



DEPARTMENT OF DEFENSE

Funding Highlights:

- Provides \$495.6 billion in discretionary funding for the base budget of the Department of Defense to carry out our national defense strategy and protect national security. This includes:
 - Ending the war in Afghanistan and, pending the signing of a Bilateral Security Agreement, maintaining a small force of Americans and international partners to train and assist Afghan forces and carry out limited counterterrorism operations in pursuit of any remnants of al Qaeda;
 - Supporting Government-wide efforts to rebalance diplomatic, economic, and military resources to the Asia-Pacific region while also upholding responsibilities elsewhere;
 - Protecting the homeland and ensuring a safe, secure, and effective nuclear deterrent;
 - Sustaining our ability to project power and win decisively against both state adversaries and terrorist threats;
 - Making progress toward restoring balance to the Joint Force by gradually raising readiness levels negatively impacted by sequestration while supporting the transition to a smaller military that is more agile and technologically superior;
 - Providing funds to recruit and retain the best-trained All-Volunteer Force; support military families; care for wounded, ill, and injured servicemembers; make further, measurable progress toward eliminating sexual assault in the military; and help servicemembers effectively transition to civilian life; and
 - Sustaining investments in science and technology programs, which drive innovation in military capabilities as well as in the civilian economy.

Opportunity, Growth, and Security Initiative:

- Through the Opportunity, Growth, and Security Initiative, supports:
 - Accelerated modernization of key weapons systems, faster progress toward restoring readiness lost under sequestration, and improvements to the Department's facilities.

Reforms:

- Takes steps to slow the growth in military compensation and benefit costs to free up funds for training and modernization while ensuring we continue to honor and support our men and women in uniform.
- Retires aging aircraft and adjusts the planned acquisition and refurbishment of select naval assets, allowing for critical investments in new weapons systems and platforms.
- Aligns infrastructure with current needs and includes institutional reform efforts, such as a 20 percent cut in operating budgets for headquarters staff, which will consolidate duplicative efforts and streamline Department-wide management functions.

The Department of Defense (DOD) provides military forces and capabilities to deter war and protect the security of the United States and its interests around the world. The Budget provides \$495.6 billion for DOD's base budget in 2015, which adheres to the levels agreed to in the Bipartisan Budget Act of 2013 (BBA). This funding level will allow the military to protect U.S. interests and fulfill the updated defense strategy—but with somewhat increased levels of risk. The Department can manage these risks under the President's 2015 Budget plan, but risks would grow significantly if sequester-level cuts return in 2016, if proposed reforms are not accepted, and if uncertainty over budget levels continues.

As the war in Afghanistan nears an end, DOD is making a strategic rebalance to the Asia-Pacific region while maintaining a military presence and engagement with allies and partners in the greater Middle East and elsewhere to protect our Nation's interests. The Budget supports this adjustment and makes strategic investments in the priorities identified in the 2012 Defense Strategic Guidance and the 2014 Quadrennial Defense Review, such as increasing our ability to effectively address the security challenges and opportunities of cyberspace, continuing to invest in research and development to feed innovation in both the military and civilian sectors, and combatting terrorism around the world. The Budget also maintains our commitment to providing servicemembers with the right mix of equipment,

infrastructure, and training to keep our forces ready for a wide range of contingencies and missions. The Budget supports DOD's efforts to improve the defense acquisition system and, for the first time in its history, to achieve auditable financial statements. The Budget sustains our commitment to the All-Volunteer Force—the backbone of our modern military—and strives to better support our servicemembers and their families, including those who are making the transition from military to civilian life.

Responsibly Ends the War in Afghanistan

Thirteen years after it began, the war in Afghanistan will end in December 2014, when Afghan forces assume full responsibility for their country's security. Pending the signing of a Bilateral Security Agreement, American and coalition forces will continue to train and sustain the Afghan National Security Forces (ANSF) after 2014, and the United States will work collaboratively with the ANSF to target al Qaeda and other entities that threaten the safety and security of the United States and our allies. While most U.S. troops will depart, those who remain will train key Afghan units, oversee military assistance programs, and support ongoing counterterrorism efforts. To support these activities, the Budget will provide the resources necessary to maintain our commitment to sustain the ANSF, provide logistical support to coalition partners

in Afghanistan, return U.S. forces to their home stations, and repair or replace lost or damaged equipment.

The President continues to assess the size of the residual force needed in Afghanistan to carry out these activities and other ongoing responsibilities. As a result, the Budget includes a placeholder for DOD's 2015 Overseas Contingency Operations (OCO) funding equivalent to the amount provided in the President's 2014 Budget. The Administration continues to propose a multi-year cap that limits Government-wide OCO funding to \$450 billion over the 2013-to-2021 period. The Administration plans to submit details of the DOD OCO request as a Budget amendment after making a determination on enduring force levels in Afghanistan.

Supports Strategic Rebalancing Toward Asia

DOD and other agencies are devoting increased time and resources to strengthening and transforming U.S. alliances and economic ties across the Asia-Pacific region. DOD's overarching objective in the region is to sustain a stable security environment and a regional order rooted in economic openness, peaceful resolution of territorial and maritime disputes, free flow of commerce, democratic principles of governance, and political freedom. Toward that end, the Budget supports an integrated "whole-of-government" approach involving many Federal agencies, including DOD funding for continued rotational forces, military-to-military cooperation, capacity-building activities, joint training events, and essential force modernization. The benefits of these types of investments were made clear in November 2013, when the United States, the Philippines, and other nations were able to respond quickly and effectively to Typhoon Haiyan. The combination of U.S. leadership and capable allies and partners will help provide for a peaceful and prosperous Asia-Pacific region supported by international norms, rule of law, and effective institutions.

The Budget provides for a U.S. force posture that is geographically distributed, operationally resilient, and politically sustainable, giving our leaders increased options as they plan for military-to-military engagements, conduct joint and multinational training exercises, and prepare to respond to unforeseen contingencies. By the close of the decade, the majority of U.S. naval forces, including its most capable platforms and systems, will be deployed to the Asia-Pacific region. As an example of investments in this area, the Budget provides \$128 million for military infrastructure; in Guam to bolster its position as a strategic hub in the western Pacific, of which \$51 million will support important steps toward establishing fully capable Marine Air-Ground Task Forces throughout the region.

Protects Readiness and Modernization Priorities

Training and readiness are the foundation of ensuring a capable military that provides the Nation with a range of options to deter or defeat aggression or intimidation against the United States and its allies, friends, and interests. However, sequestration degraded the ability of the force to accomplish its full range of assigned missions to expected timelines and standards. The Budget provides \$198.7 billion in operation and maintenance funding, in addition to other resources, to continue the Department's efforts to restore readiness and avoid a hollow force.

The Budget also protects investments in critical and emerging military capabilities, aiming to ensure that the United States maintains a decisive edge in areas such as power projection; global strike; nuclear weapons and delivery systems; space and cyberspace; special operations; undersea warfare; and intelligence, surveillance, and reconnaissance. For example, the Budget invests \$11.5 billion in basic and applied research and advanced technology development, including \$2.9 billion for the Defense Advanced Research Projects Agency, which conducts high-risk, high-reward scientific research that has

fed cutting-edge technological innovation in the United States for over 50 years.

Makes Hard Choices in an Era of Constrained Resources

The discretionary caps originally put in place by the Budget Control Act of 2011 required all Federal agencies to make difficult choices to prioritize key missions and programs, streamline infrastructure and overhead, and find ways to operate more efficiently. In 2013, sequestration required further sharp cuts, and the BBA provides modest relief in 2014 and 2015. To continue to support the Nation's defense strategy in this context, DOD has made strategic choices to reduce end strength and force structure, revise some weapons' investment plans, and control rising compensation and benefits costs. The Department also seeks to rightsize its infrastructure in order to allocate scarce resources to the highest priorities.

Builds a Smaller and More Agile Force.

As DOD makes the transition out of a decade of war, it is reducing military end strength and force structure to build a smaller force that is more agile and technologically superior. End strength in the Army and Marine Corps will gradually fall over the next few years. Once implemented, these changes will generate substantial annual savings, which will help the Department fund readiness and training more fully. The 2013 National Defense Authorization Act requires comparable reductions in DOD's civilian and contractor workforces.

Modernizes DOD's Compensation and Benefits System. Since 2001, military pay and benefits have grown 40 percent more than in the private sector. The Budget proposes reforms to slow this cost growth, including changes to TRICARE, lower commissary subsidies phased in over time, and modestly slower growth in the Basic Allowance for Housing, while still providing a robust compensation and benefits system that honors the service of our men and women in uniform and their families. For calendar year 2015, the Budget provides a 1.0 percent increase to basic pay, a 1.5 percent increase in the Basic

Allowance for Housing, and a 3.4 percent increase in the Basic Allowance for Subsistence. All of these changes have been recommended by the uniformed military leadership and are necessary to slow the growth in compensation and benefit costs in a responsible way and preserve funding needed for investments in platforms and readiness.

Retires Unneeded Weapons Systems. In concert with reductions in ground forces personnel, the Budget includes significant changes to many of DOD's weapons programs. For example, the Army plans to retire its aging Kiowa Warrior helicopters and instead use upgraded Apaches teamed with unmanned aerial vehicles to meet the Kiowas' armed reconnaissance mission. The Navy plans to temporarily decommission selected cruisers and return them to service after significant modernization overhauls. The Air Force plans to retire all of its single-mission A-10 Warthog aircraft and reduce the size of the C-130 fleet. These decisions position DOD to better support its highest priority missions.

Aligns Infrastructure with Current Needs. In order to align DOD's infrastructure with its mission and force structure, the Budget requests authorization for a new round of Base Realignment and Closure (BRAC) in 2017. Without a new round of BRAC, DOD will be forced to maintain unnecessary infrastructure with resources that it could otherwise use to field needed military capabilities. Further, the Office of the Secretary of Defense has directed DOD components to reduce headquarters operating budgets by 20 percent over the next five years, and it will also reorganize itself consistent with that goal.

Generates More Value Out of Every Defense Dollar. Generating more value out of each defense dollar is a critical goal of DOD's ongoing efforts to improve the defense acquisition system, operate with greater energy efficiency, and achieve audit readiness. In the area of acquisition reform, the Department has expanded its Better Buying Power initiative to achieve affordable programs, promote effective competition, control

costs throughout the product lifecycle, and create incentives to drive productivity and innovation in both industry and Government. The Budget also continues to invest in energy efficiency initiatives at DOD, which consumes almost three-quarters of all the energy used by the Federal Government. These include improving the fuel efficiency of existing equipment, developing and fielding innovative energy technologies, expanding renewable energy sources, and improving the energy efficiency of buildings. Importantly, DOD is executing nearly \$1.2 billion in third-party-financed contracts for enhanced energy conservation performance in response to the President's \$2 billion goal. DOD continues to make progress in improving the quality of its financial information. The Marine Corps recently achieved the first ever clean audit opinion on a military Service budget statement, and each Service is making great efforts to build on that momentum.

Strengthens the All-Volunteer Force

People are at the heart of our military power, and the Budget provides the resources necessary to sustain the All-Volunteer Force, including investments in family programs, health and wellness, and veteran transition programs.

Supports Military Families. Supporting military families continues to be a top Administration priority. The Budget provides robust funding to ensure consistent and effective family services are available, including mental health and counseling services, deployment and relocation assistance, child care and youth programs, military spouse employment programs, and others. In addition, the Budget invests in expanding strategies for program delivery to address the fact that most servicemembers and their families no longer live on DOD installations. For example, the Department continues to leverage the Military OneSource platform to provide confidential, no-cost counseling and information on the full range of issues and challenges military families face, anywhere in the world.

Cares for Wounded, Ill, and Injured Servicemembers. To provide quality health

care for the Nation's 9.6 million eligible military beneficiaries, the Budget provides \$47.4 billion for the DOD Unified Medical Budget to support the DOD Military Health System. The Budget sustains strong programs that support wounded, ill, and injured servicemembers and their families and help servicemembers transition into civilian life and the workforce. In particular, DOD is improving its support for servicemember mental and emotional health by increasing collaboration among its suicide prevention programs and working to eliminate the stigma associated with accessing mental health services.

Addresses Sexual Assault in the Military. Sexual assault remains a significant problem in the military, just as in the civilian world. DOD will undertake 16 distinct initiatives aimed at eliminating sexual assault from the military, including major efforts to ensure an appropriate command climate for every member, accountability for perpetrators and commanders, and proper care and services for victims—including dedicated legal representation throughout the reformed military justice process. In addition, the President has directed DOD to complete a full-scale review of its progress in preventing and responding to sexual assault in the military by December 1, 2014. This review will include benchmarks and metrics to assess the effectiveness of DOD's efforts, as well as an examination of options for reforming the military justice system to enhance victim reporting, protect victims' rights, and hold offenders appropriately accountable. The Budget provides the funds needed to implement these initiatives and to continue making improvements to DOD's sexual assault prevention and response programs.

Helps Servicemembers Transition to Civilian Life. The Administration continues to build on last year's work to support service men and women as they make the transition from military to civilian life. DOD has partnered with other Federal agencies to ensure that all servicemembers participate in effective pre-separation programs that help them plan and prepare for this major transition, including Transition GPS (Goals, Plans, Success), which reflects the first

major redesign of the interagency Transition Assistance Program in over 20 years. The Budget supports initiatives to ensure separating servicemembers have the skills needed to pursue employment after military service, providing pre-separation counseling and employment workshops and mandating compliance with a Career Readiness Standard before transition. In addition, the Budget provides targeted resources for Wounded Warriors in order to reduce disability evaluation processing time, ensuring that recovering servicemembers have active recovery plans and that those who transition to veteran status will have timely access to the benefits they deserve.

Proposes Additional Investments in Defense

The Budget's Opportunity, Growth, and Security Initiative provides \$26.4 billion for DOD to accelerate modernization of key weapons systems, make faster progress toward restoring readiness lost under sequestration, and improve its facilities.

Accelerates Modernization of Key Weapons Systems. Consistent with the reductions in discretionary spending required by the Budget Control Act and the BBA, DOD has reduced or slowed down planned purchases of a variety of weapons systems and equipment over the last three Budgets. The Opportunity, Growth, and Security Initiative would allow DOD to accelerate the schedules for developing and buying new or upgraded systems in order to ensure that the United States maintains technological superiority over potential adversaries. For example, it provides enhanced resources

for procurement of manned and unmanned aircraft, helicopters, ground vehicles, and communication systems. It also expands the research and development efforts that underpin all defense modernization programs.

Makes Faster Progress Toward Restoring Readiness Lost Under Sequestration. In 2013, significant reductions in funding degraded readiness throughout the Joint Force by requiring sharp cuts to training, maintenance, and support. For example, the Air Force had to ground 33 squadrons and reduce an additional seven squadrons to basic "takeoff and land" training for several months. Although the base budget provides the resources needed to continue gradually restoring readiness and balance, the Opportunity, Growth, and Security Initiative provides the resources to expedite progress by supporting increased activity at depot maintenance facilities around the country; greater training support; and increased funding for fuel, spare parts, and transportation costs.

Improves DOD Facilities. Sequestration required significant funding cuts for DOD facilities, forcing the Department to defer some sustainment, restoration, and modernization (SRM) costs, as well as some military construction projects. The base budget provides the funds necessary to keep DOD bases, housing, and other facilities safe, secure, and operational, but not enough to avoid long-term deterioration. The Opportunity, Growth, and Security Initiative provides additional resources for SRM and construction at hundreds of DOD installations that will generate jobs and reduce future costs to replace buildings, roads, runways, and other facilities.