

Estimated Impacts of Sequestration-Level Funding



**UNITED STATES DEPARTMENT OF DEFENSE
FISCAL YEAR 2015 BUDGET REQUEST**

APRIL 2014

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1. OVERVIEW

The Department of Defense's Fiscal Year (FY) 2015 budget submission provides the resources necessary to protect and advance U.S. interests and to execute the updated defense strategy, although at increased levels of risk for some missions relative to the planned funding levels in the FY 2014 budget. This budget complies with the limits established for FY 2015 in the Bipartisan Budget Act of 2013 (BBA), but over the remainder of the Future Years Defense Program (FYDP), it exceeds the estimated limits on base budget discretionary DoD funding under current law by \$115 billion. These estimated limits reflect the automatic reductions of the caps on Government-wide discretionary funding established in the Budget Control Act of 2011 (BCA). For simplicity, this report will refer to these limits as "BCA levels" or "sequestration levels."

This report outlines the impacts the Department would face today in having to plan and operate at the sequestration levels and documents the significant cuts to forces, modernization, and readiness that would be required at those levels. Of course, BCA-level funding would have similar impacts for non-defense programs, and any increase in defense discretionary caps should be matched by an equivalent increase in the non-defense caps. For defense, this report illustrates the additional warfighting risk the Department will incur if the BCA's automatic reductions persist. The Department will continue to review and refine this plan as conditions warrant, so while this report shows a specific set of impacts, those impacts may change.

The automatic reductions required by the BCA would impose significant cuts to Department resources that would significantly increase risks both in the short- and long-term. These cuts would be in addition to several reductions in planned funding that the Department has already absorbed. Over the past several years, planned DoD spending has been significantly reduced by the following actions:

- To comply with the original discretionary spending caps in the BCA, FY 2012 enacted appropriations and the FY 2013 President's Budget reduced DoD funding by \$487 billion compared with the ten-year plan in the FY 2012 President's Budget.
- The March 2013 sequestration reduced base budget FY 2013 DoD funding by an additional \$32 billion.
- Consistent with the revised caps in the BBA, FY 2014 enacted appropriations reduced DoD funding by \$31 billion compared with the President's Budget request, and the FY 2015 President's Budget requested \$45 billion less than was planned in the FY 2014 budget.

Together, these cuts total almost \$600 billion. Accordingly, the Department's planned budgets across the FYDP have been substantially reduced. The Services have already reduced force structure and planned modernizations prior to any additional cuts discussed here. Additionally, compensation savings have been assumed at both funding levels. If these proposed compensation reforms are not enacted, the Department will have no choice but to make further cuts elsewhere in the budget that will deprive our troops of the training and equipment they need to succeed in battle.

With the addition of projected sequestration-level cuts for FY 2016 through 2021, reductions to planned defense spending for the ten-year period from FY 2012 to 2021 will exceed \$1 trillion. If sequestration-level cuts persist, our forces will assume substantial additional risks in certain missions and will continue to face significant readiness and modernization challenges. These impacts would leave our military unbalanced and eventually too small to meet the needs of our strategy fully.

At sequestration-level funding, major reductions from the FY 2015-2019 President's Budget request would include:

- Reducing one squadron of F-35 aircraft (cutting acquisition of 15 aircraft would prevent fielding the squadron)
- Eliminating the fleet of KC-10 tankers
- Cutting operational surface combatant ships by 7 in FY 2019
- Cutting procurement of 8 ships across the FYDP
- Divesting the Global Hawk Block 40 fleet
- Divesting the Predator fleet beginning in FY 2016
- Eliminating planned purchases of Reaper aircraft in FY 2018 and FY 2019
- Reducing Service readiness funding by \$16 billion over the FYDP to include approximately \$9 billion in depot/ship maintenance, which would further increase Service maintenance backlogs

With respect to readiness, sequestration-level funding cuts would intensify existing shortfalls and delay timelines for building joint readiness for full-spectrum operations.

Furthermore, if Congress acts to support FYDP funding at the PB15 level, the Department will not have to cut:

- Army forces to a total force of 420K Active, 315K National Guard, and 185K Reserve
- Marine Corps forces to a total active force of 175K
- An aircraft carrier (CVN-73) to a total inventory of ten aircraft carriers

NOTE: Throughout this report we compare the FY 2015 President's Budget FYDP position to a five-year plan that reflects the estimated automatic reductions required by the BCA in FY 2016-2019. All tables show FY 2015 at the PB15 level; only FY 2016-2019 reflect the BCA levels. For simplicity the tables reflecting BCA reductions in FY 2016-2019 are therefore labeled and referred to throughout the report by the "BBA/BCA" short hand notation.

2. SERVICE AND APPROPRIATION LEVEL IMPACTS

CHANGE BY SERVICE

Under the BBA/BCA scenario, DoD funding would remain at the President's Budget (PB) 2015 level in FY 2015, and then decline by an estimated \$35.3 billion in FY 2016 and an estimated \$115.2 billion across the FYDP. Reductions would be made in every Service. Significant reductions to Defense Agencies have already been accomplished at the PB15 level and their funding would be decreased marginally at the sequestration levels.

\$B	PB15					
	FY2015	FY2016	FY2017	FY2018	FY2019	FYDP
Army	120.3	127.2	128.9	130.2	130.8	637.4
Navy	147.7	159.5	161.2	163.7	165.9	798.0
Air Force	137.8	152.4	155.1	156.8	158.5	760.6
Defensewide	89.8	96.0	98.5	100.7	103.8	488.9
Total	495.6	535.1	543.7	551.4	559.0	2,684.8

\$B	BBA/BCA					
	FY2015	FY2016	FY2017	FY2018	FY2019	FYDP
Army	120.3	119.2	121.2	124.0	126.3	611.0
Navy	147.7	147.4	152.1	156.1	160.0	763.4
Air Force	137.8	142.0	145.1	148.0	151.4	724.3
Defensewide	89.8	91.2	93.8	96.6	99.4	470.8
Total	495.6	499.8	512.3	524.7	537.1	2,569.6

\$B	BBA/BCA-PB15					
	FY2015	FY2016	FY2017	FY2018	FY2019	FYDP
Army	0.0	(8.0)	(7.6)	(6.2)	(4.5)	(26.4)
Navy	0.0	(12.1)	(9.1)	(7.5)	(5.9)	(34.6)
Air Force	0.0	(10.3)	(10.1)	(8.8)	(7.0)	(36.2)
Defensewide	0.0	(4.8)	(4.6)	(4.1)	(4.4)	(18.0)
Total	0.0	(35.3)	(31.4)	(26.6)	(21.9)	(115.2)

As of 21-FEB-2014; reflects Discretionary Budget Authority

CHANGE BY APPROPRIATION TITLE

The BBA/BCA reductions would affect all appropriations, with one-third of the cuts being taken in Operation and Maintenance (O&M) accounts and nearly two-thirds in the modernization accounts. In fact, the O&M title would grow at an average of only approximately 2 percent per year in FY 2015-2019 at sequestration levels, compared with 3 percent per year in FY 2015-2019 at the FY 2015 President's Budget level. The Research, Development, Test and Evaluation (RDT&E) title would actually decline across the FYDP at sequestration levels, severely curtailing the Department's ability to develop new technologies. Investment (Procurement and RDT&E) would grow at only 14 percent in FY 2015-2019 under the BBA/BCA levels, while it would grow nearly 23 percent in the FY 2015 President's Budget. Moreover, investment would account for nearly 60 percent of the total reduction in the BBA/BCA case, further eroding the Department's ability to

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modernize and improve our forces. Subsequent sections of this report describe the impacts to those accounts in more detail.

\$B	PB15					
	FY2015	FY2016	FY2017	FY2018	FY2019	FYDP
MILITARY PERSONNEL	135.2	135.0	135.1	135.7	136.9	678.0
OPERATION AND MAINTENANCE	198.7	213.0	218.3	221.9	224.8	1,076.6
PROCUREMENT	90.4	108.1	112.7	117.8	120.9	549.9
RESEARCH, DEV, TEST & EVAL	63.5	69.4	68.6	67.4	67.9	336.9
MILITARY CONSTRUCTION	5.4	8.0	7.4	7.0	6.9	34.8
FAMILY HOUSING	1.2	1.4	1.4	1.4	1.4	6.8
REVOLVING AND MGMT FUNDS	1.2	0.2	0.2	0.1	0.1	1.8
Total	495.6	535.1	543.7	551.4	559.0	2,684.8

\$B	BBA/BCA					
	FY2015	FY2016	FY2017	FY2018	FY2019	FYDP
MILITARY PERSONNEL	135.2	134.5	134.4	135.0	136.1	675.3
OPERATION AND MAINTENANCE	198.7	200.9	207.0	212.5	217.4	1,036.5
PROCUREMENT	90.4	91.4	99.3	107.2	113.2	501.5
RESEARCH, DEV, TEST & EVAL	63.5	65.6	64.2	62.7	63.0	319.0
MILITARY CONSTRUCTION	5.4	6.0	5.8	5.9	6.0	29.1
FAMILY HOUSING	1.2	1.2	1.3	1.3	1.3	6.4
REVOLVING AND MGMT FUNDS	1.2	0.2	0.2	0.1	0.1	1.8
Total	495.6	499.8	512.3	524.7	537.1	2,569.6

\$B	BBA/BCA-PB15					
	FY2015	FY2016	FY2017	FY2018	FY2019	FYDP
MILITARY PERSONNEL	0.0	(0.5)	(0.7)	(0.8)	(0.8)	(2.7)
OPERATION AND MAINTENANCE	0.0	(12.1)	(11.3)	(9.4)	(7.4)	(40.1)
PROCUREMENT	0.0	(16.7)	(13.3)	(10.6)	(7.7)	(48.3)
RESEARCH, DEV, TEST & EVAL	0.0	(3.8)	(4.4)	(4.7)	(5.0)	(17.9)
MILITARY CONSTRUCTION	0.0	(2.0)	(1.6)	(1.1)	(0.9)	(5.7)
FAMILY HOUSING	0.0	(0.2)	(0.1)	(0.1)	(0.1)	(0.5)
REVOLVING AND MGMT FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.0	(35.3)	(31.4)	(26.6)	(21.9)	(115.2)

3. FORCE STRUCTURE IMPACTS

ARMY

Army force structure is shown in Figure 3-1. There would be no changes from PB15, as submitted, to BBA/BCA. However, PB15 Army end strength for FY 2017-19 will be reviewed further in subsequent budget cycles. If Congress acts to support the outyear PB15 topline, the Department will maintain the Army at a force of 970-980K (440-450K Active, 335K National Guard and 195K Reserve).

Figure 3-1. Army Force Structure

Item	Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Active end strength (K)	PB15	490	470	*450	*430	*420
	BBA/BCA	490	470	450	430	420
Active BCTs	PB15	32	29	*28	*25	*24
	BBA/BCA	32	29	28	25	24
National Guard end strength (K)	PB15	350	336	*329	*322	*315
	BBA/BCA	350	336	329	322	315
National Guard BCTs	PB15	28	26	*25	*22	*22
	BBA/BCA	28	26	25	22	22
Reserve end strength (K)	PB15	202	195	*190	*186	*185
	BBA/BCA	202	195	190	186	185
Civilian Personnel (K)	PB15	258	249	244	238	238
	BBA/BCA	258	249	244	238	238

* PB15 Army end strength for FY 2017-2019 will be reviewed further in subsequent budget cycles. If Congress acts to support the outyear PB15 topline, the Department would maintain the Army at a force of 970-980K (440-450K Active, 335K National Guard and 195K Reserve).

MARINE CORPS

Marine Corps force structure is shown in Figure 3-2. There would be no changes from PB15, as submitted, to BBA/BCA. However, PB15 Marine Corps end strength will be reviewed further in subsequent budget cycles. If Congress acts to support the outyear PB15 topline, the Department will maintain the Active Marine Corps at a force of 182K.

Figure 3-2. Marine Corps Force Structure

Item	Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Active end strength (K)	PB15	184	*179	*175	*175	*175
	BBA/BCA	184	179	175	175	175
Active infantry battalions	PB15	23	*21	*21	*21	*21
	BBA/BCA	23	21	21	21	21
Reserve end strength (K)	PB15	39	39	39	39	39
	BBA/BCA	39	39	39	39	39
Reserve infantry battalions	PB15	8	8	8	8	8
	BBA/BCA	8	8	8	8	8
Active TACAIR squadrons	PB15	18	*18	*18	*18	*18
	BBA/BCA	18	18	18	18	18
Reserve TACAIR squadrons	PB15	1	1	1	1	1
	BBA/BCA	1	1	1	1	1
Civilian Personnel (K)	PB15	21	21	20	20	20
	BBA/BCA	21	21	20	20	20

* PB15 Marine Corps end strength for FY 2016-2019 will be reviewed further in subsequent budget cycles. If Congress acts to support the outyear PB15 topline, the Department would maintain the Active Marine Corps at a force of 182K.

NAVY

Navy force structure is shown in Figure 3-3. For most Navy force structure elements, the BCA funding level would have a greater impact on the post-FYDP force levels, because 8 fewer ships would be procured and would deliver outside the FYDP. The one exception would be cruisers and destroyers. At the BCA funding level, the Navy would lay-up 6 destroyers (in addition to the 11 cruisers) awaiting mid-life modernization and overhaul. This would extend the period that the ships would not be available for regular operations and surge.

The aircraft carrier GEORGE WASHINGTON (CVN-73) is scheduled for refueling starting in FY 2016. At the PB15 budget level, the Department intends to fund this refueling, thus maintaining a force of 11 carriers. At sequestration-level funding, the Department would not fund the refueling, retiring this carrier and its associated air wing.

Figure 3-3. Navy Force Structure

Item	Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Carriers	PB15	10	*10	*10	*10	*10
	BBA/BCA	10	10	10	10	10
Cruisers/destroyers	PB15	85	89	90	91	92
	BBA/BCA	85	89	90	91	92
Operational	PB15	74	78	79	80	82
	BBA/BCA	74	72	73	73	75
In lay-up	PB15	11	11	11	11	10
	BBA/BCA	11	17	17	18	17
Amphibious ships	PB15	30	31	32	33	33
	BBA/BCA	30	31	32	33	33
Operational	PB15	30	30	31	32	32
	BBA/BCA	30	30	31	32	32
In lay-up	PB15	-	1	1	1	1
	BBA/BCA	-	1	1	1	1
Attack submarines	PB15	54	52	49	51	51
	BBA/BCA	54	52	49	51	51
Active TACAIR squadrons	PB15	35	34	34	34	34
	BBA/BCA	35	34	34	34	34
Reserve TACAIR squadrons	PB15	1	1	1	1	1
	BBA/BCA	1	1	1	1	1
Civilian Personnel (K)	PB15	194	194	192	190	189
	BBA/BCA	194	194	192	190	189

* PB15 carrier inventory and associated air wings for FY 2016-2019 will be reviewed further in subsequent budget cycles. If Congress acts to support the outyear PB15 topline, the Department would maintain a force of 11 carriers.

AIR FORCE

Air Force structure is shown in Figure 3-4. At the BCA funding level, the Air Force would field one fewer F-35A squadron by the end of the FYDP. At this funding position, it would also shrink its tanker fleet to 468 aircraft by FY 2019 by terminating the entire KC-10 force starting in FY 2016 (fully removing the force by FY 2020). At the BCA position, the Air Force would divest the entire Global Hawk Block 40 force in FY 2016. It would also terminate the MQ-1 Predator fleet in FY 2016 and substantially reduce the MQ-9 Reaper fleet in FY 2018 and 2019. These changes would result in only 45 fully sustained Predator/Reaper CAPs by the end of the FYDP compared to 55 at the PB15 funding level.

Figure 3-4. Air Force Structure

Item	Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Active TACAIR sqdns	PB15	27	26	26	26	27
	BBA/BCA	27	26	26	26	26
National Guard TACAIR squadrons	PB15	20	20	19	18	18
	BBA/BCA	20	20	19	18	18
Reserve TACAIR squadrons	PB15	3	3	3	3	4
	BBA/BCA	3	3	3	3	4
Tankers	PB15	455	466	478	480	485
	BBA/BCA	455	460	463	468	468
U2	PB15	32	32	-	-	-
	BBA/BCA	32	32	-	-	-
Global Hawk 30	PB15	18	18	21	21	21
	BBA/BCA	18	18	21	21	21
Global Hawk 40	PB15	11	11	11	11	11
	BBA/BCA	11	-	-	-	-
Predator/Reaper CAPs	PB15	50	50	50	52	55
	BBA/BCA	42	35	38	41	45
Civilian Personnel (K)	PB15	177	180	182	181	181
	BBA/BCA	177	180	182	181	181

4. MODERNIZATION IMPACTS

SUMMARY

Procurement and Research, Development, Test and Evaluation (RDT&E) positions and reductions are shown in Figures 4-1 through 4-3. Combat Systems includes procurement of aircraft, warships, tracked vehicles and special operations forces equipment. Systems Development includes all RDT&E that is not Science and Technology (S&T). Maintenance, Training and Support includes investment for equipment, vehicles, and facilities dedicated to these areas. Modernization reductions for space systems are also a small part of this area. Munitions include ammunition, weapons, missiles and associated equipment.

Figure 4-1. PB15 Procurement and RDT&E

PB15						
Item (\$B)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
Combat Systems	34.5	43.0	45.8	47.2	47.5	218.0
Systems Development	40.0	42.8	41.4	39.5	39.9	203.6
Maintenance, Training and Support	16.9	21.0	22.4	24.8	25.7	110.8
Munitions	7.8	9.8	10.3	10.5	11.2	49.6
Communications and Electronics	7.6	9.0	9.1	9.5	9.9	45.0
Science and Technology	11.5	12.0	12.1	12.3	12.5	60.5
Modifications	2.3	3.0	2.5	2.5	2.5	12.7
Spares and Repair Parts	6.2	7.5	7.7	8.5	8.9	38.8
Non Defense and Other	27.1	29.6	29.9	30.4	30.7	147.7
Total	153.9	177.5	181.3	185.2	188.8	886.7

Figure 4-2. BBA/BCA Procurement and RDT&E

BBA/BCA						
Item (\$B)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
Combat Systems	34.5	35.0	40.3	44.0	46.4	200.2
Systems Development	40.0	40.6	38.9	37.2	37.7	194.4
Maintenance, Training and Support	16.9	19.2	21.1	22.6	24.4	104.3
Munitions	7.8	8.3	8.8	9.4	10.2	44.6
Communications and Electronics	7.6	8.1	8.0	8.6	9.3	41.6
Science and Technology	11.5	11.6	11.7	11.9	12.1	58.8
Modifications	2.3	2.5	2.2	2.1	2.3	11.5
Spares and Repair Parts	6.2	6.9	7.3	8.4	8.5	37.3
Non Defense and Other	27.1	24.7	25.3	25.5	25.2	127.8
Total	153.9	157.0	163.6	169.9	176.1	820.5

Figure 4-3. BBA/BCA Procurement and RDT&E Reductions

BBA/BCA - PB15						
Item (\$B)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
Combat Systems	-	(8.0)	(5.5)	(3.2)	(1.1)	(17.8)
Systems Development	-	(2.2)	(2.5)	(2.3)	(2.2)	(9.2)
Maintenance, Training and Support	-	(1.8)	(1.3)	(2.2)	(1.3)	(6.5)
Munitions	-	(1.4)	(1.6)	(1.0)	(1.1)	(5.1)
Communications and Electronics	-	(0.9)	(1.1)	(0.8)	(0.6)	(3.4)
Science and Technology	-	(0.4)	(0.4)	(0.4)	(0.4)	(1.6)
Modifications	-	(0.4)	(0.3)	(0.3)	(0.1)	(1.2)
Spares and Repair Parts	-	(0.6)	(0.4)	(0.2)	(0.3)	(1.5)
Non Defense and Other	-	(4.9)	(4.6)	(4.9)	(5.6)	(19.9)
Total	-	(20.5)	(17.7)	(15.3)	(12.7)	(66.2)

S&T is a key investment area that enables our military to maintain a competitive advantage over our adversaries. Maintaining consistent S&T funding even at sequestration levels would allow the Department to continue to invest in critical research and technology development initiatives that contribute to future capability improvements, such as supporting the Department's rebalance towards the Asia-Pacific. Therefore, BCA funding for S&T would be relatively unchanged compared with PB15 funding.

Minor Procurement for supplies and equipment other than major weapons systems (specifically any appropriations other than Aircraft Procurement, Shipbuilding and Construction, and Wheeled and Tracked Combat Vehicles) is an important support element to sustain the warfighting capability of the force. Minor Procurement is a portion of the entries in Figure 4-3 (primarily Combat Systems; Maintenance, Training and Support; Munitions; and Communications and Electronics). It would represent about 30 percent of the overall modernization reduction in FY 2016 but would be a smaller percentage of the overall modernization reductions in the remaining years of the FYDP.

Over 50 percent of the BCA modernization reduction would relate to Combat Systems, Systems Development and Munitions. Select program reductions for these areas are shown below by Service.*

* Figures 4-4 through 4-31 show budget line items with significant reductions. The PB15 and BBA/BCA funding in these figures may not reflect total program values because a program could have more than one budget line item (Example: "DDG-51", "DDG Mod"). Procurement quantity changes are shown when applicable.

ARMY

Blackhawk

Blackhawk investments and procurement quantities are shown in Figure 4-4. PB15 funds additional aircraft beginning in FY 2016, allowing for the negotiation of a follow-on multi-year procurement starting in FY 2017. These additional aircraft would not be funded at the BCA funding level.

Figure 4-4. Blackhawk

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	1,369	1,296	1,508	1,542	1,486	7,201
BBA/BCA	\$M	1,369	963	686	1,542	1,401	5,961
Delta	\$M	-	(334)	(821)	-	(85)	(1,240)
PB15 Procurement	Qty	79	71	70	104	86	410
BBA/BCA Procurement	Qty	79	56	28	104	82	349
Delta Procurement	Qty	-	(15)	(42)	-	(4)	(61)

Budget Line Item = "UH-60 Blackhawk M Model (MYP)"

Apache Remanufacture

Apache remanufacture investments and procurement quantities are shown in Figure 4-5. PB15 funds additional aircraft buys, achieving economic procurement rates in FY 2016 versus FY 2018 under the BCA level of funding.

Figure 4-5. Apache Remanufacture

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	651	1,203	1,273	1,370	1,102	5,599
BBA/BCA	\$M	651	742	868	1,093	1,030	4,384
Delta	\$M	-	(461)	(405)	(277)	(72)	(1,215)
PB15 Procurement	Qty	25	40	69	72	53	259
BBA/BCA Procurement	Qty	25	29	33	51	54	192
Delta Procurement	Qty	-	(11)	(36)	(21)	1	(67)

Budget Line Item = "AH-64 Apache Block IIIA Reman"

Stryker

Stryker double-v hull investments are shown in Figure 4-6. PB15 funds completing the buy of a third brigade set of double-v hull Strykers and buy a fourth brigade set. At BCA levels, the fourth brigade set would not be funded.

Figure 4-6. Stryker

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	385	455	397	99	-	1,336
BBA/BCA	\$M	385	155	-	-	-	541
Delta	\$M	-	(300)	(397)	(99)	-	(796)

Budget Line Item = "Stryker Vehicle"

Light Utility Helicopter (LUH)

Light Utility Helicopter investments and procurement quantities are shown in Figure 4-7. PB15 fully funds the procurement of the aircraft needed to replace the Army legacy single engine training fleet. At the BCA level, the Army National Guard would be required to transfer 45 aircraft to the Active Component training establishment and there would be insufficient funds to replace them.

Figure 4-7. LUH

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	417	388	-	-	-	804
BBA/BCA	\$M	417	-	-	-	-	417
Delta	\$M	-	(388)	-	-	-	(388)
PB15 Procurement	Qty	55	45	-	-	-	100
BBA/BCA Procurement	Qty	55	-	-	-	-	55
Delta Procurement	Qty	-	(45)	-	-	-	(45)

Budget Line Item = "Helicopter, Light Utility (LUH)"

MARINE CORPS

CH-53K

CH-53K investments and procurement quantities are shown in Figure 4-8. At BCA levels, the production of the CH-53K helicopter would be delayed by one year, increasing costs and extending reliance on the less capable legacy CH-53E helicopter fleet.

Figure 4-8. CH-53K

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	573	755	944	915	1,241	4,429
BBA/BCA	\$M	573	714	518	648	940	3,394
Delta	\$M	-	(41)	(426)	(267)	(301)	(1,035)
PB15 Procurement	Qty	-	-	2	4	7	13
BBA/BCA Procurement	Qty	-	-	-	2	4	6
Delta Procurement	Qty	-	-	(2)	(2)	(3)	(7)

Budget Line Items = "CH-53K (Heavy Lift)" and "CH-53K RDTE"

Amphibious Combat Vehicle

ACV investments are shown in Figure 4-9. At the PB15 funding level the Marine Corps begins development of the follow-on ACV program to replace the 40-year old legacy vehicle. At BCA funding, only initial scoping and research efforts could be started.

Figure 4-9. ACV

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	106	199	201	244	328	1,078
BBA/BCA	\$M	106	111	117	112	114	559
Delta	\$M	-	(88)	(84)	(132)	(214)	(518)

Budget Line Item = "Marine Corps Assault Vehicles"

V-22

V-22 investments are shown in Figure 4-10. At BCA funding levels, the V-22 program would be underfunded in Fiscal Years 2018 and 2019, but would not change procurement quantities. Further adjustments to the program would be necessary at the BCA level to correct this imbalance.

Figure 4-10. V-22

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	1,533	1,496	1,447	430	440	5,345
BBA/BCA	\$M	1,533	1,496	1,529	297	171	5,025
Delta	\$M	-	-	82	(133)	(269)	(320)

Budget Line Item = "V-22 (Medium Lift)"

H-1

H-1 investments and procurement quantities are shown in Figure 4-11. At the BCA funding level, procurement of 11 H-1 helicopters over the FYDP would be delayed, increasing per-unit costs and likely triggering a Nunn-McCurdy breach.

Figure 4-11. H-1

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	860	915	925	912	939	4,552
BBA/BCA	\$M	860	804	869	852	852	4,237
Delta	\$M	-	(111)	(57)	(60)	(88)	(315)
PB15 Procurement	Qty	26	28	26	26	27	133
BBA/BCA Procurement	Qty	26	24	24	24	24	122
Delta Procurement	Qty	-	(4)	(2)	(2)	(3)	(11)

Budget Line Item = "H-1 Upgrades (UH-1Y/AH-1Z)"

NAVY

All Ship Procurement

A summary of all Navy ship procurement investments and quantities are shown in Figure 4-12. At BCA level funding, the Navy would procure 8 fewer ships across the FYDP.

Figure 4-12. All Ship Procurement

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	11,445	13,913	14,690	16,231	12,852	69,131
BBA/BCA	\$M	11,445	10,282	12,593	14,133	12,463	60,916
Delta	\$M	-	(3,631)	(2,097)	(2,098)	(389)	(8,215)
PB15 Procurement	Qty	7	8	11	10	8	44
BBA/BCA Procurement	Qty	7	7	8	8	6	36
Delta Procurement	Qty	-	(1)	(3)	(2)	(2)	(8)

Budget Line Items = "TATF Fleet Ocean Tug", "Afloat Forward Staging Base", "Virginia Class Submarine", "DDG-51", "Littoral Combat Ship", "TAO Fleet Oiler", "Carrier Replacement Program" and "LHA Replacement"

DDG-51

DDG-51 investments and procurement quantities are shown in Figure 4-13. DDG-51 procurement would be significantly impacted if Navy is confined to the BCA funding level. Three fewer Flight III destroyers would be procured; one fewer in FY 2017, 2018, and 2019. The resulting large surface combatant force in the post-FYDP period would be smaller and less capable due to the delay of fielding the DDG Flight III's improved Air and Missile Defense Radar. In 2024, the PB15 plan would provide for 96 cruiser/destroyers with 4 in lay-up compared with 93 ships with 14 in lay-up that would result from the BCA funding level.

Figure 4-13. DDG-51

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	2,805	3,202	3,312	3,355	3,337	16,012
BBA/BCA	\$M	2,805	3,202	2,203	2,332	2,295	12,837
Delta	\$M	-	-	(1,109)	(1,023)	(1,042)	(3,175)
PB15 Procurement	Qty	2	2	2	2	2	10
BBA/BCA Procurement	Qty	2	2	1	1	1	7
Delta Procurement	Qty	-	-	(1)	(1)	(1)	(3)

Budget Line Item = "DDG-51"

Virginia Class Submarine (SSN)

SSN investments and procurement quantities are shown in Figure 4-14. Attack Submarine investments at BCA funding levels would result in the second submarine in FY 2016 being unaffordable. Eliminating this submarine from the shipbuilding plan would reduce the submarine force to 40 SSNs in 2029 and extend the period that the SSN force level is below the desired 48 fast attack submarines by 4 years.

Figure 4-14. SSN

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	5,884	5,450	5,223	5,481	5,885	27,923
BBA/BCA	\$M	5,884	3,886	5,409	5,643	5,885	26,706
Delta	\$M	-	(1,564)	186	161	-	(1,217)
PB15 Procurement	Qty	2	2	2	2	2	10
BBA/BCA Procurement	Qty	2	1	2	2	2	9
Delta Procurement	Qty	-	(1)	-	-	-	(1)

Budget Line Item = "Virginia Class Submarine"

Carrier Replacement Program (CVN)

CVN investments are shown in Figure 4-15. The BCA funding level would delay delivery of CVN 79 from FY 2022 to FY 2024. This would save \$800M within the FYDP but would push a \$2B cost outside the FYDP. The funding level provided in FY 2015 preserves the option to refuel CVN 73 (GEORGE WASHINGTON) and maintain an 11 carrier force. If Congress acts to support outyear funding at the PB15 level, the additional \$6.3B necessary to retain CVN 73 would be reflected in next year's budget.

Figure 4-15. CVN

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	1,300	2,876	2,291	2,849	1,865	11,181
BBA/BCA	\$M	1,300	1,491	1,942	2,306	3,164	10,204
Delta	\$M	-	(1,385)	(349)	(543)	1,300	(977)

Budget Line Item = "Carrier Replacement Program"

P-8A

P-8 investments and procurement quantities are shown in Figure 4-16. At the BCA funding level, Navy would delay 6 P-8A aircraft until FY 2020. This would increase the unit cost for P-8 procurement, operational and support costs associated with aging P-3 aircraft, and would delay the transition to an all P-8 fleet.

Figure 4-16. P-8

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	2,052	3,205	2,588	2,597	1,713	12,155
BBA/BCA	\$M	2,052	2,190	2,588	2,597	1,713	11,140
Delta	\$M	-	(1,015)	-	-	-	(1,015)
PB15 Procurement	Qty	8	15	13	13	7	56
BBA/BCA Procurement	Qty	8	9	13	13	7	50
Delta Procurement	Qty	-	(6)	-	-	-	(6)

Budget Line Item = "P-8A Poseidon"

TAO Fleet Oiler

T-AO(X) investments are shown in Figure 4-17. At BCA funding levels, the Navy would consider buying the ships under a Charter and Build plan with construction starting in FY 2016.

Figure 4-17. T-AO(X)

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	-	682	-	587	589	1,858
BBA/BCA	\$M	-	-	-	-	52	52
Delta	\$M	-	(682)	-	(587)	(537)	(1,807)

Budget Line Item = "TAO Fleet Oiler"

AIR FORCE

KC-46A

KC-46 investments and procurement quantities are shown in Figure 4-18. At BCA funding levels, 3 fewer aircraft would be purchased in FY 2017 and 2 fewer aircraft would be purchased in FY 2018.

Figure 4-18. KC-46

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	1,583	2,427	3,772	3,691	3,317	14,790
BBA/BCA	\$M	1,583	2,427	3,117	3,207	3,317	13,650
Delta	\$M	-	-	(655)	(484)	-	(1,139)
PB15 Procurement	Qty	7	12	18	17	15	69
BBA/BCA Procurement	Qty	7	12	15	15	15	64
Delta Procurement	Qty	-	-	(3)	(2)	-	(5)

Budget Line Item = "KC-46A Tanker"

Combat Rescue Helicopter (CRH)

CRH investments are shown in Figure 4-19. At BCA funding levels, the CRH program start would be delayed until FY 2019.

Figure 4-19. CRH

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	-	11	122	394	561	1,087
BBA/BCA	\$M	-	-	-	-	131	131
Delta	\$M	-	(11)	(122)	(394)	(430)	(957)

Budget Line Item = "CSAR HH-60 Recapitalization"

MQ-9

MQ-9 investments and procurement quantities are shown in Figure 4-20. At BCA funding levels, the Air Force would cancel MQ-9 procurements in FY 2018 and FY 2019.

Figure 4-20. MQ-9

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	240	438	296	551	543	2,068
BBA/BCA	\$M	240	438	296	113	74	1,161
Delta	\$M	-	-	-	(438)	(469)	(907)
PB15 Procurement	Qty	12	22	11	22	16	83
BBA/BCA Procurement	Qty	12	22	11	-	-	45
Delta Procurement	Qty	-	-	-	(22)	(16)	(38)

Budget Line Item = "MQ-9"

MC-130J

MC-130J investments and procurement quantities are shown in Figure 4-21. At BCA funding levels, the Air Force would reduce MC-130J modernization investments and purchase 10 fewer aircraft.

Figure 4-21. MC-130J

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	271	1,195	903	577	808	3,754
BBA/BCA	\$M	271	802	508	468	550	2,599
Delta	\$M	-	(393)	(395)	(109)	(258)	(1,155)
PB15 Procurement	Qty	2	11	9	6	7	35
BBA/BCA Procurement	Qty	2	8	5	5	5	25
Delta Procurement	Qty	-	(3)	(4)	(1)	(2)	(10)

Budget Line Item = "MC-130J"

Global Positioning System III (GPS III)

GPS III investments and procurement quantities are shown in Figure 4-22. At BCA funding levels, the Air Force would procure one fewer satellite in FY 2017.

Figure 4-22. GPS III

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	505	583	933	892	993	3,906
BBA/BCA	\$M	505	507	645	851	993	3,501
Delta	\$M	-	(75)	(288)	(41)	-	(404)
PB15 Procurement	Qty	1	1	3	3	3	11
BBA/BCA Procurement	Qty	1	1	2	3	3	10
Delta Procurement	Qty	-	-	(1)	-	-	(1)

Budget Line Item = "GPS III Space Segment"

Adaptive Engine

Technology Transition Program investments are shown in Figure 4-23. At BCA funding levels, the additions for Adaptive Engine funding (\$1.3 billion) would be eliminated.

Figure 4-23. Adaptive Engine

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	59	78	156	506	670	1,470
BBA/BCA	\$M	59	78	1	-	-	139
Delta	\$M	-	-	(155)	(506)	(670)	(1,331)

Budget Line Item = "Tech Transition Program"

JOINT PROGRAMS

F-35A

F-35A investments and procurement quantities are shown in Figure 4-24. Under the BCA profile, the Air Force would reduce procurement in FY 2016 by 14 aircraft and in FY 2017 by one aircraft.

Figure 4-24. F-35A

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	3,845	5,577	5,791	6,466	6,269	27,947
BBA/BCA	\$M	3,845	4,213	5,668	6,466	6,269	26,460
Delta	\$M	-	(1,365)	(123)	-	-	(1,488)
PB15 Procurement	Qty	26	44	48	60	60	238
BBA/BCA Procurement	Qty	26	30	47	60	60	223
Delta Procurement	Qty	-	(14)	(1)	-	-	(15)

Budget Line Item = "F-35"

F-35B

F-35B investments and procurement quantities are shown in Figure 4-25. There would be no changes from PB15 to BBA/BCA.

Figure 4-25. F-35B

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	1,344	1,655	2,288	2,863	2,950	11,100
BBA/BCA	\$M	1,344	1,655	2,288	2,863	2,950	11,100
Delta	\$M	-	-	-	-	-	-
PB15 Procurement	Qty	6	9	14	20	20	69
BBA/BCA Procurement	Qty	6	9	14	20	20	69
Delta Procurement	Qty	-	-	-	-	-	-

Budget Line Item = "JSF STOVL"

F-35C

F-35C investments and procurement quantities are shown in Figure 4-26. The Navy would reduce procurement of the F-35C carrier variant by two aircraft in FY 2016 under BCA funding levels.

Figure 4-26. F-35C

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	640	704	1,259	1,591	2,220	6,414
BBA/BCA	\$M	640	477	1,259	1,591	2,220	6,187
Delta	\$M	-	(227)	-	-	-	(227)
PB15 Procurement	Qty	2	2	6	10	16	36
BBA/BCA Procurement	Qty	2	-	6	10	16	34
Delta Procurement	Qty	-	(2)	-	-	-	(2)

Budget Line Item = "Joint Strike Fighter CV"

Advanced Medium-Range Air-to-Air Missile (AMRAAM)

AIM-120D investments and procurement quantities are shown in Figure 4-27. At BCA funding levels, about 531 fewer missiles would be procured in FY 2016-FY 2019, providing fewer high-end, medium-range missiles to combat advanced adversaries.

Figure 4-27. AMRAAM

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	362	563	613	724	777	3,038
BBA/BCA	\$M	362	361	369	440	471	2,003
Delta	\$M	-	(202)	(244)	(284)	(306)	(1,035)
PB15 Procurement	Qty	200	380	424	602	662	2,268
BBA/BCA Procurement	Qty	200	275	300	478	484	1,737
Delta Procurement	Qty	-	(105)	(124)	(124)	(178)	(531)

Budget Line Item = "AMRAAM"

Joint Light Tactical Vehicle (JLTV)

JLTV investments are shown in Figure 4-28 for the Marines and Army. At BCA funding levels, the purchase of ~1000 JLTVs over the FYDP would be delayed, slowing replacement of the High Mobility Multi-Purpose Wheeled Vehicle (“Humvee”).

Figure 4-28. JLTV

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	172	387	747	1,364	1,720	4,391
BBA/BCA	\$M	172	341	703	929	1,660	3,805
Delta	\$M	-	(46)	(44)	(436)	(60)	(585)

Budget Line Item = "Joint Light Tactical Vehicle"

Joint Direct Attack Munition (JDAM)

JDAM investments and procurement quantities are shown in Figure 4-29. Under BCA funding levels, the Air Force would reduce funding for procurement by approximately \$327 million across the FYDP, equivalent to about 17,000 weapons.

Figure 4-29. JDAM

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	104	295	309	160	363	1,231
BBA/BCA	\$M	104	134	144	160	363	905
Delta	\$M	-	(162)	(165)	-	-	(327)
PB15 Procurement	Qty	2,973	10,635	10,821	4,840	12,089	41,358
BBA/BCA Procurement	Qty	2,973	3,775	3,915	3,901	9,699	24,263
Delta Procurement	Qty	-	(6,860)	(6,906)	(939)	(2,390)	(17,095)

Budget Line Item = "Joint Direct Attack Munition"

MISSILE DEFENSE

Interceptor Follow-on

Ballistic Missile Defense Midcourse Defense Segment investments are shown in Figure 4-30. Under the BCA profile, an interceptor follow-on effort would not be funded.

Figure 4-30. Interceptor Follow-on

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	1,004	1,131	938	691	628	4,392
BBA/BCA	\$M	1,004	867	665	602	615	3,753
Delta	\$M	-	(264)	(273)	(89)	(13)	(639)

Budget Line Item = "Ballistic Missile Defense Midcourse Defense Segment"

Additional Ground-Based Sensor

Ballistic Missile Defense Sensor investments are shown in Figure 4-31. Under the BCA profile, an additional ground-based sensor would not be funded.

Figure 4-31. Additional Ground-Based Sensor

Position	Units	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
PB15	\$M	393	462	449	403	368	2,075
BBA/BCA	\$M	393	336	297	258	236	1,519
Delta	\$M	-	(126)	(152)	(145)	(132)	(556)

Budget Line Item = "Ballistic Missile Defense Sensors"

5. OPERATION AND MAINTENANCE (O&M) IMPACTS

Through O&M accounts, the Services and Components fund a range of activities, including readiness, facilities, maintenance, installation services, and administrative support. The table below describes the impact of the BBA/BCA scenario on O&M funding, which would be \$40B lower than the PB15 level over the FYDP.

Figure 5-1. Operation and Maintenance – Impacts of BBA/BCA Funding Levels

Item (\$B)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
Service Readiness	-	(4.3)	(4.8)	(4.1)	(2.8)	(16.0)
Facilities Sustainment, Restoration and Modernization (FSRM)	-	(1.9)	(2.0)	(1.8)	(1.3)	(7.0)
Installation Services	-	(1.8)	(1.2)	(1.0)	(0.8)	(4.8)
Non-Defense and Other Defense O&M*	-	(4.1)	(3.3)	(2.5)	(2.4)	(12.3)
Total Delta	-	(12.1)	(11.3)	(9.4)	(7.4)	(40.1)

SUMMARY OF SERVICE READINESS FUNDING

This section describes changes to Service training and maintenance activities that most directly ensure forces (air, ground, and sea) are sufficiently ready to meet current and anticipated operational demands. This would represent about \$16B of the O&M reduction from PB15 to BBA/BCA.

ARMY

- PB15 begins to restore Army core mission readiness for combat units and requisite enablers and to balance readiness with planned force structure.
- A return to the BCA funding levels would impede this recovery, require the Army to assume risk to unit readiness, and decrease its ability to achieve proficiency goals by FY19.
- As a further complication, low levels of Decisive Action training in recent years – due to reduced funding levels and training focused on contingency operations – have created a cohort of less trained soldiers and overall leadership development challenges. Decreased readiness funds would exacerbate this condition.
- PB15 funds Army ground and aviation readiness at 87 percent of requirements over the FYDP. BCA levels for FY 2016-19 would decrease funding to 81 percent of the requirement.
- At the BCA levels in FY 2016-19, ground depot maintenance would be funded at 65 percent of the requirement versus 74 percent in PB15, thus increasing the backlog of ground vehicle and aviation maintenance.

Estimated Impacts of Sequestration-Level Funding – FY 2015 Defense Budget

Figure 5-2. Army OPTEMPO

\$M	Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
OPTEMPO*	PB15	5,920	6,584	6,852	6,873	6,939	33,168
	BBA/BCA	5,920	5,813	6,336	6,517	6,672	31,258
Delta		-	(771)	(516)	(356)	(267)	(1,910)

*OPTEMPO reflects Sub-Activity Groups (SAG): 111 - Maneuver Units; 112 - Modular Support Brigades; 113 - Echelons Above Brigade; 114 - Theater Level Assets; 115 - Land Forces Operations Support.

Figure 5-3. Army Flying Hours

	Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
Flying Hours*	PB15	2,402	2,755	2,796	2,854	2,767	13,574
	BBA/BCA	2,402	2,385	2,629	2,703	2,625	12,744
Delta		-	(370)	(167)	(151)	(142)	(830)

*Flying Hours reflects SAG: 116 - Aviation Assets.

Figure 5-4. Army Depot Maintenance

\$M	Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
Depot Maintenance*	PB15	1,198	1,747	2,166	2,329	2,373	9,813
	BBA/BCA	1,198	1,485	1,947	1,984	2,165	8,779
Delta		-	(262)	(219)	(345)	(208)	(1,034)

*Depot Maintenance reflects SAG: 123 - Land Forces Depot Maintenance.

NAVY

- Under both the PB15 and BCA funding limits, the Navy would balance readiness funding with force structure changes to deliver a ready fleet and meet presence requirements.
- Even so, a return to BCA funding levels in FY 2016-19 would limit the Navy's ability to reduce the backlog of surface ship maintenance and respond to unforeseen contingencies.
- Under BCA funding limits, the FY 2016-19 post-deployment phase of the Fleet Response Plan (FRP) would not be fully funded, limiting Navy capacity to meet contingency requirements.
- PB15 funds ship and aviation depot maintenance at 80 percent of requirements in FY 2016-19. A return to BCA levels would underfund ship and aviation depot maintenance to only ~70 percent of requirement and add to the backlog of maintenance projects.
- Navy and Marine Corps flying hours would decrease to T2.6/2.1 under BCA funding levels versus the PB15 funded level of T2.5/2.0, lowering Navy and Marine Corps pilot readiness levels.

Figure 5-5. Navy Ship Operations

\$M	Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
Ship Operations*	PB15	3,874	4,565	4,674	4,755	4,902	22,770
	BBA/BCA	3,874	4,223	3,830	4,641	4,877	21,445
Delta		-	(342)	(844)	(114)	(25)	(1,325)

*Ship Operations reflects SAG: 1B1B - Mission and Other Ship Operations.

Estimated Impacts of Sequestration-Level Funding – FY 2015 Defense Budget

Figure 5-6. Navy and Marine Corps Flying Hours

\$M	Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
Flying Hours*	PB15	7,161	7,108	7,281	7,385	7,421	36,356
	BBA/BCA	7,161	6,801	6,982	7,110	7,100	35,154
Delta		-	(307)	(299)	(275)	(321)	(1,202)

*Flying Hours reflects SAGs: 1A1A - Mission and Other Flight Operations; 1A2A - Fleet Air Mission.

Figure 5-7. Navy Ship Maintenance

\$M	Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
Ship Maintenance	PB15	5,301	5,275	5,296	5,794	5,603	27,269
	BBA/BCA	5,301	5,024	4,984	5,232	5,226	25,767
Delta		-	(251)	(312)	(562)	(377)	(1,502)

*Ship Maintenance reflects SAG: 1B4B - Ship Depot Maintenance.

Figure 5-8. Navy and Marine Corps Aviation Depot Maintenance

\$M	Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
Aviation Depot Maintenance	PB15	897	963	1,042	1,005	1,028	4,935
	BBA/BCA	897	906	933	939	935	4,610
Delta		-	(57)	(109)	(66)	(94)	(325)

*Aviation Depot Maintenance reflects SAG: 1A5A - Aircraft Depot Maintenance.

AIR FORCE

- The Air Force would prioritize readiness, funding flying hours under the BCA to the maximum executable level for the BCA force structure. Additional flying hours in PB15 are associated with the restoration of KC-10 and F-35 force structure.
- Even so, the Air Force might not be able to fully execute the flying hours if other readiness levers (such as Weapons Systems Sustainment, Training Resources Availability) were underfunded.
- Under BCA funding limits, Weapons Systems Sustainment (WSS) would be significantly underfunded – roughly 67 percent of requirements funded from FY 2016-19. In contrast, the PB15 funds WSS at 78 percent on average.
- In addition to WSS shortfalls, BCA funding levels would leave critical readiness accounts underfunded, including exercises, simulators, training ranges, threat emitters, and Modeling and Simulation.

Figure 5-9. Air Force Flying Hours

Flying Hours*	PB15	7,637	7,506	7,454	7,645	7,506	37,748
	BBA/BCA	7,637	7,339	7,272	7,460	7,339	37,047
Delta		-	(167)	(182)	(185)	(167)	(701)

*Flying Hours reflect Service provided flying hour program.

Estimated Impacts of Sequestration-Level Funding – FY 2015 Defense Budget

Figure 5-10. Air Force Depot Maintenance

\$M	Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
Depot Maintenance*	PB15	9,713	11,357	11,818	11,863	11,267	56,018
	BBA/BCA	9,713	9,785	9,790	9,990	10,230	49,508
Delta		-	(1,572)	(2,028)	(1,873)	(1,037)	(6,510)

*Depot Maintenance reflects SAGs: 011M - Depot Maintenance; 021M - Depot Maintenance.

MARINE CORPS

- Marine Corps would protect unit readiness (Training and Ground Equipment Maintenance) at the expense of sustaining infrastructure and increasing modernization programs under PB15 and at BCA funding limits. However, under the BCA funding limits, Marine Corps would lose unit- and service-level support and decrease proficiency within units.
- The FY 2015 Budget funds depot maintenance to 80 percent of requirements through the FYDP. At BCA funding levels, Marine Corps depot maintenance requirements would be funded to an average of 57 percent in FY 2016-19, impairing the Marine Corps' ability to maintain ground equipment.

Figure 5-11. Marine Corps Operational Forces

\$M	Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
Operational Forces*	PB15	998	982	997	1,044	1,053	5,074
	BBA/BCA	998	901	903	957	951	4,710
Delta		-	(81)	(94)	(87)	(102)	(364)

*Operational Forces reflects SAG: 1A1A - Operating Forces

Figure 5-12. Marine Corps Depot Maintenance

\$M	Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
Depot Maintenance*	PB15	247	239	246	269	294	1,295
	BBA/BCA	247	144	178	209	204	982
Delta		-	(95)	(68)	(60)	(90)	(313)

*Depot Maintenance reflects SAG: 1A3A - Depot Maintenance.

FACILITIES SUSTAINMENT, RESTORATION, AND MODERNIZATION (FSRM)

To keep its facilities in good working order, the Department performs regularly scheduled and preventive maintenance and repair. DoD uses the Facilities Sustainment Model (FSM) to calculate the aggregate funding needed to sustain its real property across the full inventory of facilities. If the Services were to underfund sustainment, their average facility condition could drop and lead to increased costs in later years as the damage needs to be repaired.

Estimated Impacts of Sequestration-Level Funding – FY 2015 Defense Budget

Figure 5-13. Facilities Sustainment, Restoration, and Modernization*

Department (\$M)	Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
Army	PB15	2,785	3,570	3,832	3,920	4,060	18,168
	% FSM funded	63%	73%	78%	79%	79%	
	BBA/BCA	2,785	3,179	3,235	3,235	3,467	15,901
	% FSM funded	63%	68%	67%	67%	71%	
	Delta	-	(390)	(598)	(685)	(593)	(2,266)
Navy	PB15	1,532	2,364	2,417	2,378	2,478	11,169
	% FSM funded	70%	82%	82%	82%	82%	
	BBA/BCA	1,532	1,720	1,854	1,950	2,031	9,088
	% FSM funded	70%	70%	70%	72%	73%	
	Delta	-	(644)	(563)	(427)	(447)	(2,081)
Marine Corps	PB15	603	779	863	890	927	4,062
	% FSM funded	75%	90%	90%	90%	90%	
	BBA/BCA	603	559	661	715	820	3,359
	% FSM funded	75%	63%	65%	70%	79%	
	Delta	-	(220)	(202)	(175)	(107)	(704)
Air Force	PB15	2,310	3,286	3,347	3,477	3,553	15,973
	% FSM funded	65%	80%	80%	80%	80%	
	BBA/BCA**	2,310	2,627	2,745	2,988	3,363	14,033
	% FSM funded	65%	70%	75%	80%	80%	
	Delta	-	(659)	(602)	(488)	(190)	(1,940)

*FSRM reflects SAGs 11R, 21R, 31R, 41R, 132, BSM1, and BSMR - Facilities Sustainment, Restoration & Modernization. **Provided by the Air Force. The portion of PB-15 and BBA/BCA FSRM that supports sustainment in FY15, FY18, and FY19 is equivalent.

INSTALLATION SERVICES

Installation Services cover a wide range of activities, including operational mission services, command support, facility operations, logistics, security, energy and environmental programs, housing, and community services. Lower funding levels may limit critical installation services and challenge the Department to meet basic service needs. Significant budget reductions to installation services may require the elimination of certain services, ultimately impacting the DoD mission. Some potential impacts could include:

- Reducing operating hours, such as cutting airfield operating hours
- Decreasing the number of quality-of-life services
- Failing to meet response time standards in fire and emergency services
- Requiring the use of military personnel to perform base support functions
- Delaying the implementation of base safety and security standards

At the BCA levels, Army and Marine Corps would assume a greater proportional reduction to their installation services funding than Navy and Air Force, compared with previous plans. The

Estimated Impacts of Sequestration-Level Funding – FY 2015 Defense Budget

PB15 increases shown below help mitigate some of the risk taken in these accounts.

Figure 5-14. Installation Services*

Department (\$M)	Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
Army	PB15	8,622	9,056	9,159	9,362	9,725	45,924
	BBA/BC A	8,622	7,483	8,198	8,653	9,153	42,111
	Delta	-	(1,573)	(960)	(709)	(572)	(3,813)
Navy	PB15	4,501	4,613	4,582	4,651	4,737	23,084
	BBA/BC A	4,501	4,556	4,530	4,599	4,684	22,869
	Delta	-	(57)	(52)	(53)	(53)	(215)
Marine Corps	PB15	2,090	2,152	2,104	2,123	2,149	10,618
	BBA/BC A	2,090	1,986	1,927	1,941	1,964	9,907
	Delta	-	(166)	(177)	(182)	(186)	(711)
Air Force	PB15	6,101	6,271	6,439	6,532	6,630	31,974
	BBA/BC A	6,101	6,295	6,414	6,507	6,605	31,922
	Delta	-	23	(25)	(25)	(26)	(52)

*Installation Services reflects SAGs 11Z, 21Z, 31Z, and 41Z - Base Support; 131 - and Base Operations Support; and BSS1 and BSSR - Base Operating Support.

NON-DEFENSE AND OTHER DEFENSE O&M

The Services' ability to effectively train and achieve their readiness goals would be affected by FY 2016-19 BCA reductions in other O&M accounts, such as Combat and Servicewide Communications, Specialized Skill Training, Logistics Support, Prepositioned Stocks, and Environmental Restoration.

The other O&M portfolio indirectly supports Service readiness by funding such areas as training and recruiting, institutional training, strategic positioning of critical warfighting stocks, communications, transportation, environmental restoration, and administration. The portfolio also supports intelligence programs and defense-wide activities, such as the Defense Health Program, Special Operations Command (SOCOM), Office of the Secretary of Defense (OSD), and Department of Defense Education Activity (DODEA). Most of these defense-wide activities did not receive additional funding above estimated BCA levels and their respective administrative accounts remain adjusted for sequestration even at the PB15 position.

Figure 5-15. Non-Defense and Other Defense O&M

\$M	Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
Other O&M	PB15	124,802	131,816	134,922	136,715	139,392	667,647
	BBA/BCA	124,802	127,716	131,643	134,166	136,998	655,325
Delta			(4,100)	(3,279)	(2,549)	(2,394)	(12,322)

6. MILITARY CONSTRUCTION (MILCON) IMPACTS

Through MILCON accounts, the Services and Components fund a range of activities, including operational, training, maintenance and support, unaccompanied housing, and quality-of-life facilities. The table below describes the impact of the BBA/BCA funding levels on MILCON funding, which would be \$5.7B lower than the PB-15 level. A new round of Base Realignment and Closure (BRAC) is requested under both the PB-15 and BBA/BCA funding positions in order to align DOD's infrastructure with its mission and force structure.

Figure 6-1. Military Construction

\$B	Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FYDP
MILCON	PB15	5.4	8.0	7.4	7.0	6.9	34.8
	BBA/BCA	5.4	6.0	5.8	5.9	6.0	29.1
Delta		-	(2.0)	(1.6)	(1.1)	(0.9)	(5.7)

SUMMARY OF MILCON

Under BCA levels, the MILCON accounts would decline to allow for the rebalancing of resources to higher DoD priorities, such as operations and readiness.

- The MILCON accounts would only be able to support the most critical facility requirements, including projects that protect life, health, and safety and support the Secretary of Defense's strategic choices/capabilities and administration priorities.
- Most quality-of-life projects (e.g., family housing improvements and barracks recapitalization) would be delayed.
- Most recapitalization efforts would be deferred, increasing risk and the degradation of overall facility conditions that would drive higher facility sustainment costs.
- Deferring projects now might result in larger MILCON bills in the future.
- The Department might experience reduced capability due to the use of undersized, dispersed, obsolete, or failing facilities.

7. OTHER IMPORTANT INITIATIVES

In addition to the force structure, modernization and readiness adjustments described above, the Department incorporated changes from efficiencies, economic adjustments, and compensation savings proposals. These additional efforts generated resources that were applied to critical needs and priority programs. These programmatic adjustments are incorporated at both levels of the Department's budget – the submitted FY 2015 President's Budget and the lower level BCA-driven numbers. In particular, the compensation savings proposals are integral to the Department's efforts regardless of overall funding level.

COMPENSATION SAVINGS

To live within sequestration levels, the FY 2015 Budget proposes to slow the growth of compensation, including military pay, beyond proposals made in the FY 2014 Budget. While pay is an important element to recruit and retain a strong force, DoD must also train and equip those we send into harm's way to meet the national security challenges of the future. Thus, in the FY 2015 Budget, the proposed additional compensation savings of \$11.9 billion are reinvested by the Services into readiness and other critical capabilities. However, if Congress denies authority for all the compensation changes, including those assumed in the FY 2014 budget for the outyears, that decision will result in added costs of \$2.1 billion in FY 2015 and \$31.2 billion across the FYDP.

\$B	FY 2015 President's Budget Total Compensation Savings *					
	FY2015	FY2016	FY2017	FY2018	FY2019	FYDP
Army	0.9	1.9	2.8	3.4	3.8	12.7
Navy	0.7	1.5	2.2	2.7	3.2	10.2
Air Force	0.5	1.2	1.7	2.2	2.5	8.1
Defensewide	<0.1	<0.1	<0.1	<0.1	<0.1	0.2
Total	2.1	4.6	6.7	8.3	9.5	31.2

* These savings estimates assume basic pay increases will match the Employment Cost Index --which are estimated by DOD to be 1.8 percent in FY 2015 through 2017 and 2.8 percent in FY 2018 and 2019 -- instead of the raises proposed in the FY 2015 budget (FY15-19 pay raises of 1.0%/1.0%/1.0%/1.5%/1.8%)

\$B	Less Previously Assumed Savings					
	FY2015	FY2016	FY2017	FY2018	FY2019	FYDP
PB14 Health Benefit Proposal	-1.7	-1.9	-2.2	-2.5	-2.7	-10.9
Pay Raise Assumptions**	-0.5	-1.2	-1.9	-2.3	-2.4	-8.4
Total	-2.2	-3.2	-4.1	-4.8	-5.0	-19.3

** Assumed FY15-FY19 basic pay raises of 1.0%/1.0%/1.5%/2.8%/2.8%

\$B	FY 2015 President's Budget Net Compensation Savings Reinvested					
	FY2015	FY2016	FY2017	FY2018	FY2019	FYDP
Army	-0.1	0.5	1.0	1.4	1.7	4.5
Navy	0.0	0.5	0.9	1.2	1.5	4.1
Air Force	0.0	0.4	0.7	0.9	1.2	3.1
Defensewide	<0.1	<0.1	<0.1	<0.1	<0.1	0.2
Total	-0.1	1.4	2.6	3.5	4.5	11.9

