

## INFORMATION PAPER

### Subject: FY 2014 Department of the Navy (DON) President's Budget (PB) Summary

#### 1. Purpose. Provide a summary of the FY 2014 DON President's Budget.

##### a. Budget Overview.

- The PB 2014 budget request does not reflect any impact due to sequestration. DON funding has remained stable when compared with PB 2013 and continues implementation of the President's new defense strategy.

<b>PB13 (\$B)</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FYDP</b>
Marine Corps	24.9	25.2	25.1	25.4	25.9	126.4
Navy	130.9	137.2	138.3	142.0	144.7	693.1
<b>DON</b>	<b>155.8</b>	<b>162.4</b>	<b>163.4</b>	<b>167.4</b>	<b>170.6</b>	<b>819.6</b>
<b>PB14* (\$B)</b>						
Marine Corps	24.2	25.1	25.0	25.2	26.1	125.6
Navy	131.6	137.9	138.6	141.2	143.7	693.0
<b>DON</b>	<b>155.8</b>	<b>163.1</b>	<b>163.6</b>	<b>166.3</b>	<b>169.8</b>	<b>818.6</b>
<b>Delta PB13 to PB14</b>						
Marine Corps	-0.7	0.0	-0.1	-0.2	0.2	-0.8
Navy	0.7	0.7	0.3	-0.9	-1.0	-0.2
<b>DON</b>	<b>0.0</b>	<b>0.7</b>	<b>0.2</b>	<b>-1.1</b>	<b>-0.8</b>	<b>-1.0</b>

\*PB14 funding does not include OCO

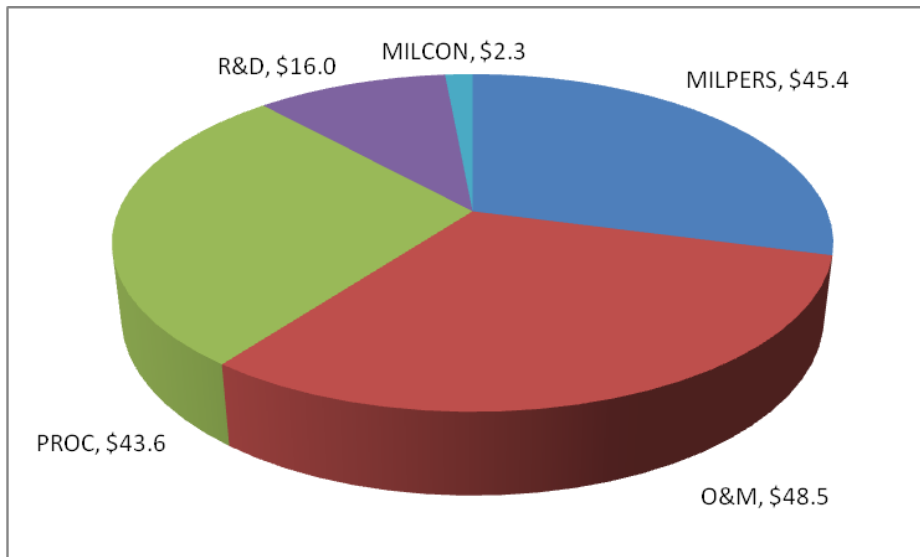
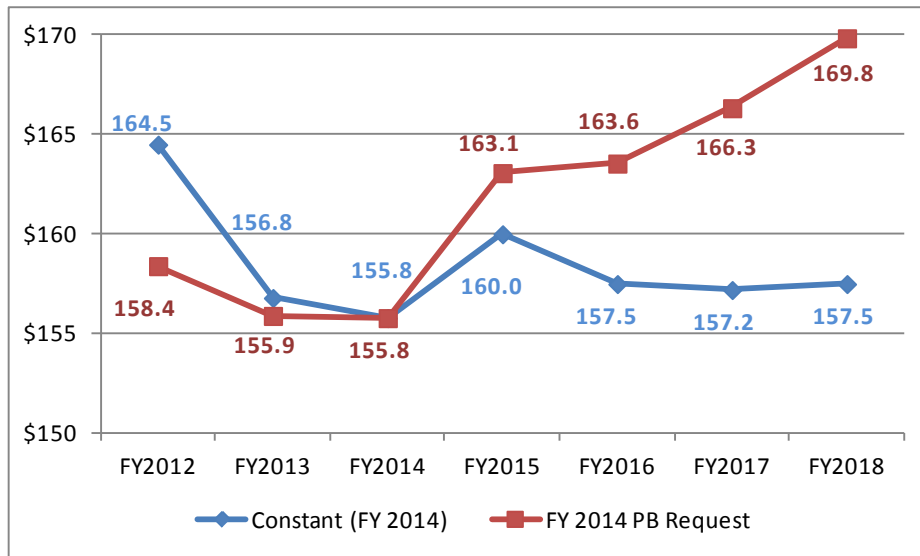
- FY 2014 baseline funding by major category:
    - Military Personnel: \$45.4 billion
    - Operation and Maintenance: \$48.5 billion
    - Procurement: \$43.5 billion
    - Research and Development: \$16.0 billion
    - Infrastructure: \$2.3 billion
  - FY 2014 personnel levels:
    - Navy Active End Strength: 323,600
    - Marine Corps Active End Strength: 182,100 (Base); 190,200 (*assuming* OCO)
    - Civilian Personnel (Full Time Equivalents): 214,406 (190,373 N/24,033 MC)
- #### b. Overseas Contingency Operations (OCO)
- FY 2014 OCO has not been finalized at this time
- #### c. FY2014 Budget Highlights
- 41 new construction ships over the FYDP
    - FY 2014 funds eight battle force ships:
      - Two Virginia Class submarines - added one in FY14
      - One DDG 51

- Four Littoral Combat Ships
  - One Afloat Forward Staging Base
- 636 new aircraft over the FYDP
  - FY 2014 funds 165 airframes. Highlights include:
    - 10 F-35B/C, 5 E-2D, and 16 P-8A
    - 21 EA-18G added in FY14. FY14 is the final year of EA-18G procurement
    - 25 AH-1Z/UH-1Y, 18 MV-22, and 37 MH-60R/S
- Drawdown of Marine Corps manpower continues with a reduction of 3,300 Marines in FY 2014 toward the goal of 182,100 Marine Corps end strength by FY 2016
- Continued OCO-to-Base transfer
- Decrease battle force ship count to 273 in FY 2014, from 287 in FY 2013
- Invest in a 4th SSN homeported in Guam
- Ship depot maintenance funded to 80 percent in baseline funding
- Ship operations funded to support 45 underway days per quarter for deployed forces and 20 days per quarter for non-deployed forces in baseline funding
- Navy/Marine Corps flying hours budgeted at T-2.5/T-2.0 rating

d. Fiscal Balancing

- OSD has highlighted major efforts within the Department's budget that reflect the types of efforts undertaken to balance within the fiscal top line which results in a reduction of -\$7.1 billion over the FYDP. This is referred to as "More Disciplined Use of Resources" (MDUR). MDUR is divided into three OSD bins: Weapons Termination/Restructure, Effective Use of Dollars, and Military Construction. The MILCON bin encompasses all changes from PB 2013 as directed by OSD.
  - Weapons Termination/Restructure
    - Terminated the Organic Airborne and Surface Influence Sweep System (OASIS) program
    - Inactivated 2 Fast Combat Support Ships (T-AOEs), one in FY 2014 and one in FY 2015
    - Rephased procurement of SM-6 to align with delivery of support systems
    - Properly priced Unmanned Carrier Launched Airborne Surveillance and Strike (UCLASS) and reduced MQ-8B quantity to meet mission needs
    - Reduced JSF costs
    - Reduced Marine Corps ammunition to match new end-strength levels
  - Effective Use of Dollars
    - Negotiated savings into MH-60R/S contracts
    - Initiated a fuel savings tool to reduce fuel consumption during transits
    - Developed better program management to reduce unobligated growth in the operations and maintenance accounts
    - Reduced the Non-Appropriated Funds (NAF) cash balance resulting in reduced direct fund requirements
  - Military Construction
    - Savings due to increased competitiveness in construction bids
    - Deferred construction of a carrier-capable berth in Guam

e. Funding Charts (\$B)



<b>MDUR (\$B)</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FYDP</b>
Weapons Termination/Restructure	-0.38	-0.95	-0.72	-0.76	-0.86	-3.66
Effective Use of Dollars	-0.50	-0.35	-0.27	-0.30	-0.51	-1.93
Military Construction Reductions	0.26	-0.41	-0.17	-0.55	-0.60	-1.47
<b>TOTAL</b>	<b>-0.61</b>	<b>-1.72</b>	<b>-1.15</b>	<b>-1.61</b>	<b>-1.97</b>	<b>-7.07</b>

f. Shipbuilding Plan

	FY13	P.L. 113-6	FY14	FY15	FY16	FY17	FY18	FYDP
CVN-21	1		0	0	0	0	1	1
SSN-774	2		2	2	2	2	2	10
DDG 51	2	3	1	2	2	2	2	9
LCS	4		4	4	2	2	2	14
LHA(R)	0		0	0	0	1	0	1
T-ATF *	0		0	0	0	2	1	3
JHSV	1		0	0	0	0	0	0
MLP/AFSB	0		1	0	0	0	0	1
T-AO(X) *	0		0	0	1	0	1	2
<b>New Construction Total QTY</b>	<b>10</b>	<b>11</b>	<b>8</b>	<b>8</b>	<b>7</b>	<b>9</b>	<b>9</b>	<b>41</b>
<b>New Construction Total (\$B)</b>	<b>\$10.9</b>	<b>\$13.0</b>	<b>\$10.9</b>	<b>\$14.0</b>	<b>\$12.9</b>	<b>\$15.3</b>	<b>\$17.4</b>	<b>\$70.5</b>
LCAC SLEP	2	4	4	4	4	4	4	20
Ship-to-Shore Connector	1		0	1	4	5	7	17
Moored Training Ships	0		0	1	0	1	0	2
CVN RCOH	0		0	0	1	0	0	1
<b>Total Shipbuilding QTY</b>	<b>13</b>	<b>16</b>	<b>12</b>	<b>14</b>	<b>16</b>	<b>19</b>	<b>20</b>	<b>81</b>
<b>Total Shipbuilding (\$B)</b>	<b>\$13.8</b>	<b>\$15.9</b>	<b>\$14.3</b>	<b>\$16.5</b>	<b>\$15.9</b>	<b>\$18.9</b>	<b>\$19.0</b>	<b>\$84.7</b>
<i>Total Shipbuilding includes all new construction, RCOH, SLEP or conversion in SCN, R&amp;D and NDSF, as well as other related line items including Service Craft, Outfitting and Post Delivery.</i>								
<i>*T-ATF and T-AO(X) funded in NDSF</i>								

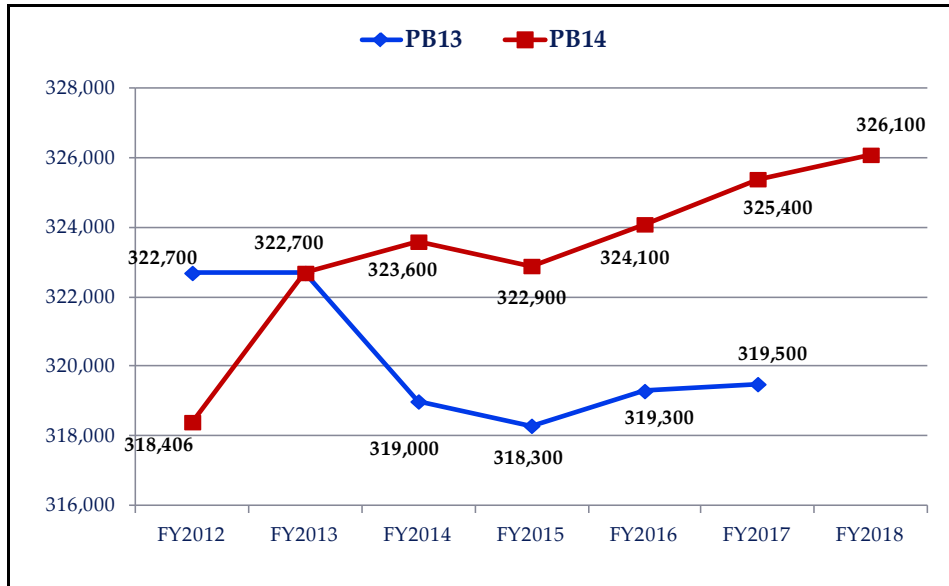
g. Aircraft Plan

	FY13	P.L. 113-6	FY14	FY15	FY16	FY17	FY18	FYDP
<b>Fixed Wing</b>								
F-35B (STOVL JSF)	6		6	6	9	14	20	55
F-35C (CV JSF)	4		4	6	9	14	20	53
F/A-18E/F	26	37	0	0	0	0	0	0
EA-18G	12		21	0	0	0	0	21
E-2D AHE	5		5	5	6	8	8	32
P-8A (MMA)	13		16	16	16	14	10	72
C-40A (USMC)	0	1	0	0	0	0	1	1
KC-130J (USMC)	0	3	2	1	1	1	2	7
UC-12W	0		1	0	0	0	0	1
<b>Rotary Wing</b>								
AH-1Z/UH-1Y*	28	31	25	26	27	28	30	136
CH-53K (HLR)	0		0	0	2	4	7	13
MV-22B	17	18	18	19	19	18	4	78
MH-60R	19		19	29	29	0	0	77
MH-60S	18		18	8	0	0	0	26
<b>UAV</b>								
MQ-8 (VTUAV)	6		1	5	8	2	2	18
RQ-4 BAMS UAS	0		0	3	4	4	6	17
STUAS (NAVY)	5		0	0	0	0	0	0
<b>Training</b>								
T-6A/B (JPATS)	33		29	0	0	0	0	29
<b>TOTAL</b>	<b>192</b>	<b>211</b>	<b>165</b>	<b>124</b>	<b>130</b>	<b>107</b>	<b>110</b>	<b>636</b>

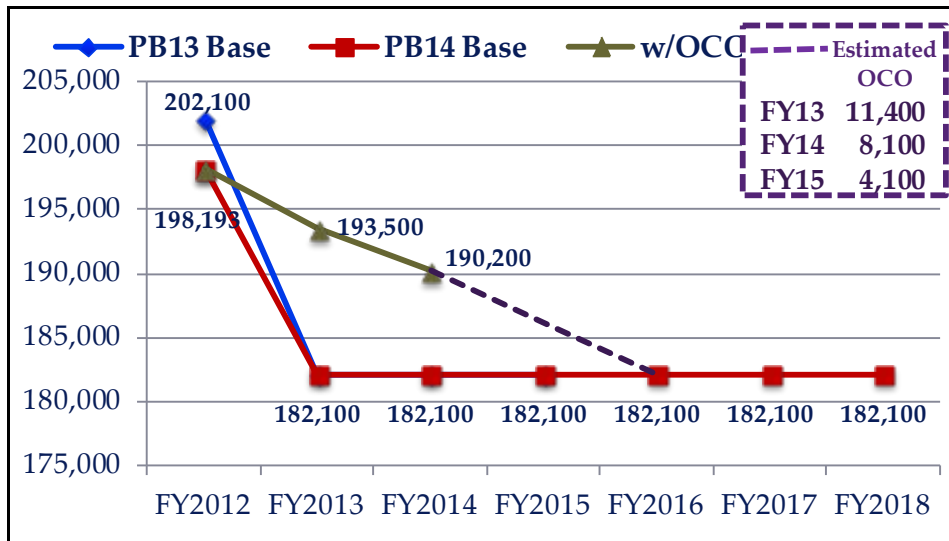
\* Includes Overseas Contingency Operations request of request of one AH-1Z in FY 2013

## h. Active Military Personnel

### Navy



### Marine Corps



i. Civilian Personnel

	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>
<b>Total – Department of the Navy</b>	212,557	212,594	214,406
<b><u>By Type Of Hire</u></b>			
Direct	201,361	201,148	202,947
Indirect Hire, Foreign National	11,196	11,446	11,459
<b><u>By Appropriation/Fund</u></b>			
Operation and Maintenance	130,042	131,409	132,044
Other (FHOPS/RDTEN)	1,705	2,054	2,010
Working Capital Funds	80,810	79,131	80,352
	<b>212,557</b>	<b>212,594</b>	<b>214,406</b>

j. OCO

Not currently included in PB 2014 request