

OVERVIEW

NOVEMBER 2014

**The estimated cost of this document
for the Department of Defense is
approximately \$7,800 for the
2015 Fiscal Year.**

**Generated on 2014Nov10
RefID: B-0CFC396**

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OVERSEAS CONTINGENCY OPERATIONS (OCO) BUDGET AMENDMENT

SUMMARY

Amendments to the FY 2015 President's Budget provide \$5.0 billion in Department of Defense (DoD) OCO funding to support Operation INHERENT RESOLVE (OIR), the operation to eliminate the terrorist group, the Islamic State of Iraq and the Levant (ISIL), and the threat they pose to Iraq, the region, and the wider international community. This operation is part of the President's comprehensive strategy to confront the ISIL threat as part of a broad coalition. The destruction and degradation of ISIL targets in Iraq and Syria further limits the terrorist group's ability to lead, control, project power, and conduct operations. These specific activities are in addition to the \$58.6 billion OCO Budget amendment submitted in June 2014.

Figure 1 displays requested OCO funding by Military Operation.

The request of \$5.0 billion supports activities including:

- Sustaining personnel forward deployed to the Middle East to conduct ongoing operations and to provide training, advice, and assistance to partner security forces engaged in the fight against ISIL;
- Providing forces with enablers to support operations, especially the intelligence, surveillance, and reconnaissance (ISR) platforms, and support that are essential to conduct comprehensive counter-terrorism operations;
- Building the capacity of the Iraqi forces to degrade and defeat ISIL capability in Iraq in support of the U.S. comprehensive regional strategy;
- Replenishing or replacing munitions expended while conducting airstrikes against ISIL, including from Air Force and Navy platforms; and
- Financing operations and maintenance costs for air, ground, and naval operations, including: flying hours; ship steaming days; and fuel, supplies, and repair parts.

Eliminating Terrorist Threats

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Figure 1. OCO Funding by Military Operation
(Dollars in Billions)

| Operation | FY 2015 Request | FY 2015 Change | FY 2015 Updated Request |
|---|-----------------|----------------|-------------------------|
| Operation ENDURING FREEDOM (OEF) | 53.4 | -- | 53.4 |
| Iraq Activities | 0.3 | -- | 0.3 |
| Operation INHERENT RESOLVE (OIR) | -- | 3.4 | 3.4 |
| Iraq Train and Equip Fund (ITEF) | -- | 1.6 | 1.6 |
| Counterterrorism Partnerships Fund (CTPF) | 4.0 | -- | 4.0 |
| European Reassurance Initiative (ERI) | 0.9 | -- | 0.9 |
| DoD OCO | 58.7 | 5.0 | 63.7 |
| Prior Year Cancellation* | -0.1 | -- | -0.1 |
| Adjusted DoD OCO | 58.6 | 5.0 | 63.6 |

* From Kiowa Warrior WRA in Aircraft Procurement, Army, FY 2014/16

Numbers may not add due to rounding

FORCE LEVEL BUDGET ASSUMPTIONS

Figure 2 displays the force levels assumed in the Department's FY 2015 OCO budget, expressed as annual average troop strength. Force levels in Iraq support Operation INHERENT RESOLVE in Iraq. The Commander-in-Chief has authorized Secretary of Defense Chuck Hagel to deploy to Iraq up to 1,500 additional U.S. personnel over the coming months, in a non-combat role, to expand our advise and assist mission and to initiate a comprehensive training effort for Iraqi forces. U.S. Central Command will establish two expeditionary advise and assist operations centers, in locations outside of Baghdad and Erbil, to provide support for the Iraqis at the brigade headquarters level and above. These centers will be supported by an appropriate array of force protection capabilities. Other units will perform the embassy security mission.

Figure 2. U.S. Force Level Assumptions in DoD OCO Budget
(Annual Average Troop Strength)

| Force | FY 2013 Actual | FY 2014 Estimated | FY 2015 Request | FY 2015 Change | FY 2015 Updated Request |
|-------------------------------|----------------|-------------------|-----------------|----------------|-------------------------|
| Afghanistan (OEF) | 62,763 | 37,234 | 11,661 | -- | 11,661 |
| Iraq (OIR)* | -- | -- | -- | 2,904 | 2,904 |
| In-Theater Support | 64,417 | 61,071 | 63,309 | 1,173 | 64,482 |
| Subtotal | 127,180 | 98,305 | 74,970 | 2,577 | 79,047 |
| In-CONUS**/Other Mobilization | 26,139 | 20,275 | 16,093 | -- | 16,093 |
| Total Force Levels | 153,319 | 118,580 | 91,063 | 2,577 | 95,140 |

* Includes 1,500 U.S. military personnel to support the Iraq Train and Equip mission

** In-CONUS = In the Continental United States

NOVEMBER BUDGET AMENDMENT

The President authorized the U.S. Armed Forces to conduct military operations to support Iraqi forces in their ongoing campaign against the terrorist group ISIL. U.S. Central Command (USCENTCOM) is working with partner nations to conduct targeted airstrikes in Iraq and Syria as part of the comprehensive strategy to degrade and defeat ISIL. These efforts are focused on limiting the terrorist group's ability to lead, control, project power, and conduct operations. These actions are in the national security and foreign policy interests of the U.S. and are being undertaken in coordination with the Government of Iraq. For the Department, this mission is designated Operation INHERENT RESOLVE.

Funding in the FY 2015 OCO Budget amendment by operational support category is reflected in **Figure 3**. This funding supports the Department's operational mission requirements and makes investments in key counter-ISIL capabilities. Funding is included for:

- Incremental pay, allowances, subsistence, permanent change of station travel, and other personnel costs for Active component troops and National Guard and Reserve troops activated for duty supporting OIR;
- Pre-deployment training and family support programs for mobilizing and demobilizing units;
- Ground operations, flying hours, and steaming days, including fuel, supplies, and repair parts;
- Transportation and contract services for maintenance and repair of equipment;
- Command, control, and intelligence capabilities, including satellite data and other information technology services;

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- Establishment of funding to build the capacity of the Iraqi forces, including Kurdish and tribal forces, as well as for other programs that provide support to coalition members or support small scale humanitarian relief and reconstruction associated with US operations;
- Costs to replace expended munitions, including Tomahawk, Hellfire, Maverick missiles, and General Purpose and Small Diameter bombs;
- Continued high demand for Intelligence, Surveillance, and Reconnaissance (ISR) assets, including procurement of small, tactical unmanned aerial vehicles (UAVs); and
- Funding for classified programs.

Figure 3. OCO Functional/Mission Category Breakout

(Dollars in Billions)

| OCO Budget | FY 2014 Enacted* | FY 2015 Request | FY 2015 Change | FY 2015 Updated Request |
|--|------------------|-----------------|----------------|-------------------------|
| Operations/Force Protection in Afghanistan | 26.2 | 11.0 | -- | 11.0 |
| In-Theater Support (Outside of Afghanistan) | 19.9 | 18.1 | 2.0 | 20.1 |
| Joint Improvised Explosive Device (IED) Defeat | 0.9 | 0.4 | -- | 0.4 |
| Afghanistan Security Forces Fund (ASFF) | 4.7 | 4.1 | -- | 4.1 |
| Afghanistan Infrastructure Fund (AIF) | 0.2 | -- | -- | -- |
| Commander's Emergency Response Program (CERP) | <0.1 | <0.1 | -- | <0.1 |
| Support for Coalition Forces | 1.7 | 1.7 | -- | 1.7 |
| Unexploded Ordnance Removal | -- | 0.3 | -- | 0.3 |
| Task Force for Business Stability Operations (TFBSO) | 0.1 | <0.1 | -- | <0.1 |
| Office of Security Cooperation – Iraq (OSC-I) | 0.2 | 0.1 | -- | 0.1 |
| Iraq Train and Equip Fund (ITEF) | -- | -- | 1.6 | 1.6 |
| Investment/Equipment Reset | 8.8 | 9.2 | 0.3 | 9.5 |
| Temporary Military End Strength | 4.7 | 2.4 | -- | 2.4 |
| Other Classified** | 17.8 | 6.5 | 1.2 | 7.7 |
| Counterterrorism Partnerships Fund (CTPF) | -- | 4.0 | -- | 4.0 |
| European Reassurance Initiative (ERI) | -- | 0.9 | -- | 0.9 |
| Total OCO | 85.3 | 58.7 | 5.0 | 63.7 |
| Prior-Year Cancellation | -- | -0.1 | -- | -0.1 |
| Total OCO including Prior-Year Cancellation | 85.3 | 58.6 | 5.0 | 63.6 |

* FY 2014 Enacted includes base budget amounts transferred by the Congress to OCO

** Includes non-war amounts provided by Congress and certain classified activities

Numbers may not add due to rounding

REQUIRED AUTHORITIES

In addition to funding requirements to support the campaign against ISIL, the Department requires the creation, expansion, and modification of new and/or existing authorities. These include:

Iraq Train and Equip Fund (ITEF) (\$1.6 billion in funding and authority): This amendment would provide \$1.6 billion for assistance to military and other forces of, or associated with, the Government of Iraq, including Kurdish and tribal security forces, with a national security mission to counter the ISIL. The authority includes the provision of equipment, supplies, services, training,

facility and infrastructure repair, renovation, construction, and stipends. Of note, the proposal for this authority also includes provisions to ensure Iraqi contributions to this effort, since commitment by the Government of Iraq is critical to this effort to train and equip its security forces. Specifically, the Iraqi Train and Equip Fund (ITEF) addresses the requirement to build the Iraqi military and other security forces, to improve the proficiency of the Peshmerga; and to provide material support to tribal elements allied with Iraqi forces. The Government of Iraq will be required to contribute to the cost burden, including items such as cost of site operations, life support of its forces, and other costs; coalition partners will contribute personnel and support for this effort.

Key principles of the ITEF are that (1) the Government of Iraq is in the lead and will share the cost burden, (2) U.S. assistance levels are limited and are focused on bridging the most critical near-term capabilities consistent with the campaign plan, and (3) coalition participation and support will be actively sought for both personnel and financial support.

Coalition Support Fund (CSF) (authority only): Expands existing CSF authority to reimburse key cooperating nations for logistical, military, and other support, including access, provided to United States military and stability operations in Iraq. These funds will provide specialized training and procure supplies and specialized equipment, on a non-reimbursable basis, to coalition forces supporting U.S. military and stability operations in Afghanistan and Iraq.

Emergency and Extraordinary Expense (EEE) Authority (\$15 million in authority): Increases and expands existing EEE authority to cover emergency and extraordinary expenses associated with activities to counter the ISIL.

Lift and Sustain (authority only): Increases and expands existing Lift and Sustain authority to provide supplies, services, transportation, including airlift and sealift, and other logistical support to coalition forces supporting military and stability operations in Iraq when undertaking activities to counter the ISIL.

ENABLING THE IRAQI FORCES

The U.S. presence in Iraq is designed to support Iraqi forces, through a combination of operational support and capacity building activities, and is a critical step in U.S. effort to degrade and ultimately defeat ISIL capability in Iraq and ultimately the entire region. The U.S. long-term strategy to defeat ISIL relies on the ability of the Government of Iraq to provide sufficient security across the country, thereby denying ISIL safe-haven. The FY 2015 OCO request continues efforts begun in 2014 using emergency authorities to build Iraqi capacity to provide for its own security. The request for 2015 supports advise and assist activities for extant units, the provision of enabling capabilities, the generation of 12 new brigades (nine Iraqi forces, three Kurdish security forces) at building partner capacity (BPC) sites. Sunni tribal forces, which the Government of Iraq is preparing to incorporate into the Iraqi forces, could also be supported through these efforts.

Military Achievements and Challenges

In 2014, ISIL forces swept across Western and Northern Iraq. The introduction of U.S. and subsequently coalition support, to include kinetic strikes, advise and assist, and resupply, has enabled or largely stabilized the lines and permitted counter attacks to regain key terrain. While the Government of Iraq will ultimately be responsible for defeating ISIL in Iraq, their offensive capability is currently limited. Coalition support will be essential in the short to mid-term so as to allow successful transition to a sustainable Iraqi structure in the longer term.

The Iraqi forces currently execute all of its combat operations independently. However, shortfalls in leadership training and in key enablers, to include ISR and precision strike assets, limit their ability to synchronize combined arms capability for offense operations. The overall

operational effectiveness of Iraqi forces is improving through the use of U.S. advise and assist teams and the provision of enablers. In 2015, the Department will continue these support activities and further enhance Iraqi capabilities through the development of BPC sites. These sites will initially be used to conduct combined arms training to facilitate the generation of 12 new brigades with offensive capability. As these efforts mature, the BPC sites will also be positioned to support the transition to Iraqi control to sustain training gains in the longer term.

Political and Economic Achievements and Challenges

While targeted capability development in areas like combined arms operations, logistics, and intelligence are important, the long-term operational success of Iraqi forces also depends on the development of an inclusive structure that addresses the needs of disparate groups within Iraqi society. In recent months, the Government of Iraq has made significant steps, including Prime Minister Haider al-Abadi's selection and the subsequent approval of Defense Minister Khaled al-Obeidi and Interior Minister Mohammed Salem al-Ghabban.

These appointments mark the first time since 2010 that Iraq has had all of these officials in place. Moreover, the Abadi government is actively seeking to be more inclusive, fostering the collaboration with the Kurdistan Regional Government in the north and actively seeking to include Sunni tribes in the counter-ISIL effort.

As the Government of Iraq creates conditions for security and stability, it will be positioned to make longer term security sector reform decisions that can address political challenges, to include institutionalizing recent efforts to address the lack of inclusiveness of minority communities that created the security vacuum that allowed ISIL to grow.

This budget request supports continued development of Iraq's security sector under the new Government of Iraq, which is critical to providing the stability and transparency required for effective governance. The Government of Iraq's ability to meet basic security needs without alienating or disenfranchising minority ethnic or religious groups has a direct impact to both building on public confidence in the Government of Iraq and strengthening security efforts by offering an attractive alternative to ISIL.

RESOURCE EXHIBITS

Table 1. OCO Funding by Appropriation Title

| <i>\$ in Thousands</i> OCO Budget | FY 2014 Enacted* | FY 2015 Request | FY 2015 Change | FY 2015 Updated Request |
|---|-----------------------------|----------------------------|---------------------------|--|
| Military Personnel | 8,149,300 | 5,453,711 | 141,357 | 5,595,068 |
| Operation and Maintenance | 69,682,894 | 42,067,160 | 2,315,711 | 44,382,871 |
| Procurement | 7,112,381 | 6,027,560 | 827,825 | 6,855,385 |
| RDT&E | 135,134 | 79,977 | 144,696 | 224,673 |
| Military Construction | -- | 46,000 | -- | 46,000 |
| Family Housing | -- | -- | -- | -- |
| Revolving and Management Funds | 264,910 | 91,350 | -- | 91,350 |
| Iraq Train and Equip Fund (ITEF) | -- | -- | 1,618,000 | 1,618,000 |
| Counterterrorism Partnerships Fund (CTPF) | -- | 4,000,000 | -- | 4,000,000 |
| European Reassurance Initiative (ERI) | -- | 925,000 | -- | 925,000 |
| Total OCO | 85,344,619 | 58,690,758 | 5,047,589 | 63,738,347 |
| Prior-Year Cancellation** | -- | -117,000 | -- | -117,000 |
| Total OCO Adjusted | 85,344,619 | 58,573,758 | 5,047,589 | 63,621,347 |

* FY 2014 Enacted includes base budget amounts transferred by the Congress to OCO

** From Kiowa Warrior WRA in Aircraft Procurement, Army, FY 2014/16

Table 2. OCO Funding by Military Department

| <i>\$ in Thousands</i> OCO Budget | FY 2014 Enacted* | FY 2015 Request | FY 2015 Change | FY 2015 Updated Request |
|---|-----------------------------|----------------------------|---------------------------|--|
| Army | 45,917,732 | 25,832,617 | 957,047 | 26,789,664 |
| Navy | 13,947,678 | 8,485,163 | 259,550 | 8,744,713 |
| Air Force | 16,627,926 | 12,831,228 | 1,581,135 | 14,412,363 |
| Defense-Wide | 8,851,283 | 6,616,750 | 631,857 | 7,248,607 |
| Iraq Train and Equip Fund (ITEF) | -- | -- | 1,618,000 | 1,618,000 |
| Counterterrorism Partnerships Fund (CTPF) | -- | 4,000,000 | -- | 4,000,000 |
| European Reassurance Initiative (ERI) | -- | 925,000 | -- | 925,000 |
| Total OCO | 85,344,619 | 58,690,758 | 5,047,589 | 63,738,347 |
| Prior-Year Cancellation** | -- | -117,000 | -- | -117,000 |
| Total OCO Adjusted | 85,344,619 | 58,573,758 | 5,047,589 | 63,621,347 |

* FY 2014 Enacted includes base budget amounts transferred by the Congress to OCO

** From Kiowa Warrior WRA in Aircraft Procurement, Army, FY 2014/16

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Table 3. OCO Funding by Military Department and Appropriation Title

| Department of the Army <i>\$ in Thousands</i> <i>OCO Budget</i> | FY 2014 Enacted* | FY 2015 Request | FY 2015 Change | FY 2015 Updated Request |
|---|---------------------|--------------------|-------------------|-------------------------------|
| Military Personnel | 5,877,714 | 3,937,471 | 118,467 | 4,055,938 |
| Operation and Maintenance | 37,460,114 | 20,578,088 | 784,514 | 21,362,602 |
| Procurement | 2,521,672 | 1,312,558 | 54,066 | 1,366,624 |
| RDT&E | 13,500 | 4,500 | -- | 4,500 |
| Military Construction | -- | -- | -- | -- |
| Family Housing | -- | -- | -- | -- |
| Revolving and Management Funds | 44,732 | -- | -- | -- |
| Iraq Train and Equip Fund (ITEF) | -- | -- | 1,618,000 | 1,618,000 |
| Total Department of the Army | 45,917,732 | 25,832,617 | 2,575,047 | 28,407,664 |

Numbers may not add due to rounding

| Department of the Navy <i>\$ in Thousands</i> <i>OCO Budget</i> | FY 2014 Enacted* | FY 2015 Request | FY 2015 Change | FY 2015 Updated Request |
|---|---------------------|--------------------|-------------------|-------------------------------|
| Military Personnel | 1,411,373 | 783,824 | 2,903 | 786,727 |
| Operation and Maintenance | 11,908,857 | 7,008,460 | 135,598 | 7,144,058 |
| Procurement | 593,022 | 657,799 | 120,109 | 777,908 |
| RDT&E | 34,426 | 35,080 | 940 | 36,020 |
| Military Construction | -- | -- | -- | -- |
| Family Housing | -- | -- | -- | -- |
| Revolving and Management Funds | -- | -- | -- | -- |
| Total Department of the Navy | 13,947,678 | 8,485,163 | 259,550 | 8,744,713 |

Numbers may not add due to rounding

| Department of the Air Force <i>\$ in Thousands</i> <i>OCO Budget</i> | FY 2014 Enacted* | FY 2015 Request | FY 2015 Change | FY 2015 Updated Request |
|--|---------------------|--------------------|-------------------|-------------------------------|
| Military Personnel | 860,213 | 732,416 | 19,987 | 752,403 |
| Operation and Maintenance | 12,801,473 | 8,275,650 | 931,637 | 9,207,287 |
| Procurement | 2,868,740 | 3,818,162 | 614,805 | 4,432,967 |
| RDT&E | 9,000 | -- | 14,706 | 14,706 |
| Military Construction | -- | -- | -- | -- |
| Family Housing | -- | -- | -- | -- |
| Revolving and Management Funds | 88,500 | 5,000 | -- | 5,000 |
| Total Department of the Air Force | 16,627,926 | 12,831,228 | 1,581,135 | 14,412,363 |

Numbers may not add due to rounding

Overview – FY 2015 OCO Budget Amendment

Table 3. OCO Funding by Military Department and Appropriation Title (cont'd)

| Defense-Wide <i>\$ in Thousands</i> OCO Budget | FY 2014 Enacted* | FY 2015 Request | FY 2015 Change | FY 2015 Updated Request |
|--|-----------------------------|----------------------------|---------------------------|--|
| Military Personnel | -- | -- | -- | -- |
| Operation and Maintenance | 7,512,450 | 6,204,962 | 463,962 | 6,668,924 |
| Procurement | 1,128,947 | 239,041 | 38,845 | 277,886 |
| RDT&E | 78,208 | 40,397 | 129,050 | 169,447 |
| Military Construction | -- | 46,000 | -- | 46,000 |
| Family Housing | -- | -- | -- | -- |
| Revolving and Management Funds | 131,678 | 86,350 | -- | 86,350 |
| Subtotal Defense-Wide | 8,851,283 | 6,616,750 | 631,857 | 7,248,607 |
| Counterterrorism Partnerships Fund (CTPF) | -- | 4,000,000 | -- | 4,000,000 |
| European Reassurance Initiative (ERI) | -- | 925,000 | -- | 925,000 |
| Total Defense-Wide | 8,851,283 | 11,541,750 | 631,857 | 12,173,607 |
| | | | | |
| Total OCO | 85,344,619 | 58,690,758 | 5,047,589 | 63,738,347 |
| Prior-Year Cancellation** | -- | -117,000 | -- | -117,000 |
| Total OCO Adjusted | 85,344,619 | 58,573,758 | 5,047,589 | 63,621,347 |

* FY 2014 Enacted includes base budget amounts transferred by the Congress to OCO

** From Kiowa Warrior WRA in Aircraft Procurement, Army, FY 2014/16

Numbers may not add due to rounding

APPENDIX B: ACRONYM LIST

NOTE: This is not a comprehensive list of all acronyms used in the Overview.

| Acronym | Definition |
|-----------|--|
| AIF | Afghanistan Infrastructure Fund |
| ASFF | Afghanistan Security Forces Fund |
| CERP | Commanders Emergency Response Fund |
| CONUS | Continental United States |
| CTPF | Counterterrorism Partnerships Fund |
| DoD | Department of Defense |
| ERI | European Reassurance Initiative |
| FTE | Full-Time Equivalent |
| FY | Fiscal Year |
| IG | Inspector General |
| ISIL | Islamic State of Iraq and the Levant |
| ISR | Intelligence Surveillance and Reconnaissance |
| ITEF | Iraq Train and Equip Fund |
| JIEDDO | Joint Improvised Explosive Device Defeat Organization |
| MILCON | Military Construction |
| OCO | Overseas Contingency Operations |
| OEF | Operation Enduring Freedom |
| OIG | Office of the Inspector General |
| OIR | Operation Inherent Resolve |
| OPTEMPO | Operating Tempo |
| OSC-I | Office of Security Cooperation - Iraq |
| OSD | Office of the Secretary of Defense |
| OUSDC | Office of the Under Secretary of Defense (Comptroller) |
| OUSDP&R | Office of the Under Secretary of Defense (Personnel and Readiness) |
| TFBSO | Task Force Business Stability Operation |
| USEUCOM | United States European Command |
| USCENTCOM | United States Central Command |
| USMC | United States Marine Corps |

