

FY 2016 President's Budget Request – GovWin FIA's First Take

Posted At : February 2, 2015 4:56 PM | Posted By : John Slye

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The White House released its FY 2016 Budget request today, perhaps the earliest annual budget release of the Obama Administration thus far. Several of my fellow GovWin Federal Industry Analysis (FIA) colleagues and I wasted no time in delving into this budget so that we could provide you with our first impressions of what we found noteworthy.

Similar to each presidential budget, the [FY 2016 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 budgets to get a sense of direction and priorities for FY 2016, which begins October 1, 2015. Below is a summary table followed by key funding details and initiatives arranged by department.

FY 2016 Federal Budget Request – Top Departments

Department	Discretionary Budget (\$B)		
	FY 2015 (Enacted)	FY 2016 (Request)	% Δ
Defense	496.1	534.3	7.7%
<i>Air Force</i>	136.9	152.9	11.7%
<i>Army</i>	119.5	126.5	5.9%
<i>Navy</i>	149.2	161.0	7.9%
<i>Defense-wide</i>	90.6	94.0	3.8%
Agriculture	23.8	23.5	-1.3%
Commerce	8.8	9.8	11.4%
Energy	27.3	29.9	9.5%
Health and Human Services	80.2	79.9	-0.4%
Homeland Security**	38.2	41.2	7.9%
Justice	27.3	28.7	5.1%
Transportation	13.8	14.3	3.6%
Treasury	12.2	12.8	-1.5%
Veterans Affairs	65.1	70.2	7.8%

Sources: OMB, DoD, individual federal agencies

Defense

DoD's discretionary base budget request is up nearly 8% over FY 2015. The \$534.3B in discretionary funding is \$38.2B more than the FY 2015 enacted level.

Funding highlights include:

- \$126.53B for the Army (an increase of \$7.7B from the FY 2015 enacted level)
- \$161.0B for the Navy (an increase of \$11.8B from the FY 2015 enacted level)
- \$152.9B for the Air Force (an increase of \$16B from the FY 2015 enacted level)
- \$94.0B for Defense-Wide operations (an increase of \$3.4B from the FY 2015 enacted level)
- \$51B in Overseas Contingency Operations (OCO) funding across all DoD (a decrease of \$13.4B from the FY 2015 enacted level)
- \$209.9B for DoD operations and maintenance funding (an increase of \$14.5B from the FY 2015 enacted level)
- \$107.7B for DoD procurement funding (an increase of \$14.1B from the FY 2015 enacted level)
- \$69.8B in DoD RDT&E funding (an increase of \$6.3B from the FY 2015 enacted level)
- Invests \$12.3B in DoD's Science and Technology (S&T) Program, including \$5.5B in Advanced Technology Development
- Provides \$7.4B for C4I systems
- Includes \$7.1B for DoD Space Investment Programs
- Funds construction of the Joint Operations Center for U.S. Cyber Command at Fort Meade, Maryland
- Funds ongoing investments in the DoD's Joint Information Environment
- Modestly increases the budget of the Defense Advanced Research Projects Agency from \$2.9B to 3B
- Allocates \$32.3B for the Defense Health Program
- Allocates \$109.4M for communications upgrades at the new U.S. Strategic Air Command headquarters building

Agriculture

The president's budget request includes \$23.5B in discretionary appropriations for the Department of Agriculture, 1.25% below the enacted level of \$23.8B in Fiscal Year 2015.

Funding highlights include:

- \$1B in financial assistance to rural businesses
- \$2.2B in community facility loans for rural areas
- \$6.4B for direct and guaranteed farm ownership and operating loans
- \$450M for competitive, peer-reviewed research for fundamental and applied agricultural sciences

- \$200M in funding for Watershed and Flood Preventions Operations
- \$206M to invest in the backlog of priority facility construction and renovation for the Agricultural Research Service
- \$60M to modernize the Headquarters South Building
- \$7.6M for a digital services team to improve the efficiency and effectiveness of USDA IT systems

Commerce

The president's budget request provides \$9.8B in base discretionary funding to Commerce, an 11% increase over FY 2015 enacted levels. These funds are intended to promote growth through trade, invest, and innovation as well as a data-driven economy.

Funding highlights include:

- Provides funding to National Institute of Standards and Technology in support of advance in areas like cybersecurity and advanced manufacturing. Efforts to work with industry are called out in particular, such as implementing the Cybersecurity Framework of standards and best practices. Funding will also sustain work on initiatives like cybersecurity automation and the National Strategy for Trusted Identities in Cyberspace (NSTIC).
- \$1.5B to Census to support research, development, and implementation of the 2020 Census. The Census Bureau will also include planned increase for the Economic Census and advance initiatives to make data and resources publicly accessible.
- Continues strong funding for National Oceanic and Atmospheric Administration, including \$2B for next generation weather satellites, including \$380M for the Polar Follow-On satellites. \$147M in funding is also provided for the construction of an ocean survey vessel.
- \$1.1B for National Weather Service includes increases in funding for critical infrastructure.
- Includes \$3M to establish an in-house Idea Lab to pursue innovative approaches to achieve the agency's strategic goals and objectives.
- Requests \$6M to build a digital services team for Department of Commerce dedicated to improving IT systems and services.
- \$497M for the International Trade Administration includes \$20M to expand SelectUSA efforts to grow business investment in the United States.
- Auctions 500MHz of federal spectrum, aiming to reduce the deficit by \$40B over the next decade and provide greater commercial access to spectrum.

Energy

The president's budget request provides \$29.9B in base discretionary funding to Energy, a 10% increase over FY 2015 enacted levels. These funds are intended to support nuclear security, clean energy, environmental cleanup, climate change response, as well as science and innovation.

Funding highlights include:

- \$5B in funding supports transformational research and development for critical technology areas such as nuclear safety, grid modernization, solar and renewable energy, and energy efficiency.
- \$5.3B to support scientific research, especially in the physical sciences.
- \$12.6B for National Nuclear Security Administration, an 11% increase over FY 2015 enacted levels.
- \$5.8B for critical nuclear legacy cleanup responsibilities.
- Expands efficiency initiatives introduced in FY 2015 to advance key priorities and improve project integration.

Health and Human Services

The president's budget request provides \$79.9B in base discretionary budget authority to HHS, a 0.3% decrease over FY 2015 enacted levels.

Funding highlights include:

- Supports the Affordable Care Act and operation of the Health Insurance Marketplace.
- Provides \$4.2B to serve 28.6 million patients at more than 9,000 health center sites in medically underserved communities. \$2.7B of this amount is new mandatory funding.
- Funds reform of health care delivery by finding better ways to deliver care, pay providers, and distribute information.
- Promotes innovative medical research to maintain the nation's leadership in the life sciences including research into Alzheimer's disease.
- Advances product development efforts to support procurement of next-generation medical countermeasures against chemical, biological, radiological, and nuclear threats with a \$522M investment.
- Accelerates progress in scientific and public health efforts to detect, prevent, and control illness and death related to antibiotic-resistant infections with funding of \$993M.
- Proposes targeted reforms to Medicare and Medicaid which are projected to save more than \$400B over the next decade.
- Provides the Indian Health Service with \$5.1B, an increase of \$461M over FY 2015 enacted levels, to expand health care services and construct clinics and sanitation facilities.
- Includes \$1.6B to bolster food safety activities.
- Promotes continued efforts to cut waste, fraud and abuse in Medicare and Medicaid including removing social security numbers from Medicare beneficiary ID cards.

Homeland Security **

DHS would receive \$41.2B in base discretionary funding in the president's budget request, a 7.9% increase over the FY 2015 \$38.2B budget request level. DHS is currently operating under continuing resolution (CR) at the FY 2014 enacted budget level of \$39.8B. This CR expires on 2/27 by which time Congress is expected to pass appropriations to cover the remainder of FY 2015.

Funding highlights include:

- \$3.7B for Aviation Security and Screening at the Transportation Security Administration (TSA) sustain aviation security and effectively align passenger screening resources based on risk. These risk-based security initiatives maximize security capabilities and expedite the screening process for low-risk travelers.
- \$132.3M for the Customs and Border Protection (CBP) Trusted Traveler Programs (TTP) to provide expedited travel for pre-approved, low-risk travelers through dedicated lanes and kiosks.
- \$101M for Radiological and Nuclear Detection Equipment for detecting and interdicting illicit radioactive or nuclear materials by the Domestic Nuclear Detection Office and other DHS components.
- \$85.3M for the CBP Non-Intrusive Inspection (NII) program for passive radiation scanning and X-ray/gamma-ray imaging of cargo and conveyances
- \$373.5M is provided to maintain necessary border security infrastructure and technology to improve CBP's ability to detect and interdict illegal activity
- \$480M for network security, including the EINSTEIN3 Accelerated program to detect and prevent malicious traffic
- \$102.6M for the Continuous Diagnostics and Mitigation (CDM) program for hardware, software, and services that strengthen the operational network security
- \$1B to replace aging Coast Guard cutters, aircraft, electronic systems and shore infrastructure
- An increase of \$86.7M to enhance U.S. Secret Service capacity to protect senior leaders

Justice

The president's budget request provides \$28.7B in base discretionary funding to Justice, a 5% increase over FY 2015 enacted levels. These funds are intended to support core law enforcement needs, safe and secure prisons, and other Federal, State, Tribal and local programs.

Funding highlights include:

- Strengthening investment in cybersecurity through over \$200M in IT upgrades and tools to detect and deter cyber-attacks. Funds also support plans for a Federal Cyber Campus to co-locate critical civilian cybersecurity agencies.
- Provides \$97M to expand training and oversight for local law enforcement, increase the use of body worn cameras, and provide additional opportunities for reform through technical assistance and training.
- \$482M in funds to address the back log of immigration cases at the Executive Office of Immigration Review. These funds will support hiring judges and legal representation as well as expanding the Legal Orientation Program.
- Efforts to combat violent extremism include \$4M for research, \$6M for model development, \$2M for technical assistance, and \$3M for projects to enhance collaboration between law enforcement, communities, and other stakeholders.
- Credits applied to Justice's discretionary budget authority for FY 2016 include \$13.5B from the Crime Victims Fund (CVF) and \$304M from the Assets Forfeiture Fund (AFF). Both of these figures are up from the FY 2015 enacted levels. The CVF is up 39% over FY 2015, while AFF is up 58% for the same period.

Transportation

The president's budget request includes \$14.3B in discretionary appropriations for the Department of Transportation, 3.5% less than the \$13.8B enacted in Fiscal Year 2015.

Funding highlights include:

- Creates a new Office of Safety Oversight to coordinate and improve safety efforts across all modes of transportation
- Provides \$956M in discretionary funding for modernization of the Next Generation Air Transportation System
- Provides \$478B in mandatory and discretionary funding over six years for a surface transportation reauthorization proposal, including:
 - \$1.25B per year for the TIGER Grant program
 - \$18B over six years for the President's National Export Initiative
 - \$23B for transit and passenger rail programs and \$144B over six years to expand transit capital investment grants
 - \$6B over six years to provide credit assistance for nationally or regionally significant transportation projects through the Transportation Infrastructure Finance and Innovation Act Program
- Provides \$29.4B in mandatory and discretionary funding over six years for a Critical Immediate Safety Investments Program to provide targeted infrastructure investments
- Provides nearly \$6B in mandatory and discretionary funding over six years for the National Highway Traffic Safety Administration
- Invests \$935M in mandatory and discretionary funding over six years for vehicle safety and innovation, including vehicle automation and vehicle-to-vehicle technologies

Treasury

The president's budget request provides \$12.8B in base discretionary budget authority to Treasury, a 4.9% increase over FY 2015 enacted levels.

Funding highlights include:

- Includes \$2.9B for Treasury's international assistance programs to promote economic growth, poverty reduction, action on climate change, and security through Multilateral Development Bank (MDB) investments in developing and emerging economies.
- Funds increases in transparency and accountability in federal financial management and implements the Digital Transparency Act of 2014 (DATA Act).
- Proposes funding to transform Treasury's digital services with the greatest impact to taxpayers and businesses so they are easier to use and more cost-effective to build and maintain.
- Provides IRS with \$12.3B in base discretionary resources, an increase of \$1.3B from FY 2015, to restore taxpayer services to acceptable levels. Funds are also provided to continue major IT projects, which aim to protect taxpayer information, modernize antiquated systems, continue development of a state-of-the-art online taxpayer experience.

Veterans Affairs

The president's budget request provides \$70.2B in base discretionary budget authority to VA, a 7.8% increase over FY 2015 enacted levels. VA also received \$15B in the Veteran Access, Choice, and Accountability Act of 2014.

Funding highlights include:

- Continues the largest department-wide transformation in VA's history through MyVA, an effort to reorient the department around the needs of veterans.
- Improves veterans' access to medical care by investing \$60B.
- Supports improvements in veterans' mental health care, telehealth care, life-saving treatment for Hepatitis C, specialized care for women veterans, long-term care, and benefits for veterans' caregivers.
- Provides \$1.4B for programs aimed at ending veteran homelessness in 2015.
- Strengthens veterans benefit programs by proposing an increase of \$85M to hire 770 new staff to improve timeliness of non-rating claims, reduce the inventory of veterans' appeals, strengthen the fiduciary program and further enhance disability claims processing accuracy and efficiency through centralized mail and the national work queue.

FY 2016 Federal Information Technology Budget Request

As of publishing time, the Office of Management and Budget (OMB) had not yet published IT budget specifics, but topline numbers show a 2.5% increase for FY 2016. This puts the total IT request (including state and local grants and classified defense spending) at \$86.4 billion compared to the FY 2015 estimate of \$83.4B.

The administration's priorities fall in line with many of the initiatives discussed in the FY 2015 request along with those launched by OMB and the Office of Federal Procurement Policy (OFPP). Focus areas include:

- \$450 million to drive forward progress on cross-agency management priorities such as the U.S. Digital Service (USDS), PortfolioStat, Freeze the Footprint, and Open Data.
- Providing funding to 25 agencies for the development of their own agency digital services teams.
- Piloting new initiatives in IT acquisition that will increase digital acquisition capability within agencies, train agency personnel in digital IT acquisitions, and test innovative contracting models.
- Increasing the use of Shared Services
- Funding that will allow agencies to make progress in implementing the DATA Act and increase Federal spending transparency
- Continue development of the government's Category Management initiative to include:
 - Proposing legislation making it easier for vendors to bid on modestly-sized procurements and bringing more new companies into the Federal marketplace.
 - broadening the range of purchases that can be accomplished with minimal complexity and Government-unique

requirements by requesting authority to raise the simplified acquisition threshold from \$150,000 to \$500,000.

- Seeking new pilot authority to make it easier for agencies to set aside work for new small businesses and other firms with cutting edge/creative solutions that have limited experience selling to the federal government

Stay tuned to FIA as we will be publishing our complete analysis of the FY 2016 budget request in the coming weeks, 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 2016.

Fellow GovWin Federal Industry Analysis (FIA) analysts Kyra Fussell, Deniece Peterson, Angela Petty and Alex Rossino contributed to this entry.