

FY 2015 President's Budget Request – A First Take

Posted At : March 5, 2014 4:21 PM | Posted By : John Slye

Related Categories: Department of Agriculture, Department of Homeland Security, Homeland Security, President, Efficiency Initiatives, Office of Management and Budget, Air Force, Big Data/Analytics, Treasury, Budget, Department of Defense, Information Security, Army, Department of Energy, Cybersecurity, Department of Justice, Critical Infrastructure Protection, Health IT, Waste, Fraud, Abuse, NextGeneration Air Transportation System, Health and Human Services, Satellite Communications, Veterans Affairs, Navy, Electronic Health Record, IT Budget, Transportation, Department of Commerce

The White House released its much-anticipated FY 2015 Budget request yesterday, a month past its legal and historical due date. Several of my fellow GovWin Federal Industry Analysis (FIA) colleagues and I dug right into reading the budget so that we could provide you with our first impressions of what we found noteworthy.

Like any presidential budget, the **FY 2015 President's Budget Request** provides a blueprint for the administration's policy and legislative agenda for the coming fiscal year and beyond. We reviewed the largest federal departments' discretionary and information technology (IT) budgets to get a sense of direction and priorities for FY 2015, which begins October 1, 2014. Below is a summary table followed by key funding details and initiatives arranged by department.

FY 2015 Federal Budget Request Summary – Top Departments

Department	Discretionary Budget (\$B)			Information Technology (\$B)		
	FY 2014 (Enacted)	FY 2015 (Request)	% Δ	FY 2014 (Enacted)	FY 2015 (Request)	% Δ
Defense	496.0	495.6	-0.1%	31.3	29.2	-6.6%
<i>Air Force</i>	134.7	137.7	2.2%	TBA*	TBA*	
<i>Army</i>	121.6	120.3	-1.1%			
<i>Navy</i>	147.3	147.6	0.2%			
<i>Defense-wide</i>	92.3	89.8	-2.7%			
Agriculture	24.1	22.2	-7.9%	2.6	2.6	1.2%
Commerce	8.3	8.8	6.0%	1.9	2.0	5.3%
Energy	27.2	27.9	2.6%	1.5	1.5	-2.9%
Health and Human Services	78.4	77.1	-1.7%	9.6	8.6	-10.1%
Homeland Security	39.3	38.2	-2.8%	5.8	5.8	-0.1%
Justice	27.3	27.4	0.4%	2.5	2.5	-0.9%
Transportation	13.7	14.0	2.2%	3.3	3.3	-0.2%
Treasury	12.6	12.4	-1.5%	3.5	4.0	13.4%
Veterans Affairs	63.4	65.3	3.0%	3.9	4.0	4.7%

* DoD had released only top-line IT budget at the time of publication.

Source: OMB, DoD

Defense

DoD's budget request is down this year as FY 2015 discretionary funding of \$495.6B represents a 0.8% decrease from the FY 2014 enacted budget of \$496B.

Funding highlights include:

- \$120.3B for the Army (a decrease of \$1.3B from the FY 2014 enacted level)
- \$147.6B for the Navy (an increase of \$300M from the FY 2014 enacted level)
- \$137.7B for the Air Force (an increase of \$3B from the FY 2014 enacted level)
- \$89.8B for Defense-Wide operations (a decrease of \$2.5B from the FY 2014 enacted level)
- \$199B for DoD operations and maintenance funding (an increase of \$6B from the FY 2014 enacted level)
- \$90.3B for DoD procurement funding (a decrease of \$2B from the FY 2014 enacted level)
- \$63.5B in DoD RDT&E funding (a decrease of \$700M from the FY 2014 enacted level)

Provisions of Interest

- \$128M for military infrastructure in Guam, \$51M of which is to establish facilities for Marine Air-Ground Task Forces throughout the region
- \$47.4B for the DoD Unified Medical Budget
- \$2.9B for the Defense Advanced Research Projects Agency
- \$11.5B for basic and applied research and advanced technology development

Agriculture

The USDA's budget request is down this year as FY 2015 discretionary funding of \$23B represents a 4% decrease from the FY 2014 enacted level of \$24B.

Funding highlights include:

- \$7.2B for the Food and Nutrition Service (an increase of \$124M from the FY 2014 enacted level)
- \$4.8B for the Forest Service (a decrease of \$700M from the FY 2014 enacted level)
- \$2.4B for Rural Development (a decrease of \$400M from the FY 2014 enacted level)
- \$1.8B for the Foreign Agricultural Service (same as the FY 2014 enacted level)
- \$1.5B for the Farm Service Agency (a decrease of \$100M from the FY 2014 enacted level)
- \$1.1B for the Agricultural Research Service (same as the FY 2014 enacted level)
- \$1B for the Food Safety and Inspection Service (same as the FY 2014 enacted level)
- \$837M for the Animal and Plant Health Inspection Service (a decrease of \$8M from the FY 2014 enacted level)
- \$815M for the Natural Resources Conservation Service (a decrease of \$14M from the FY 2014 enacted level)

Provisions of Interest

- The Opportunity, Growth, and Security Initiative provides funding to build a new biosafety research laboratory in Athens, GA
- \$45.2M for the USDA OCIO
- \$15M for IT investments for the Comprehensive Loan Program (CLP)
- \$44 million to address climate change's risk to agriculture, including investments in cyber infrastructure for big data

Commerce

The president's budget request provides \$8.8B in base discretionary funding to Commerce, a 6% increase over FY 2014 enacted levels. It requests \$2B in IT funding, an increase of 5.3% over FY 2014 enacted levels.

Funding highlights include:

- Provides funding for NIST to accelerate advances in areas such as cybersecurity and advanced manufacturing
- Supports key trade promotion activities to stimulate economic growth
- Seeks to promote business investment in the US to create jobs and promote US competitiveness
- Provides \$753M for innovative design methods for achieving the lowest cost possible 2020 decennial census
- Establishes up to 45 manufacturing innovation institutes across the US
- Continues strong support of NOAA, including \$2B to continue the development of polar-orbiting and geostationary weather satellite systems
- Provides \$1.6B for research and development
- Funds a new investment line item for modernizing IT and business processes at PTO (\$64.4M)

Energy

The DOE's budget request is up this year as FY 2015 discretionary funding of \$27.9B represents a 2.6% increase over the FY 2014 enacted level of \$27.2B.

Funding highlights include:

- \$11.7B for the National Nuclear Security Administration (an increase of \$M from the 2014 enacted level)
- \$6.0B for Department Management and Performance (a decrease of \$200M from the FY 2014 enacted level)
- \$5.1B for Science Programs (an increase of \$100M from the FY 2014 enacted level)
- \$4.0B for Energy Programs (an increase of \$300M from the FY 2014 enacted level)

Provisions of Interest

- \$180M in R&D to facilitate the transition to a Smart Grid
- \$325M for Advanced Research Projects Agency-Energy programs
- \$141M (\$91M in Science and \$50M in NNSA) for R&D related to exascale computing
- More than \$300M for DOE cyber security initiatives

Health and Human Services

The president's budget request provides \$77.1B in base discretionary funding to HHS, a 1.7% decrease over FY 2014 enacted levels. It requests \$8.6B in IT funding, a decrease of 10.4% over FY 2014 enacted levels.

Funding highlights include:

- Supports the Affordable Care Act and operation of the Health Insurance Marketplace
- Provides \$30.2B to NIH for medical research
- Improves mental health services for youth and families
- Invests in payment innovations and other reforms for Medicare and Medicaid and other federal health programs to improve program integrity and delivery of high-quality, efficient health care
- Invests in a new initiative to improve access to high-quality health care providers
- Funds construction of two new Indian Health Service health care facilities
- Increases the investment in CMS IT infrastructure by \$58.6M, a 19.4% gain
- Increases the investment in CMS Healthcare Fraud Prevention Partnership (HFPP) by \$17M, a 354% increase
- Decreases IT funding for the CMS investment that developed the health insurance marketplace (-\$297M) and transfers to states for CMS Medicaid Management Information System (-\$618M)

Homeland Security

DHS is slated to receive \$38.2B in base discretionary funding in the president's budget request, a 2.6% decrease over FY 2014 enacted levels. The budget also includes and \$6.8B for disaster relief. The budget requests \$5.8B in IT funding which includes a \$3M reduction from the FY 2014 enacted levels, a 0.1% decrease year over year.

Funding highlights include:

- \$514M for research and development in homeland security technology and developing state-of-the-art solutions for first responders – target opportunities in cybersecurity, explosives detection, nuclear detection, and chemical and biological detection.
- \$300M to initiate construction in 2015 of the National Bio- and Agro-Defense Facility to study large animal zoonotic diseases and develop countermeasures
- \$124M to support, expand, and enhance E-Verify system to aid U.S. employers with employment legality verification
- \$112.5M for Secure Flight, under which DHS conducts passenger watch list
- \$3.8B for the Transportation Security Administration (TSA) screening operations. Supports risk-based security initiatives at the Transportation Security Administration that enhance the efficiency of passenger screening operations, while improving the customer experience for the traveling public.
- \$1.25B for cybersecurity activities including:
 - \$377.7M for Network Security Deployment, including the EINSTEIN3 Accelerated (E3A) program
 - \$143.5M for the Continuous Diagnostics and Mitigation (CDM) program
 - \$173.5M to support ICE cyber and cyber-enabled investigations of cyber-crime, etc.
 - \$28M for the classified Homeland Secure Data Network to security and info sharing

- \$67.5M for Cybersecurity/Information Analysis Research and Development
- \$8.5M to establish a voluntary program and an enhanced cybersecurity services capability to support Executive Order 13636, Improving Critical Infrastructure Cybersecurity
- \$3.9M for Secret Service Cybersecurity Presidential Protection Measures to support monitoring of protective sites which directly or indirectly support a Presidential visit

Justice

The president's budget request provides \$27.4B in discretionary funding for the Justice department, \$122M above the 2014 enacted level – for DOJ core law enforcement needs, safe and secure prisons, and other Federal, State, and local programs. DOJ's IT budget is just slightly better than flat (+0.4%) year-over-year at \$27.4B.

Funding highlights include:

- \$722M for cybersecurity efforts to combat increasingly sophisticated and rapidly evolving cyber threats
- \$13M to the FBI for investment in the National Instant Criminal Background Check System as part of the DOJ's overall \$182M budget for Federal, State, and local gun violence reduction efforts
- \$8.4B for Federal prisons and detention facilities, to maintain secure prison facilities and to continue bringing newly completed or acquired prisons online
- \$15M under the Smart on Crime initiative for prisoner reentry programs and for Prevention and Reentry Coordinators
- \$15M to expand the Residential Drug Abuse Program at the Federal level and \$14M to expand the Residential Substance Abuse Treatment program at the state level
- \$1.7M to develop new multidisciplinary program evaluation and policy analysis capability to improve budget, management, and policy decisions
- \$299M for the Department's Juvenile Justice Programs
- \$423M (roughly half of which are grants) to combat violent crimes against women
- \$9M to establish a National Center for Building Community Trust and Justice to promote procedural fairness in policing, use deterrence strategies to reduce crime, and encourage police departments to track the quality of their interactions with the public

Transportation

DOT's budget request is down this year as FY 2015 discretionary funding of \$13.7B represents a 2.14% decrease from the FY 2014 enacted level of \$14B.

Funding highlights include:

- \$48.6B for the Federal Highway Administration (an increase of \$7.2B from the FY 2014 enacted level)
- \$15.3B for the Federal Aviation Administration (a decrease of \$584M from the FY 2014 enacted level)
- \$4.9B for the Federal Railroad Administration (an increase of \$3.3B from the FY 2014 enacted level)
- \$17.6B for the Federal Transit Administration (an increase of \$6.9B from the FY 2014 enacted level)
- \$851M in mandatory and discretionary funding for the National Highway Traffic Safety Administration (an increase of \$32M from the FY 2014 enacted level)
- \$669M for the Federal Motor Carrier Safety Administration (an increase of \$97M from the FY 2014 enacted level)
- \$261M for the Pipeline and Hazardous Materials Safety Administration (an increase of \$51M from the FY 2014 enacted level)

Provisions of Interest

- \$302B four-year surface transportation reauthorization proposal to support critical infrastructure projects
- Funding for FAA NextGen investments is preserved
- \$370 million for National Airspace System Sustainment
- \$5M for cyber security initiatives, a decrease of \$7M from the FY 2014 enacted level

Treasury

The president's budget request provides \$12.4B in base discretionary funding to Treasury, a 1.5% decrease over FY 2014 enacted levels. However, provides total resources of \$13.8B which is a \$1.2B increase partially funded by proposed program integrity caps. It requests \$4B in IT funding, an increase of 13.4% over FY 2014 enacted levels.

Funding highlights include:

- Continues implementation of the Affordable Care Act
- Continues implementation of the Wall Street Reform and Consumer Protection Act to create a more stable and responsible financial system
- Invests \$12.5B in the IRS, which includes a \$480M program integrity cap adjustment. Aimed at improving enforcement of current tax laws and reducing the current tax gap. Includes more than a \$100M increase to improve customer service, and an additional \$165M is proposed to further enhance customer service through the Opportunity, Growth, and Security Initiative
- \$1.5B for a new round of State Small Business Credit Initiatives
- Expands the level of detail and capabilities of sorting federal spending data to enable better use of the data
- Calls for a \$227M increase to the IRS Main Frames and Servers Services and Support investment over FY 2014 levels

Veterans Affairs

The president's budget request provides \$65.3B in base discretionary funding to VA, a 3% increase over FY 2014 enacted levels, giving VA total budget authority of \$68.4B which includes \$3.1B of estimated medical care collections. The budget requests \$4B in IT funding, an increase of 4.7% over FY 2014 enacted levels.

Funding highlights include:

- \$56B for VA medical care, and \$58.7B in advanced funding for FY16 appropriations for medical care
- Emphasis on ending veterans' homelessness. (\$1.6B) Working with HUD
- Supports continued improvements in delivery of mental health care and telehealth technologies (\$7B)
- \$1B in mandatory funding to help put veterans back to work protecting and rebuilding America
- An additional \$400M for high priority capital projects
- Invests \$138.7M in the Veterans Claims Intake Program and \$173.3M for the Veterans Benefit Management System to address the claims backlog

Stay tuned to FIA as we will be publishing our complete analysis of the FY 2015 budget request later this month, where we will go into greater detail on the key initiatives, IT investments and contractor implications that will shape the federal IT marketplace for FY 2015.

Fellow GovWin Federal Industry Analysis (FIA) analysts Angela Petty and Alex Rossino contributed to this entry.