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## Fiscal Year 2014 Pentagon Budget Analysis

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### Background

Today the Obama Administration released its fiscal year 2014 budget proposal. The administration is seeking a \$526.6 billion budget for the Department of Defense, not including war funding or nuclear weapons activities at the Department of Energy. The administration did not specify funding for operations in Afghanistan and Iraq in 2014. The Pentagon's request assumes that sequestration won't occur again in FY2014.

**NOTE:** All funding figures are in nominal dollars – i.e. they are not adjusted for inflation.

### Budget Highlights

**Top Line Funding** – The Obama Administration is requesting \$526.6 billion for the Department of Defense in fiscal year 2014, which begins on Oct. 1, 2013. Adjusted for inflation, that's a 1.6 percent cut relative to FY2013 levels.

**Funding for Overseas Contingency Operations (OCO)** – The budget does not include a request for military operations in Iraq and Afghanistan. According to the Office of Management and Budget, "final decisions about the pace of the drawdown in Afghanistan have not yet been made. As a result, the Budget includes a placeholder for DOD's 2014 OCO funding, equivalent to the amount provided in the President's 2013 Budget." The president's FY2013 budget request for OCO was \$88.5 billion.

**Base Closures** – The Pentagon is requesting a new round of base closures in 2015. The last round of base closures occurred in 2005.

**Missile Defense** – The administration is requesting \$9.2 billion for missile defense in FY2014, down roughly \$500 million from current levels. This total does not include an additional \$936 million for the SBIRS-High satellite.

**Shipbuilding** – The request includes \$10.9 billion for new ship construction. The budget request includes funding for one DDG-51 destroyer, four Littoral Combat Ships, and two "Virginia" class submarines. It also provides \$1.1 billion for development of the next generation ballistic missile submarine program to replace the current "Ohio" class submarine.

**Aircraft** – The request includes \$1.9 billion for procurement of 21 V-22 “Osprey” tilt-rotor aircraft, and \$8.4 billion for 29 F-35 Joint Strike Fighters. It also includes \$1.6 billion for the Air Force’s new KC-46 aerial re-fueling tanker program. It includes no funding for additional F-22 fighters, the C-17 transport or the Navy's F/A-18E/F "Super Hornet."

**Military Personnel** – The request includes a 1 percent increase in base pay. It would increase the Basic Allowance for Housing (BAH) on average by 4.2 percent and the Basic Allowance for Subsistence (BAS) by 3.4 percent. It includes full funding (\$49.4 billion) for the Military Health System.

**Cooperative Threat Reduction (CTR)** – The administration is requesting \$528 million for the CTR (also known as “Nunn-Lugar”) program, \$17 million above the current level. The CTR program assists Russia and the former Soviet republics safeguard weapons of mass destruction and related technologies.

**Department of Energy Activities** – The request includes \$7.87 billion for the nuclear weapons activities of the Department of Energy (a 4% increase of \$311 million) and \$2.14 billion for DoE’s nuclear nonproliferation work (a decrease of 7%, or \$161 million) compared to current FY2012 levels. It also includes \$5.317 billion for Defense Environmental Cleanup (up 6.3%, or \$314 million). The request includes a total of \$17.7 billion for the nuclear weapons-related activities of the Department of Energy (a 3.2% increase of \$944 million).

## Supporting Tables

### Projected Base Budget (in billions of nominal dollars)

FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	Total FY2014-2018
\$528	\$527	\$541	\$551	\$560	\$569	\$2,748

Note: Funding does not include war costs or the nuclear weapons activities of the Department of Energy

### Funding By Military Service (in billions of nominal dollars)

Military Service	FY2013 Request	FY2013 Enacted w/Sequester	FY2014 Request	Dollar Change FY2013/2014 Request	Percentage Change FY2013/FY2014 Request
Army	\$134.6	\$125.2	\$129.7	-\$4.9	-3.6%
Navy	\$155.9	\$148.9	\$155.8	-\$0.1	-0.1%
Air Force	\$140.0	\$130.1	\$144.4	\$4.4	3.1%
Defense-Wide	\$94.9	\$88.7	\$96.7	\$1.8	1.9%
Total	\$525.4	\$492.9	\$526.6		

**Note:** Numbers may not add due to rounding

**Funding by Title**  
(in billions of nominal dollars)

Title	FY2013 Request	FY2013 Enacted w/Sequester	FY2014 Request	Dollar Change FY2013/2014 Request	Percentage Change FY2013/FY2014 Request
Military Personnel	\$135.1	\$135.4	\$137.1	-\$2.0	1.5%
Operation and Maintenance	\$208.8	\$194.0	\$209.4	-\$0.6	0.3%
Procurement	\$98.8	\$89.3	\$99.3	-\$0.5	0.5%
Research, Development, Test and Evaluation	\$69.4	\$63.4	\$67.5	\$1.9	-2.7%
Military Construction	\$9.6	\$7.4	\$9.5	\$0.1	-1.0%
Family Housing	\$1.7	\$1.4	\$1.5	\$0.2	-11.8%
Revolving Funds	\$2.1	\$2.0	\$2.3	-\$0.2	-9.5%
<b>Total</b>	<b>\$525.4</b>	<b>\$492.9</b>	<b>\$526.6</b>		

**Note:** Numbers may not add due to rounding

**Program and Per Unit Costs of Selected Weapons Programs**  
(in millions of nominal dollars)

	FY2014 Request	Quantity	Per Unit Cost	Total Program Cost
<b>Aircraft</b>				
F-22A Fighter	\$746	0	\$352.9	\$66,337
F-35 Fighter (JSF)	\$8,445	29	\$154.4	\$379,393
E/A-18G Jamming Aircraft	\$2,013	21	\$98.3	\$11,205
C-130J Cargo Aircraft	\$2,078	18	\$89.2	\$14,978
KC-46 Airborne Tanker Aircraft	\$1,559	0	N/A	N/A
V-22 Osprey Aircraft	\$1,867	21	\$116.1	\$53,275
UH-60M "Blackhawk" Helicopter	\$1,260	65	\$19.9	\$27,341
MH-60R "Seahawk" Helicopter	\$849	19	\$48.0	\$14,400
MH-60S "Knighthawk" Helicopter	\$455	18	\$28.9	\$7,944
UH-72A "Lakota" Light Utility Helicopter	\$96	10	\$5.8	\$2,007
<b>Shipbuilding</b>				
Aircraft Carrier CVN-78 Class	\$1,680	0	\$13,431.8	\$40,295
DDG-51 "Arleigh Burke" Destroyer	\$2,004	1	\$1,178.9	\$88,417
Littoral Combat Ship (LCS)	\$2,390	4	\$680.7	\$37,439
SSN-774 "Virginia" Attack Submarine	\$5,418	2	\$3,103.0	\$93,089
<b>Missiles/Munitions</b>				
Trident II D-5 Missile	\$1,463	0	\$72.4	\$40,633
Tactical Tomahawk Cruise Missile	\$325	196	\$1.5	\$6,874
Joint Direct Attack Munition (JDAM)	\$191	6,965	\$0.03	\$5,857
Joint Stand-off Weapon (JSOW)	\$138	328	\$0.5	\$5,313
Joint Air to Surface Standoff Missile (JASSM)	\$298	183	\$1.6	\$8,038
Small Diameter Bomb (SDB II)	\$211	100	\$0.3	\$5,207

<b>Selected Weapons Programs (cont'd)</b>	FY2014 Request	Quantity	Per Unit Cost	Total Program Cost
<b>Unmanned Systems</b>				
Predator UAV (MQ-1B)	\$663	15	N/A	N/A
Reaper UAV (MQ-9)	\$507	12	\$31.3	\$12,497
Global Hawk UAV (RQ-4A/B)	\$894	2	\$211.1	\$13,935

**Note:** "Per Unit Costs" include both procurement and research & development funding. Amounts do not reflect any additional funding included in the request for Overseas Contingency Operations.

**FY2014 Funding Request for Ballistic Missile Defense**  
(in millions of nominal dollars)

<b>Program</b>	<b>FY2013 Request</b>	<b>FY2014 Request</b>
Ballistic Missile Defense	\$9,700	\$9,200
<b>Selected Functions</b>		
Ground-Based Midcourse Defense	\$903	\$1,034
AEGIS BMD	\$1,382	\$1,518
THAAD	\$778	\$850
Patriot/PAC-3	\$963	\$337
PAC-3/MSE Missile	\$82	\$609
<b>Other</b>		
Space Based Infra-Red System-High (SBIRS-High)	\$903	\$936