



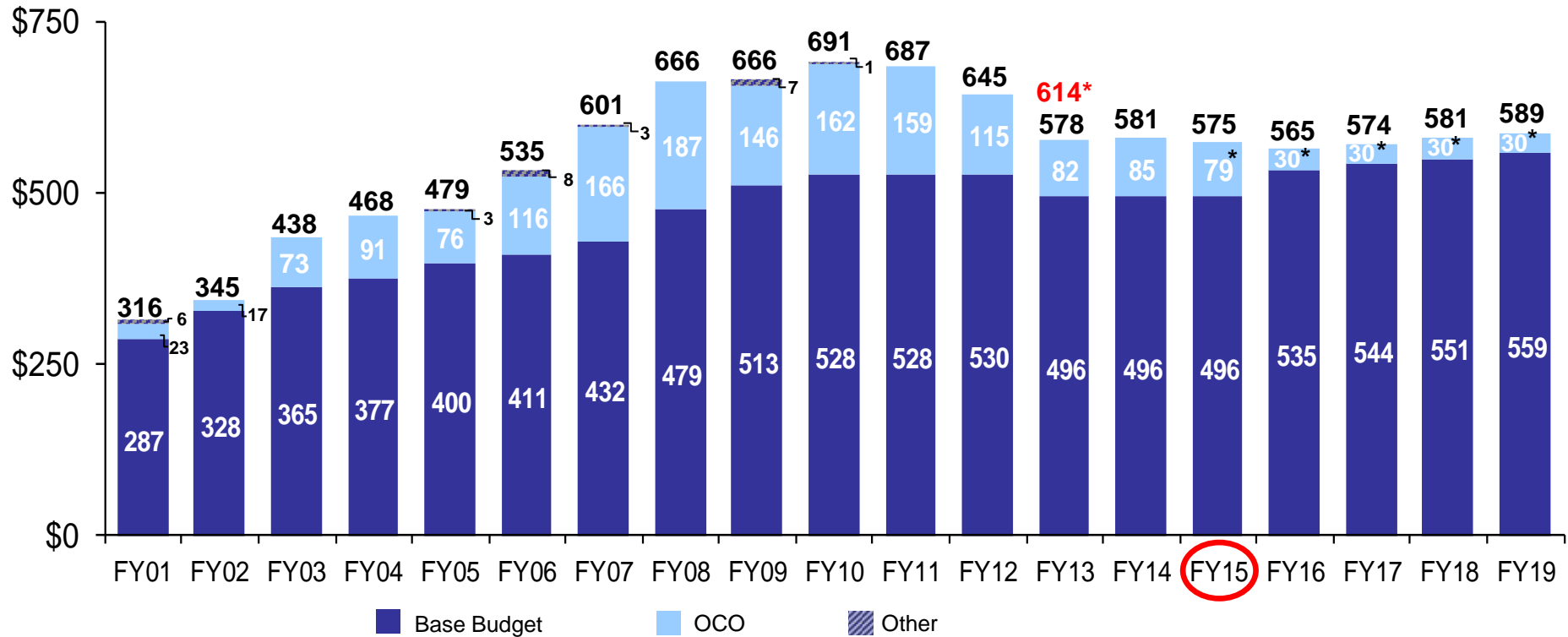
# Strategy

- 2014 QDR being submitted with budget
- 2014 QDR updates strategy, focusing on:
  - Defending homeland against all strategic threats
  - Build security globally by projecting U.S. influence and deterring aggressors
  - Project power and win decisively
- 2014 QDR embodies key elements of January 2012 defense strategy
  - Rebalance to Asia-Pacific
  - Sustaining commitments to key allies in Middle East
  - Aggressively pursue global terrorist network
  - Emphasis on key threat areas (e.g., cyber, special ops)
  - No longer size forces for large, prolonged stability operations
  - Others

# Budget Totals in President's FY 2015 Budget Request

## DoD Topline, FY 2001 – FY 2019

(Current Dollars in Billions)

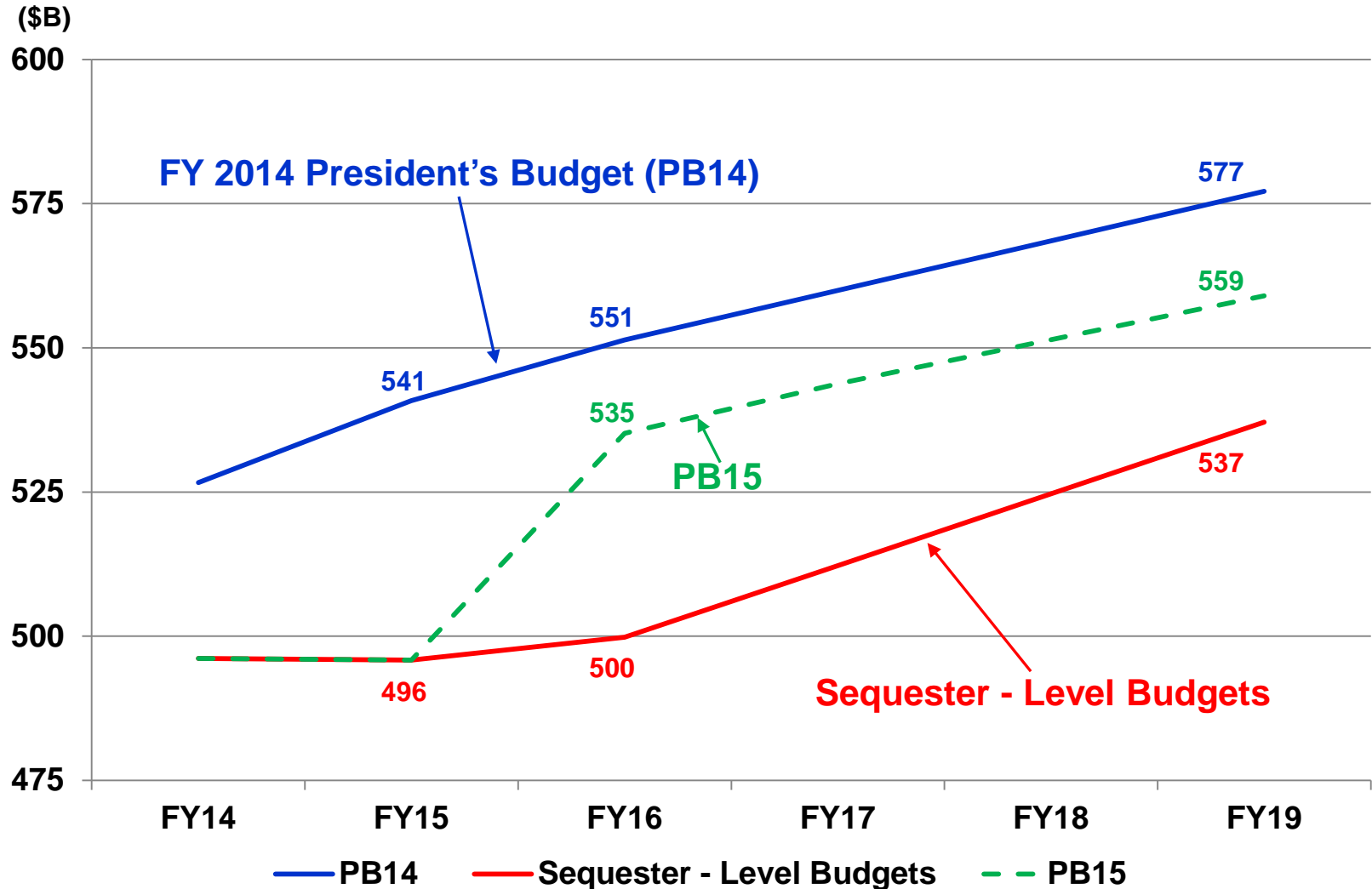


\* Reflects FY13 Enacted level excluding Sequestration

\* Placeholders only

**Focus Only On Base Budget For Remainder Of Briefing**  
**No FY 2015 OCO Budget Yet**

# PB15 DoD Base-Budget Topline



# What FY 2015 President's Budget Seeks to Accomplish

- Seek a balanced force
  - Balance readiness, capability, and capacity
- Prepare for prolonged readiness challenges
  - Recover from sequestration
  - Meet today's demands
  - Prepare to surge for contingencies
- Continue to focus on institutional reform
  - Headquarters reduction, others
- Pursue compensation changes
- Pursue investments in emerging military capabilities
- Reduce infrastructure



# Achieve Efficiencies

- PB15 five-year efficiency savings total about \$94B
- Key initiatives
  - 20% cut in headquarters operating budgets
  - Reduction in contractor funding
  - Civilian manpower restructuring
  - Health care cost savings
  - Terminating/deferring weapons programs and military construction projects
  - BRAC round in 2017 (long-term savings)
  - Better Buying Power
  - Auditable financial statements
- These are in addition to past plans that are being implemented
  - FY 2012: \$150B in FY12 – FY16
  - FY 2013: \$ 60B in FY13 – FY17
  - FY 2014: \$ 35B in FY14 – FY18



# Slow Growth in Military Compensation

- Principles we followed
  - No one's pay and allowances are cut
  - Fully support All-Volunteer Force
    - Compensation sufficient to recruit and retain needed personnel
  - Use savings to pay for training and maintenance
- Major initiatives
  - Basic pay raise limited to 1% in FY 2015, also limits beyond
    - Exception: General Officer/Flag Officer pay frozen in FY 2015
  - Slow growth in Basic Allowance for Housing until out of pocket averages 5%
    - Eliminate renters insurance from Basic Allowance for Housing rates
  - Reduce commissary subsidy by \$1 billion over three years
    - No direction to close commissaries
  - Consolidate TRICARE healthcare plans with altered deductible/co-pays
  - Resubmit previous TRICARE-For-Life and pharmacy proposals
    - But not previous TRICARE Prime fee increases

# Modernization: Targeted and Streamlined

- Cyber fully funded (\$5.1B)
- 34 JSF and continued RDT&E (\$8B)
  - 343 in FY15 – FY19
- 7 Ships (\$14.4B) including 2 subs, 2 destroyers, 3 LCS
  - 44 ships in FY15 – FY19
- 8 P-8 Aircraft (\$2.1B)
  - 56 P-8s in FY15 – FY19
- Ballistic Missile Defense development (\$8.5B)
- Long Range Strike Bomber (\$0.9B) / Ohio replacement submarine development (\$1.1B)
- Investment in Helicopters (\$8.4B) / Mobility Aircraft (\$2.4B for KC-46) / New Aircraft Engine
- Cancel Ground Combat Vehicle (new plan by year's end)
- Delay Combat Rescue Helicopter
- Consider alternatives to Littoral Combat Ship (LCS) program





# Gradually Restore Ready Force

O&M Grows 3.1%/yr

- Recover from sequestration impact and the past decade of high deployment
- Work to establish new readiness posture for the post-Afghanistan period
- Army: Contingency Response Force regionally aligned, forward deployed, trained for decisive action
- USMC: Crisis response, forward deployed, full spectrum combat capability, reconstitute in stride
- Navy: Operate forward, maintain global at-sea presence
- Air Force: Begin to restore full range of operations
- USSOCOM: Maintain full spectrum, global capabilities and regional expertise
- Cyber Operations: Continue to grow and train cyber mission force

# Reduce Numbers of Personnel

	Planned End FY 2014	Planned End FY 2015	Goals w/o Sequester End FY 2019	$\Delta\%$ FY19/FY14
<b>Active end strength</b>	<b>1,345K</b>	<b>1,309K</b>	<b>1,264K</b>	<b>-6%</b>
<b>Guard/Reserve end strength</b>	<b>831K</b>	<b>821K</b>	<b>798K</b>	<b>-4%</b>
<b>Civilian full-time equivalents</b>	<b>791K</b>	<b>782K</b>	<b>751K</b>	<b>-5%</b>



# Selected Force Structure Changes (Without Sequester)

- Air Force aircraft at 4,814 in FY 2019 (5,194 in FY 2014)
  - Retire A-10s
  - Retire U-2s
- Predators/Reapers levels at 55 CAPs in FY 2019
- Navy ships at 309 in FY 2019 (288 in FY 2014)
  - 11 cruisers in long-term phased modernization
- Army BCTs and aviation brigades reduced



# Goals For Forces and End Strength

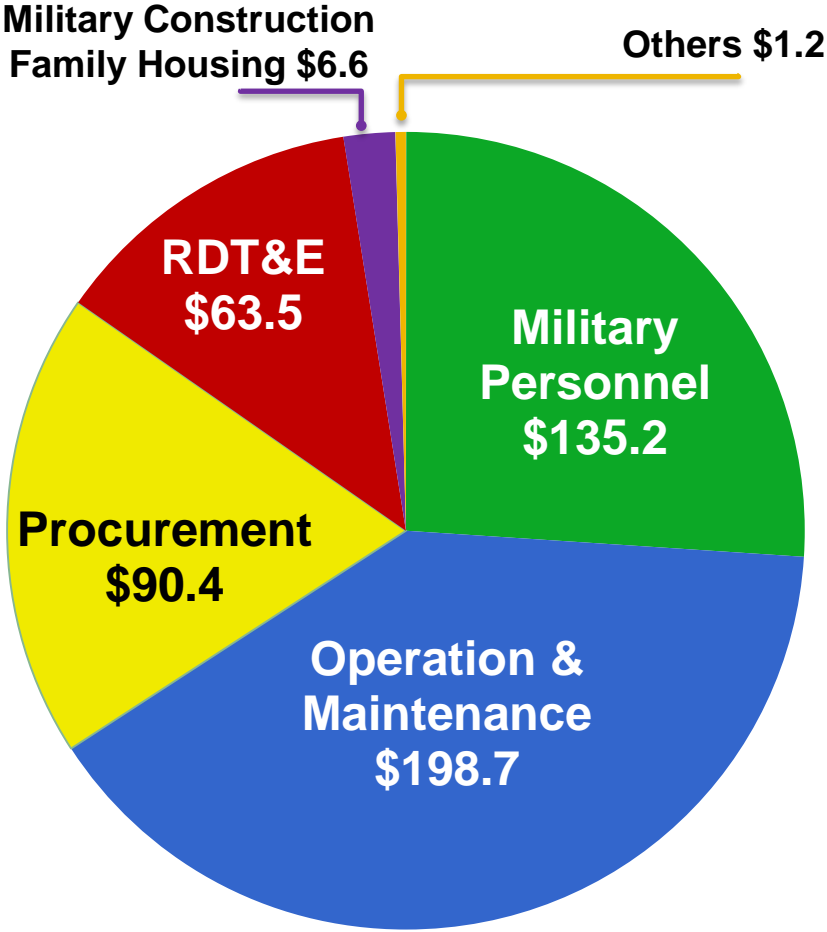
	<b>End FY 2014</b>	<b>Goal w/o Sequester FY 2019</b>	<b>Sequester FY 2019</b>
<b>Army active end strength</b>	<b>510K</b>	<b>440-450K</b>	<b>420K*</b>
<b>Army Guard end strength</b>	<b>354K</b>	<b>335K</b>	<b>315K*</b>
<b>Army Reserve end strength</b>	<b>202K</b>	<b>195K</b>	<b>185K*</b>
<b>Marines active end strength</b>	<b>189K</b>	<b>182K</b>	<b>175K*</b>
<b>Carriers</b>	<b>10</b>	<b>11</b>	<b>10*</b>

\*Level of end strength shown in PB15 FYDP

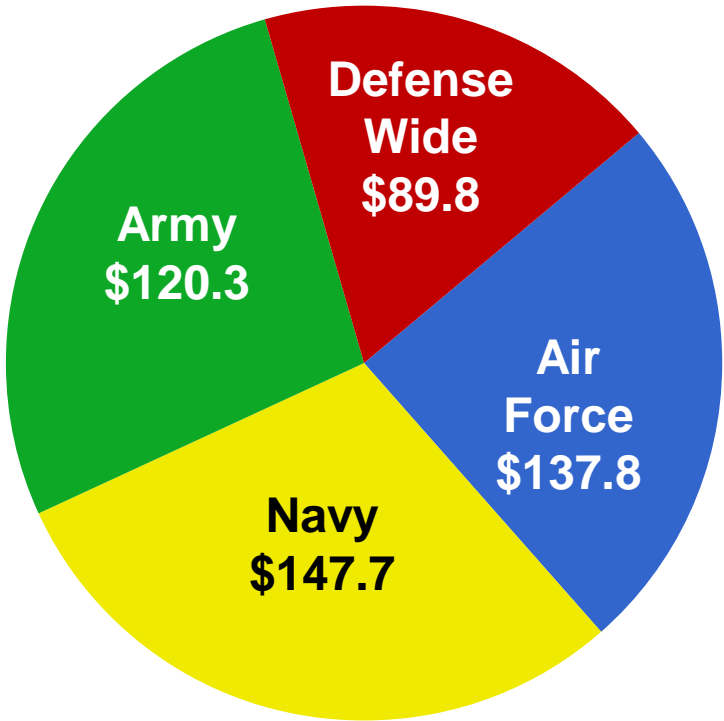
# FY 2015 President's Budget

(Dollars in Billions)

## Base Budget



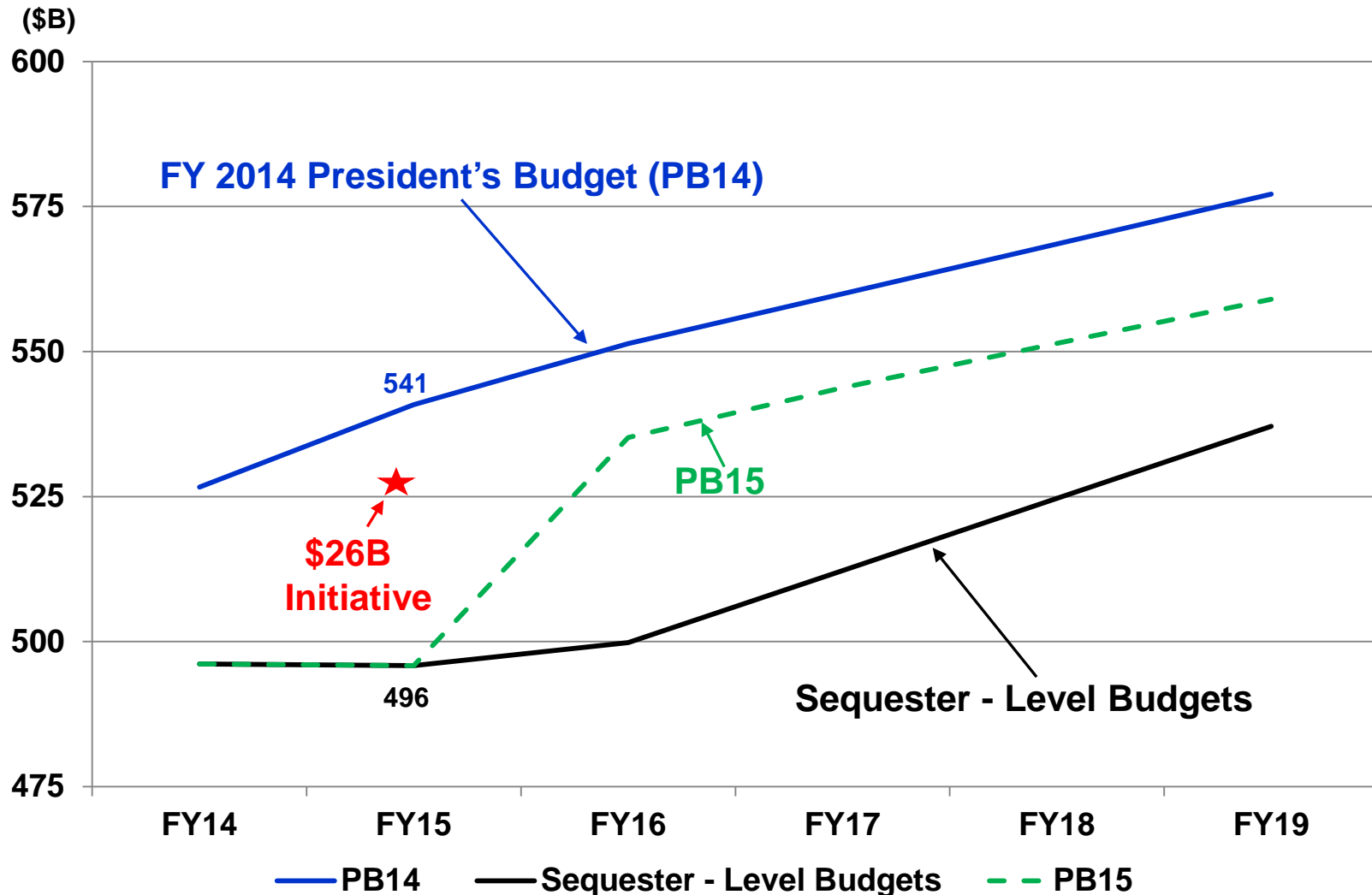
## Budget By Military Department



**Budget Request: \$495.6 Billion**

# PB15 DoD Base-Budget Topline

(Opportunity, Growth, and Security Initiative)



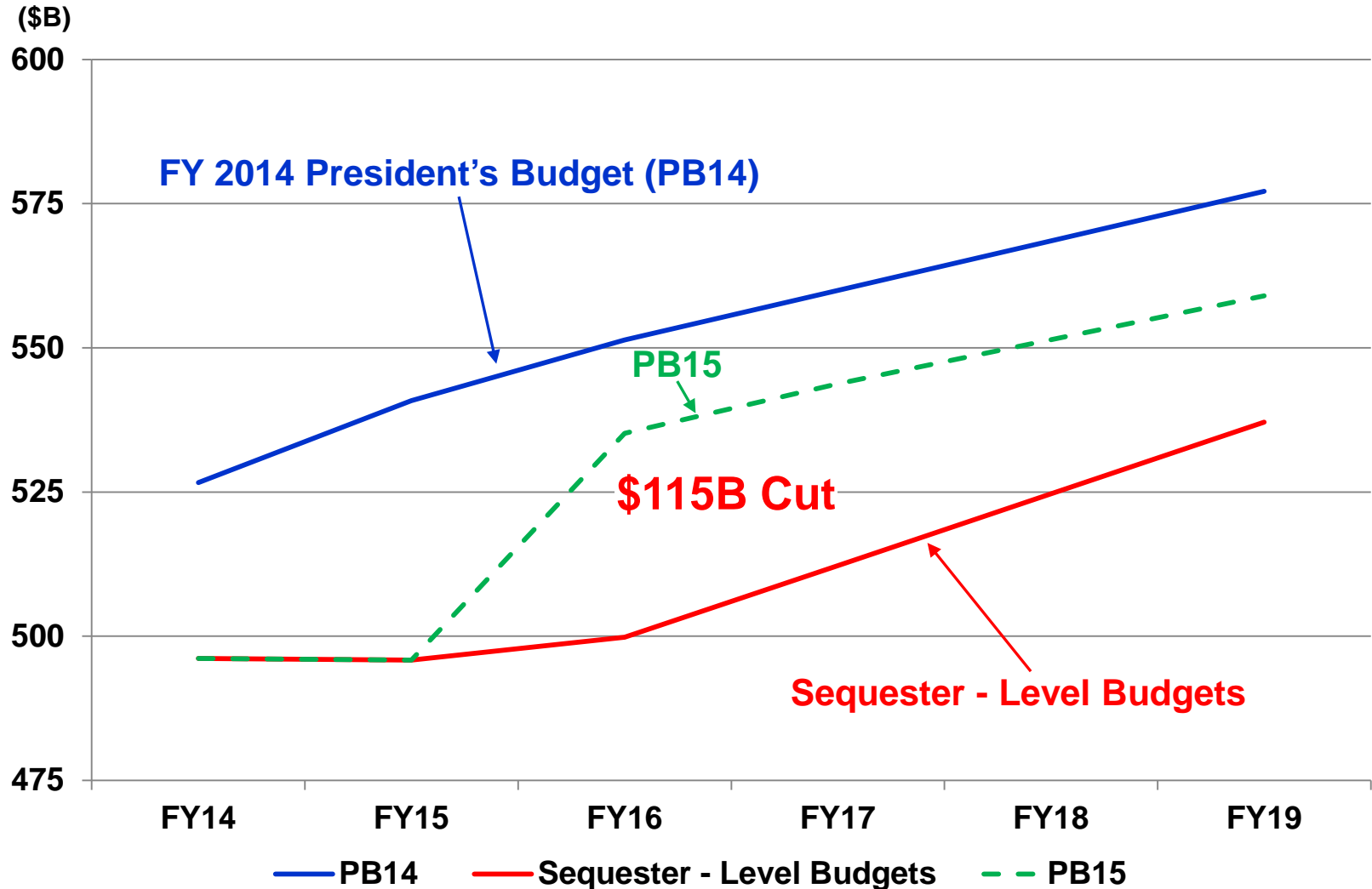
# FY 2015 Opportunity, Growth, and Security Initiative

- Total \$26 billion for DoD
- Readiness enhancements
  - Training adds in Army
  - Spares and logistics in Navy
  - Unit training in USMC
  - Training in Air Force
- Investment increases
  - Army Helicopters (56)
  - Navy P-8 (8), E-2D Aircraft (1)
  - USMC Light Armored Vehicle
  - Air Force F-35 (2), C-130J (10), MQ-9 Aircraft (12)
  - Science and Technology (\$335M)
- Installation support increases
  - All Services increase base sustainment
  - All Services add MilCon funding



# PB15 DoD Base-Budget Topline

## (Effects Of Sequester-Level Budgets)





# Reduced Capability At Sequester-Level Budgets

Topline down \$115B in FY 2015 – FY 2019

- End-strength cuts deeper than pre-sequester goals
- Carriers and wings reduced below pre-sequester goals
- Same proposed changes in military compensation
- More force cuts (e.g., KC-10, Global Hawk Block 40, Predators/Reapers)
- Less recovery in readiness (O&M up 1.9%/yr, 3.1%/yr in budget)
- Less growth in procurement
  - 326 JSF (343 in PB15 FYDP)
  - 36 Ships (44 in PB15 FYDP)
- RDT&E declines -1.3%/yr (grows 1.6% in PB15 FYDP)
- No recovery in facilities funding



# Summary

- President's Budget requests \$496 billion in FY 2015, rising to \$559 billion in FY 2019
  - Near term gaps in training and maintenance diminish readiness
    - Opportunity, Growth, and Security Initiative would mitigate
  - Longer term: risk due to deferred modernization and smaller U.S. force
  - PB force can fulfill strategy but with some added risk
- Sequester-level budgets
  - Risk grows significantly



# For More Information

- For more information, visit the website for the Office of the Under Secretary of Defense (Comptroller) at:
  - [www.budget.mil](http://www.budget.mil)
  - Download the Department's *FY 2015 Budget Request*



**Back Up**

# Focus on FY 2015 Base Budget

(Dollars in Billions)

	<b>FY 2013 Enacted w/Sequester</b>	<b>FY 2014 Enacted</b>	<b>FY 2015 PB Request</b>
<b>Military Personnel</b>	135.4	135.9	135.2
<b>Operation and Maintenance</b>	194.0	192.8	198.7
<b>Procurement</b>	91.1	92.4	90.4
<b>Research, Development, Test and Evaluation</b>	63.3	62.8	63.5
<b>Military Construction</b>	8.1	8.4	5.4
<b>Family Housing</b>	1.5	1.4	1.2
<b>Revolving Funds</b>	2.2	2.2	1.2
<b>Total</b>	<b>495.5</b>	<b>496.0</b>	<b>495.6</b>

*Numbers may not add due to rounding*

# Shifts in Base Budget

(Dollars in Billions)

BY COMPONENT	FY 2014 Enacted	FY 2015 PB Request	Δ% FY15/FY14 Req
Army	121.7	120.3	-1%
Navy	147.3	147.7	--
Air Force	134.7	137.8	+2%
Defense-Wide	92.3	89.8	-3%
<b>Total</b>	<b>496.0</b>	<b>495.6</b>	<b>--</b>

BY TITLE	FY 2014 Enacted	FY 2015 PB Request	Δ% FY15/FY14 Req
Military Personnel	135.9	135.2	--
Operation and Maintenance	192.8	198.7	+3%
Procurement	92.4	90.4	-2%
Research, Development, Test and Evaluation	62.8	63.5	+1%
Military Construction	8.4	5.4	-36%
Family Housing	1.4	1.2	-16%
Revolving Funds	2.2	1.2	-44%
<b>Total</b>	<b>496.0</b>	<b>495.6</b>	<b>--</b>

*Numbers may not add due to rounding*