

# OVERVIEW



UNITED STATES DEPARTMENT OF DEFENSE  
FISCAL YEAR 2014 BUDGET REQUEST



## Addendum A

# OVERSEAS CONTINGENCY OPERATIONS

May 2013

OFFICE OF THE UNDER SECRETARY OF DEFENSE  
(COMPTROLLER) / CHIEF FINANCIAL OFFICER

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## OVERSEAS CONTINGENCY OPERATIONS (OCO)

### FY 2013 – FY 2014 SUMMARY

The amendment to the FY 2014 President’s budget includes \$79.4 billion for overseas contingency operations (OCO) to support Operation ENDURING FREEDOM (OEF) – mostly in Afghanistan – as well as finalizing the transition in Iraq.

The request supports activities including:

- Continuing the responsible drawdown of forces in Afghanistan, including costs to return/retrograde equipment;
- Strengthening the Afghan National Security Forces (ANSF) to maintain and expand security in the face of the insurgency;
- Repair and replacement of equipment to reset the U.S. military forces, including small sums for equipment still returning after service in Iraq; and
- Support costs such as those for intelligence and support to partner nations.

This budget request reflects the President’s direction to draw down U.S. forces in Afghanistan to 34,000 by February 2014. Overall, average strength of U.S. forces in Afghanistan declines by 39 percent compared to FY 2013 estimated levels. Total forces supported by this budget, including forces outside of Afghanistan that support the Afghan war and other activities, fall by 20 percent.

**Figure 1** shows the DoD OCO funding request, which declines by 10 percent when compared to the enacted level in FY 2013 – a reduction that is less than the percentage reduction in forces. Several factors explain this smaller decline. Costs to maintain forces in Afghanistan fall more slowly than forces themselves because of expenses (including contractor costs) associated with closing bases and returning/retrograding equipment to the United States. In-theater forces – that is, forces outside of Afghanistan that support the Afghan war and other activities – decline much less than forces in Afghanistan, but are also critical enablers for the U.S. force drawdown. Some war-related support costs, such as intelligence and reimbursements to Pakistan and other nations that support the Afghanistan war, also decline by significantly less than forces in Afghanistan. A few support costs temporarily increase in FY 2014 compared to FY 2013 – notably funding for the ANSF as they move to the forefront of the fight and are now responsible for maintaining and expanding security in the face of the insurgency.

### Supporting our Deployed Troops

- FY 2013 – FY 2014 Summary
- Progress in Afghanistan
- Finalizing Transition in Iraq
- Overseas Contingency Operations Budget Request
- Force Level Budget Assumptions

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

| Operation                        | FY 2013 Enacted | FY 2014 Request |
|----------------------------------|-----------------|-----------------|
| Operation ENDURING FREEDOM (OEF) | 86.5            | 79.4            |
| Iraq Activities                  | 2.8             | 1.3             |
| <b>DoD OCO</b>                   | <b>89.2</b>     | <b>80.7</b>     |
| Cancellations                    | -2.0            | -1.3            |
| <b>Adjusted DoD OCO</b>          | <b>87.2</b>     | <b>79.4</b>     |

*Numbers may not add due to rounding*

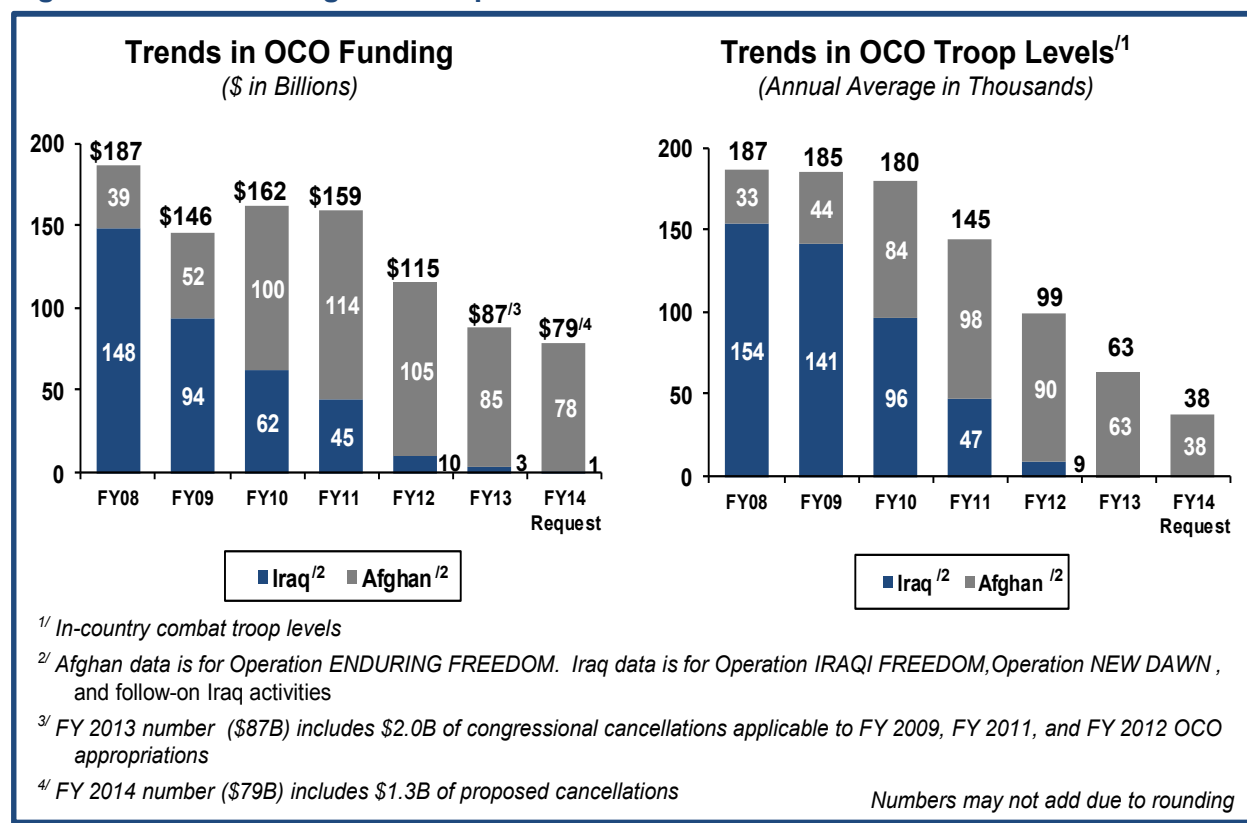
## PROGRESS IN AFGHANISTAN

Our goal in Afghanistan remains to disrupt, dismantle, and defeat Al Qaeda and to prevent its return to either Afghanistan or Pakistan. Our national objectives are to deny safe haven to Al Qaeda to ensure that Afghanistan is never again a base for attacks against the United States or our allies and to deny the Taliban the ability to overthrow the Government of the Islamic Republic of Afghanistan (GIROA).

To support these objectives, the U.S. and coalition forces are shifting to a Security Force Assistance mission focused on improving the ANSFs’ ability to directly fight the insurgency. Over the course of this year, American forces are moving into a support role as Afghan forces take the lead. By the end of February 2014, half of our troops there will have come home, and by December 2014, as the President said, “...our war in Afghanistan will be over”. Still, the United States will maintain a commitment to Afghanistan’s sovereignty and security. We will continue to provide training and equipment to the ANSF; support economic development and governance efforts; and pursue our counterterrorism goals. To this end, OCO-funded activities in this request include training Afghan instructors, sustaining and equipping a 352,000 ANSF, and advising Afghan leaders and institutions. The FY 2014 OCO request (**Figure 2**) reflects this change in U.S. troop levels and mission as well as accelerated acquisition of enabling capabilities, discussed below.

As discussed previously, the conflict in Afghanistan is shifting into a fundamentally new phase of operations whereby Afghanistan military forces are assuming the lead role in the fight against the Taliban, and the U.S. and coalition partners are moving into a supporting role. The GIROA

**Figure 2. OCO Funding and Troop Level Trends**



is in control of all of Afghanistan's major cities and 34 provincial capitals – the insurgency is operating from the countryside. The focus of the International Security Assistance Force (ISAF) is shifting to support the ANSF in holding these gains. These accomplishments reflect the commitment the Afghans have shown in taking the lead for their nation's security. They are capitalizing on U.S. OCO investments in training, equipping, and advising. The FY 2014 OCO request builds on this foundation of success and supports critical capacity and capability gains in Afghanistan's ability to provide for its own security and, by extension, supports U.S. national security objectives.

Further, the FY 2014 OCO will support U.S. efforts to help the GIRoA build and strengthen security institutions in support of the transition process. The U.S. also assists the Government of Pakistan in defeating extremists harbored in the border regions between the two countries.

### **Military Achievements and Challenges**

As of April 2013, the ANSF are leading 80 percent of all conventional combat operations and is in the lead for security for areas in Afghanistan covering 87 percent of the Afghan population. The ANSF conducts over 85 percent of their own training and have increased their ability to plan, conduct, and sustain large-scale operations. The overall operational effectiveness of the Afghan National Army (ANA) continues to improve. Assessments in March 2013 found that 237 of 302 ANA units in the field achieved an operational effectiveness rating of "Independent with Advisors" or "Effective with Advisors." The Afghan National Police (ANP) has also demonstrated improvement in its ability to conduct limited, independent policing operations and to coordinate operations with other ANSF elements. Assessments as of March 2013 found that 334 of 528 ANP units achieved an operational effectiveness of "Independent with Advisors" or "Effective with Advisors." Over the past two years, as the ANSF's capabilities have dramatically improved, ISAF elements have transitioned from leading lethal counter-insurgency operations to more of an advise and assist role, with the ANSF increasingly in the lead of these operations. The partnered operation includes embedded Security Force Assistance Teams (SFATs) designed to train, advise, and assist the ANSF units.

Operations are increasingly Afghan-planned, -prepared and -executed, with only advice and enabler support provided by the SFATs. Coalition focus has transitioned to providing enabler support (artillery, close air support, airlift, medical, and counter-IED) to augment lagging ANSF capabilities still under development. Developing these ANSF capabilities remains a critical component of the Afghan Security Forces Fund (ASFF). The security transition also initiated a period in which the force posture of the Coalition forces will realign, setting the conditions for full security responsibility to the ANSF by the end of 2014. Of the \$7.7 billion requested for the ASFF, \$2.6 billion would fund an accelerated acquisition of enablers to help improve Afghan capabilities and render the ANSF better able to take the lead in defending its own country. The Department of Defense would not obligate such funds without approval from the Executive Office of the President and notification of Congress.

The transition process from ISAF to Afghan lead is on track for completion by the end of 2014, with four of five geographical tranches currently in transition. With tranche four underway, approximately 87 percent of the Afghan population is living in areas where transition is in progress and 23 of Afghanistan's 34 provinces are wholly in transition.

Security challenges remain, chief among them being the 2013 fighting season, which the ANSF will lead for the first time. A resilient insurgency, which benefits from sanctuaries in Pakistan, will attempt to regain lost ground and influence through attacks on the ANSF, high-profile attacks, assassinations, the emplacement of IEDs, and insider attacks. The ISAF will continue

to work with the Afghan government and international community to address these challenges to help enable Afghanistan to deliver effective governance and security.

### Political and Economic Achievements and Challenges

The transition's three pillars – development, governance, and security – are mutually reinforcing efforts. Afghanistan's ability to provide and deliver basic services and economic opportunities to its citizens has a direct correlation to security by building public confidence in the Afghan government and offering a counter-narrative to Taliban. And, ANSF advances create conditions for security, stability, and an environment in which Afghans (and the international community) want to invest in additional development efforts. While Afghanistan remains one of the poorest countries in the world, the 2013 United Nations Development Program Human Development Index cites Afghanistan as making the largest percentage index gains in the world over the last ten years; and while limited, Afghanistan is making progress and the GIRA is increasingly able to independently execute parts of its budget and deliver very basic goods and services.

The Afghan government continues to develop its capacity to provide stable and responsive governance to the Afghan populace and has made steady improvements in revenue generation (including tax collection at the municipal level). The Afghan government is highly centralized, with revenue, budgeting, spending and service delivery authority residing with the central ministries in Kabul, limiting the efficiency of service delivery at the provincial and district levels. Efforts to decentralize are slowed by limited human capacity and delays to structural reforms in the central government. However, there are some areas that have effective service delivery, such as the Ministry of Public Health and the Ministry of Rural Rehabilitation and Development.

Through 2014, Afghanistan's economic growth and development will continue to be led by investments in construction and private consumption, largely driven by donor contributions and ISAF's spending for services. Donor commitments through the Tokyo Mutual Accountability Framework indicate there will be international funding and investment in Afghanistan post-2014.

Afghanistan will continue to face governance and economic development challenges. The FY 2014 OCO request includes funding that will enable the ANSF to solidify and strengthen its role and continue completion of core power infrastructure in the three-part transition plan thereby maintaining the security and stability conditions necessary for progress in the other two areas.

### FINALYZING TRANSITION IN IRAQ

The Office of Security Cooperation – Iraq (OSC-I), under Chief of Mission Authority, conducts security assistance and security cooperation activities with the Iraqi military establishments to strengthen the long-term U.S. Iraq military-to-military relationship. The FY 2014 funding request includes costs for the operation and activities, including site transition, for the OSC-I and amounts for the reset of equipment that redeployed from Iraq and the theater of operations.

### OVERSEAS CONTINGENCY OPERATIONS BUDGET REQUEST

Funding for the challenges described in the previous pages is requested in the President's OCO budgets. Funding by OCO cost location and/or operational support category in the FY 2014 OCO is captured in **Figure 3**, followed by brief explanations.

Although the number of U.S. combat troops in Afghanistan will decline substantially over the course of FY 2014, military operations in support of the transition to full Afghan responsibility for

## Overview – FY 2014 Defense Budget

the country's security will continue at a high pace, and certain costs will grow from or remain the same as in FY 2013. For example:

- As we reduce our footprint across Afghanistan, Intelligence, Surveillance, and Reconnaissance (ISR) and contractor support requirements will temporarily increase in areas where U.S. troops are departing;
- Funding to train and equip the ANSF will temporarily increase from the FY 2013 amount in order to ensure that Afghan forces are ready to take over full responsibility for security throughout the country by the end of 2014;

**Figure 3. OCO Functional/Mission Category Breakout**

(Dollars in Billions)

|  | FY 2013 Enacted <sup>1/</sup> | FY 2014 Request |
|--|-------------------------------|-----------------|
| Operations/Force Protection                          | 27.7                          | 25.7            |
| In-Theater Support                                   | 23.0                          | 21.8            |
| Joint Improvised Explosive Device (IED) Defeat       | 1.6                           | 1.0             |
| Military Intelligence Program (MIP)                  | 4.4                           | 3.8             |
| Afghanistan Security Forces Fund (ASFF)              | 5.1                           | 7.7             |
| Afghanistan Infrastructure Fund (AIF)                | 0.3                           | 0.3             |
| Commander's Emergency Response Program (CERP)        | 0.2                           | 0.1             |
| Support for Coalition Forces                         | 2.1                           | 2.0             |
| Task Force for Business Stability Operations (TFBSO) | 0.2                           | 0.1             |
| Office of Security Cooperation - Iraq (OSC-I)        | 0.5                           | 0.2             |
| Investment/Equipment Reset                           | 11.1                          | 8.9             |
| Temporary End Strength                               | 5.8                           | 5.1             |
| Military Construction <sup>2/</sup>                  | 0.2                           | -               |
| Other <sup>3/</sup>                                  | 7.0                           | 4.0             |
| <b>Total</b>   | <b>89.2</b>                   | <b>80.7</b>     |
| Prior-Year Cancellations <sup>4/</sup>               | -2.0                          | -1.3            |
| <b>Total including Prior-Year Cancellations</b>      | <b>87.2</b>                   | <b>79.4</b>     |

<sup>1/</sup> Reflects a preliminary allocation of OCO appropriations, excluding sequestration

<sup>2/</sup> FY 2013 column includes congressional cancellation of prior year military constructions funds and offsetting increase to Navy and Marine Corps military construction

<sup>3/</sup> Includes non-war amounts provided by Congress, e.g., Army reset moved from the Department's base budget to OCO and additive amounts for National Guard Reserve Equipment, and certain classified activities

<sup>4/</sup> FY 2013 column reflects congressional cancellations; FY 2014 column reflect cancellations proposed by the Department

**NOTE:** Operations/Force Protection numbers may not match amounts shown in Table 4, Resource Exhibits, due to rounding

- Transportation and retrograde costs will increase substantially as DoD prepares and ships thousands of cargo containers and pieces of equipment back to home stations;

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- There will be increased costs to repair and replace equipment and munitions as DoD resets the force;
- OCO funding is supporting a significant portion of our military presence around the Middle East, – the bases, ships and ISR platforms outside Afghanistan from which the Department supports OEF and other important missions – this presence will not substantially diminish in FY 2014.

Additionally, the Department estimates shortfalls in its Operation and Maintenance accounts for FY 2013. Therefore, a comparison of the FY 2013 amounts to the proposed FY 2014 request would not produce an accurate portrayal of the true decrease between these years. Operating tempo and transportation costs are higher than anticipated when we were developing the FY 2013 OCO, in the Fall of FY 2012. Also, our efforts to responsibly drawdown troop strength in Afghanistan require oversight, logistics support, base closure activities, and environmental remediation, a lot of which was not included in the FY 2013 OCO request. The Department will use the authorities provided by Congress for transferring funds between accounts to mitigate these shortfalls.

**Operations/Force Protection (\$25.7 billion).** This category of incremental cost includes the wide, full spectrum of military operations requirements for U.S. personnel operating in Afghanistan:

- Personnel special pays and subsistence for deployed forces;
- Personnel pay for mobilized forces;
- Operating tempo (ground vehicles/equipment, combat aviation, Special Operations Forces);
- Communications;
- Pre-deployment training;
- Transportation cost to sustain and support the forces, to include the retrograde of U.S. equipment from Afghanistan;
- Various classes of supplies;
- Deployment and redeployment of all combat and support forces; and
- Life support and sustainment.
- Also included are additional body armor, personal protective gear, and maintenance costs for operating Mine Resistant Ambush Protected (MRAP) and other vehicles for operating forces.

**In-Theater Support (\$21.8 billion).** Funds requested in this category provide for critical combat and other support for personnel in Afghanistan but from units and forces operating outside Afghanistan. These operations also support activities other than those in Afghanistan.

- Also included is funding to support other operations conducted outside Afghanistan such as OEF-Horn of Africa and OEF-Philippines.
- The types of cost incurred for in-theater operations are similar to those outlined in the “Operations/Force Protection” category. However, this category includes incremental costs for afloat and air expeditionary forces, engineers, fire support, and other capabilities located elsewhere in the U. S. Central Command region, which support operations in Afghanistan and other important missions. It also includes support for some activities operating from the



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United States (such as remote piloted aircraft and reach back ISR).

**Joint IED Defeat (\$1.0 billion):** Funding is requested to develop, procure, and field measures to defeat IEDs threatening U.S. and coalition forces, closing the gap between the enemy's innovation cycles by developing and delivering counter-IED as quickly as possible for use by the Joint and Coalition Forces.

**MIP (\$3.8 billion):** Supports programs, projects, and activities of the Military Departments and Defense Agencies to acquire intelligence for the planning and conducting of tactical military operations by U.S. forces and our allies. Over the last five years, the DoD has made great strides toward increasing ISR capacity in the U.S. Central Command area of operations. Although we continue to see positive results, the adversary persistently challenges the limits of new technologies, driving the need for additional ISR capabilities and capacity. The FY 2014 MIP request supports this continuously evolving need. The request includes requirements specifically identified by the ISR Task Force, under the direct oversight of the Secretary of Defense and the Under Secretary of Defense for Intelligence.

**ASFF (\$7.7 billion):** Funds the manning, training, equipping, operations and sustainment of the 352,000 ANSF, see **Figure 4**. While continuing to build the Afghan Air Force and provide for

**Figure 4. Afghanistan Security Forces Fund (ASFF) and Strength**

|                                       | ASFF<br>(\$ in Billions) |                    | ANSF Strength <sup>1/</sup><br>(in Thousands) |                 |                 |
|---------------------------------------|--------------------------|--------------------|---|-----------------|-----------------|
|                                       | FY 2013<br>Enacted       | FY 2014<br>Request | Oct 2012<br>Actual                            | FY 2013<br>Goal | FY 2014<br>Goal |
| Afghan National Army (ANA)            | 3.1                      | 5.8                | 178.5   | 195             | 195             |
| Afghan National Police (ANP)          | 1.9                      | 1.9                | 148.5   | 157             | 157             |
| Related Activities                    | <0.1                     | <0.1               | --  | --              | --              |
| <b>Total ASFF</b>                     | <b>5.1</b>               | <b>7.7</b>         | <b>327</b>                                    | <b>352</b>      | <b>352</b>      |
| Training and Sustainment              |                          | 5.1                |   |                 |                 |
| Investment in Enabling Capabilities** |                          | 2.6                |   |                 |                 |
| <b>Total ASFF</b>                     |                          | <b>7.7</b>         |   |                 |                 |

<sup>1/</sup>Approved end-strength of 352,000 Afghanistan National Security Force (ANSF)

Numbers may not add due to rounding

the training and sustainment of the ANSF, the FY 2014 OCO budget invests in the development, professionalization, and sustainment capacity of the ANSF through improvements in literacy and leadership, as well as transportation, medical, logistics, intelligence systems, and equipment.

**AIF (\$0.3 billion):** The requested amount provides DoD with the resources necessary to execute high priority, large-scale Afghanistan infrastructure projects, as jointly developed with the Department of State, in support of counterinsurgency objectives.

**CERP (\$0.1 billion):** This program provides military commanders on the ground in Afghanistan with a vital tool to respond to urgent humanitarian relief and reconstruction needs within their areas of responsibility.

**Support for Coalition Forces (\$2.0 billion):** Amounts requested finance coalition, friendly forces, and a variety of support requirements for key foreign partners who wish to participate in U.S. military operations but lack financial means. Such support reduces the burden on our forces and is critical to our success.

**TFBSO (\$0.1 billion):** The funds requested for the TFBSO support the mission in Afghanistan by reducing violence, enhancing stability, and restoring economic normalcy in areas where unrest and insurgency have created a synchronous downward spiral of economic hardship and violence.

**OSC-I (\$0.2 billion):** A cornerstone for achieving the long-term U.S. goal of building partnership capacity in the Iraqi Security Forces (ISF), the OSC-I will conduct the full range of traditional security cooperation activities such as joint exercise planning, combined arms training, conflict resolution, multilateral peace operations, senior level visits and other forms of bilateral engagement. Additionally, the OSC-I will conduct security cooperation activities in support of the ISF to include providing: institutional training; ministerial and service level advisors; logistic and operations capacity building; intelligence integration; and interagency collaboration. The OSC-I is the critical Defense component of the U.S. Mission Iraq and a foundational element of our long-term strategic partnership with Iraq.

**Investment/Equipment Reset (\$8.9 billion):** The request funds the replenishment, replacement, and repair of equipment and munitions consumed, destroyed, or damaged due to combat operations, such as the Army AH-64 Apache, CH-47 Chinook, OH-58 Kiowa Warrior and Marine Corps H-1 helicopters, and the MQ-1 Grey Eagle and MQ-8 Fire Scout Unmanned Aerial Vehicles, protection equipment, and electronic and other countermeasures. Major reset items that will be repaired or replaced include helicopters, fixed wing aircraft, trucks, other tactical vehicles, MRAP vehicles, radios, and various combat support equipment. Items that will be replenished include missiles, such as the Hellfire, Laser Maverick, Javelin and rockets for the Guided Multiple Launch Rocket System, as well as ammunition for all the Military Services. Upon returning from war zones, units restore their equipment to a condition that enables them to conduct training exercises, achieve required readiness levels, and prepare for future deployments.

**Temporary End Strength (\$5.1 billion):** The OCO request includes about \$5.1 billion for 30,000 Army and 8,100 Marine Corps active duty end strength that are above the projected end state needed by these Services – 490,000 and 182,100, respectively – to support the current defense strategy. The OCO funding will be used to support end strength above this level during the transition from the current end strength (developed to fight the wars in Iraq and Afghanistan) to the new end state that supports the defense strategy.

**Other (\$4.0 billion):** Requirements supporting this portion of the OCO request are classified, additional details are available upon request.

**Cancellations (\$-1.3 billion):** In order to hold down total costs, this budget proposes to cancel funding for programs that the Administration believes are not needed. This includes \$727 million in prior year funding for C-27 transport aircraft and \$485 million for funding associated with modernizing nine naval vessels (including seven Ticonderoga-class guided missile cruisers and two Whidbey Island-class dock landing ships) that the Administration has proposed to retire.

**FORCE LEVEL BUDGET ASSUMPTIONS**

**Figure 5** displays the force levels assumed in the Department's FY 2014 OCO budget, expressed as annual average troop strength. The FY 2014 annual average strength is based on the President's decision to redeploy 34,000 troops by February 2014.

The force levels in Afghanistan decrease toward the end of FY 2012 consistent with the President's decision to begin transition to an Afghan lead, reducing the annual average of 89,500, to about 63,000 to 68,000 in-country troops in FY 2013, to about 38,400 in FY 2014.

**Figure 5. U.S. Force Level Assumptions in DoD OCO Budget**

*(Annual Average Troop Strength)*

| Force                                      | FY 2012 Actual      | FY 2013 Estimated | FY 2014 Request  |
|--|---------------------|-------------------|------------------|
| Afghanistan                                | 89,446              | 63,181            | 38,431           |
| Iraq                                       | <sup>1/</sup> 9,176 | <sup>2/</sup> --  | <sup>2/</sup> -- |
| <b>Afghanistan and Iraq</b>                | <b>98,622</b>       | <b>63,181</b>     | <b>38,431</b>    |
| In-Theater Support                         | 68,240              | 62,623            | 59,394           |
| <b>Subtotal OEF/Iraq</b>                   | <b>166,862</b>      | <b>125,804</b>    | <b>97,825</b>    |
| In CONUS <sup>3/</sup> /Other Mobilization | 37,568              | 31,028            | 28,315           |
| <b>Total Force Levels</b>                  | <b>204,430</b>      | <b>156,832</b>    | <b>126,140</b>   |

<sup>1/</sup>U.S. forces were deployed in Iraq only for the first quarter of FY 2012. In accordance with the U.S.-Iraq Security Agreement, all U.S. combat forces withdrew by December 31, 2011

<sup>2/</sup>Office of Security Cooperation-Iraq activities are still on-going under Chief of Mission authority; military strength in FY 2013 is about 230, declining to about 125 in FY 2014

<sup>3/</sup>In-CONUS = In the Continental United States

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## Overview – FY 2014 Defense Budget

### RESOURCE EXHIBITS

**Table 1. OCO Funding by Appropriation Title**

| <i>\$ in Thousands</i> |                               |                               |                   |                            |
|------------------------|-------------------------------|-------------------------------|-------------------|----------------------------|
| <i>OCO Budget</i>      | FY 2013 Enacted <sup>1/</sup> | FY 2014 Request <sup>2/</sup> | Delta FY13 - FY14 | Percent Change FY13 - FY14 |
| Army                   | 48,157,671                    | 47,572,951                    | -584,720          | -1%                        |
| Navy                   | 13,977,071                    | 10,663,911                    | -3,313,160        | -24%                       |
| Air Force              | 13,729,631                    | 13,199,709                    | -529,922          | -4%                        |
| Defense-Wide           | 11,362,138                    | 8,006,364                     | -3,355,774        | -30%                       |
| <b>Total</b>           | <b>87,226,511</b>             | <b>79,442,935</b>             | <b>-7,783,576</b> | <b>-9%</b>                 |

<sup>1/</sup> FY 2013 Enacted includes prior-year cancellations totaling \$2,010,820,000 and excludes sequestration reductions

<sup>2/</sup> FY 2014 Request includes prior-year cancellations totaling \$1,279,252,000

**Table 2. OCO Funding by Military Department**

| <i>\$ in Thousands</i>         |                               |                               |                   |                            |
|--------------------------------|-------------------------------|-------------------------------|-------------------|----------------------------|
| <i>OCO Budget</i>              | FY 2013 Enacted <sup>1/</sup> | FY 2014 Request <sup>2/</sup> | Delta FY13 - FY14 | Percent Change FY13 - FY14 |
| Military Personnel             | 14,261,294                    | 9,853,340                     | -4,407,954        | -31%                       |
| Operation and Maintenance      | 62,604,701                    | 63,634,471                    | 1,029,770         | 2%                         |
| Procurement                    | 9,919,200                     | 5,617,727                     | -4,301,473        | -43%                       |
| RDT&E                          | 197,716                       | 72,487                        | -125,229          | -63%                       |
| Military Construction          | 0                             | 0                             | 0                 | 0%                         |
| Family Housing                 | 0                             | 0                             | 0                 | 0%                         |
| Revolving and Management Funds | 243,600                       | 264,910                       | 21,310            | 9%                         |
| <b>Total</b>                   | <b>87,226,511</b>             | <b>79,442,935</b>             | <b>-7,783,576</b> | <b>-9%</b>                 |

<sup>1/</sup> FY 2013 Enacted includes prior-year cancellations totaling \$2,010,820,000 and excludes sequestration reductions

<sup>2/</sup> FY 2014 Request includes prior-year cancellations totaling \$1,279,252,000

## Overview – FY 2014 Defense Budget

**Table 3. OCO Funding by Military Department and Appropriation Title**

| <b>Department of the Army</b><br>\$ in Thousands<br>OCO Budget | <b>FY 2013<br/>Enacted<sup>1/</sup></b> | <b>FY 2014<br/>Request<sup>2/</sup></b> | <b>Delta<br/>FY13 - FY14</b> | <b>Percent<br/>Change<br/>FY13 - FY14</b> |
|--|---|---|------------------------------|---|
| Military Personnel   | 10,667,022                              | 7,309,104                               | -3,357,918                   | -31%                                      |
| Operation and Maintenance                                      | 33,451,520                              | 37,527,659                              | 4,076,139                    | 12%                                       |
| Procurement  | 4,087,437                               | 2,684,456                               | -1,402,981                   | -34%                                      |
| RDT&E  | 29,660                                  | 7,000                                   | -22,660                      | -76%                                      |
| Military Construction  | -120,568                                | 0                                       | 120,568                      | -100%                                     |
| Family Housing   | 0                                       | 0                                       | 0                            | 0%  |
| Revolving and Management Funds                                 | 42,600                                  | 44,732                                  | 2,132                        | 5%  |
| <b>Total Department of the Army</b>                            | <b>48,157,671</b>                       | <b>47,572,951</b>                       | <b>-584,720</b>              | <b>-1%</b>                                |

*Numbers may not add due to rounding*

| <b>Department of the Navy</b><br>\$ in Thousands<br>OCO Budget | <b>FY 2013<br/>Enacted<sup>1/</sup></b> | <b>FY 2014<br/>Request<sup>2/</sup></b> | <b>Delta<br/>FY13 - FY14</b> | <b>Percent<br/>Change<br/>FY13 - FY14</b> |
|--|---|---|------------------------------|---|
| Military Personnel   | 2,328,868                               | 1,649,798                               | -679,070                     | -29%                                      |
| Operation and Maintenance                                      | 10,037,675                              | 8,320,189                               | -1,717,486                   | -17%                                      |
| Procurement  | 1,407,241                               | 659,498                                 | -747,743                     | -53%                                      |
| RDT&E  | 52,519                                  | 34,426                                  | -18,093                      | -34%                                      |
| Military Construction  | 150,768                                 | 0                                       | -150,768                     | -100%                                     |
| Family Housing   | 0                                       | 0                                       | 0                            | 0%  |
| Revolving and Management Funds                                 | 0                                       | 0                                       | 0                            | 0%  |
| <b>Total Department of the Navy</b>                            | <b>13,977,071</b>                       | <b>10,663,911</b>                       | <b>-3,313,160</b>            | <b>-24%</b>                               |

*Numbers may not add due to rounding*

| <b>Department of the Air Force</b><br>\$ in Thousands<br>OCO Budget | <b>FY 2013<br/>Enacted<sup>1/</sup></b> | <b>FY 2014<br/>Request<sup>2/</sup></b> | <b>Delta<br/>FY13 - FY14</b> | <b>Percent<br/>Change<br/>FY13 - FY14</b> |
|---|---|---|------------------------------|---|
| Military Personnel  | 1,265,404                               | 894,438                                 | -370,966                     | -29%                                      |
| Operation and Maintenance   | 9,344,854                               | 10,060,273                              | 715,419                      | 8%  |
| Procurement   | 3,136,423                               | 2,147,498                               | -988,925                     | -32%                                      |
| RDT&E   | 3,150                                   | 9,000                                   | 5,850                        | 186%                                      |
| Military Construction   | -30,200                                 | 0                                       | 30,200                       | -100%                                     |
| Family Housing  | 0                                       | 0                                       | 0                            | 0%  |
| Revolving and Management Funds                                      | 10,000                                  | 88,500                                  | 78,500                       | 785%                                      |
| <b>Total Department of the Air Force</b>                            | <b>13,729,631</b>                       | <b>13,199,709</b>                       | <b>-529,922</b>              | <b>-4%</b>                                |

*Numbers may not add due to rounding*

| <b>Defense-Wide</b><br>\$ in Thousands<br>OCO Budget | <b>FY 2013<br/>Enacted<sup>1/</sup></b> | <b>FY 2014<br/>Request<sup>2/</sup></b> | <b>Delta<br/>FY13 - FY14</b> | <b>Percent<br/>Change<br/>FY13 - FY14</b> |
|--|---|---|------------------------------|---|
| Military Personnel                                   | 0                                       | 0                                       | 0                            | 0%  |
| Operation and Maintenance                            | 9,770,652                               | 7,726,350                               | -2,044,302                   | -21%                                      |
| Procurement  | 1,288,099                               | 126,275                                 | -1,161,824                   | -90%                                      |
| RDT&E  | 112,387                                 | 22,061                                  | -90,326                      | -80%                                      |
| Military Construction                                | 0                                       | 0                                       | 0                            | 0%  |
| Family Housing                                       | 0                                       | 0                                       | 0                            | 0%  |
| Revolving and Management Funds                       | 191,000                                 | 131,678                                 | -59,322                      | -31%                                      |
| <b>Total Defense-Wide</b>                            | <b>11,362,138</b>                       | <b>8,006,364</b>                        | <b>-3,355,774</b>            | <b>-30%</b>                               |

*Numbers may not add due to rounding*

|                               |                   |                   |                   |            |
|-------------------------------|-------------------|-------------------|-------------------|------------|
| <b>Grand Total OCO Budget</b> | <b>87,226,511</b> | <b>79,442,935</b> | <b>-7,783,576</b> | <b>-9%</b> |
|-------------------------------|-------------------|-------------------|-------------------|------------|

<sup>1/</sup> FY 2013 Enacted includes prior-year cancellations totaling \$2,010,820,000 and excludes sequestration reductions

<sup>2/</sup> FY 2014 Request includes prior-year cancellations totaling \$1,279,252,000

## Overview – FY 2014 Defense Budget

**Table 4. OCO by Function/Mission Category Breakout by Operation**

| \$ in Thousands<br><br>OCO Budget               | FY 2013 Enacted <sup>1/</sup> |                    |                   | FY 2014 Request <sup>2/</sup> |                    |                   | Delta<br>FY13 - FY14 | Percent<br>Change<br>FY13 - FY14 |
|---|-------------------------------|--------------------|-------------------|-------------------------------|--------------------|-------------------|----------------------|----------------------------------|
|   | OEF                           | Iraq<br>Activities | Total             | OEF                           | Iraq<br>Activities | Total             |                      |                                  |
| Operations/Force Protection                     | 27,647,591                    | 0                  | 27,647,591        | 25,899,242                    | 0                  | 25,899,242        | -1,748,349           | -6%                              |
| In-Theater Support                              | 22,817,619                    | 145,724            | 22,963,343        | 21,659,206                    | 120,089            | 21,779,295        | -1,184,048           | -5%                              |
| Joint IED Defeat                                | 1,622,614                     | 0                  | 1,622,614         | 1,000,000                     | 0                  | 1,000,000         | -622,614             | -38%                             |
| Military Intelligence Program                   | 4,433,838                     | 1,000              | 4,434,838         | 3,770,310                     | 19,000             | 3,789,310         | -645,528             | -15%                             |
| Afghan Security Forces Fund                     | 5,124,167                     | 0                  | 5,124,167         | 7,726,720                     | 0                  | 7,726,720         | 2,602,553            | 51%                              |
| Afghan Infrastructure Fund                      | 325,000                       | 0                  | 325,000           | 279,000                       | 0                  | 279,000           | -46,000              | -14%                             |
| CERP  | 200,000                       | 0                  | 200,000           | 60,000                        | 0                  | 60,000            | -140,000             | -70%                             |
| Coalition Support                               | 2,030,000                     | 70,000             | 2,100,000         | 1,950,000                     | 0                  | 1,950,000         | -150,000             | -7%                              |
| Task Force for Business Stability Operations    | 179,000                       | 0                  | 179,000           | 121,300                       | 0                  | 121,300           | -57,700              | -32%                             |
| Office of Security Cooperation - Iraq           | 0                             | 508,000            | 508,000           | 0                             | 209,000            | 209,000           | -299,000             | -59%                             |
| Investment/Equipment Reset                      | 9,906,208                     | 1,243,539          | 11,149,747        | 8,456,240                     | 422,786            | 8,879,026         | -2,270,721           | -20%                             |
| Army Temporary End Strength                     | 4,844,890                     | 0                  | 4,844,890         | 4,318,276                     | 0                  | 4,318,276         | -526,614             | -11%                             |
| Marine Corps End Strength                       | 1,004,739                     | 0                  | 1,004,739         | 757,164                       | 0                  | 757,164           | -247,575             | -25%                             |
| Military Construction                           | 150,768                       | 0                  | 150,768           | 0                             | 0                  | 0                 | -150,768             | -100%                            |
| Other <sup>3/</sup>                             | -                             | -                  | 6,982,634         | -                             | -                  | 3,953,854         | -3,028,780           | -43%                             |
| <b>Total</b>                                    | <b>80,286,434</b>             | <b>1,968,263</b>   | <b>89,237,331</b> | <b>75,997,458</b>             | <b>770,875</b>     | <b>80,722,187</b> | <b>-8,515,144</b>    | <b>-10%</b>                      |
| Prior-Year Cancellations                        | -2,010,820                    | 0                  | -2,010,820        | -1,279,252                    | 0                  | -1,279,252        | 731,568              | -36%                             |
| <b>Total including Prior-Year Cancellations</b> | <b>78,275,614</b>             | <b>1,968,263</b>   | <b>87,226,511</b> | <b>74,718,206</b>             | <b>770,875</b>     | <b>79,442,935</b> | <b>-7,783,576</b>    | <b>-9%</b>                       |

<sup>1/</sup> FY 2013 Enacted includes prior-year cancellations totaling \$2,010,820,000 and excludes sequestration reductions

<sup>2/</sup> FY 2014 Request includes prior-year cancellations totaling \$1,279,252,000

<sup>3/</sup> Includes non-war amounts provided by Congress and certain classified activities

