



Army Budget Overview



1 June 2016

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Director, Army Budget



The Strength of America





Current Army Operational Support



FOUO/SENSITIVE

ASA (FM&C)

3

AS OF 10 May 16



President

President Signs Acts into Law

Treasury Warrant

OMB Apportionment

FY16

DoD / Services Execute Budget Dollars

Command Requirements, Senior Leader Guidance, Other Inputs

FY 19-23

Defense Planning

Defense Planning Guidance (DPG)

Army Planning

TAA, AV, ASP, APG, APM, ACP

Army Programming & Budgeting

OSD Fiscal Guidance

OSD Program and Budget Review

FY 18-22

Issue Teams

RMDs

CPA

DoD Budget

OMB

President's Budget

U.S. CAPITOL WASHINGTON

Enactment

FY17

National Defense Appropriations Act

Appropriations Closeout

Prior Years

National Strategy

NSS

Feb 2015

OSD

QDR

MAR 2014

JCS

NMS

Jun 2015

CPR

Integrated Priority List

Combatant Commands

THE WHITE HOUSE WASHINGTON

THE PENTAGON WASHINGTON D.C.

Defense Strategic Guidance

National Defense Authorization Act

Calendar No. 617 H.R. 5136

AN ACT

Calendar No. 571 S. 3800

A BILL

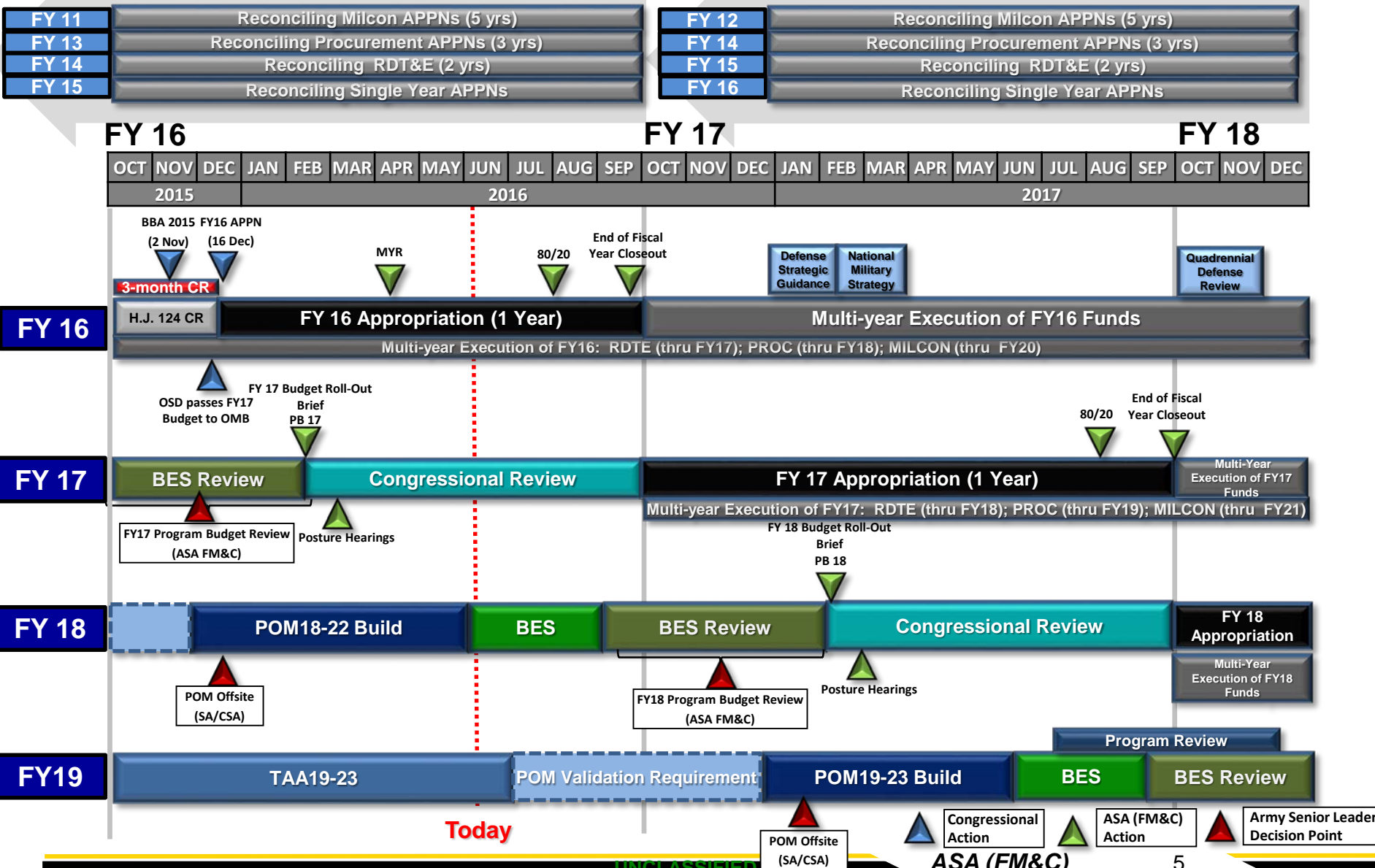
Budget of the U.S. Government Fiscal Year 2011

OFFICE OF THE PRESIDENT OF THE UNITED STATES • EXECUTIVE OFFICE OF MANAGEMENT AND BUDGET



Thinking in Time

Planning, Programming, Budgeting & Execution



Multifunctional Relationships



- OUSD (Comptroller)
- Cost Assessment & Program Evaluation (CAPE)
- OUSD Legislative Affairs (LA)
- Joint Staff
- Defense Finance & Accounting Service (DFAS)



- SA, CSA, USA, VCSA
- Secretariat
 - ASA, AL&T
 - ASA, M&RA
 - ASA, FM&C
 - ASA, IE&E
 - ASA, CW
 - AASA
- ARSTAFF (G1-G8)
- OCLL / OCPA / ACSIM / ANMC
- OGC / TJAG / OTSG / DAIG / AAA
- ARNG / USAR



- Senate Appropriation Committees (Defense and Military Construction)
- House Appropriation Committees (Defense and Military Construction)
- Congressional Budget Office



Office of Management and Budget (OMB)




Government Accountability Office





- Media
- Non-Profit Organizations
- NGOs

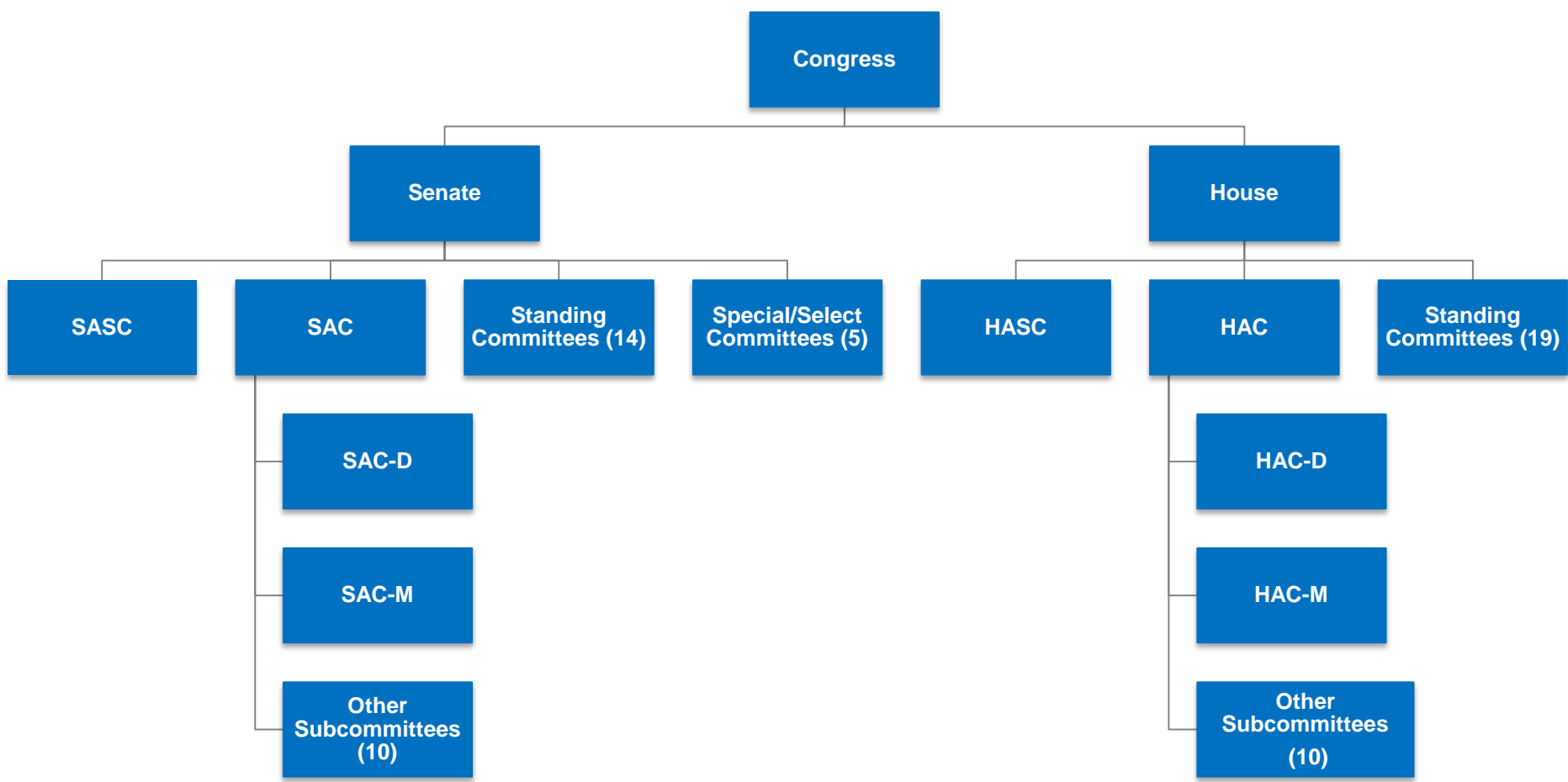


- Army Commands
- Army Service Component Commands (ASCC)
- Direct Reporting Units
- Field Operating Agencies
- PEO / PMs

Executing Title 10 requirements while maintaining relationships across multifunctional domains to provide transparent and responsible stewardship of the Public's Funds



Army Congressional Budget Liaison

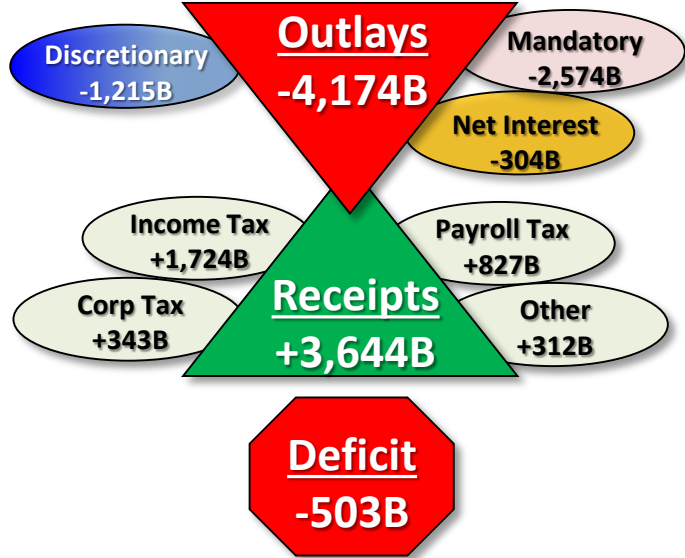


Budget Liaison (BUL) fosters relationships with Appropriations Committee Members and Staffs. BUL provides “One Voice” between HQDA and Appropriators.

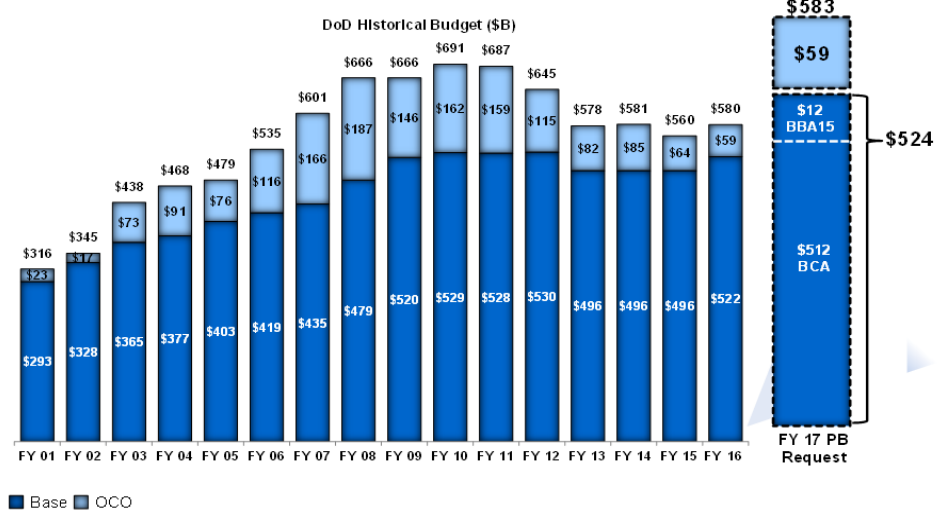


Federal and DoD Spending

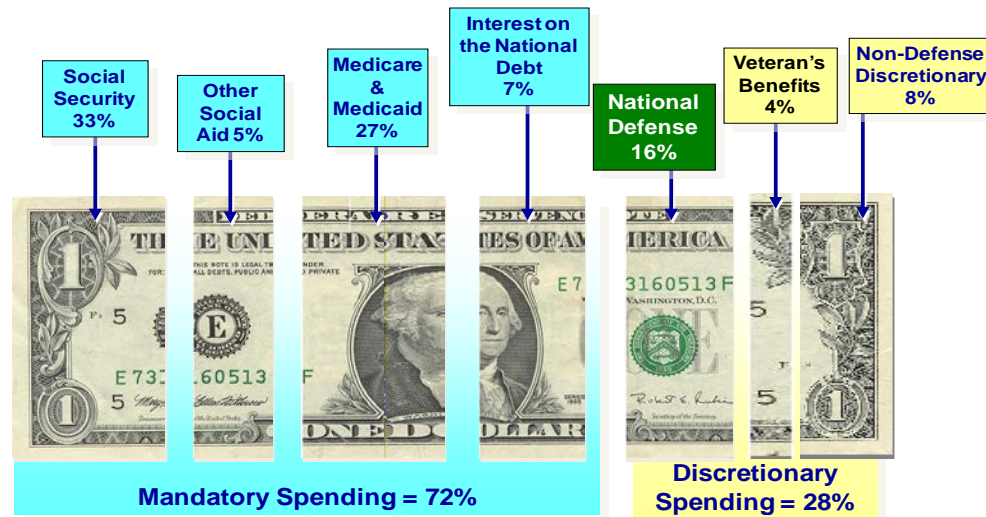
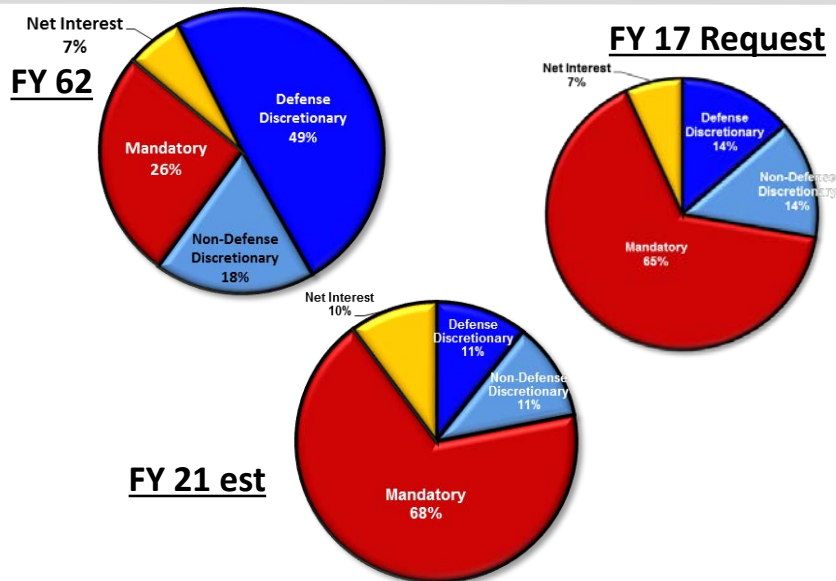
FY 17 Federal Budget Request



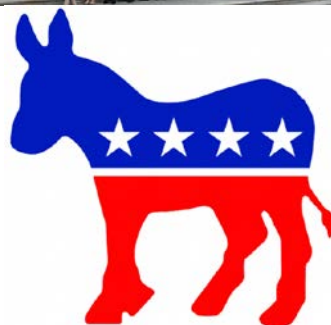
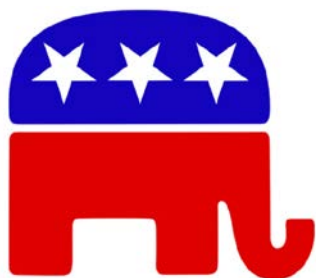
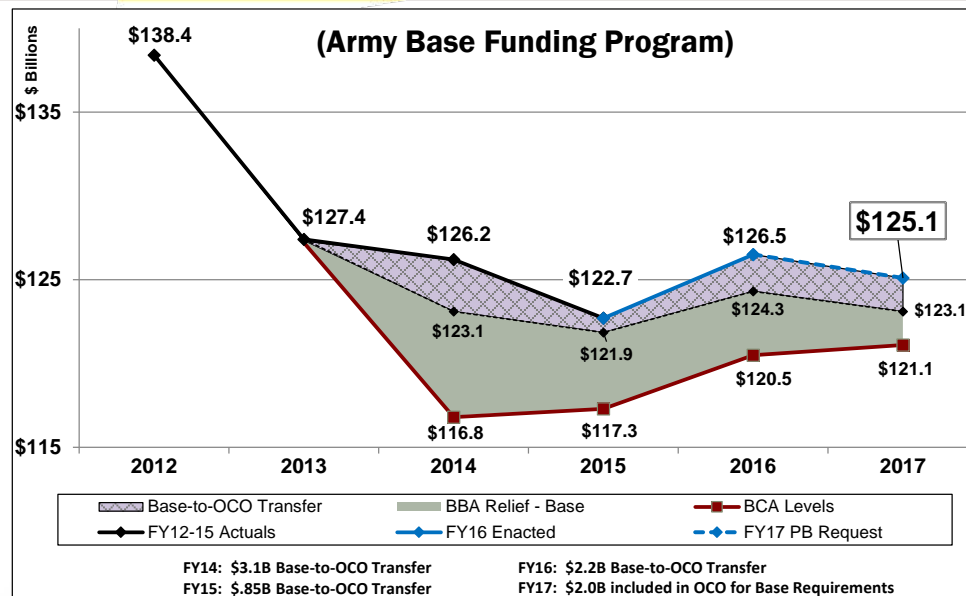
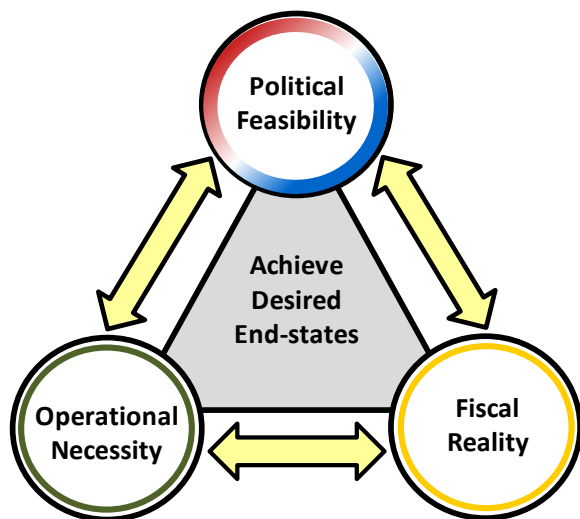
FY 2001 – FY 2017 (\$B) Current Dollars



Over time, growth in Base and GWOT/OCO funding create inconsistencies and unpredictability



Unpredictable Environment



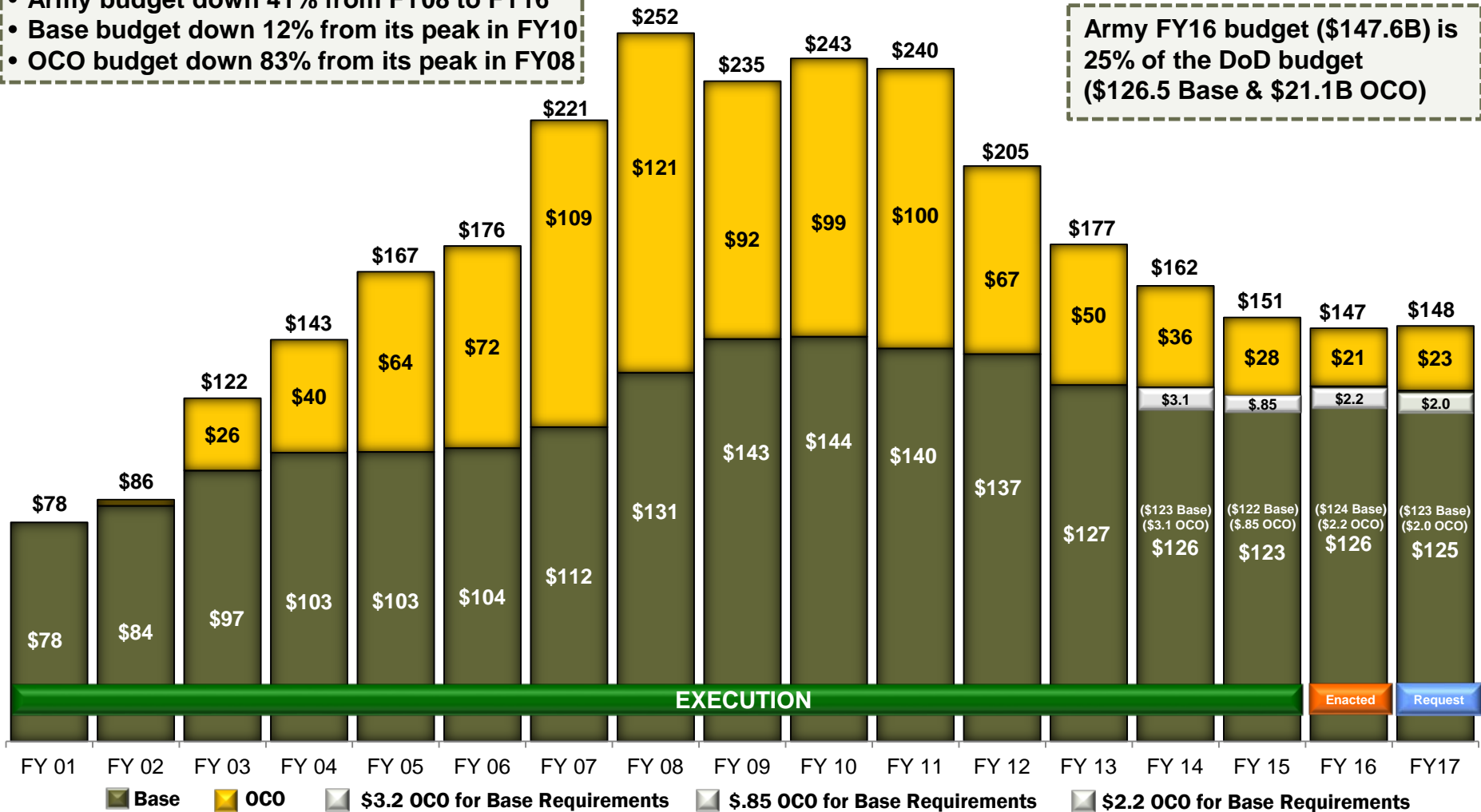


Army Budget Trends

FY 2001 – FY 2017 (\$B) **Current Dollars**

- Army budget down 41% from FY08 to FY16
- Base budget down 12% from its peak in FY10
- OCO budget down 83% from its peak in FY08

Army FY16 budget (\$147.6B) is 25% of the DoD budget (\$126.5 Base & \$21.1B OCO)

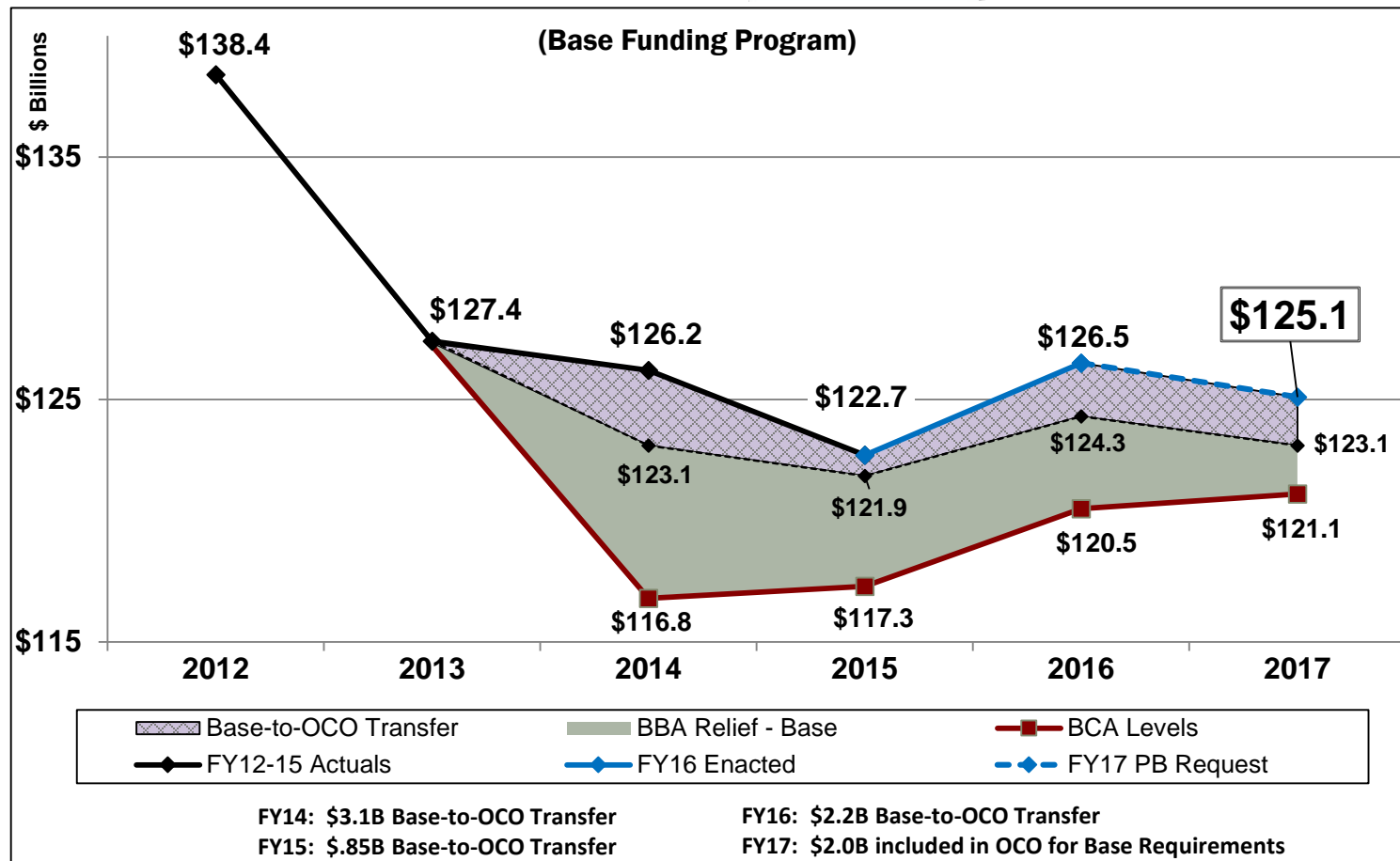


Numbers may not add due to rounding

Magnitude and Velocity of growth and reductions contribute to fiscal instability



Army Topline



- ❖ The two-year Bipartisan Budget Acts of 2013 (BBA13) and 2015 (BBA15) provided limited predictability but did not eliminate future BCA budget spending caps which, barring new legislation, return in FY18.
- ❖ BBA15 funding levels for FY17 required the Army to prioritize near-term operational requirements and readiness at the expense of end strength, sustainment and modernization to meet competing current and future demands
- ❖ BBA15 repeats the seesaw funding of BBA13 extending the time necessary to restore balance between readiness, end strength and modernization.
- ❖ OCO funding is an essential funding source for incremental wartime costs, but its continued use as a supplement for shortfalls to base funding requirements comes at the detriment of prudent long-term planning and erosion of the Army's Base Funding program.



FY 2016-2017 Budget



(Base Funding Program)

Request (\$B)	FY14 Actuals	FY15 Actuals	PB16 Request	FY16 Enacted	FY17 Request
Military Personnel	56.4	56.1	56.3	56.2	55.3
Operation and Maintenance ¹	44.7 ²	43.1 ³	44.7	43.8 ⁴	45.2 ⁵
Procurement/RDTE	21.2	20.6	23.1	23.9	22.6
Military Const/Family Housing/BRAC	2.6	1.8	1.6	1.6	1.3
Other Base (CAMD/AWCF/ANC)	1.2	1.1	0.8	1.0	0.7
Totals	126.2²	122.7³	126.5	126.5⁴	125.1⁵

Other Base: Chemical Agent and Munitions Destruction, Army Working Capital Fund, Arlington National Cemetery

1: Includes Environmental Restoration Account (ERA) funding

2: Includes \$3.1B Base-to-OCO Transfer

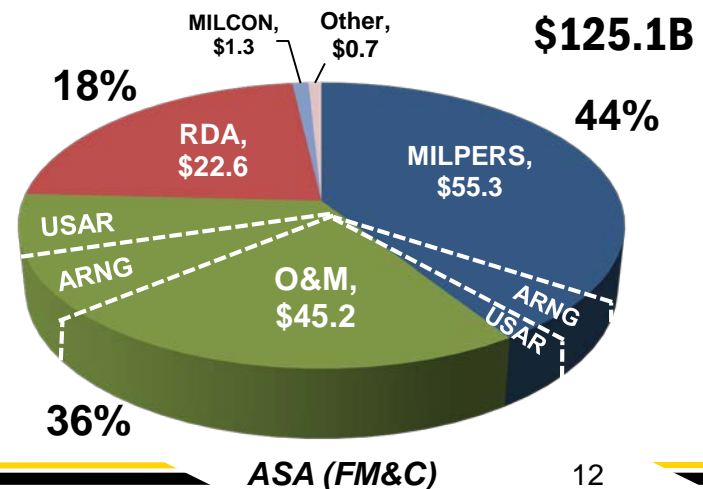
3: Includes \$.85B Base-to-OCO Transfer; \$.3B Readiness Add

4: Includes \$2.2B Base-to-OCO Transfer; \$.5B Readiness Add

5: Includes \$2.0B in OCO request to comply with BBA15

- ❖ **FY17 request is \$1.4B less than FY16 enacted, protecting current readiness at the expense of future modernization and end strength**
- ❖ **Funding levels and distribution represent reductions required to meet the BBA15 funding topline.**

Base Request





FY 2016-2017 OCO Budget



Request (\$M)	FY14 Actuals	FY15 Actuals	FY16 Enacted	FY17 Request
Military Personnel (MILPERS)	5,593	3,190	2,037	2,228¹
Operation & Maintenance (O&M)	23,636²	17,135²	12,272²	13,826²
Research, Development, & Acquisition (RDA)	1,802	1,676	2,084	2,563³
Military Construction, Army (MCA)	-	37	-	19
Working Capital Fund (AWCF)	45	-	-	47
Army Total	31,076	22,038	16,393	18,682
Passthrough / Transfer Accounts				
Afghan Security Forces Fund	3,962	4,109	3,652	3,449
Iraq Train & Equip Fund	-	1,618	715	630
Syria Train & Equip Fund	-	-	-	250
Joint Improvised Explosive Device Defeat Fund	879	445	350	-⁴
Afghanistan Infrastructure Fund	199	-	-	-
All Army Appropriations	36,116	28,209	21,110	23,011

1: MILPERS account does not include \$63M in FY17 OCO request to comply with BBA15

2: O&M account does not include Base-to-OCO Transfers: FY14: \$3,100M; FY 15: \$850M; FY16: \$2,200M. Does not include \$1,650M in FY17 OCO request to comply with BBA15

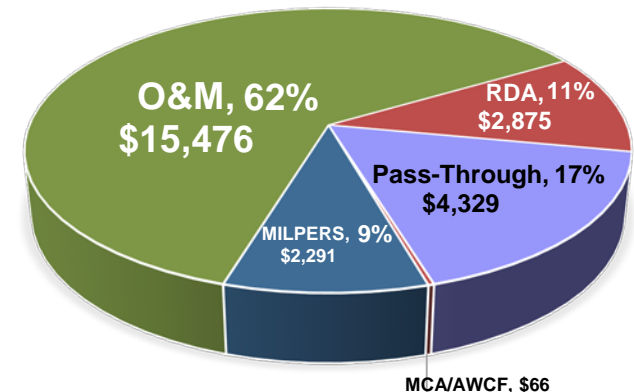
3: RDA account does not include \$312M in FY17 OCO request to comply with BBA15

4: The Joint Improvised Explosive Device Defeat mission has been assumed by a new DOD organization for FY17 and beyond.

Partial FY16 and FY17 JIEDDF funding information can be found in the DOD Budget Materials.

- ❖ **Operation FREEDOM's SENTINEL** (Afghanistan; Horn of Africa)
includes Operation Spartan Shield (CENTCOM)
- ❖ **Operation INHERENT RESOLVE** (Iraq)
- ❖ **European Reassurance Initiative** (Europe)
- ❖ **Training for Moderate Syrian Opposition** (Levant)

► **OCO Request** ◀
\$25.0B⁵



5: \$25B OCO request includes \$2B in OCO to comply with BBA15



Keys to Stewardship



- Leadership
- Professional Development
- Talent Management
- Certification
- Structured Programs
 - Contract Reviews
 - Supply Discipline
 - Command Maintenance
 - IG Inspections
 - Command Inspection Program
- End to End Business Processes
- Prioritize- Focus on Big Cost Drivers
- Auditability
- Persistent Communication
- Recurring Review and Analysis
 - MICP
 - JRP
 - Current Year

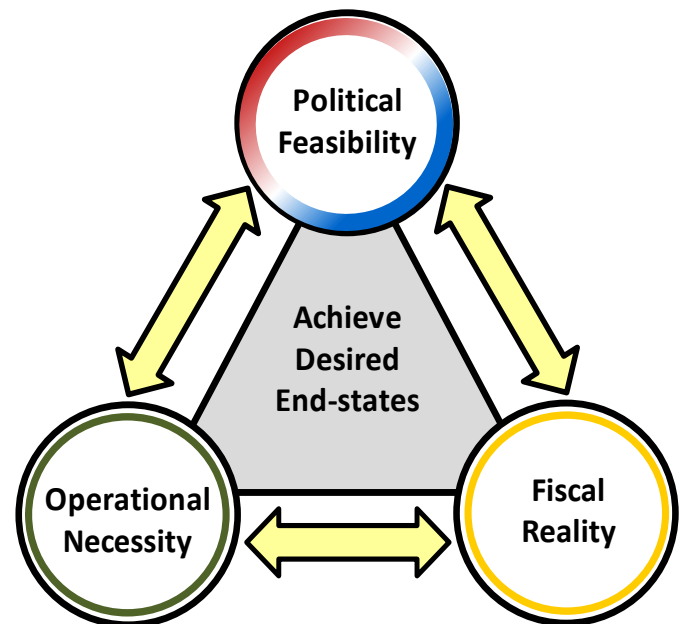
A Full Spectrum fiscal stewardship program leads to optimized purchasing power and maximized outcomes.



Final Thoughts



1. Readiness is #1, There Can Be No Other #1!
2. Structure Leads to Productivity
3. Full and Shared Understanding of End to End Business Processes
4. Be an Operator:
 - ✓ Know the Plan/Concept of Operation
 - ✓ Know the People
 - ✓ Know the Environment
5. Think 2 Levels Up↑
6. Keep it Simple/Speak English
7. Communicate



Back Up



Talking Budget to the Hill



DoD Budget Themes

- Joint Force with Capability and Capacity to:
 - Defend Homeland
 - Wage Global CT Campaign
 - Response to aggression from two different adversaries with overlapping timelines
- Address five challenges:
 - 1) Rising China;
 - 2) Resurgent Russia;
 - 3) Maligned Iranian influence;
 - 4) Threatening N. Korea;
 - 5) CounterTerrorism (defeat ISIL)
- DoD needs funding above BCA after 2017

Army Equities:

- Planned Force Structure Levels/ End Strength Reductions
- Force of the Future Initiatives
- Major Investments: 51 Apaches (\$1.1B)
- Technology Innovation: S&T (\$2.2B), Assured PNT, Hypervelocity projectile for Paladin
- JF Readiness: Dependent on OCO funding
- Service Readiness: “High-end Collective Training” and HST
- OCO: OFS, OIR, ERI, CT Partnerships, CT in Africa

Army Budget Themes

- Rebuild Readiness
 - Goal: 2/3 Army BCTs Ready
 - Focus on Total Army
 - Readiness is consumable and oscillates
- Maintain Combat Power
 - Size the Force
 - Readiness
 - Technology
 - Strategic Mobility
- Globally Committed
 - Support COCOMs in every AOR
 - OCO Funds OFS, OIR, ERI, OSS (CENTCOM), CT (Africa)
- Modernization Risk
 - Modernization 2-4% below historical norms as a percent of the overall budget
 - BBA ‘15 forces reduced investments
- Installation Risk
 - Installation services funded at 95%
 - Risk in Sustainment, Restoration and Modernization ~70%
 - MILCON at lowest level since 1999