | Spend Plan | |
| <u>Budget Activity</u> | | | | |
| 01. Defense Production Act Purchases | 495,829 | 321,923 | 1,000,000 | 1,321,923 |
| Total Defense Production Act Purchases | 495,829 | 321,923 | 1,000,000 | 1,321,923 |

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Defense-Wide
FY 2027 President's Budget
Exhibit P-1
Total Obligational Authority
0360D Budget Activity Summary
(Dollars in Thousands)

Apr 2026

Appropriation: **Defense Production Act Purchases**

| | FY 2027 Discretionary Request | FY 2027 Mandatory Request | FY 2027 Total |
|---|-------------------------------------|---------------------------------|-------------------|
| <u>Budget Activity</u> | | | |
| 01. Defense Production Act Purchases | 477,287 | 29,954,138 | 30,431,425 |
| Total Defense Production Act Purchases | 477,287 | 29,954,138 | 30,431,425 |

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Defense-Wide
 FY 2027 President's Budget
 Exhibit P-1
 Total Obligational Authority
 0360D Detail
 (Dollars in Thousands)

Apr 2026

Appropriation: 0360 Defense Production Act
 Purchases

FY 2026 Discretionary FY 2026 PL 119-21 Spend
 Enacted Plan

FY 2025 Actuals

FY 2026 Total

| Line No | Item Nomenclature | Ident Code | Sec | Qty | Cost | Qty | Cost | Qty | Cost | Qty | Cost |
|---------|-------------------|------------|-----|-----|------|-----|------|-----|------|-----|------|
|---------|-------------------|------------|-----|-----|------|-----|------|-----|------|-----|------|

Budget Activity 01: Defense Production Act Purchases

Defense Production Act Purchases

| | | | | | | | | | | | |
|---|----------------------------------|---|---|--|----------------|--|----------------|--|------------------|--|------------------|
| 1 | Defense Production Act Purchases | A | U | | 495,829 | | 321,923 | | 1,000,000 | | 1,321,923 |
| Total Defense Production Act Purchases | | | | | 495,829 | | 321,923 | | 1,000,000 | | 1,321,923 |
| Total Defense Production Act Purchases | | | | | 495,829 | | 321,923 | | 1,000,000 | | 1,321,923 |

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Defense-Wide
 FY 2027 President's Budget
 Exhibit P-1
 Total Obligational Authority
 0360D Detail
 (Dollars in Thousands)

Apr 2026

| Appropriation: 0360 Defense Production Act Purchases | | | | FY 2027 Discretionary Request | | FY 2027 Mandatory Request | | FY 2027 Total | |
|---|----------------------------------|------------|-----|-------------------------------|----------------|---------------------------|-------------------|---------------|-------------------|
| Line No | Item Nomenclature | Ident Code | Sec | Qty | Cost | Qty | Cost | Qty | Cost |
| <u>Budget Activity 01: Defense Production Act Purchases</u> | | | | | | | | | |
| Defense Production Act Purchases | | | | | | | | | |
| 1 | Defense Production Act Purchases | A | U | | 477,287 | | 29,954,138 | | 30,431,425 |
| Total Defense Production Act Purchases | | | | | 477,287 | | 29,954,138 | | 30,431,425 |
| Total Defense Production Act Purchases | | | | | 477,287 | | 29,954,138 | | 30,431,425 |

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Appropriation 0360D: Defense Production Act Purchases

| Line # | BA | BSA | Line Item Number | Line Item Title | Page |
|---------------|-----------|------------|-------------------------|---------------------------------------|--------------|
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| Defense Production Act Purchases | TITLE3 | 1 | 01 | 10..... | Volume 1 - 1 |

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Executive Summary for Defense Production Act Purchases Office of the Secretary of War

Table 1: Funding Overview

| | <u>FY 2025 (\$K)</u> | <u>FY 2026 (\$K)</u> | <u>FY 2027 (\$K)</u> |
|---------------|----------------------|----------------------|----------------------|
| Discretionary | \$495,829 | \$321,923 | \$477,287 |
| Mandatory | \$0 | \$1,000,000 | \$29,954,138 |
| Total | \$495,829 | \$1,321,923 | \$30,431,425 |

Table 2: Detailed Mandatory Breakout

| <u>BLI</u> | <u>Reconciliation Bin Title</u> | <u>FY 2025 (\$K)</u> | <u>FY 2026 (\$K)</u> | <u>FY 2027 (\$K)</u> |
|------------------------|---------------------------------|----------------------|----------------------|----------------------|
| TITLE3 | Defense Industrial Base | \$0 | \$0 | \$29,954,138 |
| TITLE3 | Defense Production Act | \$0 | \$1,000,000 | \$0 |
| Mandatory Total | | \$0 | \$1,000,000 | \$29,954,138 |

MANDATORY FUNDING JUSTIFICATION: The FY 2027 request for Defense Production Act Purchases includes \$477,287 thousand of discretionary and \$29,954,138 thousand of mandatory for a total of \$30,431,425 thousand.

Defense Industrial Base

The mandatory funds continue to build on efforts from FY 2026 to invest in the Defense Industrial Base (DIB) to modernize infrastructure and expand capacity to provide military capabilities at the speed and scale necessary for the U.S. to prevail. The breakout of intended investments is provided below, although specified numbers for each initiative are estimates that are subject to change based on ongoing market research, the acquisition process, and other external factors.

Mandatory Funds: \$29,954,138 thousand

- Kinetic Capabilities
 - Critical Chemicals Supply Chain (\$6,809,930 thousand)
 - Missile and Munitions Production (\$5,647,944 thousand)
 - Hypersonic Supply Chain (\$1,411,986 thousand)
- Strategic and Critical Materials (\$6,360,000 thousand)
- Manufacturing (\$4,272,674 thousand)
- Energy Storage and Batteries (\$2,100,000 thousand)
- Microelectronics (\$1,777,272 thousand)
- Other Industrial Base Investments
 - Space, air, ground industrial capabilities, workforce and textiles (\$1,574,332 thousand)

The FY 2026 spend plan amount for Defense Production Act Purchases for the Office of the Under Secretary of War includes \$321,923 thousand of discretionary and \$1,000,000 thousand of mandatory (reconciliation) for a total of \$1,321,923 thousand.

The FY 2025 spend plan amount for Defense Production Act Purchases for the Office of the Under Secretary of War includes \$495,829 thousand of discretionary and \$0 thousand of mandatory (reconciliation) for a total of \$495,829 thousand.

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Exhibit P-40, Budget Line Item Justification: PB 2027 Office of the Secretary Of Defense **Date:** April 2026

| | |
|---|---|
| Appropriation / Budget Activity / Budget Sub Activity: 0360D: Defense Production Act Purchases / BA 01: Defense Production Act Purchases / BSA 10: Defense Production Act Purchases | P-1 Line Item Number / Title: TITLE3 / Defense Production Act Purchases |
|---|---|

| | | |
|--|--|--|
| ID Code (A=Service Ready, B=Not Service Ready): | Program Elements for Code B Items: 0902199D8Z | Other Related Program Elements: N/A |
|--|--|--|

Line Item MDAP/MAIS Code: N/A

| Resource Summary | Prior Years | FY 2025 | FY 2026 | FY 2027 Base | FY 2027 OOC | FY 2027 Total | FY 2028 | FY 2029 | FY 2030 | FY 2031 | To Complete | Total |
|---|------------------------------|----------------|----------------|----------------|-------------|----------------|----------------|----------------|----------------|----------------|-------------------|-------------------|
| Procurement Quantity (<i>Units in Each</i>) | - | - | - | - | - | - | - | - | - | - | - | - |
| Gross/Weapon System Cost (<i>\$ in Millions</i>) | 528.524 | 495.829 | 321.923 | 477.287 | - | 477.287 | 646.684 | 741.620 | 779.313 | 751.200 | Continuing | Continuing |
| Less PY Advance Procurement (<i>\$ in Millions</i>) | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Procurement (P-1) (<i>\$ in Millions</i>) | 528.524 | 495.829 | 321.923 | 477.287 | - | 477.287 | 646.684 | 741.620 | 779.313 | 751.200 | Continuing | Continuing |
| Plus CY Advance Procurement (<i>\$ in Millions</i>) | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Obligation Authority (<i>\$ in Millions</i>) | 528.524⁽¹⁾ | 495.829 | 321.923 | 477.287 | - | 477.287 | 646.684 | 741.620 | 779.313 | 751.200 | Continuing | Continuing |

(The following Resource Summary rows are for informational purposes only. The corresponding budget requests are documented elsewhere.)

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Initial Spares (<i>\$ in Millions</i>) | - | - | - | - | - | - | - | - | - | - | - | - |
| Flyaway Unit Cost (<i>\$ in Millions</i>) | - | - | - | - | - | - | - | - | - | - | - | - |
| Gross/Weapon System Unit Cost (<i>\$ in Millions</i>) | - | - | - | - | - | - | - | - | - | - | - | - |

Description:

Title III of the Defense Production Act (DPA), 50 U.S.C. Sections 4501-4568, provides the President broad authorities to ensure the timely availability of domestic industrial base capabilities essential for the national defense. DPA Title III authorizes the use of economic incentives to create, maintain, protect, expand, or restore domestic sources for critical components, critical technology items, and industrial resources.

This budget includes a project portfolio that will appropriately utilize DPA Title III authorities to strengthen domestic industrial base capabilities essential to national defense. The multi-year projects in this budget will incentivize domestic sources to establish, strengthen, and expand domestic industrial base capabilities in key areas such as strategic radiation-hardened microelectronics and the rare earths supply chain.

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Exhibit P-40, Budget Line Item Justification: PB 2027 Office of the Secretary Of Defense **Date:** April 2026

| | |
|---|---|
| Appropriation / Budget Activity / Budget Sub Activity: 0360D: Defense Production Act Purchases / BA 01: Defense Production Act Purchases / BSA 10: Defense Production Act Purchases | P-1 Line Item Number / Title: TITLE3 / Defense Production Act Purchases |
|---|---|

| | | |
|--|--|--|
| ID Code (A=Service Ready, B=Not Service Ready): | Program Elements for Code B Items: 0902199D8Z | Other Related Program Elements: N/A |
|--|--|--|

Line Item MDAP/MAIS Code: N/A

| Exhibits Schedule | | | | | Prior Years | FY 2025 | FY 2026 | FY 2027 Base | FY 2027 OOC | FY 2027 Total |
|-------------------|---------------------------------------|-------------|-------|----------------|---|---|---|---|---|---|
| Exhibit Type | Title* | Subexhibits | ID CD | MDAP/MAIS Code | Quantity / Total Cost <i>(Each) / (\$ M)</i> | Quantity / Total Cost <i>(Each) / (\$ M)</i> | Quantity / Total Cost <i>(Each) / (\$ M)</i> | Quantity / Total Cost <i>(Each) / (\$ M)</i> | Quantity / Total Cost <i>(Each) / (\$ M)</i> | Quantity / Total Cost <i>(Each) / (\$ M)</i> |
| P-5 | 1 / Defense Production Act Purchases | | | | - / 528.524 | - / 495.829 | - / 321.923 | - / 477.287 | - / - | - / 477.287 |
| P-40 | Total Gross/Weapon System Cost | | | | - / 528.524 | - / 495.829 | - / 321.923 | - / 477.287 | - / - | - / 477.287 |

*Title represents 1) the Number / Title for Items; 2) the Number / Title [DODIC] for Ammunition; and/or 3) the Number / Title (Modification Type) for Modifications.

Note: Totals in this Exhibit P-40 set may not be exact or sum exactly due to rounding.

Justification:
This program element supports the Department's priority to build a resilient Joint Force and defense ecosystem by building enduring advantages. This is executed by sustaining and expanding domestic industrial capabilities to ensure the defense industrial base can meet the needs of the current and future warfighter.

Strategic overview:

The Defense Production Act Purchases (DPAP) program element line executes under the authorities provided by Title III of the Defense Production Act (DPA), and is one component of a broader DoW investment strategy to build and strengthen the defense industrial base and secure U.S. supply chains. Residing within the Office of the Assistant Secretary of War for Industrial Base Policy (OASW(IBP)), DPAP investments are used discretely and in tandem with other DoW investment programs, such as the Industrial Base Analysis and Sustainment (IBAS) program, to ensure collaborative and non-duplicative investment against critical defense industrial base and U.S. supply chain issues. The DPAP program element supports Department priorities through investment in prime and sub-tier suppliers to mitigate supply chain risks and eliminate production capacity bottlenecks. DPA Title III investments are driven by department strategies such as the National Defense Strategy and the Acquisition Transformation Strategy, working to build a resilient defense industrial base responsive to Joint Force requirements and the wider defense ecosystem. DPA Title III investments are also supporting Department of War modernization priorities and recommendations from interagency reports in response to multiple Executive Orders concerning the health of the defense industrial base. Examples of investments include critical chemical production, missile and munition sub-tiers supply chain, and the Hypersonics industrial base to support the Departments' kinetic capabilities; investments in radiation hardened electronics, advanced packaging and other electronics areas to support of the Department's microelectronics requirements; investments in the rare earth supply chain and other mining activities to support the supply of strategic and critical materials; investments in manufacturing capabilities, including castings and forgings and other foundational metal working capabilities; and investments in the energy storage and battery supply chain. DPA Title III investments are further synchronized across the department through coordination with other research and development programs.

Program Element Summary:

The FY 2027 budget resources the DPAP program element to address critical shortfalls in the domestic industrial base areas identified by the Department and Congress. The FY 2027 request for DPAP includes \$477,287 thousand of discretionary and \$29,954,138 thousand of mandatory for a total of \$30,431,425 thousand. The FY 2027 mandatory funds continue to build on efforts from FY 2026 to invest in the Defense Industrial Base (DIB) to modernize infrastructure and expand capacity to provide military capabilities at the speed and scale necessary for the U.S. to prevail. The breakout of intended investments is provided below, although specified numbers for each initiative are estimates that are subject to change based on ongoing market research, the acquisition process, and other external factors.

- FY 2027: \$30,431,425 thousand
 Discretionary Appropriation: \$477,287 thousand
 - Kinetic Capabilities
 -- Hypersonic Supply Chain (\$129,000 thousand)
 -- Critical Chemicals Supply Chain (\$71,887 thousand)
 - Energy Storage and Batteries
 -- Lithium-Ion Batteries (\$150,000 thousand)

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| Exhibit P-40, Budget Line Item Justification: PB 2027 Office of the Secretary Of Defense | | Date: April 2026 |
| Appropriation / Budget Activity / Budget Sub Activity: 0360D: Defense Production Act Purchases / BA 01: Defense Production Act Purchases / BSA 10: Defense Production Act Purchases | | P-1 Line Item Number / Title: TITLE3 / Defense Production Act Purchases |
| ID Code (A=Service Ready, B=Not Service Ready): | Program Elements for Code B Items: 0902199D8Z | Other Related Program Elements: N/A |
| Line Item MDAP/MAIS Code: N/A | | |
| <p>-- Thermal and Silver-Zinc Batteries (\$20,400 thousand) - Manufacturing -- Casting and Forgings (\$74,000 thousand) - Space Industrial Base (\$12,000 thousand) - Program Management and Administrative Support (\$20,000 thousand) Mandatory Funds: \$29,954,138 thousand - Kinetic Capabilities -- Critical Chemicals Supply Chain (\$6,809,930 thousand) -- Missile and Munitions Production (\$5,647,944 thousand) -- Hypersonics Supply Chain (\$1,411,986 thousand) - Strategic and Critical Materials (\$6,360,000 thousand) - Manufacturing (\$4,272,674 thousand) - Energy Storage and Batteries (\$2,100,000 thousand) - Microelectronics (\$1,777,272 thousand) - Other Industrial Base Investments -- Space, air, ground industrial capabilities, workforce and textiles (\$1,574,332 thousand)</p> <p>The FY 2026 spend plan amount includes \$321,923 thousand of discretionary and \$1,000,000 thousand of mandatory (reconciliation) for a total of \$1,321,923 thousand.</p> <p>FY 2026: \$1,321,923 thousand Discretionary Appropriation: \$321,923 thousand - Kinetic Capabilities -- Hypersonics Supply Chain (\$70,000 thousand) -- Critical Chemicals Supply Chain (\$74,546 thousand) --- includes \$20,000 thousand programmatic increase for Domestic black powder advanced manufacturing expansion -- Missile and Munitions Production: (\$73,377 thousand) --- includes \$30,000 thousand programmatic increase for Domestic test and evaluations for munitions --- includes \$20,000 thousand programmatic increase for Standard missile 3 block IIA TDACS second source - Strategic and Critical Materials (\$15,000 thousand) --- includes \$15,000 thousand programmatic increase for Recovery of copper from domestic copper smelter slag mills - Manufacturing -- Casting and Forgings (\$50,000 thousand) - Space Industrial Base (\$12,000 thousand) - Program Management and Administrative Support (\$27,000 thousand) Mandatory Reconciliation Funds: \$1,000,000 thousand - Missiles and Munitions -- Missile and Munitions Production (\$900,000 thousand) -- Critical Chemicals Supply Chain (\$100,000 thousand)</p> <p>The FY 2025 actuals amount shows \$495,829 thousand of discretionary, which is a system error that will be adjusted. The corrected FY 2025 actuals is \$809,206 thousand of discretionary, which is comprised of \$463,377 thousand of base appropriations, a transfer of \$167,800 thousand from the Ukraine Security Supplemental Act that occurred in FY 2025, and \$178,029 thousand of FY 2024 and prior year, non-expiring funds that were obligated in FY 2025.</p> | | |

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| Exhibit P-40, Budget Line Item Justification: PB 2027 Office of the Secretary Of Defense | | Date: April 2026 |
| Appropriation / Budget Activity / Budget Sub Activity: 0360D: Defense Production Act Purchases / BA 01: Defense Production Act Purchases / BSA 10: Defense Production Act Purchases | | P-1 Line Item Number / Title: TITLE3 / Defense Production Act Purchases |
| ID Code (A=Service Ready, B=Not Service Ready): | Program Elements for Code B Items: 0902199D8Z | Other Related Program Elements: N/A |
| Line Item MDAP/MAIS Code: N/A | | |
| <p>FY 2025: \$631,177 thousand of discretionary funding Discretionary Appropriation: \$631,177 thousand - Kinetic Capabilities -- Missile and Munitions Production (\$282,607thousand) --- includes \$45,000 thousand programmatic increase for Expanding Domestic Solid Rocket Motors at Scale --- includes \$8,000 thousand programmatic increase for Solid rocket motor (SRM) MVP cell --- includes \$167,800 thousand transferred from the Ukraine Security Supplemental Appropriations Act to invest in gas turbine engines for munitions -- Critical Chemicals Supply Chain (\$32,356 thousand) --- includes \$17,000 thousand programmatic increase for Domestic Black Powder Advanced Manufacturing -- Hypersonics Supply Chain (\$953 thousand) - Strategic and Critical Materials (\$256,500 thousand) - Strategic Radiation Hardened Microelectronics (\$20,700 thousand) - Space Industrial Base (\$12,000 thousand) - Program Management and Administrative Support (\$26,061 thousand)</p> <p>Descriptions are provided below for the essential, transformational initiatives using the authorities established in Title III of the DPA. The single or multi-year cost phasing of each of the initiatives is addressed in the P-5 exhibit.</p> <p>Industrial Base Risk Mitigation Project Descriptions:</p> <p>- Missile and Munitions Production: The DoW has identified several areas within the missiles and munitions defense industrial base (DIB) where Title III of the DPA is necessary to address DIB constraints shared across multiple munitions and missile systems. Examples of constraints include limited expansion of existing facilities, specialized production equipment, automation and expansion or allocation of secure manufacturing capacity, and post-manufacturing testing equipment to accommodate the increased production demand required to meet warfighter requirements. Additionally, the DoW has extensively studied and analyzed the DIB to determine capacity constraints for specialized missile and munitions systems, components, sub-components, and constituent materials that are uniquely required to manufacture DoW weapons. Examples of these capacity constraints include precision ball bearings, SRMs and the subcomponents required to manufacture SRMs, gas turbine engines, and specialty fibers, resins, and materials to enable increased and affordable production.</p> <p>Establishing additional sources for missile propulsion, to include SRMs, gas turbine engines, and other maturing technologies, such as rotating detonation and various ramjet engines, plus the associated sub-tier suppliers to expand the supply chain and increase competition, is necessary to support the projected production requirements. Future demands on the current limited number of sub-tier suppliers will only continue to exacerbate the supply challenges currently facing the SRM and Prime manufacturers to meet future demands. Expansion of the supply base is required, to include the manufacturing of the specialty steels, fibers, and other materials associated with the sub-components of missile systems. Funding will modernize and expand the missile propulsion industrial base capabilities to increase production rates, reduce lead times, improve materiel availability, and improve competition. These investments are supported by Congressional increases of \$53,000 thousand and \$50,000 thousand in FY 2025 and FY 2026, respectively. As of the end of FY 2025, \$74,598 thousand of the FY 2025 budget has been obligated supporting SRM projects. \$900,000 thousand of FY 2026 mandatory and \$5,647,944 thousand of FY 2027 mandatory funding will greatly advance and accelerate these efforts.</p> <p>- Critical Chemicals Supply Chain: The DoW has pursued a strategy of identifying the highest priority chemicals and their precursor materials, investing in bringing production of these chemicals back to the U.S., in order to reduce our dependence on foreign sources and increase our domestic production capacity. Multiple efforts are being scoped to continue to invest in addressing the critical shortfalls in the domestic industrial capability to produce materials for DoW missiles and munitions, as well as other critical capabilities such as body armor. Since FY 2023, the DoW has executed multiple efforts, including the re-establishment of black powder production, established and expanded the Chemical Manufacturing Innovation Pilot program, and initiated a munitions campus to accelerate new chemistries and production techniques, with the first tenant groundbreaking in February 2026. The multiple awards completed so far to reduce chemical production dependency will soon begin to reach maturity and prototype or production level capacity. There are many more investments required to meet the variety of chemicals and precursor materials necessary to manufacture DoW weapon systems. Requests for proposals to establish</p> | | |

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| Exhibit P-40, Budget Line Item Justification: PB 2027 Office of the Secretary Of Defense | | Date: April 2026 |
| Appropriation / Budget Activity / Budget Sub Activity: 0360D: Defense Production Act Purchases / BA 01: Defense Production Act Purchases / BSA 10: Defense Production Act Purchases | | P-1 Line Item Number / Title: TITLE3 / Defense Production Act Purchases |
| ID Code (A=Service Ready, B=Not Service Ready): | Program Elements for Code B Items: 0902199D8Z | Other Related Program Elements: N/A |
| Line Item MDAP/MAIS Code: N/A | | |
| <p>financially viable domestic chemical production capabilities are necessary to continue to onshore the next top ten plus mission critical chemicals currently produced overseas, as well as modernize the DIB for chemicals from the WWII era manufacturing to a more flexible, versatile industrial base that can pivot quickly to meet new demands. These investments are supported by Congressional increases of \$17,000 thousand and \$20,000 thousand in FY 2025 and FY 2026, respectively. As of the end of FY 2025, \$15,356 thousand of the FY 2025 budget has been obligated. \$100,000 thousand of FY 2026 mandatory and \$6,809,930 thousand of FY 2027 mandatory funding will greatly advance and accelerate these efforts.</p> <p>- Hypersonics Supply Chain: The Department has been working with stakeholders to identify gaps in the industrial capability to produce components for hypersonic systems and scale production from prototype levels to the required capacity. The hypersonic DIB is unable to meet production demands without government investment to expand production capacity. The funding is intended to support the scaling and production processes necessary to produce hypersonic weapons at an affordable rate and volume that enables their availability to meet warfighter demands. Focus areas for investment include scale up and production of advanced and avionics, air-breathing engines, SRM to launch hypersonics, and the constituent materials required for the unique hypersonic applications. Capacity expansion requires investments in specialized tooling, equipment (including production testing equipment), facility expansion and facilitation of contractor new-build facilities, and workforce specific to hypersonic weapons production. Further straining capacity, the hypersonic DIB consists of vendors shared across traditional missile programs and the nuclear modernization enterprise. These vendors have little to no excess production capacity or floor space to support additional programs in conjunction with programs predicted to surge production simultaneously. Additionally, due to the unique security requirements of hypersonic systems, classified production, testing, and storage space are required to scale production to meet affordability goals. \$1,411,986 thousand of FY 2027 mandatory funding will greatly advance and accelerate these efforts.</p> <p>- Strategic and Critical Materials: These efforts work to strengthen mining, processing, metallization, and recycling capabilities required to support capabilities across the entire defense infrastructure. This includes, but is not limited to, critical minerals such as arsenic, bismuth, gallium, germanium, graphite, hafnium, indium, magnesium, niobium, titanium, beryllium, cobalt, fluor spar, aluminum, tantalum, zirconium, rhodium, and ruthenium, as well as rare earth elements (REEs) such as terbium, samarium, gadolinium, yttrium and dysprosium. The intent is to alleviate the Department's reliance on foreign markets and provide material availability to mitigate active shortfalls affecting defense system readiness. These investments are supported by a Congressional increase of \$15,000 thousand in FY 2026. \$179.738 thousand of prior year unobligated funds is in acquisition and planned to be executed in FY 2026. The \$256,500 thousand of FY 2025 funds were used to execute an equity investment and off take agreements for rare earth element mining capabilities. The remaining unobligated prior year funds as well as the \$6,360,000 thousand of mandatory FY 2027 funds will be focused on the following investments.</p> <p>-- Raw mineral sourcing and beneficiation: Activities related to the identification, extraction, concentration, and/or beneficiation of mineral ores. This includes, but is not limited to:</p> <ul style="list-style-type: none"> --- Feasibility studies (e.g., bankable/definitive feasibility studies) necessary to secure investment. --- Infrastructure improvements and capital investments required to operationalize mining and/or beneficiation projects. --- Development of by- or co-product streams to recover additional minerals from existing operations. --- Productivity enhancements (e.g., flowsheet optimization, deployment of autonomous systems). --- Activities that advance mining/extraction projects towards operationalization and/or expansion of current production capacity. <p>-- Separation and processing: Processes required to transform raw or beneficiated materials into intermediate chemical forms (e.g., oxides, chlorides and salts).</p> <p>-- Metal production, Metallization, Refining, and Upscaling: Processes encompassing:</p> <ul style="list-style-type: none"> --- Production of metals from semi-processed material via smelting and other methods. --- Refining and/or upscaling of metals to achieve purified forms suitable for critical applications. <p>-- Alloying and Finish Processing: Processes encompassing:</p> <ul style="list-style-type: none"> --- The creation of alloys from two or more metals. --- Coating or plating of materials with metals to impart specific properties for critical applications. --- Transformation or combination of purified materials into products ready for integration into critical component supply chains (e.g., gallium arsenide wafers). <p>-- Recovery, Recycling, and Alternative Sourcing: Processes focused on recycling and recovering minerals and materials from sources such as mine tailings, industrial waste, scrap, swarf, end-of-life material, and/or alternative and underutilized sources. Recycling and recovery efforts can be implemented at any point within the mineral value chain.</p> <p>-- Peripheral Activities and Supporting Supply Chains: Activities related to the production of chemical reagents, key inputs, tooling, production equipment and other materials essential for supporting critical processes and alleviating bottlenecks across critical mineral value chains. Activities can also include qualification of materials for DoW systems and applications.</p> | | |

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| Exhibit P-40, Budget Line Item Justification: PB 2027 Office of the Secretary Of Defense | | Date: April 2026 |
| Appropriation / Budget Activity / Budget Sub Activity: 0360D: Defense Production Act Purchases / BA 01: Defense Production Act Purchases / BSA 10: Defense Production Act Purchases | | P-1 Line Item Number / Title: TITLE3 / Defense Production Act Purchases |
| ID Code (A=Service Ready, B=Not Service Ready): | Program Elements for Code B Items: 0902199D8Z | Other Related Program Elements: N/A |
| Line Item MDAP/MAIS Code: N/A | | |
| <p>- Manufacturing: Casting and Forgings: Investments are planned in the shipbuilding industrial base to support casting and forging requirements to support shipbuilding and other system requirements. \$4,272,674 thousand of FY 2027 mandatory funding is planned to make greatly needed investments to modernize and expand the domestic metalworking infrastructure and secure upstream supply chain security for manufacturing.</p> <p>- Energy Storage and Batteries: This investment will establish domestic lithium-ion battery production to mitigate foreign dependence risks to hundreds of critical military systems, securing the supply chain for highest-priority defense systems. Additionally, it will re-establish production of silver zinc batteries which are currently used missiles, torpedoes, deep submersible vehicles, and launch vehicles. \$2,100,000 thousand of FY 2027 mandatory funding is planned to focus on establish domestic manufacturing for anodes, cathodes, electrolyte & electrolyte salt, separators, secondary subcomponents, pilot lines, and advanced battery production equipment.</p> <p>- Strategic Radiation Hardened Microelectronics: The purpose of this effort is to provide assured capabilities to produce or acquire strategic radiation hardened (SRH) trusted microelectronics in compliance with Department of War Instruction 5200.44 to supply critical microelectronic components for necessary radiation environments involved with the acquisition of delivery systems for nuclear weapons. These investments are necessary to support the Department's priority to deter strategic attacks against the United States, allies, and partners. The first set of projects provide production, engineering, and sustainment services in support of SRH microelectronics fabrication via a Defense Microelectronics Activity (DMEA)-accredited Trusted Supplier using a Trusted flow. \$137,616 thousand has been obligated against multiple contracts between FY 2019 through FY 2025. The remaining \$40,090 thousand of unobligated funds is planned to be executed in FY 2026 to continue these efforts.</p> <p>- Space Industrial Base: Gaps in the National Security Space industrial supply base are continuously being assessed. Current projects include industrial investments impacting solar cell substrates, solar cell cover glass, infrared detectors, and traveling wave tube amplifiers, all of which are in acquisition and planned to be obligated in FY 2026.</p> <p>- Microelectronics: \$1,777,272 thousand of FY 2027 mandatory funding is planned to focus on assuring the Department has access to domestic manufacturing for secure advanced packaging, high-power microelectronics, advanced technology nodes, and other critical capabilities to ensure the warfighter has access to the most advanced and capable technologies.</p> <p>- Other Industrial Base Investments: \$1,574,332.00 thousand of FY 2027 mandatory funding is planned to invest in industrial base capabilities supporting space, air, ground, and soldier systems.</p> <p>The following projects were reported in the FY 2026 President's Budget Request but are no longer included in the tables in this exhibit because they were fully obligated at the end of FY 2025 and do not have any FY 2025, FY 2026, or FY 2027 funds allocated to them.</p> <p>- Supplemental Industrial Supply Chain Risk Mitigation: Last year, this section reported on the funds appropriated by the Additional Ukraine Supplemental Appropriations Act, the Israel Security Supplemental Appropriations Act, and the Indo-Pacific Security Supplemental Appropriations Act. All unobligated FY 2024 and prior year funds brought forward into FY 2026 from these supplementals are recorded now in the respective lines of effort: \$49,300 thousand of prior year is recorded in Critical Chemicals Supply Chain, \$118,156 thousand is recorded in Missile & Munitions Production, and \$97,420 thousand is recorded in Strategic and Critical Materials.</p> <p>- Microelectronics Packaging Capabilities: The challenges facing the electronics industrial base are wide-reaching and significant. Commercial industry has trended toward yearly product refreshes and updating technology nodes frequently, leaving legacy DoW systems that must be maintained for decades with severe obsolescence issues. On the opposite end of the spectrum, new systems that desire to integrate the newest technologies face challenges obtaining assured and/or trusted supply as much of the electronics manufacturing supply chain has gone overseas. In addition, domestic suppliers that exist are reluctant to work with unique DoW requirements as it would negatively affect their commercial runs and overall business viability. Advanced packaging and printed circuit boards is the immediate focus of this effort, however the Department is continuing to identify and vet efforts to serve DoW's need for electronic materials, digital/analog/mixed signal integrated circuits, discrete components, displays, power electronic components, electro-optical/IR components, radio frequency components, and other cross-cutting technologies. The President authorized the use of DPA Title III authorities in FY 2023 and all planned FY 2023 and FY 2024 funds of \$116,604 thousand have been obligated to three printed circuit board and advanced packaging projects in FY 2024.</p> <p>- Distributed Bioindustrial Manufacturing Program (DBIMP): This effort supported domestic, modular bio-manufacturing of multiple materials critical to the Department. The Office of the Under Secretary of War for Research and Engineering (OUSW(R&E)) is the office of primary responsibility for DBIMP investments. In FY 2024, \$60,205 thousand was used to execute 34 projects to determine manufacturing feasibility of production processes. Additionally, \$10,634 thousand was obligated for dedicated support to develop and execute these efforts.</p> | | |

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| Exhibit P-40, Budget Line Item Justification: PB 2027 Office of the Secretary Of Defense | | Date: April 2026 |
| Appropriation / Budget Activity / Budget Sub Activity: 0360D: Defense Production Act Purchases / BA 01: Defense Production Act Purchases / BSA 10: Defense Production Act Purchases | | P-1 Line Item Number / Title: TITLE3 / Defense Production Act Purchases |
| ID Code (A=Service Ready, B=Not Service Ready): | Program Elements for Code B Items: 0902199D8Z | Other Related Program Elements: N/A |
| Line Item MDAP/MAIS Code: N/A | | |

Footnotes:
(1) The "Prior Year" funding column includes only unobligated prior year funds (FY 2024 and earlier) brought forward into FY 2026 that are planned to be obligated towards efforts. This same logic is applied to all lines of effort listed.

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| Exhibit P-5, Cost Analysis: PB 2027 Office of the Secretary Of Defense | | | | | | Date: April 2026 | | |
| Appropriation / Budget Activity / Budget Sub Activity: 0360D / 01 / 10 | | | P-1 Line Item Number / Title: TITLE3 / Defense Production Act Purchases | | | Item Number / Title [DODIC]: 1 / Defense Production Act Purchases | | |
| ID Code (A=Service Ready, B=Not Service Ready) : | | | | MDAP/MAIS Code: | | | | |
| Resource Summary | | | Prior Years | FY 2025 | FY 2026 | FY 2027 Base | FY 2027 OOC | FY 2027 Total |
| Procurement Quantity (Units in Each) | | | - | - | - | - | - | - |
| Gross/Weapon System Cost (\$ in Millions) | | | 528.524 | 495.829 | 321.923 | 477.287 | - | 477.287 |
| Less PY Advance Procurement (\$ in Millions) | | | - | - | - | - | - | - |
| Net Procurement (P-1) (\$ in Millions) | | | 528.524 | 495.829 | 321.923 | 477.287 | - | 477.287 |
| Plus CY Advance Procurement (\$ in Millions) | | | - | - | - | - | - | - |
| Total Obligation Authority (\$ in Millions) | | | 528.524 ⁽²⁾ | 495.829 ⁽³⁾ | 321.923 | 477.287 | - | 477.287 |
| <i>(The following Resource Summary rows are for informational purposes only. The corresponding budget requests are documented elsewhere.)</i> | | | | | | | | |
| Initial Spares (\$ in Millions) | | | - | - | - | - | - | - |
| Gross/Weapon System Unit Cost (\$ in Millions) | | | - | - | - | - | - | - |

Note: Subtotals or Totals in this Exhibit P-5 may not be exact or sum exactly due to rounding.

| Cost Elements | Prior Years | | | FY 2025 | | | FY 2026 | | | FY 2027 Base | | | FY 2027 OOC | | | FY 2027 Total | | |
|--|------------------|------------|-------------------|------------------|------------|------------------------|------------------|------------|-------------------|------------------|------------|-------------------|------------------|------------|-------------------|------------------|------------|-------------------|
| | Unit Cost (\$ M) | Qty (Each) | Total Cost (\$ M) | Unit Cost (\$ M) | Qty (Each) | Total Cost (\$ M) | Unit Cost (\$ M) | Qty (Each) | Total Cost (\$ M) | Unit Cost (\$ M) | Qty (Each) | Total Cost (\$ M) | Unit Cost (\$ M) | Qty (Each) | Total Cost (\$ M) | Unit Cost (\$ M) | Qty (Each) | Total Cost (\$ M) |
| Hardware - Industrial Base Risk Mitigation Cost | | | | | | | | | | | | | | | | | | |
| Recurring Cost | | | | | | | | | | | | | | | | | | |
| Program Management and Administrative Support | - | - | 0.000 | - | - | 26.061 | - | - | 27.000 | - | - | 20.000 | - | - | - | - | - | 20.000 |
| <i>Subtotal: Recurring Cost</i> | - | - | <i>0.000</i> | - | - | <i>26.061</i> | - | - | <i>27.000</i> | - | - | <i>20.000</i> | - | - | - | - | - | <i>20.000</i> |
| Non Recurring Cost | | | | | | | | | | | | | | | | | | |
| Missile and Munitions Production | - | - | 239.550 | - | - | 147.259 ⁽⁴⁾ | - | - | 73.377 | - | - | 0.000 | - | - | - | - | - | 0.000 |
| Critical Chemicals Supply Chain | - | - | 49.300 | - | - | 32.356 | - | - | 74.546 | - | - | 71.887 | - | - | - | - | - | 71.887 |
| Hypersonics Supply Chain | - | - | 5.000 | - | - | 0.953 | - | - | 70.000 | - | - | 129.000 | - | - | - | - | - | 129.000 |
| Strategic and Critical Materials | - | - | 179.738 | - | - | 256.500 | - | - | 15.000 | - | - | 0.000 | - | - | - | - | - | 0.000 |
| Manufacturing | - | - | 31.000 | - | - | 0.000 | - | - | 50.000 | - | - | 74.000 | - | - | - | - | - | 74.000 |
| Energy Storage and Batteries | - | - | 0.000 | - | - | 0.000 | - | - | 0.000 | - | - | 170.400 | - | - | - | - | - | 170.400 |
| Strategic Radiation Hardened Microelectronics | - | - | 20.120 | - | - | 20.700 | - | - | 0.000 | - | - | 0.000 | - | - | - | - | - | 0.000 |
| Space Industrial Base | - | - | 3.816 | - | - | 12.000 | - | - | 12.000 | - | - | 12.000 | - | - | - | - | - | 12.000 |
| <i>Subtotal: Non Recurring Cost</i> | - | - | <i>528.524</i> | - | - | <i>469.768</i> | - | - | <i>294.923</i> | - | - | <i>457.287</i> | - | - | - | - | - | <i>457.287</i> |

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| Exhibit P-5, Cost Analysis: PB 2027 Office of the Secretary Of Defense | | | | | | | | | | | | Date: April 2026 | | | | | |
| Appropriation / Budget Activity / Budget Sub Activity: 0360D / 01 / 10 | | | | | | P-1 Line Item Number / Title: TITLE3 / Defense Production Act Purchases | | | | | | Item Number / Title [DODIC]: 1 / Defense Production Act Purchases | | | | | |
| ID Code (A=Service Ready, B=Not Service Ready) : | | | | | | | | | | | | MDAP/MAIS Code: | | | | | |

Note: Subtotals or Totals in this Exhibit P-5 may not be exact or sum exactly due to rounding.

| Cost Elements | Prior Years | | | FY 2025 | | | FY 2026 | | | FY 2027 Base | | | FY 2027 OOC | | | FY 2027 Total | | |
|--|---------------------|---------------|----------------------|---------------------|---------------|----------------------|---------------------|---------------|----------------------|---------------------|---------------|----------------------|---------------------|---------------|----------------------|---------------------|---------------|----------------------|
| | Unit Cost (\$ M) | Qty (Each) | Total Cost (\$ M) | Unit Cost (\$ M) | Qty (Each) | Total Cost (\$ M) | Unit Cost (\$ M) | Qty (Each) | Total Cost (\$ M) | Unit Cost (\$ M) | Qty (Each) | Total Cost (\$ M) | Unit Cost (\$ M) | Qty (Each) | Total Cost (\$ M) | Unit Cost (\$ M) | Qty (Each) | Total Cost (\$ M) |
| <i>Subtotal: Hardware - Industrial Base Risk Mitigation Cost</i> | - | - | 528.524 | - | - | 495.829 | - | - | 321.923 | - | - | 477.287 | - | - | - | - | - | 477.287 |
| Gross/Weapon System Cost | - | - | 528.524 | - | - | 495.829 | - | - | 321.923 | - | - | 477.287 | - | - | - | - | - | 477.287 |

Footnotes:

- (2) The "Prior Year" funding column includes only unobligated prior year funds (FY 2024 and earlier) brought forward into FY 2026 that are planned to be obligated towards efforts. This same logic is applied to all lines of effort listed.
- (3) The FY 2025 actuals amount shows \$495,829 thousand of discretionary, which is a system error that will be adjusted. The corrected FY 2025 actuals is \$809,206 thousand of discretionary, which is comprised of \$463,377 thousand of base appropriations, a transfer of \$167,800 thousand from the Ukraine Security Supplemental Act that occurred in FY 2025, and \$178,029 thousand of FY 2024 and prior year, non-expiring funds that were obligated in FY 2025.
- (4) Actual number is \$282.607 million, which included \$167.800 million from the Ukraine Security Supplemental Act that was transferred into the DPAP BLI in FY 2025.

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