



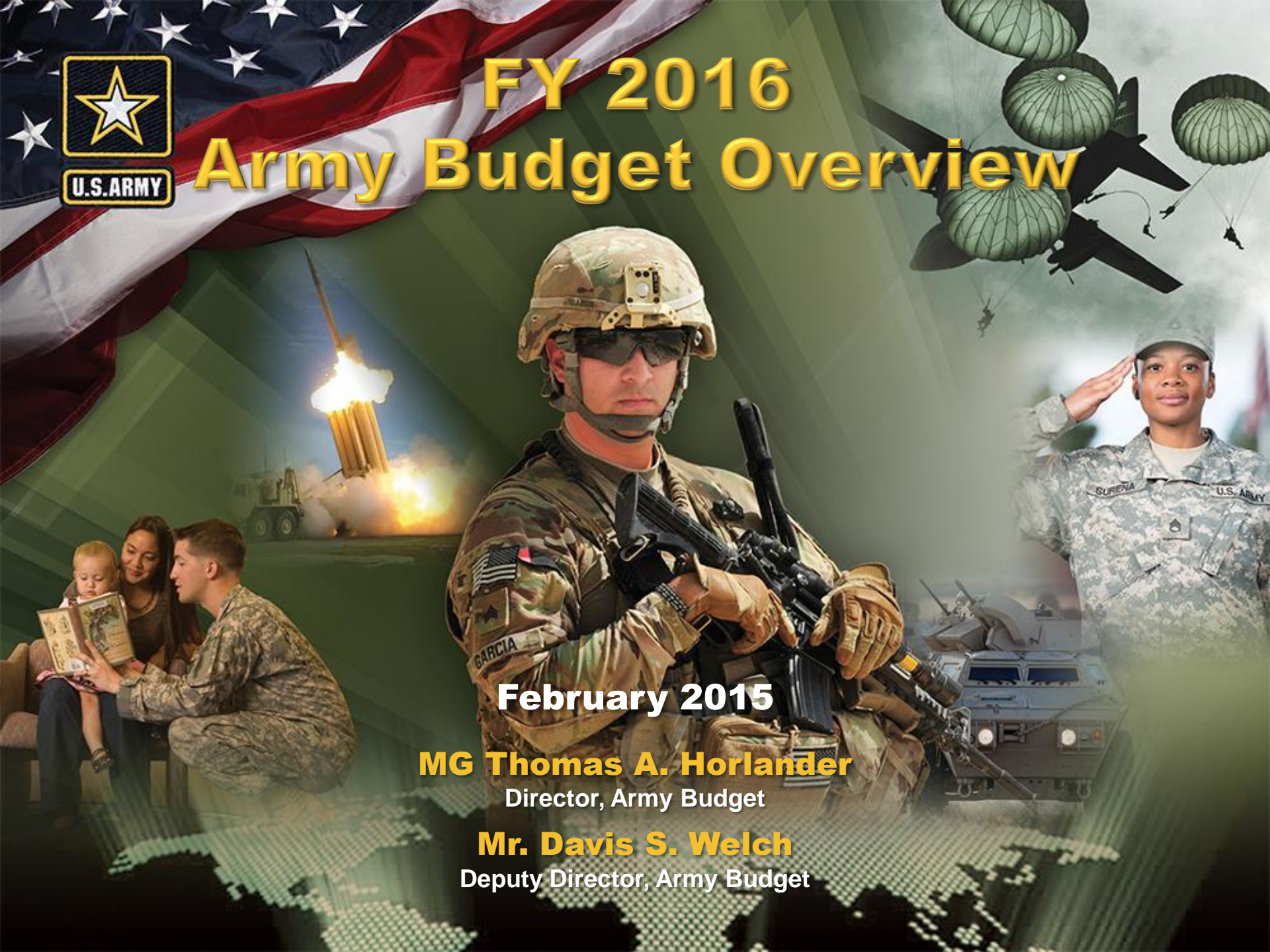
U.S. ARMY

FY 2016 Army Budget Overview

February 2015

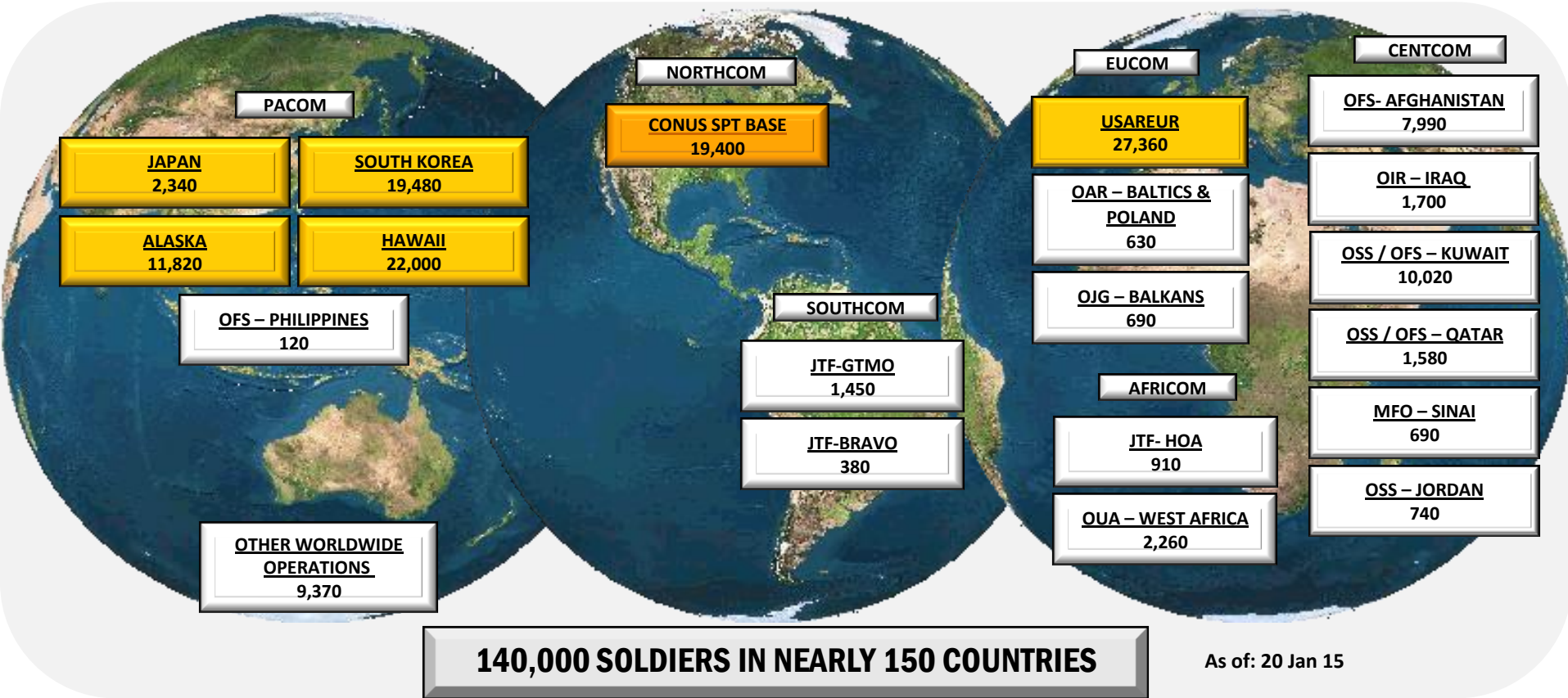
MG Thomas A. Horlander
Director, Army Budget

Mr. Davis S. Welch
Deputy Director, Army Budget





America's Army

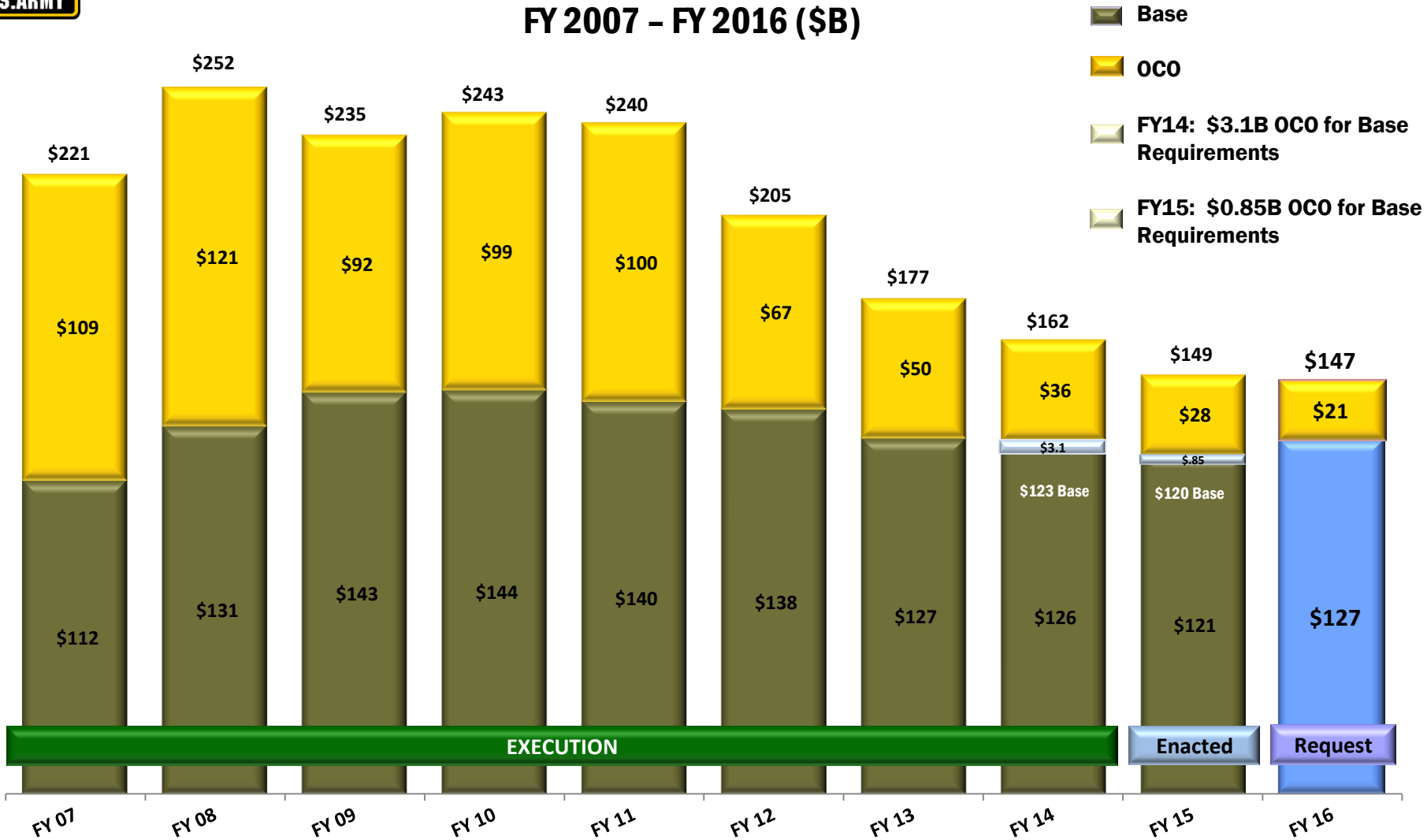


- ❖ The world is experiencing an increased velocity of instability
- ❖ America's Army remains indispensable to National Defense
- ❖ Nine of ten active Army division headquarters are actively engaged around the world
- ❖ The Army is the backbone of the Joint Force, providing command and control to Joint Forces, setting and sustaining theaters, and securing and controlling people and terrain



Budget Trends

FY 2007 - FY 2016 (\$B)



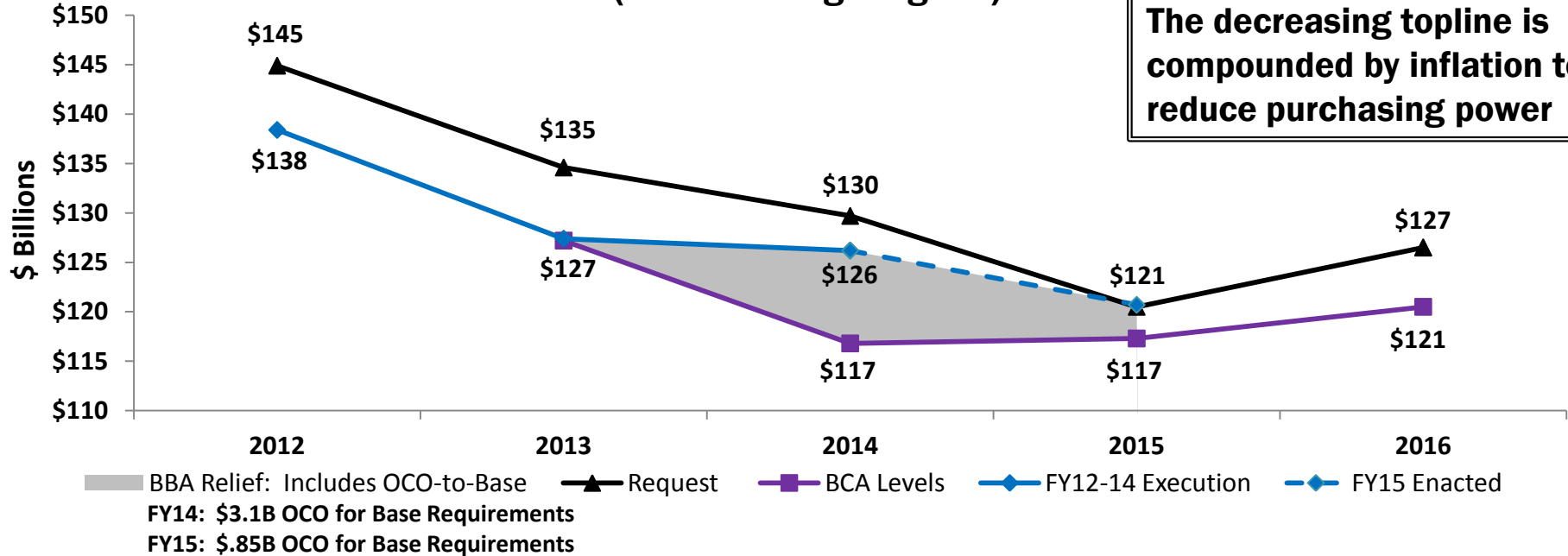
Source: DoD Comptroller Information System

Given realities of constrained budgets, the Army must adapt, innovate, and make difficult decisions impacting the Total Force



Army Topline

(Base Funding Program)



At FY16 PB Levels

- ❖ Transitions from Tiered Readiness resourcing to more balanced Total Readiness across the Force
- ❖ Balanced, rotationally focused, and surge ready force to meet combatant command demands
- ❖ Sustains a planned drawdown of the Active Component to 475K
- ❖ Prioritizes modernization of Apache, Black Hawk and Chinook helicopter fleets; and the Armored Multi-Purpose Vehicle, the Paladin Integrated Management and Stryker Double-V Hull

Under Sequestered Budget Levels

- ❖ Continues Tiered Readiness resourcing
- ❖ Provides a Contingency Force where only 9 of ~30 Active Component BCTs are ready at a given time; supports only priority Global Force Management Missions
- ❖ Accelerates the drawdown of the Active Component
- ❖ Cuts Modernization Accounts by ~12%
- ❖ Supports only critical life, health, and safety repairs to facilities



FY 2016 Budget Objectives

The Army's FY16 Budget Request provides Combatant Commanders with trained and ready land forces capable of winning in an increasingly complex strategic environment

- ❖ **Maintain strategic and operational flexibility**
- ❖ **Provide globally responsive and regionally engaged Forces**
- ❖ **Build near-term readiness**
- ❖ **Prioritize leader development**
- ❖ **Support Soldier-centric modernization**
- ❖ **Sustain the Premier All-Volunteer Army**



Source: Lithuania's Veidas magazine selects a US Soldier as its Man of the Year

**-PREVENT
-SHAPE
-WIN**

Provides our Nation options in an increasingly volatile world



FY 2016 Budget Request

(Base Funding Program)

Request (\$B)	FY13 Actuals	FY14 Actuals	FY15 Enacted	FY16 Request
Military Personnel	56.1	56.4	56.2	56.3
Operation and Maintenance	43.1	44.7¹	41.5²	44.7
Procurement/RDTE	23.1	21.2	20.6	23.1
Military Const/Family Housing/BRAC	3.4	2.6	1.4	1.6
Other Base (CAMD/AWCF/ANC)	1.7	1.3	1.1	0.8
Totals	127.4	126.2¹	120.8²	126.5

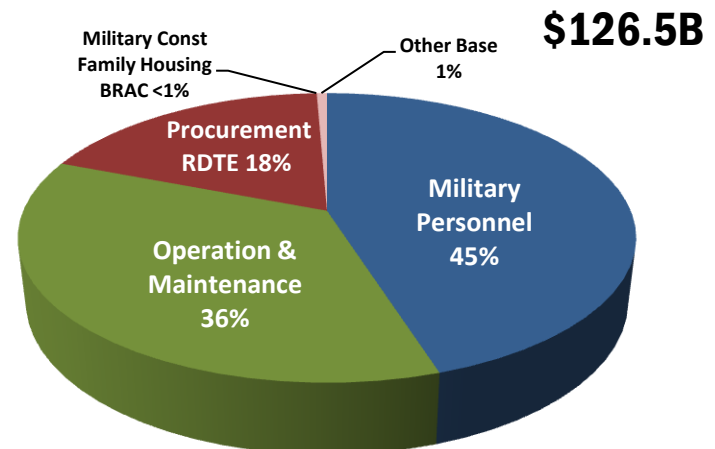
Other Base: Chemical Agent and Munitions Destruction, Army Working Capital Fund, Arlington National Cemetery

1: Includes \$3.1B OCO for Base Transfer

2: Includes \$.85B OCO for Base Transfer

- ❖ **The FY 2016 request begins to restore balance between End-strength, Readiness, and Modernization**
- ❖ **Army spends nearly two-thirds of funding on its people**
- ❖ **Builds decisive action capability in support of strategic missions**

► Base Request ◀





Military Personnel

- ❖ **Sustains the All-Volunteer Army by providing pay, entitlements, and incentives geared toward developing adaptable leaders at all levels**
- ❖ **Implements compensation adjustments in pay, subsistence, and housing allowances**
- ❖ **Provides mission and location specific entitlements for Soldiers and Families**
- ❖ **FY16 is the first year the Active Component will not require OCO funding to support end-strength above 490,000**

Appropriation Title (\$B)	FY13 Actuals	FY14 Actuals	FY15 Enacted	FY16 Request
Active Army	40.1	40.7	41.1	41.1
Army National Guard	7.9	8.1	7.6	7.9
Army Reserve	4.4	4.4	4.3	4.5
Medicare Eligible Ret Health Care	3.6	3.2	3.1	2.7
Totals	56.0	56.4	56.1	56.2

Numbers may not add due to rounding

“We must make choices that preserve the high quality of our Force, but allows the All-Volunteer Army to remain affordable.” – GEN Odierno, Chief of Staff. United States Army, 23 October 2013



Military End Strengths

- ❖ Continuation of end strength drawdown impacts Active Component and Army National Guard in FY16
- ❖ Reduced end strength necessitates force structure changes in order to preclude a hollow force
- ❖ Request focuses on supporting defense strategy while continuing to reorganize force structure in all three components culminating with a combined FY16 end strength of 1,015,000

Component	FY14	FY15	FY16
Active Army	508,210	490,000	475,000
<i>Base</i>	490,000	490,000	475,000
<i>OCO</i>	18,210		
Army National Guard	354,072	350,200	342,000
Army Reserve	195,449	198,000	198,000

Rate Increases (Effective 1 Jan 16)	FY 16
Basic pay	1.3%
Basic allowance for housing	1.2%
Basic allowance for subsistence	3.4%



Operation and Maintenance

The FY16 Operation and Maintenance, Army Request

- ❖ **Training the Force**
 - Transitions from Tiered Readiness resourcing to more balanced Total Readiness
 - Resources 19 Combat Training Center rotations (15 AC/2 RC/2 Enabler)
 - Supports professional development for Soldiers, Leaders, and Army Civilians
- ❖ **Operating the Force**
 - Reorganizing Brigade Combat Teams (30 BCTs) to facilitate a leaner more agile force
 - Improves regional engagements with allies and other strategic partners
- ❖ **Sustaining the Force**
 - Continues Depot Maintenance funding
 - Enhances expeditionary force capabilities of Army Prepositioned Stocks
- ❖ **Installation/ Enterprise Support**
 - Improves funding for operations and facility sustainment of 74 Army Installations worldwide
 - Continues commitment to Soldier and Family programs

Appropriation Title (\$B)	FY13 Actuals	FY14 Actuals	FY15 Enacted	FY16 Request
Active Army	33.3	35.0 ¹	32.8 ²	35.3

1: Includes \$3.1B OCO for Base Requirements 2: Includes \$.85B OCO for Base Requirements

“As we continue to shape the force of the future, we have two non-negotiables: the readiness of the Army and the well being of our people.” -- Secretary of the Army John McHugh, 13 October 2014



Operation and Maintenance

- ❖ **The Operation and Maintenance, Army National Guard Request**
 - **Continues the process of restoring readiness**
 - **Sustains commitment to Soldier and Family programs**
 - **Enhances funding to support facilities sustainment and base operations support**
 - **Maintains investment in critical communication infrastructure**

- ❖ **The Operation and Maintenance, Army Reserve Request**
 - **Supports 72 functional and multifunctional support brigades**
 - **Supports funding for professional military education and specialized skills training**
 - **Enhances facility sustainment funding**
 - **Funds base operations for 3 installations and ~ 700 reserve centers**

Appropriation Title (\$B)	FY13 Actuals	FY14 Actuals	FY15 Enacted	FY16 Request
Army National Guard	6.9	6.8	6.2	6.7
Army Reserve	2.9	2.9	2.5	2.7

“As we continue to shape the force of the future, we have two non-negotiables: the readiness of the Army and the well being of our people.” - Secretary of the Army John McHugh, 13 October 2014



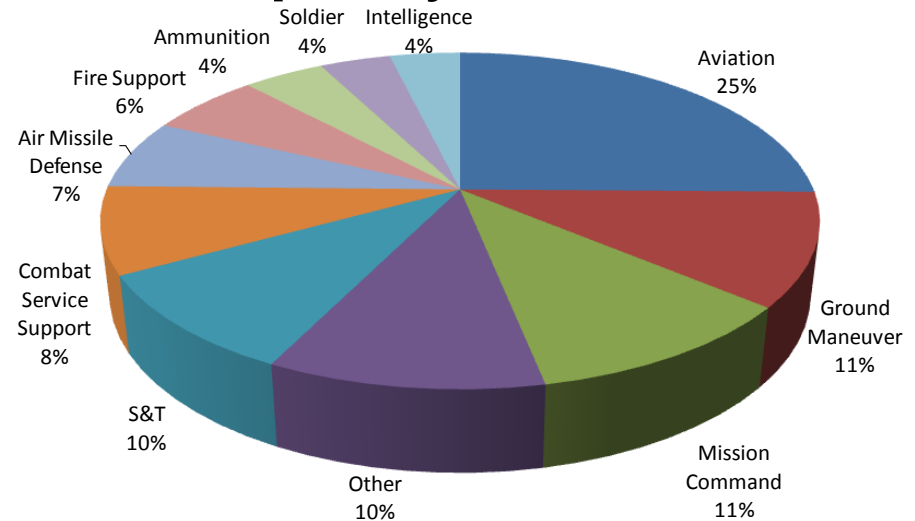
Modernization Summary (Base)

▶ \$23.0 B ◀

Request (\$B)	FY13 Actuals*	FY14 Actuals*	FY15 Enacted	FY16 Base
Procurement Total	15.1	14.1	13.9	16.1
RDT&E Total	8.0	7.1	6.7	6.9
RDA Total	23.1	21.2	20.6	23.0

*As of 30 Sep 2014

Capability Portfolios



- **Balanced portfolio - fiscally constrained by current operational/readiness priorities**
- **Slows the pace of near-term development and accepts risk in reduced operational overmatch in the mid-term**
- **Continues to develop and incrementally improve existing systems to enhance capabilities**
- **Protects Science & Technology funding to support the Army of 2025 guided by the Army Operating Concept**

Resource-informed approach to improve global responsiveness and regional engagement

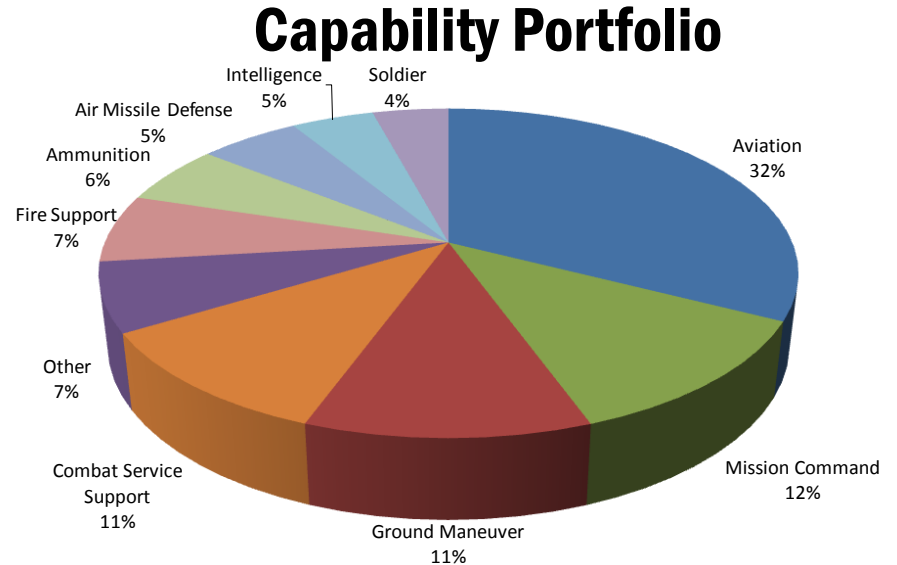


Procurement Summary

▶ \$16.1 B ◀

Request (\$B)	FY13 Actuals*	FY14 Actuals*	FY15 Enacted	FY16 Base
Procurement Total	15.1	14.1	13.9	16.1
Aircraft	5.4	4.8	5.2	5.7
Missiles	1.4	1.5	1.2	1.4
Weapons & Tracked Combat Veh.	1.7	1.6	1.7	1.9
Ammunition	1.6	1.4	1.0	1.2
Other Procurement	5.0	4.7	4.7	5.9

* As of 30 Sep 2014
Numbers may not sum due to rounding



- **Prioritizes modernization of Apache, Black Hawk and Chinook helicopter fleets in support of the Aviation Restructure Initiative (ARI)**
- **Modernizes the Network to facilitate the decision-making of Soldiers with information and connectivity across all tactical echelons for Unified Land Operations in support of the Joint Force and our multiple partners**
- **Prioritizes critical ground vehicle efforts for Abrams and Bradley Mods/Stryker (3rd & 4th DVH) / Paladin Integrated Management (PIM) and Joint Light Tactical Vehicle (JLTV)**

*Small amount of FY16 S&T Procurement not reflected in pie

Accepting mid-term risk by temporarily curtailing equipment modernization efforts to balance readiness and force structure reductions



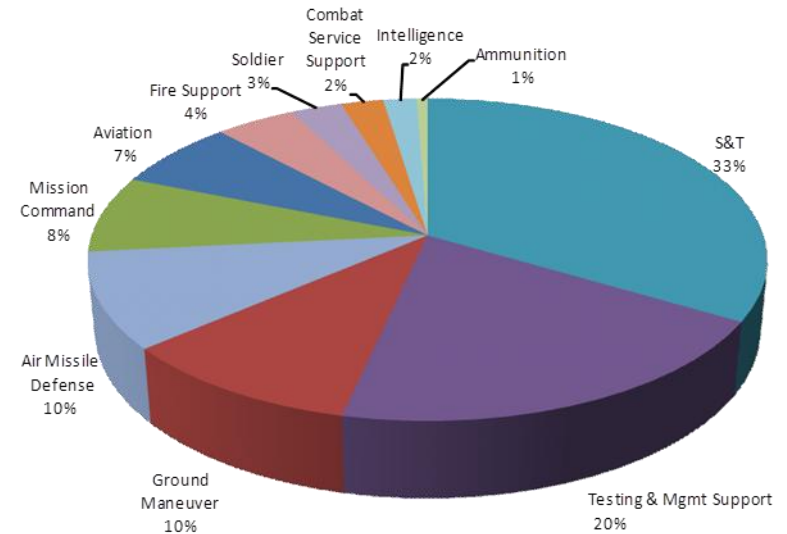
RDT&E Summary

▶ \$6.9 B ◀

Request (\$B)	FY13 Actuals*	FY14 Actuals*	FY15 Enacted	FY16 Base
RDT&E Total	8.0	7.1	6.7	6.9
Basic Research	0.4	0.4	0.5	0.4
Applied Research	0.9	0.9	1.0	0.9
Advanced Technology Dev.	1.0	1.0	1.1	0.9
Demonstration/Validation	0.4	0.4	0.3	0.5
Engineering Manufacturing Dev.	2.8	1.9	1.6	2.1
Testing & Management Support	1.2	1.3	1.0	1.0
Operational System Development	1.3	1.0	1.2	1.1

* As of 30 Sep 2014
Numbers may not sum due to rounding

Capability Portfolios



- Invests in key S&T efforts to include Combat Vehicle Prototyping, Assured Position, Navigation, & Timing, Joint Multi-Role Helicopter and High Energy Lasers, Aviation Degraded Visual Environment, alternatives for Long-Range Precision Fires, and enhancing Cyber Operations and Network Protections
- Major Engineering Manufacturing Development (EMD) Efforts: Armored Multi-Purpose Vehicle Army Integrated Air and Missile Defense (AIAMD), Combat Vehicle Improvements (CVI)

Protects Science & Technology funding at FY 2015 levels



Top Procurement Quantities

Program	Appropriation	Quantity	
		FY15	FY16
Blackhawk	Aircraft	87	94
Apache	Aircraft	35	64
Chinook	Aircraft	32	39
WIN-T	Other Procurement	Multiple Config. Items	
Patriot MSE	Missile	108	80
M1 Mod	Weapons, Tracked Combat Veh.	0	N/A
Joint Light Tactical Vehicle	Other Procurement	184	450
Stryker Upgrade	Weapons, Tracked Combat Veh.	0	87
Paladin PIM	Weapons, Tracked Combat Veh.	18	30
MQ-1 Gray Eagle	Aircraft	19	15
GMLRS	Missile	774	1668
Lakota	Aircraft	55	28



CH-47 Chinook



Stryker



**UH-60
Blackhawk**



Paladin PIM



Facilities

- ❖ MILCON remains at historically low spending levels (prior to investments for *Grow the Army, Transformation and BRAC 2005*)
- ❖ Focuses on replacement of failing and obsolete facilities and critical infrastructure, establishment of operational headquarters, construction of new Army Reserve and National Guard Centers; projects are neutral to pending force structure changes
 - Active Army 13 projects, \$740M
 - ARNG 14 projects, \$200M
 - USAR 5 projects, \$110M
- ❖ Supports U.S. and overseas Army Family Housing operation and maintenance, leases, and new construction
- ❖ BRAC request supports environmental remediation actions at existing BRAC sites
- ❖ Army supports a new BRAC round to align infrastructure with force structure

Appropriation (\$M)	FY13 Actuals	FY14 Actuals	FY15 Enacted	FY16 Request
Military Construction	2,600	1,640	900	1,050
Army Family Housing	490	500	430	490
Base Realignment and Closure	270	440	80	30
Totals	3,360	2,580	1,410	1,570

Numbers may not add due to rounding

Provides the Premier All-Volunteer Army, Families, and Civilians with Facilities to support Readiness and enhance Quality of Life



Other Base Accounts

❖ Cemeterial Expenses, Army (Arlington National Cemetery)

- Provides for operation, maintenance, infrastructure revitalization and construction at Arlington National Cemetery in Arlington, Virginia, and the Soldiers' and Airmen's Home National Cemetery in Washington, D.C.
- ANC is the final resting place for more that 400,000 active duty service members, veterans, and their families; as an active cemetery, hosts more than 7,000 burials annually

❖ Chemical Agent and Munitions Destruction (DoD Program)

- Supports the continued closure of three locations
- Supports the completion of the construction and systemization of two chemical neutralization facilities
- Continuation of the chemical stockpile preparedness program

❖ Army Working Capital Fund

- Provides for the acquisition of secondary items for Army Prepositioned Stocks (APS)
- Supports acquisition of Paladin Integrated Management (PIM) engines

Appropriation Title (\$M)	FY13 Actuals	FY14 Actuals	FY15 Enacted	FY16 Request
Army National Cemetery and Construction	160	66	66	71
Chemical Agent and Munitions Destruction	1,450	1,054	841	721
Army Working Captial Fund	60	175	239	50



Overseas Contingency Operations

Request (\$M)	FY13 Actuals	FY14 Actuals	FY15 Enacted	FY16 Request
Military Personnel (MILPERS)	8,798	5,593	3,511	2,019
Operation & Maintenance (O&M)	31,767	23,636¹	17,628²	11,468
Research, Development, & Acquisition (RDA)	2,105	1,802	1,150	1,627
Military Construction, Army (MCA)	-	-	37	-
Working Capital Fund (ACWF)	43	49	-	-
Army Total	42,713	31,080	22,326	15,114
Passthrough / Transfer Accounts				
Afghan Security Forces Fund	4,946	3,962	4,109	3,762
Iraq Train & Equip Fund	-	-	1,618	715
Syria Train & Equip Fund	-	-	-	600
Joint Improvised Explosive Device Defeat Fund	1,384	879	444	493
Afghanistan Infrastructure Fund	325	199	-	-
All Army Appropriations	49,368	36,120	28,497	20,685

1: Does not include \$3.1B OCO for Base Requirements 2: Does not include \$.85B OCO for Base Requirements

► **OCO Request** ◀
\$20.6B

❖ Operation FREEDOM's SENTINEL

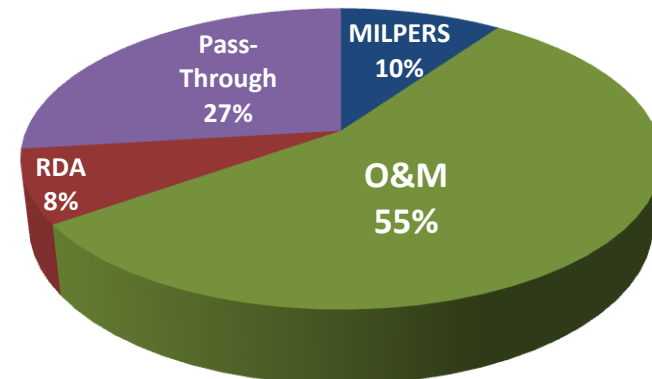
- Operation FREEDOM's SENTINEL – Afghanistan, Horn of Africa, Philippines
- Operation Spartan Shield

❖ Operation INHERENT RESOLVE

- Iraq Train and Equip Support

❖ European Reassurance Initiative

❖ Training for Moderate Syrian Opposition





Stewardship

- ❖ **Key Initiatives needing support: The Army requires reforms to restructure the Total Force (e.g., Aviation Restructure Initiative (ARI), Compensation and Health Care, and a new Base Realignment and Closure (BRAC)). These cost saving measures provide needed capabilities under constrained resources.**
- ❖ **Army actions to address reduced funding levels. To mitigate the near term compounding effects for FY16, the Army is taking action by:**
 - **Reorganization of Brigade Combat Teams (BCTs) and Drawdown of Military Forces**
 - **Drawdown of contracted and civilian workforce through reshaping efforts**
 - **Minimally fund facilities restoration and modernization**
 - **Delaying development of Critical Warfighter Capabilities**
 - **Aviation Restructuring Initiative**



CONCLUSION

The Army has three major challenges due to the budget uncertainty

- 1. The “velocity of instability” has substantially increased since the FY16 spending cap was set almost four years ago; the cap simply has not kept pace with the geopolitical reality unfolding around the world.**
- 2. Near Term. The FY16 President’s Budget partially mitigates the risks inherent with funding reductions under Sequestration levels.**
 - Begins to restore the balance between end strength, readiness, and modernization**
 - Provides resources to start rebuilding readiness that has deteriorated over the past several years-readiness that is imperative to maintain strategic and operational flexibility**
 - Focuses modernization efforts on the Soldier and Mission Command elements and begins to restore funding in modernization that remains near historic lows**
- 3. Long Term. Sequestration in FY16-FY23 dramatically suppresses defense spending without acknowledging the world in which we live.**
 - The Army has no major new modernization programs until the next decade.**
 - Continued sequestration will reduce the force to 420K AC/315K ARNG/185K USAR, jeopardizing the Army’s ability to execute even one prolonged multiphase contingency operation.**

Support of the President’s Budget Moderates the Risks to Today’s Threats to National Security



The Army's FY 2016 Base Budget Request

***The Strength of the Nation is our Army,
The Strength of our Army is our Soldiers,
The Strength of our Soldiers is our Families,
This is what makes us Army Strong!***

“It is our shared responsibility to ensure we remain the premier Army and the premier Joint Force in the world.”

-GEN Odierno, Chief of Staff, United States Army 7 November 2013

FOR ADDITIONAL INFORMATION

This overview provides the highlights of the Army's Budget submitted to the Congress as part of the FY 2016 President's Budget. All Army budget materials are available to the public on the Assistant Secretary of the Army (Financial Management and Comptroller) website.

<http://www.asafm.army.mil/offices/BU/BudgetMat.aspx?OfficeCode=1200>

Army Strong!

<http://www.army.mil>