


Highlights of the Department of the Navy FY 2014 Budget

Office of Budget - 2013








Highlights of the Department of the Navy FY 2014 Budget
Table of Contents

An electronic version is located at
http://www.finance.hq.navy.mil/FMB/14pres/Highlights_book.pdf

Section V – Investing Toward the Joint Force of 2020

Appendix B – List of Acronyms

Listing of Supporting Figures

Note: All photographs in this document were obtained from the Department of the Navy's official website, http://www.navy.mil/, and the Marine Corps' official website, http://www.marines.mil/, and are available for public use.

Preparation of this study/report cost the Department of Defense a total of approximately $1,399,000 for the 2013 Fiscal Year. This includes $71,000 in expenses and $1,328,000 in DoD labor. Generated on 2013Mar26 RefID: D-EF829D9

This page left blank intentionally.

SECTION I – DEPARTMENT OF THE NAVY: OPERATING IN A FISCALLY-DRIVEN FRONTIER

OVERVIEW

The Fiscal Year (FY) 2014 President's Budget (PB) reflects a strategic direction grounded in the reality of the nation's fiscal challenges. As we transition from today's conflicts, we must position the Navy-Marine Corps team for the challenges of tomorrow. We are committed to execute the Department of Defense (DoD) four guiding principles: maintain the world's finest military that supports and sustains U.S. global leadership; avoid hollowing out the force; consider everything, especially politically-sensitive areas; and preserve the quality of an all-volunteer force. Navy and Marine Corps capabilities remain a cornerstone to protecting our nation's global commerce and maritime crossroads.

The resulting decisions summarized in this book and detailed throughout the Department of Navy (DON) budget showcase a strategy tempered by constrained resources. When compared to PB 2013 projections, the PB 2014 Future Years Defense Program (FYDP), which represents fiscal years spanning 2014 to 2018, has remained stable and reflects continued implementation of the President's new defense strategy.

The fiscal challenges presented to us require the Navy and Marine Corps to review every decision and make the best choices possible. We must continue to invest in future weapons, vehicles, and infrastructure, but we must scrutinize every option to provide for the most affordability, versatility, and effectiveness. Ships such as the Littoral Combat Ship (LCS) that can conduct a variety of missions with interchangeable modules will be instrumental to the Department's future. The Joint Strike Fighter, which shares many common components between the Navy carrier variant and the Marine Corps Short Takeoff Vertical Lift (STOVL) variant, will also become a pillar of our future operations.

One of the biggest risks to the Department and to our country is the deterioration of our shipbuilding industrial base. The FY 2014 President's Budget provides for ship construction of forty-one new vessels over the FYDP. The aforementioned LCS will provide 14 ships, while this budget also includes 10 *Virginia* class submarines, nine *Arleigh Burke* class destroyers, an additional *Ford* class aircraft carrier, an additional amphibious assault ship, and two replacement oilers. The total shipbuilding budget across the FYDP is $84.7 billion.

The procurement of aircraft remains vital to ensure the Department can complete every mission. We are properly managing risk with our purchase of 108 Joint Strike Fighters (JSF) across the FYDP. The introduction of JSF into the fleet will lead to the final procurement of F/A-18s in FY 2013 and EA-18Gs in FY 2014. Rotary wing aircraft will continue to be significant, with eighty procured in FY 2014 alone. The MV-22 Osprey will continue to be produced in significant quantities, 78 across the FYDP. Unmanned Aerial Vehicles (UAVs) will become even more vital to the mission. A total of 35 are procured between FY 2014 and FY 2018.

To balance procurement with operations in this challenging time, the Department will decrease the number of Battle Force Ships to 273 in FY 2014. Seventeen ships will be decommissioned due to fiscal constraints, offset by the delivery of five new ships. This budget provides funding for 45 underway days per quarter for deployed forces and 20 days per quarter for non-deployed forces in the base budget. Ship maintenance is funded to 80 percent of the requirement in the baseline, and Navy/Marine Corps flying hours are budgeted at a T-2.5/2.0 rating.

As operations in Afghanistan continue to wind down, the Marine Corps will reduce end strength to 182,100. The new level will be reached by the end of FY 2016 and returns the Marines to a rapidly deployable, crisis response force. This leaner force will remain agile, flexible, and ready to handle a full range of contingencies. The Navy, meanwhile, will grow slightly to improve sea-shore flow, with sailors receiving additional training ashore in order to be more ready to return to their ships. Despite the USMC drawdown, the Department will continue to support non-traditional joint requirements in Afghanistan, the Middle East, and elsewhere. The force will continue a renewed focus on Asia and the Pacific, with Marines deployed to Australia as part of our global presence.

Fiscal realities require the Department to be committed to getting the most out of every dollar. Budget challenges do not translate into a corresponding decrease in activity by our foes. We have confronted difficult choices; the FY 2014 President's

Budget allows us to meet the defense priorities for a new century. We will remain a global force with the ability to provide credible deterrence anywhere.

This FY 2014 budget request assumes the PB 2013 budget request remains intact, though the American Taxpayer Relief Act of 2012 has been considered. This request does not reflect the implementation of sequestration as an end product of the Budget Control Act of 2011; therefore, the impact of sequestration is not incorporated into the FY 2014 budget. Additionally FY 2013 data does not account for the recently enacted Consolidated and Further Continuing Appropriations Act, 2013.

PRIORITIES FOR 21ST CENTURY DEFENSE

The strategic guidance for DoD issued last year presented a smaller and leaner force that is agile, flexible, ready, and technologically advanced. Our cooperative maritime strategy prepares the DON for these future challenges and protects the U.S. national security interests under these guidelines. The core of this strategy is for the Department of Defense to succeed in ten missions: counter terrorism and irregular warfare; deter and defeat aggression; project power despite anti-access/area denial challenges; counter weapons of mass destruction; operate effectively in cyberspace and space; maintain a safe, secure, and effective nuclear deterrent; defend the homeland and provide support to civil authorities; provide a stabilizing presence; conduct stability and counterinsurgency operations; and, conduct humanitarian, disaster relief, and other operations.

Together, the Navy and Marine Corps constitute the nation's forward rotational force, with Navy and Marine Corps units operating globally at sea and on land. Our flexible, mission-tailored forces, are able to deliver capability where needed on short notice. The strategy emphasizes the importance of engaging foreign counterparts, and grants us the ability to prevent conflict by both direct and indirect interactions. We will continue to provide a balanced blend of peacetime engagement and major combat operations capabilities.

COUNTER TERRORISM and IRREGULAR WARFARE

Maintaining security in the world involves putting constant pressure on terrorist organizations. The Navy will continue global efforts to reduce terrorism by disrupting, dismantling, and defeating terrorist organizations through a variety of techniques, including irregular warfare. We will increase sea-based support of our special forces and maintain persistent intelligence, surveillance, and reconnaissance programs. As efforts in Afghanistan continue to drawdown, our global efforts will become more widely distributed.

DETER and DEFEAT AGGRESSION

The Navy and Marine Corps will maintain their ability to deter and defeat aggression anywhere in the world by land, air, or sea. The prepositioned assets and partnerships with allies allow the Department to operate whenever and wherever possible conflicts occur. Preventing conflicts is preferable to fighting wars, and deterrence must be viewed globally, regionally, and trans-nationally, via conventional, unconventional, and nuclear means. Effective theater security cooperation activities are a form of extended deterrence, creating security, and removing conditions for conflict. The Navy and Marine Corps will have a sizable presence in the Pacific, balancing the capability of rival powers while deterring smaller adversaries. We will maintain robust joint integration with the Army and Air Force, so that each operation can be completed with speed and efficiency. The Department will remain vigilant in keeping the world's oceans open for free trade by maintaining a credible capability at strategic maritime crossroads.

PROJECT POWER DESPITE ANTI-ACCESS/AREA DENIAL CHALLENGES

Threats to the United States go well beyond our borders and into areas in which access is a challenge. The Navy will continue to project power in these areas through the positioning of carrier and amphibious strike groups and the use of unmanned vehicles. The expeditionary ability of the Marine Corps to get to any area in the world quickly and with lethal force will further deter adversaries on

land. While the growing number of nations operating submarines presents a challenge, we will continue to exercise sea control with an advanced fleet of submarines and investment in other anti-submarine warfare technologies. Despite the growing number of counterinsurgency operations compared to conventional warfare, we will retain the ability to fight a traditional war. Our future weapons and systems will be able to handle irregular situations. Our force will remain in a state of warfighting readiness with the best training, quarters, and healthcare available. We will continue to properly balance the amount of active military with that of reserves to ensure that the mission is completed while motivation and retention remain high.

COUNTER WEAPONS of MASS DESTRUCTION

The Department will continue to play an active role in preventing the proliferation and use of nuclear, biological, and chemical weapons. Further, investments will continue to ensure the capability exists to detect, protect against, and respond to the use of these weapons, should preventive measures fail. Our investments in unmanned vehicles will allow us even more access to all the corners of the world, to prevent our adversaries from finding "safe havens" to conduct operations.

OPERATE EFFECTIVELY in CYBERSPACE and SPACE

The Navy created Fleet Cyber Command/Tenth Fleet to conduct full spectrum operations in and through cyberspace to ensure Navy and Joint/Coalition Freedom of Action. The Navy must organize, train, and resource a credible workforce of cyber professionals and develop forward-leaning, interoperable, and resilient cyberspace capabilities to successfully counter and defeat a determined adversary in cyberspace. The Navy's ability to operate and maintain secure and reliable networks is critical to every warfare area and all aspects of daily operations. The Naval forces provide unique physical access to global cyberspace that can be operated remotely in coordination with national capabilities and operations. The Department will continue to work with allies and invest in additional capabilities to defend its networks, operational capability, and resiliency.

MAINTAIN a SAFE, SECURE, and EFFECTIVE NUCLEAR DETERRENT

The Navy will remain the nation's world-wide security force, with nuclear-armed submarines that can confront an adversary under any circumstance. Maritime ballistic missile defense enhances deterrence by providing an umbrella of protection to forward-deployed U. S. forces and partners, while contributing to the larger architecture planned for defense of the United States.

DEFEND THE HOMELAND and PROVIDE SUPPORT to CIVIL AUTHORITIES

The Department will remain ready to defend U.S. territory at all times, and against all foes. Our missile defense capability will provide vital protection in this effort. We will provide support to civil authorities in the event of a natural disaster or catastrophic event as needed.

PROVIDE a STABILIZING PRESENCE

United States naval forces significantly contribute to cooperative security operations through forward presence and sustained, routine engagement with foreign partners and allies. An uncertain strategic environment places a premium on multi-purpose forces that possess the ability to easily integrate the efforts of diverse partners. Budget realities, however, reinforce that thoughtful choices will have to be made to select the location and frequency of these operations going forward. Worldwide operational activities include multi-national training exercises, transnational crime operations, such as drug interdiction, and joint maneuvers.

CONDUCT STABILITY and COUNTERINSURGENCY OPERATIONS

The Navy and Marine Corps will use the lessons learned and expertise gained by eleven years of counterinsurgency and stability operations in Iraq and Afghanistan to be ready to conduct limited operations anywhere as needed. The Department's contribution to coalition forces will address instability and demands of counter-insurgency operations without significant force commitment by the Department.

HUMANITARIAN ASSISTANCE, DISASTER RELIEF, and OTHER OPERATIONS

Humanitarian assistance and disaster relief remains a strong goodwill tool, producing stronger bonds with our neighbors and forging new friendships. DON will continue to offer humanitarian assistance as the vanguard of interagency and multinational efforts, both in a deliberate, proactive fashion and in response to

crises. For over five years the Navy's two hospital ships and numerous amphibious ships have been used to promote goodwill and stability in many regions. The Department will continue to build and sustain these relationships using our entire fleet and both Navy and Marine Corps personnel.

Implementation of this cooperative maritime and new defense strategy requires that the Navy and Marine Corps demonstrate flexibility, adaptability, and unity of effort in evolving to meet the enduring and emerging challenges and opportunities ahead. We must be prepared to respond to global crises ranging from peacetime presence to full-scale war. While our country's fiscal realities prevent us from simply growing larger to meet these challenges, with innovative, creative thinking and investment in our people and resources, we will achieve each of these missions.

DEPARTMENT OF THE NAVY OBJECTIVES

Our objectives are aligned with strategic guidance for DoD and will provide real benefit to the nation in the fulfillment of our responsibilities to maintain a capable Navy and Marine Corps. As the Department faces continued fiscal pressures, operations are continuously reviewed to ensure they meet the major objectives summarized below.

- ***Take Care of Our People.*** Our Sailors and Marines are the lifeblood in everything we do. We must ensure we provide them with care, both in health and wellness. As operations wind down in Afghanistan, we will drawdown our force responsibly, leaving no sailor or Marine feeling left behind or forgotten. Additionally, the Department is reintegrating our wounded warriors with a comprehensive approach designed to optimize their recovery, rehabilitation, and reintegration into our fighting forces and society.

- ***Maintain Warfighter Readiness.*** In an era of reduced budgets, the Department must remain a naval force fully prepared for a variety of operations.

The Department will effectively size our Navy and Marine Corps to meet strategic demands. DON will continue to organize, train, and equip forces that are combat-ready while improving resiliency in the force. Cyberspace operations will maximize effectiveness to guarantee our military has the resources they need. Safety will continue to be a focus as the Department strives to reduce accidents and mishaps.

- ***Lead the Nation in Sustainable Energy.*** The Department continues to support alternative energy efforts, realizing that energy independence is vital to our national security and the safety of our Sailors and Marines. The Secretary of the Navy has listed five energy goals for the Department. First, DON will keep energy efficiency in mind in acquisition through contracts for systems and buildings. Second, expand the number of ships using a 50/50 blend of biofuel to sail a "Green" Strike Group by 2016. Third, reduce non-tactical petroleum use in the commercial fleet by 50 percent in 2015. The Department seeks to produce at least 50 percent of shore-based energy from alternative sources by 2020 as part of the fourth goal. Finally, the Department will work toward a goal of 50 percent of total energy consumption from alternative sources DON-wide by 2020.

- ***Promote Acquisition Excellence and Integrity.*** The new fiscal reality requires that every dollar is efficiently used. The Department is working to rebuild our acquisition workforce. DON is further improving the execution of every program and increasing anti-fraud efforts, and leveraging strategic sourcing to take advantage of economies of scale. These efforts must take into account the industrial base, ensuring our shipbuilders and equipment providers can sustain viability, while promoting competition.

- ***Dominate in Unmanned Systems.*** In a world where our forces have to be "everywhere at all times," the Department must find a way to ensure a presence and capability despite budgetary pressures. Our global presence will be sustained and enhanced with our continued investment in unmanned systems. DON will integrate unmanned systems across the entire Department ensuring that we can operate in any environment. We continue to invest in carrier-based and armed aerial vehicles. The Department will deploy and establish unmanned systems both at sea and underwater. Additionally, unmanned systems on the ground

will be used, such as explosive ordinance disposal with robots and unattended ground sensors.

- ***Drive Innovative Enterprise Transformation.*** The Department's efforts at transforming our business enterprise are of paramount importance, ensuring that all available resources are directed to our Sailors and Marines. The Department's drive to provide stronger financial management and increased auditability will strengthen across the FYDP. Efforts to maximize our information technology (IT) enterprise will continue to take advantage of efficiencies. DON will also strategically manage our human capital to provide our military with knowledgeable and capable civilian manpower.

Each of these objectives will allow us to meet our mission of being a highly effective and efficient force. Fiscal realities have been taken into account and refocused our efforts to prepare for tomorrow's challenges. While the Navy and Marine Corps of the future may be a leaner force, the Department will be no less agile or strong in our capabilities.

PEOPLE, PLATFORMS, POWER, AND PARTNERSHIPS

The Secretary of the Navy has established specific priorities for the Department named "People, Platforms, Power, and Partnerships." For our People, the Department will work diligently to ensure the mental, emotional, and physical well-being of our Sailors and Marines. Platforms represent the ships, aircraft, submarines, and unmanned vehicles the DON operates. The focus for Platforms is to ensure the Navy and Marine Corps are getting the correct mix of equipment needed, in the proper quantity, and at the best value. Power refers to the DON's energy goals; striving for efficiency and developing alternative sources of energy. Partnership involves developing friends and allies around the world.

Figure 1 below reflects Navy/Marine Corps operations as of 28 March 2013.

Figure 1 - Status of Navy and Marine Corps Forces

Navy

- 317,464 active strength
  - 4,241 mobilized reservists
  - 42,563 Sailors deployed afloat
- 138 ships deployed/underway – 49%
  - 95 deployed/43 other underway
  - Two Aircraft Carriers
  - Four Large Deck Amphibious Assault Ships

Marine Corps

- 199,695 active strength
  - 2,361 active reserves
  - 2,249 activated reservists
- 19,800 deployed
  - 9,500 Afghanistan
  - 3,550 other CENTCOM
  - 3,400 PACOM
  - 3,350 all others

Support of the Department of the Navy FY 2014 budget is critical to achieving its mission and to supporting the 21st century seapower strategy. Our FY 2014 budget, as requested, while constrained, allows us to maintain our preeminent role in global maritime security and humanitarian efforts, alongside other federal and international agencies. Readiness is commensurate with fiscal realities and the defense strategy, and manpower is aligned to the Department's mission objectives. Warfighting capability investments focus on better ways to support combat operations.

FISCAL BALANCING

The Budget Control Act of 2011 established a Government-wide deficit reduction target, with DoD funding reduced by $487 billion over ten years. In the FY 2013 President's Budget, the DON incorporated a reduction of over $58 billion across the FY 2013-2017 FYDP through a stringent assessment of enterprise initiatives, reductions to force structure with excessive operating and support cost, termination of lower priority investments, controlled growth in compensation, and adherence to Executive Order (EO) 13589, Promoting Efficient Spending.

The DON FY 2014-2018 FYDP continues to pursue a strategy of More Disciplined Use of Resources by targeting three areas: Weapons Terminations/Restructure, Effective Use of Dollars, and Military Construction Reductions.

Figure 2 shows the outcome of the DON review for the More Disciplined Use of Resources and efficiencies able to be achieved in the FY 2014-2018 FYDP.

Figure 2 – Department of the Navy Fiscal Balancing

(In Millions of Dollars)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FYDP
Weapons Termination/Restructure	-375.1	-953.7	-715.6	-756.7	-863.9	-3,664.9
Effective Use of Dollars	-500.6	-350.9	-266.0	-297.1	-513.6	-1,928.2
Military Construction Reductions	260.8	-414.7	-170.6	-553.4	-596.1	-1,474.0
TOTAL	**-614.9**	**-1,719.2**	**-1,152.1**	**-1,607.2**	**-1,973.7**	**-7,067.1**

BALANCING EFFORTS

Weapons Termination/Restructures

- 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 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 cash balance resulting in reduced direct fund requirements

Military Construction Reductions

- Savings due to increased competitiveness in construction bids
- Deferred construction of a carrier-capable berth in Guam

RESOURCE SUMMARY

Total Obligation Authority (TOA) for the FY 2014 Department of the Navy baseline budget is $155.8 billion. Figure 3 displays the DON request in current year and constant year dollars to provide perspective on real buying power which has a dip in FY 2014 and then remains relatively flat throughout the FYDP. Figure 4 displays the FY 2014 President's Budget by Appropriation Title. Figure 5 displays individual Department of the Navy appropriation estimates.

Figure 3 - Department of the Navy Topline FY 2012 - FY 2018
Current and Constant Dollar Comparison
(Dollars in Billions)

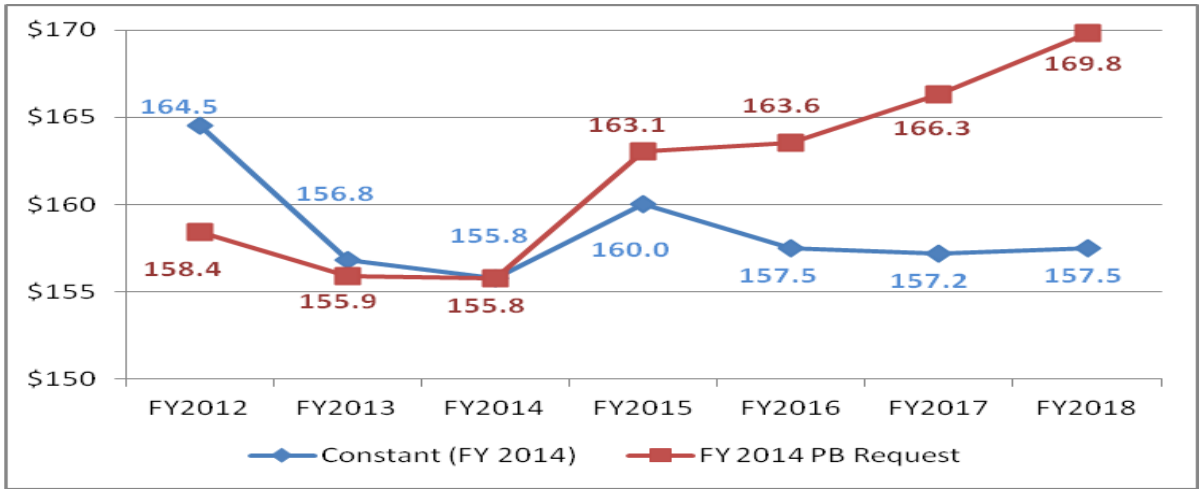


Figure 4 – FY 2014 DON Budget by Appropriation Title ($155.8 Billion)

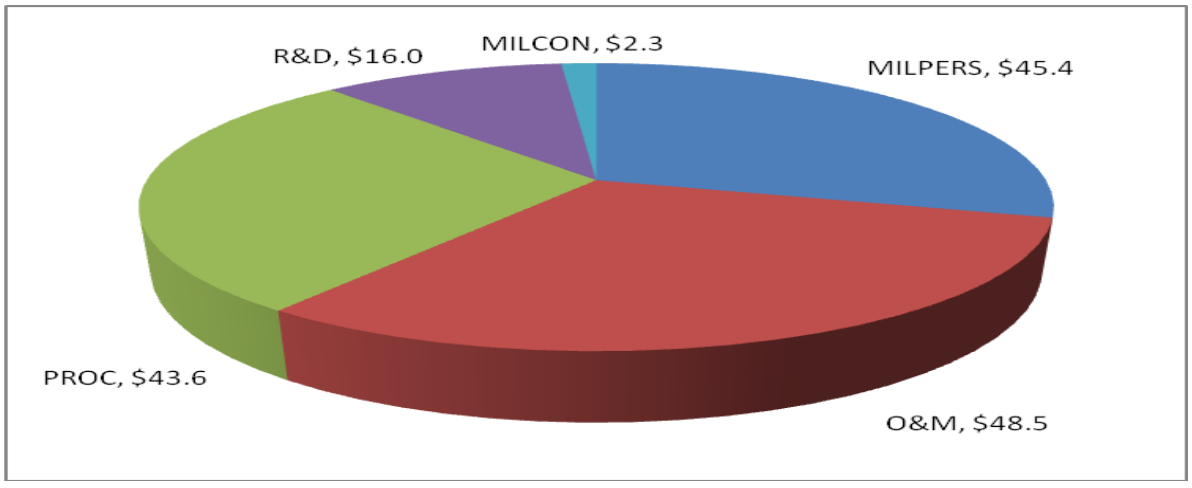


Figure 5 displays individual Department of the Navy appropriation estimates.

Figure 5 – Appropriation Summary, FY 2012- FY 2014

(In Millions of Dollars)	FY 2012	2013 PB Req	2013 Full Yr CR	2013 P.L. 113-6	FY 2014
Military Personnel, Navy	26,410	27,091	26,967	26,867	27,824
Military Personnel, Marine Corps	13,610	12,481	13,719	12,515	12,905
Reserve Personnel, Navy	1,909	1,899	1,947	1,872	1,892
Reserve Personnel, Marine Corps	640	665	649	657	677
Health Accrual, Navy	1,806	1,184	1,397	1,397	1,198
Health Accrual, Marine Corps	1,126	673	810	810	684
Health Accrual, Navy Reserve	236	142	169	169	135
Health Accrual, Marine Corps Reserve	135	81	98	98	81
Operation and Maintenance, Navy	39,179	41,607	38,354	41,548	39,945
Operation and Maintenance, Marine Corps	5,664	5,983	5,577	6,024	6,255
Operation and Maintenance, Navy Reserve	1,300	1,247	1,313	1,255	1,198
Operation and Maintenance, Marine Corps Reserve	271	272	273	277	263
Environmental Restoration, Navy	-	311	311	310	316
Aircraft Procurement, Navy	17,632	17,129	17,705	17,359	17,928
Weapons Procurement, Navy	3,202	3,118	3,210	3,033	3,122
Shipbuilding and Conversion, Navy	15,138	13,580	15,010	15,564	14,078
Ship Maintenance, Operations, and Sustainment Fund	-	-	-	2,379	-
Other Procurement, Navy	5,992	6,169	5,990	5,947	6,310
Procurement, Marine Corps	1,423	1,623	1,431	1,410	1,344
Procurement of Ammunition, Navy & Marine Corps	627	760	602	659	589
Research, Development, Test, & Evaluation, Navy	17,648	16,883	17,848	16,941	15,975
National Defense Sealift Fund	1,472	608	1,107	697	731
Military Construction, Navy & Marine Corps	2,119	1,702	2,101	1,547	1,700
Military Construction, Naval Reserve	26	50	26	49	33
Family Housing Construction, Navy & Marine Corps	115	102	102	102	73
Family Housing Operations, Navy & Marine Corps	375	378	370	378	390
Base Realignment & Closure	346	165	130	194	145
SUBTOTAL	**158,402**	**155,902**	**157,219**	**160,060**	**155,790**
Overseas Contingency Operations	14,899	14,230	14,230	14,012	-
Other Supplemental	1,409	-	-	-	-
TOTAL	**174,710**	**170,132**	**171,449**	**174,072**	**155,790**
BY SERVICE					
Navy	**143,182**	**139,344**	**139,883**		**131,615**
Marine Corps	**31,529**	**30,788**	**31,566**		**24,175**

This page left blank intentionally.

SECTION II – THE CONTINUING CHALLENGE IN THE MIDDLE EAST SECURITY ENVIRONMENT

OVERVIEW

The Navy and Marine Corps are agile and flexible expeditionary forces engaged in a full range of operations around the world. Today over 20,000 Marines, 42,000 Navy personnel, and 121 ships are underway or deployed worldwide creating a safer, more stable, and more prosperous world for the American people, our allies, and our partners. The Department's global security effort maintains a balance of presence between the Asia-Pacific and Middle East regions. Additionally with some of our more stalwart allies, Europe will remain our principal partner in seeking global and economic security for the foreseeable future. Building partnerships elsewhere is also important to protect freedom of access throughout the global commons. Through partnerships with a growing number of nations, including those in Africa and Latin America, we will strive for a common vision of freedom, stability, and prosperity.

This focused balance of global efforts using innovative, lower cost and smaller foot-print approaches with our partners and allies is thanks to the extraordinary service and sacrifice of Sailors and Marines. Through their efforts, we have responsibly ended the war in Iraq, put al-Qa'ida on the path to defeat, and have made significant progress in stabilizing Afghanistan, allowing us to begin the transition of forces out of Afghanistan. As a nation still at war, we continue to impose local sea control, sustain power ashore and represent a major strategic role in the Persian Gulf, Horn of Africa and Afghanistan by providing critical force protection requirements, training, equipment, and assistance to our coalition partners. Al-Qa'ida and its affiliates remain active in Pakistan, Afghanistan, Yemen, Somalia, and elsewhere. Since violent extremists continue to threaten U.S. interests, allies, and partners, the U.S. will continue to take an active approach to counter these threats. To deal with these challenges, we will be agile, flexible and ready to assume new missions—today and tomorrow. To integrate requirements for today's warfighters and provide a sustainable force in response to Combatant Commander demands,

funding for Overseas Contingency Operations (OCO) will be submitted as an amendment to the FY 2014 budget request.

NAVY AND MARINE CORPS SUPPORT

Our overseas force posture is shaped principally by ongoing and projected operational commitments. Navy and Marine Forces were removed from Iraq upon completion of operational commitments there. FY 2013 continues supporting Navy and Marine Corps operations in Afghanistan. Today the Marine Corps has a robust presence of over 11,000 Marines in the U.S. Central Command (CENTCOM) with 9,500 in Afghanistan. The increased emphasis on Afghanistan over the last three years required that naval forces provide greater support to the Afghanistan theater, both in the conduct of direct operational missions, as well as increased combat support for U. S. and coalition forces on the ground, generating higher operational tempo (OPTEMPO) demand related to the more remote geographic location of the combat region and greater personnel requirements in country. As our extended efforts bring stability to Afghanistan and secure our interests, operations will continue to decrease with the drawdown and the transition to Afghan responsibility.

Beyond the Marines participating in counterinsurgency, security cooperation, and civil-military operations in Afghanistan and throughout CENTCOM, on any given day there are approximately 9,000 Sailors ashore and another 12,000 afloat throughout CENTCOM. These Sailors are conducting, maritime infrastructure protection, explosive ordnance disposal/(Counter-IED), combat construction engineering, cargo handling, combat logistics, maritime security, customs inspections, detainee operations, civil affairs, base operations and other forward presence activities. In collaboration with the U.S. Coast Guard, the Navy also conducts critical port operations and maritime interception operations. Included in our globally sourced forces are Individual Augmentees (IAs) serving in a variety of joint or coalition billets, either in the training pipeline or on station. As these operations unfold, the size and type of naval forces committed to them will likely evolve, thereby producing changes to the overall posture of naval forces. For the foreseeable future, the demand for naval presence in the theater remains high as we

uphold our commitments to allies and partner states. The maintenance of peace, stability, the free flow of commerce, and U.S. interests in this dynamic region will depend on naval presence and the ability to strike violent extremist groups when necessary. Long after the significant land component of the operation is reduced, naval forces will remain forward.

While forward, acting as the lead element of our defense-in-depth, naval forces will be positioned for increased roles in combating terrorism. They will also be prepared to act in cooperation with an expanding set of international partners to provide humanitarian assistance and disaster response, as well as contribute to global maritime security. Expanded Maritime Interdiction Operations are authorized by the President and directed by the Secretary of Defense to intercept vessels identified to be transporting terrorists and/or terrorist-related materiel that poses an imminent threat to the United States and its allies.

Strike operations are conducted to damage or destroy objectives or selected enemy capabilities. We have done small, precise attacks against terrorist cells and missile attacks against extremist sanctuaries. Among the various strike options, our sea-based platforms are unique and provide preeminent capabilities and flexibility that will be maintained.

This versatility and lethality can be applied across the spectrum of operations, from destroying terrorist base camps and protecting friendly forces involved in sustained counterinsurgency or stability operations, to defeating enemy anti-access defenses in support of amphibious operations. We have focused this strategic capability intensely in Afghanistan in an effort to counter the increasing threat of a well-armed anti-Coalition militia including Taliban, al-Qa'ida, criminal gangs, narco-terrorists, and any other anti-government elements that threaten the peace and stability of Afghanistan. Our efforts to deter or defeat aggression and improve overall security and counter violent extremism and terrorist networks advance the interests of the U.S. and the security of the region.

The Navy has active and reserve sailors continually deployed in support of the contingency operations overseas serving as members of carrier strike groups, expeditionary strike groups, Special Operating Forces, Seabee units, Marine forces, medical units, and as IAs. Our Sailors and Marines are fully engaged on the ground,

in the air, and at sea in support of operations in Afghanistan. A significant portion of the combat air missions over Afghanistan are flown by naval air forces. Our elite teams of Navy SEALs are heavily engaged in combat operations. Navy sealift will return heavy war equipment from CENTCOM as the drawdown progresses, while Navy logisticians are ensuring materiel arrives on time. Our Navy doctors, nurses, and corpsmen are providing medical assistance in the field and at forward operating bases. Navy IAs are providing combat support and combat service support for Army and Marine Corps personnel in Afghanistan. As IAs they are fulfilling vital roles by serving in traditional Navy roles such as USMC support, maritime and port security, cargo handling, airlift support, Seabee units, and as a member of joint task force/Combatant Commanders staffs. Non-traditional roles include detainee operations, custom inspections teams, and civil affairs. On the water, Navy forces are intercepting smugglers and insurgents and protecting our interests since global security and prosperity are increasingly dependent of the free flow of goods. We know the sea lanes must remain open for the transit of oil and our ships and Sailors are making that happen.

OVERSEAS CONTINGENCY OPERATIONS RESOURCING

The FY 2013 OCO request includes incremental costs to sustain operations, manpower, equipment and infrastructure repair, as well as equipment replacement. These costs include aviation and ship operations, combat support, base support, USMC operations and field logistics, mobilized reservists and other special pays. The FY 2012 President's Budget reflected the withdrawal of forces from Iraq and the start of the transition out of Afghanistan. This effort to transition to Afghan responsibility is continued in FY 2013 with the Department of the Navy request for $14.2 billion, a reduction of $1.5 billion from FY 2012.

Our defense efforts are aimed at countering violent extremists and destabilizing threats, as well as upholding our commitments to allies and partner states. These armed adversaries such as terrorists, insurgents, and separatist militias are a principal challenge to U.S. interests in East Africa.

Since the Mine Resistant Ambush Protected (MRAP) Vehicle Fund concluded in FY 2012, the FY 2013 OCO budget includes $0.6 billion for the operation, maintenance, and modernization of MRAP vehicles.

Since FY 2012 was the last year that Army provided all fuel services for ground forces in Afghanistan, the FY 2013 budget includes $0.3 billion for fuel.

The OCO budget for FY 2013 supports the deployment, operation and sustainment of one regimental combat team, a division-level headquarters unit, Seabee battalions, aviation and ship operations, combat support, base support, transportation of personnel and equipment into and out of theater, and associated enabling forces to Afghanistan. Funding is also needed for service contracts supporting unmanned aerial systems (UAS) providing intelligence, surveillance, and reconnaissance (ISR) and additional in-theater maintenance.

As contingency efforts continue into FY 2014, a similar budget request will be submitted as an amendment to the FY 2014 budget at a later date. Figure 6, which shows OCO in FY 2012 and the FY 2013 request, will be updated to include FY 2014 at that time.

Figure 6 - Department of the Navy Overseas Contingency Operations Funding Profile

Department of Navy OCO Budget		
(In Millions of Dollars)	**FY 2012 Actual**	**FY 2013 OCO**
Military Personnel, Navy (MPN)	1,077	875
Reserve Personnel, Navy (RPN)	39	39
Operation and Maintenance, Navy (O&MN)	6,738	5,880
Operation and Maintenance, Navy Reserve (O&MNR)	74	56
Aircraft Procurement, Navy (APN)	481	165
Procurement Ammunition, Navy and Marine Corps (PANMC)	135	152
Other Procurement, Navy (OPN)	269	99
Weapons Procurement, Navy (WPN)	41	24
Research, Development, Test and Evaluation, Navy (RDT&EN)	50	53
Military Construction, Navy (MILCON)	123	-
USN Subtotal	**9,027**	**7,342**
Military Personnel, Marine Corps (MPMC)	547	1,621
Health Accrual, Marine Corps (DHAMC)	-	65
Reserve Personnel, Marine Corps (RPMC)	18	25
Operation and Maintenance, Marine Corps (O&MMC)	3,729	4,066
Operation and Maintenance, Marine Corps Reserve (O&MMCR)	36	25
Procurement, Marine Corps (PMC)	1,334	944
Procurement Ammunition, Navy and Marine Corps (PANMC)	182	134
Research, Development, Test and Evaluation, Navy (RDT&EN)	26	7
USMC Subtotal	**5,872**	**6,888**
DON Grand Total - Supplemental	**14,899**	**14,230**

Ongoing contingency operations have had a significant impact on Navy and Marine Corps equipment. Expeditionary forces, including Seabees, Explosive Ordnance Disposal, and tactical and support aircraft are experiencing much higher than expected wear. The Marine Corps experienced equipment usage rates as much as seven times greater than peacetime rates, tremendously decreasing the projected lifespan of its gear. Reconstituting the force will refurbish or replace equipment which has been used more extensively than originally anticipated, in order to remain responsive to emerging threats and other contingencies.

Past supplemental funding has mitigated most of the Marine Corps and Navy costs, but many items remain in need of repair or replacement. Funds are required to reconstitute Navy/Marine Corps forces to capability levels existing before hostile overseas operations and to provide critical capability enhancements essential to the conduct of theater missions. Included is funding which is necessary to restore units to a desired level of combat capability commensurate with the unit's future mission. These maintenance and supply activities involve depot (sustainment) repairs/overhauls centrally managed to specified standards. Without requested funding, efforts to continue the ongoing fight and simultaneously address the post-war need to maintain future warfighting readiness will not be achieved.

Major elements of the FY 2013 budget include:

- Personnel The Department's OCO budget includes funding for special pays and entitlements for forward deployed active duty and reserve personnel supporting overseas contingency operations. In addition the OCO budget includes funding for 5,962 mobilized Navy reservists and 4,096 mobilized Marine Corps reservists. Requirement for Navy non-core IAs for temporary IA missions such as civil affairs, training teams, detainee operations and customs inspections formerly resourced with active duty personnel will be resourced with mobilized Navy Reservists in the OCO budget. We have not included active component over-strength for non-core IA's in the base or OCO budgets. In FY 2013 the Marine Corps begins its drawdown of 20,000 Marines, reducing their overall strength from 202,100 to an enduring level of 182,100. During the drawdown strength maintained over and above the

enduring level of 182,100 will be funded in the OCO. For FY 2013, 182,100 Marines will be funded in the baseline and 15,200 will be funded in the OCO.

- Operating Support Funds are required to cover the incremental costs of military operations including pre-deployment training, flying hours, steaming days, transportation, supplies, communications, logistics, and sustainment of combat equipment. The operating tempo requirements include fuel, supplies, repair parts, etc., for naval forces conducting combat and counterinsurgency operations in continuously harsh conditions. The request continues support for the fighting force in Afghanistan and the refurbishment costs associated with equipment returning from theater. Operational realities have maintained the demand signal for Departmental assets in theater for irregular capabilities as well as outside of the more traditional boots-on-the-ground support. ISR, airborne electronic attack, combat support missions flown from carrier decks with long transit times, and expanded counter-piracy missions are all areas that have shown persistent high demand signals from CENTCOM.

- Depot Maintenance Funds are required for the added incremental air, ship, and combat support equipment maintenance requirements due to the increased operating tempo of the on-going contingency operations. The funding includes support for surface ship life-cycle class maintenance plans, additional airframe and engine depot inductions, and contractor logistics costs for the repair of aeronautical components for aircraft systems and equipment under direct contractor logistics support, performance-based logistic, and power by the hour programs.

- Naval Aircraft Funds are required to replace one Marine Corps AH-1 attack helicopter lost in Afghanistan in September 2011. Additionally, funds are required for modifications/upgrades to ensure capability is preserved and that vital force protection upgrades are installed to meet operational commanders' emerging requirements.

- Marine Corps Ground Equipment Funding is required to continue the procurement of theater specific equipment for mobility, force protection,

survivability information, surveillance and reconnaissance. Procurement dollars also provide reset and long-term reconstitution funding for destroyed and worn out equipment.

- Navy Ground Equipment Funds are required to replace equipment lost in conflict or beyond economic repair and provide for enhanced force protection. Significant items include the replacement of AM-2 aircraft matting used in Operation Enduring Freedom (OEF) by the Marine Corps and MRAP vehicle modifications.

- Weapons/Ammunition Funds are required to replace Hellfire missiles and to procure standoff precision guided munitions to fulfill a Marine Corps KC-130J Urgent Operational Need Statement for OEF.

- Research and Development Due to unique in-theater requirements, funds are required for several items, with the most significant being $34 million for National Intelligence Programs and $8 million for RQ-7B Shadow UAV.

This page left blank intentionally.

SECTION III – TAKING CARE OF OUR PEOPLE

OVERVIEW

The Department of Navy is committed to maintaining the finest, highest quality naval force that supports the new strategic guidance for DoD. Our people are a critical component of the Department's Maritime Strategy. America's naval forces are and will remain combat-ready because of the dedication and motivation of our Sailors, Marines, and civilian workforce. The development and retention of quality personnel are vital to meeting the defense strategy goal to be a smaller, leaner, but agile, flexible, ready and technologically-advanced All-Volunteer Force. Quality of life and quality of service are key factors in attracting and retaining highly-motivated and qualified personnel. The DON will take care of our total volunteer force by sustaining quality of service/quality of life programs, including training, promotion opportunities, health care, housing, and reasonable operational and personnel tempo. The Department remains committed to providing the right person with the right skills, at the right time and at the best value while ensuring the welfare of our Sailors, Marines and their families. We will maintain trust with those who serve and also focus efforts on wounded warriors, mental health, and the well-being of our service members and our families.

The total naval workforce is being shaped and optimized to support the defense strategic guidance. By maintaining U.S. maritime dominance, our service members promote security, stability, and trust around the world. Our Sailors and Marines, in cooperation with our foreign partners and allies, continue to provide training and deliver humanitarian aid, disaster relief and other assistance throughout the globe. In times of crisis, Navy and Marine Corps units are often already on the scene or the first U.S. assets to arrive. They accomplish this all as a seaborne force with a minimum footprint ashore.

The DON military personnel and civilian personnel budgets for FY 2014 includes a basic pay raise of 1.0 percent and continues to focus on the efficient use of active and

reserve Navy and Marine Corps manpower in support of the DoD strategic guidance and the fiscal constraints included in the Budget Control Act of 2011.

To ensure the Navy is positioned to meet the defense strategic guidance and Chief of Naval Operations' tenets of Warfighting First, Operate Forward, and Be Ready, the Navy will continue to stabilize the force while carefully monitoring personnel and Fleet readiness and evaluating and adjusting existing and new force shaping tools to ensure the right skills, pay-grade mix and experience level. We will ensure Sailors are assignable, deployable and distributable to accomplish the mission. We will accomplish this through responsive force management that includes recruiting the best and brightest, retaining the finest workforce, and optimizing the training supply chain to meet Fleet requirements. We are also working to maximize Sailor personal readiness and resiliency. Our 21st Century Sailor and Marine initiative, launched in March 2012, consolidated a set of objectives and policies, new and existing, to maximize Sailor and Marine personal readiness, build resiliency and hone the most combat-effective force in the history of the Navy and Marine Corps.

The FY 2014 Marine Corps manpower budget supports the drawdown in Afghanistan and the transformation to the joint force of 2020 as outlined in the defense strategic guidance. Starting in FY 2012 the Marine Corps began drawing down from a force level of 202,100 end strength to a post OEF, enduring strength level of 182,100 marines. While this reduced level of end strength takes some additional unit risk in capacity, with manning levels for the operating force going from 99 percent to 95 percent for officers and 97 percent for enlisted, it provides for affordability while maintaining a ready, capable and more senior force in support of the new strategic guidance for DoD. At this enduring strength level and force structure plan the Marine Corps has retained the necessary level of non commissioned officer and field grade officer experience and warfighting enablers to reverse to a larger force if required.

MILITARY PERSONNEL

Active Navy Personnel

We remain invested in recruiting, training and retaining Navy personnel to create an environment that offers opportunity, promotes personal and professional growth, and provides the kind of workforce needed for the 21st century. Our vision is a naval manpower, personnel, training and education system that targets and attracts the right talent, then trains, develops, equips, and motivates these men and women throughout their naval careers. Navy's goal is to maintain a force in which seniority, experience and skills are matched to requirements. In addition, we will continue to align the personal and professional goals of our workforce: with the needs of the Navy, the joint force and in support of the defense strategy while ensuring the welfare of our Sailors and their families; to deliver a high performing, competency-based and mission-focused force to meet the full spectrum of Navy and joint operations; and to provide the right person with the right skills, at the right time as the best value to the joint force.

Beginning in FY 2013 the Navy ended over a decade's worth of planned strength reductions and begins a period of slow growth to stabilize the force, increase manning at sea, improve sea/shore flow, and increase the Navy's Cyber capabilities. The FY 2014 Military Personnel, Navy (MPN) budget funds the continuation of this growth.

Navy has invested in additional strength to help reduce manning gaps at sea, while concurrently restoring targeted shore billets to provide adequate shore rotational assignments for sailors in sea intensive ratings at regional maintenance centers and afloat training groups. These additional billets will not only help improve sea-shore flow, they will develop additional trained sailors with advanced maintenance skills while on shore duty. Sailors will return to sea more ready and be able to make an immediate technical contribution to their ships

As U.S. forces draw down in Afghanistan and in alignment with the defense strategic guidance, the Navy is increasing our forward operating presence and rebalancing our forces to the Asia-Pacific region. We will provide a stabilizing presence, while building partnerships and deterring aggression.

Navy continues to provide support to Sailors and their families through a "continuum of care" that covers all aspects of individual medical, physical, psychological and family readiness. The Navy's Safe Harbor program provides non-medical care management for seriously wounded, ill and injured Sailors and Coast Guardsmen, as well as a support network for their families. In addition, through the Navy's Fleet and Family Support Program, we provide a full array of programs and resources to support Sailors and Navy families. These programs include: deployment readiness; personal and family wellness education and counseling; emergency preparedness and response; crisis intervention and response; military and personal career development, financial education and counseling and spouse employment. The Department's FY 2014 budget continues our support for service members and their families by providing significant funding increases for programs such as Sexual Assault Prevention and Response (SAPR), Alcohol Abuse Prevention, Exceptional Family Member Programs, Operational Stress Control and Suicide prevention.

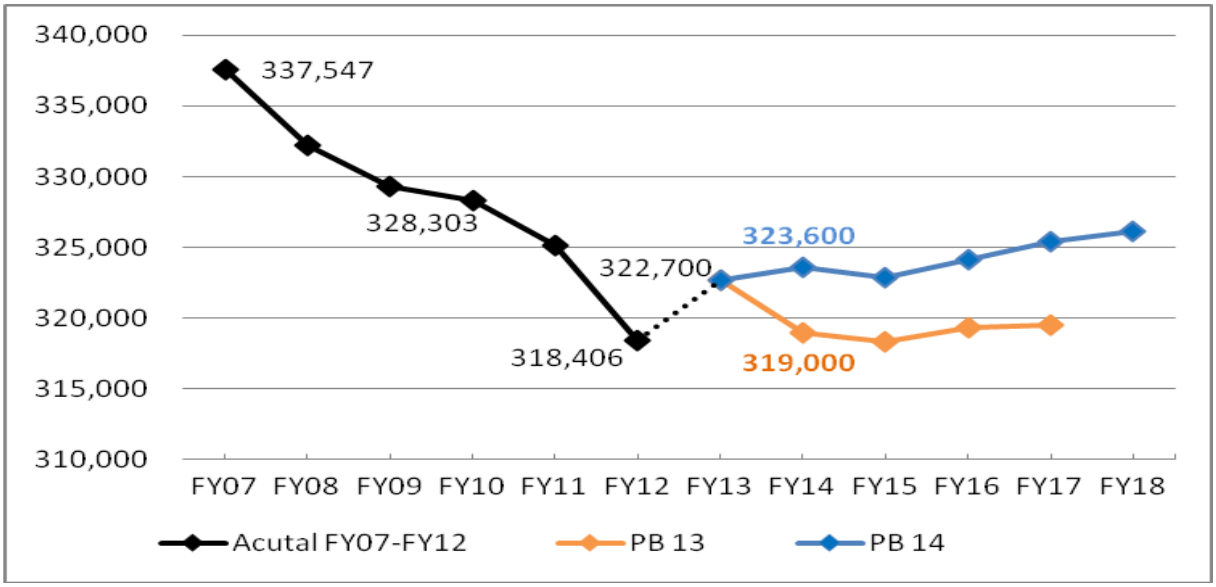
Our service members bring dedication, patriotism, strength, talent, unity of effort, and cultural diversity to our Navy. People are the catalysts for our success. Figure 7 displays active Navy end strength for FY 2012 through FY 2014. The FY 2012 column represents the actual execution of the Navy ending the year at 318,406, under strength from the authorized amount of 325,700. FY 2014 reflects continued force shaping to achieve the correct mix of officer and enlisted personnel supporting the Navy's force structure and defense strategic guidance.

Figure 7 - Active Navy Personnel Strength

	FY 2012	FY 2013 PB Req	FY 2014
Officers	52,855	51,298	53,400
Enlisted	261,072	266,912	265,878
Midshipmen	4,479	4,490	4,322
Total: Strength	**318,406**	**322,700**	**323,600**

**FY 2012 includes 3,836 non-core Ias requested for temporary IA OCO missions*

Figure 8 – Active Navy End Strength Trend



To ensure we attract the best and brightest for our team, the Navy will align its human capital efforts to be: responsive to the Joint Warfighter; competitive for the best talent in the nation; diverse; a learning organization; and a leader in human resource solutions.

Recruiting Command continues to meet the manpower needs of the Navy in both quantity and quality as can be seen in Figure 9. The number of accessions is based on the total force requirement and can be adjusted during execution to meet changing force structure or fiscal requirements.

Recruit quality in FY 2012 was 99 percent high school graduates, 90 percent test score category I-IIIA, and 8 percent with some college experience.

Figure 9 – Active Navy Accessions

	FY 2012	FY 2013 PB Req	FY 2014
Enlisted Accessions	36,401	34,000	35,700
Percent High School Graduates	99%	95%	95%
Percent above average Armed Forces Qual Test	90%	75%	70%

The following figures provide summary data on active Navy personnel accessions and attrition.

Figure 10 – Navy Enlisted Reenlistment Rates

	FY 2012	FY 2013 PB Req	FY 2014
Zone A (<6 years)	58%	77%	66%
Zone B (6 to 10 years)	62%	79%	72%
Zone C (10 to 14 years)	78%	81%	89%

Note: Strength Plans categorize reenlistments as First Term (Zone A) and Career. Zones B and C rates derived using extrapolated Center for Career Development historical data.

Figure 11 - Navy Enlisted Attrition

	FY 2012	FY 2013 PB Req	FY 2014
Zone A (<6 years)	8.7%	7.0%	9.3%
Zone B (6 to 10 years)	3.2%	3.0%	3.0%
Zone C (10 to 14 years)	2.5%	2.7%	2.2%

Education and Training

Today's Navy is the most modern and technically superior Navy in the world. Our ability to outperform our adversaries on the sea, in the air, below the sea and on land requires a highly educated, trained, skilled, and disciplined force.

Sailors do not have to put college on hold while pursuing a Navy career. The Navy has many programs to support sailors in their pursuit of an undergraduate or graduate degree offering financial support in the form of tuition assistance or scholarships, and college classes on-line, aboard ships or at local Navy bases. Navy Officers can attain master's degrees or Ph.D's through the Naval Postgraduate School or in some cases at civilian universities.

The Navy offers a continuum of training throughout one's Navy career starting at boot camp or via one of the Navy's officer commissioning programs. The Navy A-Schools provide hands on training to give new Sailors the basic job skills required for their field much like apprentice training programs offered in vocational schools in the private sector. Navy C-Schools provide Sailors with advanced operator and technical skills. For instance, qualified Sailors will attend Sonar A-School to become a Submarine Sonar Operator. Attendance at a C-School would provide that Sonar Technician with advanced training for a specific Sonar system.

The Navy maintains a robust number of training simulators close to the fleet in order to provided training more efficiently and cost effectively to a large number of personnel. Simulator training is used to provide something as simple as basic firearms training to the more complex flight simulators and ship and submarine simulators. Sailors and Officers will use simulators throughout their career to re-establish or maintain their required qualifications or to become proficient on new systems such as the Navy's new Littoral Combat Ship and Joint Strike Fighter. While no simulator can fully replicate actual operations at sea or in the air, simulators do allow for complex casualty simulations which are difficult to conduct at sea and in the air.

Some groups within the Navy require more intensive training. The Navy's special operations forces continually train to ensure their unique and exceptional capabilities from the sea, air and land remain razor sharp and ready to succeed at any mission assigned. The Navy's nuclear power program is recognized as the finest and most technologically advanced program in the world. Men and women entering the Navy's nuclear power program embark on a rigorous training regime that includes classroom training that starts with basic math and science and quickly progresses into advanced nuclear principals and theory. This is followed by prototype training where the training continues but on an actual nuclear propulsion plant. Nuclear power training is continuous throughout a career in order to remain qualified, gain advanced system specific training and to be ready to operate and maintain new systems as they are installed on ships and submarines. The Navy's success is dependent on having fully trained and qualified Sailors manning the ships, submarines and aircraft.

Reserve Navy Personnel

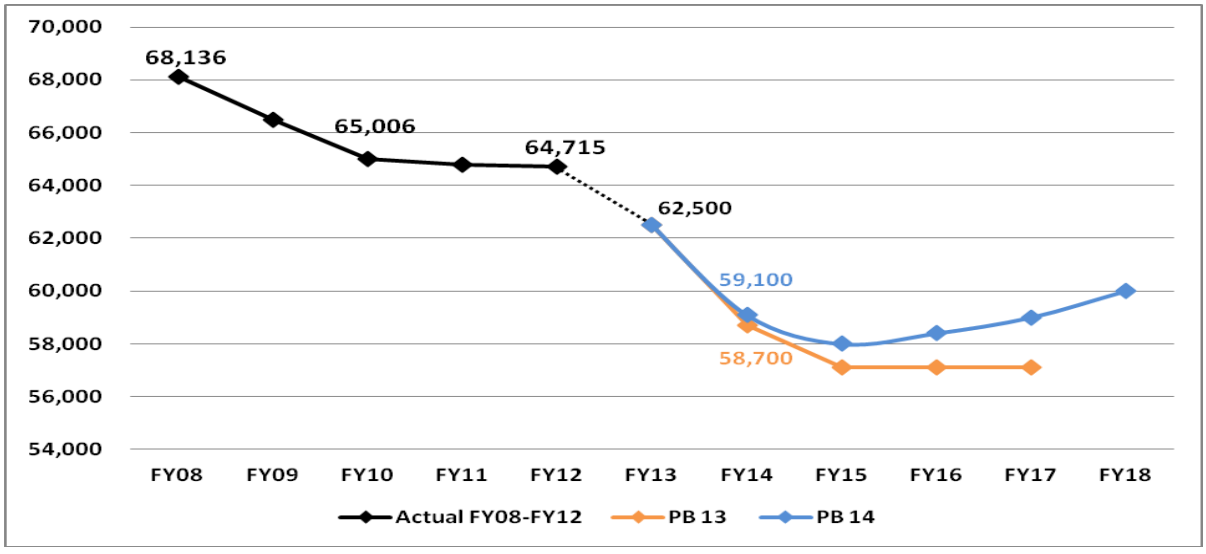
The FY 2014 Reserve Personnel, Navy (RPN) budget request supports Reserve readiness, operational capability, and alignment within the Total Force. The Navy Reserve budget request ensures that the individual Navy Reservist has what he/she needs to accomplish their mission as a full partner within that Total Force. The Navy Reserve mission continues to provide strategic depth and delivers operational capabilities to the Navy and Marine Corps team, and Joint forces, from peace to war. Vital to this effort are our Reserve Component Sailors who are ready and able to surge forward across a wide spectrum of operations. To achieve this end, the Navy continues to invest in Navy Reserve recruiting, retention, and training to attract,

recruit, develop, assign and retain a highly skilled workforce. The Navy focuses on ensuring the right Sailor with the right skill set is in the right place at the right time for the best value. The FY 2014 Navy budget request reflects force structure changes and realignments to meet post OEF requirements and the new defense strategy. In the short-term, FY 2014, the Navy Reserve end-strength will drop to 59,100. This is primarily due to the reconfiguration of the Naval Expeditionary Combat Command. However, in the long-term the Navy Reserve Force will grow to approximately 60,000 end strength and the Reserve mission set is increased to include shipyard maintenance augmentation, unmanned aerial vehicle support, maritime operations center augmentation and additional intelligence, cyber, and information dominance. The FY 2014 budget request supports the pay and allowances for drilling Navy Selected Reservists and Full Time Support personnel as indicated in Figures 12 and 13.

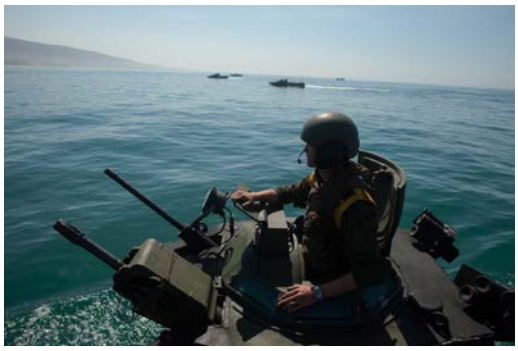
Figure 12 - Reserve Navy Personnel Strength

	FY 2012	FY 2013 PB Req	FY 2014
Drilling Reserve	54,325	52,386	48,941
Full Time Support	10,390	10,114	10,159
Total: Strength	**64,715**	**62,500**	**59,100**

Figure 13 – Reserve Navy End Strength Trend



Active Marine Corps Personnel



The FY 2014 submission supports the Marine Corps' historic role as the Nation's crisis response force and provides best value in terms of capability, cost, and readiness relative to the operational requirements of our Geographic Combatant Commanders. To best meet combatant commander needs, and to ensure we are optimally configured to remain America's Expeditionary Force in Readiness, we continue to restructure our Marines to provide a balanced force that is postured for future National Security Strategy requirements and to support operations in a post-Afghanistan security environment while providing affordability. The Marine Corps' enduring end strength of 182,100 and the corresponding ready and capable force structure will provide a strategically mobile, middleweight force optimized for rapid crisis response and forward-presence. It will be light enough to leverage the flexibility and capacity of amphibious shipping, yet heavy enough to accomplish the mission. Larger than special operations forces, but lighter and more expeditionary than conventional Army units, today's Marine Corps is able to engage and respond quickly with enough force to carry the day upon arrival. The drawdown of the Marine Corps Active Component (AC) end strength from 202,100 to 182,100 began in FY 2012 and will be completed by the end of FY 2016 at a ramp of approximately 4,000 end strength per year. Figure 14 provides summary personnel strength for active Marine Corps personnel. The figure shows FY 2014 baseline strength. Additional strength will be requested in OCO to provide an appropriate drawdown ramp. Our goal is to build on lessons learned from over ten years of warfighting and to improve the Marine Corps' ability to function as a lead element of a Joint Force, to execute distributed operations, to provide command and control, and to conduct persistent engagement missions throughout the world. To meet these challenges, the Marine Corps must satisfy requirements across the entire spectrum of warfare, including continued focused efforts on recruiting and maintaining high quality Marine Corps personnel.

Figure 14 - Active Marine Corps Personnel Strength

	FY 2012	FY 2013 PB Req*	FY 2014
Officers	21,776	21,678	20,570
Enlisted	176,417	171,822	161,530
Total: Strength	**198,193**	**193,500**	**182,100**

*NOTE: FY 2013 Marine Corps Strength includes 1,053 officers and 10,347 enlisted that are funded with OCO.

Enlisted Accessions	30,605	32,100	30,199
Percent High School Graduates	99.9%	99.9%	99.9%
Percent above average Armed Forces Qual Test	75.3%	74.4%	74.4%
Reenlistments	13,592	15,110	14,714

The Marine Corps is actively working to recruit, promote, and retain the best mix of high quality Marines to support the enduring force structure and maintain a highly mobile, expeditionary force in a high state of readiness. Despite the drawdown, the Marine Corps will retain sufficient leadership and warfighting skills to quickly grow to a larger force if required. Simultaneously, accessions support shaping the grade structure of the force as anticipated departures at the end of active service increase. This budget also supports requirements for initial skill training and follow-on training courses, and supports continued success in meeting recruit accession goals. The figure below provides summary personnel retention data for active Marine Corps personnel.

Figure 15 – Active Marine Corps Reenlistments

	FY 2012	FY 2013 PB Req	FY 2014
First Term Alignment Plan (<6 years)	6,266	6,725	6,300
Subsequent Term Alignment Plan (Career)	7,326	8,385	8,414

In addition, the budget provides the necessary resources to shape the rank and Military Occupational Specialty (MOS) structure to achieve full operational capability using streamlined and targeted enlistment and reenlistment bonuses. The primary objectives of the retention and recruitment bonus programs are to maintain an adequate level of experienced and qualified enlisted personnel to meet mission requirements. These funds provide a monetary incentive to encourage

highly qualified individuals to enlist or reenlist in a particular military skill. The FY 2014 program represents a continued reduction in reenlistment and enlistment bonuses due to favorable recruiting and retention conditions and the commensurate ability to retain experienced personnel in the necessary MOSs. As a result, Marine re-enlistment and enlistment bonus funding decreases 28 percent and 44 percent, respectively, from the FY 2012 funding levels. The figure below shows the number of members and the funding proposed.

Figure 16 Enlistment/Reenlistment Bonus Program

	FY 2012		FY 2013 PB Req		FY 2014	
	# of Members	$M	# of Members	$M	# of Members	$M
Reenlistment Bonus	3,266	$86	5,050	$86	4,600	$79
Enlistment Bonus	2,980	$18	2,175	$12	1,853	$10

Reserve Marine Corps Personnel

The FY 2014 budget request supports Marine Corps Reserve strength of 39,600. The Marine Corps Reserve provides the required depth for warfighting, homeland defense, and potential operational relief to the AC. Marine Reserve Units, Individual Mobilization Augmentees, and the Active Reserve continue to provide critical Force Application capabilities in support of national defense requirements and have deployed worldwide to countries in Southwest Asia as well as Northern Africa. At home, the Marine Reserve force provides corporate management and support to reserve Marines and logistics support for assets pre-positioned throughout the country, ready to assist with not only national defense missions but also civil-military missions such as disaster relief. The budget provides pay and allowances for drilling reservists attached to specific units, Individual Mobilization Augmentees, personnel in the training pipeline, and full-time active reserve personnel.

The Selected Marine Corps Reserve (SMCR), with its force application structure complementing the active operating force in its "augment and reinforce" mission, continues to serve the nation well. The reserve component conducted a comprehensive and detailed force structure review which resulted in a better alignment of the Reserve logistics unit construct with the active component and

leveraging the reserve's rich capability for civil affairs. In addition to standard SMCR battalion and aviation squadron combat unit deployments, the Marine Corps Reserve continues to contribute to the current fight by providing individual augments to the AC forces across the full spectrum of military operations.

An important source of seasoned leadership for the Marine Reserve force consists of Marines who transition from the Active to the Reserve Component (RC). Despite the current high operational tempo, the Marine Reserve force continues to recruit and retain top-notch Marines. In part, this is accomplished through the funding of bonus and incentive programs at levels required to meet recruiting and retention goals. For example, SMCR unit affiliation bonuses provide an incentive for Marines leaving active duty to continue their service as leaders in the Marine Reserve in locations and assigned to units where their skills and experience are most needed. The success of these initiatives is evidenced by an increasing SMCR participation rate and reaching end strength goals. The Marine Reserve force realizes it is important to keep this valuable pipeline open and will continue to work to transition former AC personnel into the RC.

The Marine Corps Reserve is a full partner of the Marine Corps total force concept. Marine reservists continue to prove their dedication to our nation and its citizens. Their continuing honor, courage, and commitment to warfighting excellence provides the nation an experienced, tested force with close ties to their community that truly set them apart as "citizen soldiers."

The figure below shows personnel strength for reserve Marine Corps personnel.

Figure 17 - Reserve Marine Corps Personnel Strength

	FY 2012	FY 2013 PB Req	FY 2014
Drilling Reserve	37,323	37,339	37,339
Full Time Support	2,221	2,261	2,261
Total: Strength	**39,544**	**39,600**	**39,600**

CIVILIAN PERSONNEL

DON civilians are a critical component of our total force, and play an integral role in supporting the mission and daily functions of the Navy and Marine Corps. The Department's civilian personnel constitute the cadre of corporate knowledge necessary to sustain and support operations. From wage grade workers to renowned scientists, a versatile and agile workforce is required to meet this challenge. Today's civilian personnel are employed in a variety of fields including installation management, research and development, engineering and acquisition, medical, Fleet activities, logistics, depot maintenance, and administrative support. The majority of these functions are financed by the Operation and Maintenance appropriations and the Navy Working Capital Fund. The FY 2014 civilian personnel budget is based on a thorough assessment of projected Departmental workload requirements through the current FYDP and the impact of any further reductions on mission readiness.

Civilian Personnel Levels

While the Navy's battle force inventory is projected to decrease in the next few years, we do not foresee a concomitant reduction in the total number of underway days. In fact, naval forward presence is projected to increase significantly as we provide more assets to forward deployed Naval Forces in EUCOM, CENTCOM, and PACOM. Basing or stationing more forces forward triggers an increased and enduring demand for remote maintenance support, largely provided by civilian personnel. In addition, the combat logistics forces necessary to support these forces will continue to demand large numbers of civilian mariners to man the Military Sealift Command ships executing these missions. The projected increase in forward presence and operations, combined with a decrease in active duty Sailors since 2001, will continue to place heavy reliance on a competent, right-sized civilian workforce.

Figure 18 displays total civilian personnel FTEs by component, appropriation, and special interest area. FY 2014 reflects an overall increase in keeping with the special interest areas highlighted below. Increased shipyard requirements support the need to maintain ship presence in the Pacific. Emphasis on regaining technical expertise, depth, and business/contracting skills necessary to execute acquisition

programs remains a priority within the Department. CYBER growth is commensurate with the demands of National Security priorities. Additionally, the FY 2014 submission includes civilian personnel required to achieve and maintain audit readiness. While the National Defense Authorization Act of 2010 mandated DoD produce auditable financial statements by 2017 this was accelerated by SECDEF who directed all DoD components to achieve audit readiness for the General Fund by the end of 2014 and audit readiness of all financial statements by 2017. Other adjustments reflect the realignment of approximately 1,400 civilians associated with the Pay/Personnel Administrative Support System from Installation Management to Military Support, as well as increased workload requirements at various working capital fund activities. A drawdown in base support and installation management is required to enable funding of higher priority requirements.

Figure 18 - DON Civilian Manpower Full-Time Equivalent

	FY 2012	FY 2013	FY 2014
Total — Department of the Navy	212,557	212,594	214,406
By Component			
Navy	190,247	188,714	190,373
Marine Corps*	22,310	23,880	24,033
By Type Of Hire			
Direct	201,361	201,148	202,947
Indirect Hire, Foreign National	11,196	11,446	11,459
By Appropriation/Fund			
Operation and Maintenance, Navy	109,167	108,897	109,353
Operation and Maintenance, Navy Reserve	870	897	897
Operation and Maintenance, Marine Corps	19,745	21,293	21,498
Operation and Maintenance, Marine Corps Reserve	260	322	296
Total - Operation and Maintenance	**130,042**	**131,409**	**132,044**
Research, Development, Test & Evaluation, Navy	1,017	1,328	1,295
Family Housing (N/MC)	688	726	715
Total - Other	**1,705**	**2,054**	**2,010**
Total - Working Capital Funds	**80,810**	**79,131**	**80,352**
Select Special Interest Areas			
Installation Mgmt/Base Support	40,414	41,952	39,110
Warfare Centers	33,696	33,440	32,992
Shipyards	34,552	34,769	36,524
Engineering/Acquisition Commands (*excludes PEOs*)	19,900	19,576	19,568
Medical (DHP)	12,925	13,097	12,957
Fleet Activities *(e.g, Ship/Air Ops)*	9,191	9,619	9,801
Aviation/MC Depots	11,025	10,796	10,720
Departmental (*e.g., Navy/MC HQ, PEOs*)	9,960	10,144	10,542
Military Support *(e.g., Training, Quality of Life)*	11,122	10,927	12,428
Supply/Distribution/Logistics Centers	9,154	9,648	9,662
Transportation	9,073	8,892	9,077

*NOTE: FY 2013 Marine Corps civilian personnel include 24 FTEs that are funded with Overseas Contingency Operations.

This page left blank intentionally.

SECTION IV – MAINTAINING WARFIGHTER READINESS IN AN ERA OF REDUCED BUDGETS

OVERVIEW

The Department will maintain strong, agile and capable military forces. Operational readiness is the catalyst that brings naval power to bear whenever it is needed. Our budget supports requirements for our Carrier Strike Groups (CSGs), Amphibious Ready Groups (ARGs), and Marine Expeditionary Forces (MEFs) to execute the National Military Strategy and respond to persistent as well as emerging threats.

The security environment today has created new challenges for naval forces. These challenges include support demands for security, stabilization, transition and reconstruction operations, support for homeland security, and continued preparedness for contingency operations. The evolving dynamics of the 21st-century security environment require our forces to be ready to deploy globally. We continue funding the necessary requirements to ensure our ability to protect vital U.S. interests, assure and assist our friends in crisis situations, and prevent, deter, or resolve conflict. The Navy is able to remain committed to these requirements, and is most effective and best able to support our national security objectives, by focusing on three tenets: 1) Warfighting First; 2) Operate Forward; and 3) Be Ready. These tenets are what guides us in making decisions as we organize, maintain, train and equip the Navy. This budget provides for the necessary costs to generate trained and ready forces and supports our forward deployed engagement and presence requirements. It includes support for baseline deployed and non-deployed steaming days, the associated flight hours, and related ship and aircraft maintenance.

As a part of a Department of Defense-wide initiative, the Navy completed a review that included a thorough assessment of its readiness programs. The objective of this effort was capturing costs of certain infrastructure and support functions in the

budget, and reinvesting these resources into critical warfighting elements within the Navy and Marine Corps.

Funds will be made available for training and maintenance to support a smaller, ready military. The Navy's FY 2014 allocation of operation and maintenance (O&M) resources is tightly focused on meeting basic Combatant Commander operational tempo (OPTEMPO) requirements, properly sustaining and maintaining ships and aircraft to reach expected service lives, sustaining the enduring T-2.5/T-2.0 USN/USMC flight hours readiness requirement in the base budget, and funding price increases. The FY 2014 budget request supports the Fleet Response Plan (FRP) by maintaining the continuous flow of ships through seven month deployments within a 32 month Fleet Response Training Plan (FRTP) cycle by steaming 45 underway days per quarter deployed and 20 underway days per quarter for non-deployed. The Navy will meet the requirements of scheduled deployers by assuming additional risk in non-deployed units.

As we continue to reshape our forces to ensure that our military is agile, flexible, and ready for the full range of contingences, we have determined that our current Navy expeditionary force structure can be realigned and ultimately reduced throughout the FYDP. The remaining Active Duty force structure meets day-to-day Fleet requirements and provides immediate contingency operations support capability, although at reduced capacity to meet Global Force Management Allocation Plan (GFMAP) requirements. The remaining Reserve Component force provides sufficient surge capacity to meet new Defense Strategic Guidance, and with mobilization authority and Active Duty manpower funding can augment AC deployments.

The Marine Corps is funded to operate across a full spectrum of operations from warfare to military operations other than war by ensuring enough forces are trained, rested and ready. The Marine Corps will continue to provide COCOMs with flexible, agile, and scalable Marine Expeditionary Units (MEUs). Additionally, a task organized unit specifically designed to address requirements to build partner nations will be available to the COCOMs. The Security Cooperation Marine Air Ground Task Force will have capabilities, mobility, and sustainability commensurate with its requirements to provide training to less developed military

forces. These units are tailored to specific geographic areas and possess a regional orientation with specialized manpower and training to include foreign area officers, linguists, and other personnel with regional expertise.

Our focus continues to be providing ready naval forces, from individual units to strike groups, which are forward deployed and capable of providing a substantial surge force. The readiness for this capability is enabled by the FRP which supports the Defense Strategic Guidance. The FRP provides adaptable, flexible, and sustainable naval forces necessary not only to fight current ongoing contingencies, but also to support the needs of the combatant commanders to maintain a global forward presence as well as providing for any other evolving national defense requirements. On average, assets are deployed seven months within the 32 month FRTP cycle.

The role of the Navy and Marine Corps on the world stage is evident throughout the budget. From contributions to multilateral operations under United Nations/NATO auspices to cooperative agreements with allied Navies, international engagement efforts cross the entire spectrum of the Department's missions and activities. Our naval capabilities are often demonstrated through participation with allies and other foreign countries, through joint and combined exercises, port visits, and exchange programs.

Our top readiness priority is ensuring that forces are fully trained, ready to deploy, and fully supported while deployed. The budget reflects the best balance of resources to achieve this priority. The Navy will closely manage the readiness accounts to ensure we can fulfill all existing, enduring, and emerging warfighting requirements.

SHIP OPERATIONS

The Ship Operations program provides the Navy with critical mission capabilities. The Department's goal is to deliver the capability to manuever and engage in combat operations in all enviroments to achieve these objectives. Sustaining this force application capability requires a robust logistics force able to effectively support operations, extend

operational reach, and provide the joint force commander the freedom of action necessary to meet mission objectives. The Department's budget request represents the appropriate and necessary balance between combat and logistics forces to ensure mission accomplishment.

Battle Force Ships

The budget provides for a deployable battle force of 273 ships in FY 2014, as shown in Figure 19. This level of operational funding supports 10 aircraft carriers and 29 large amphibious ships that serve as the foundation upon which our carrier and expeditionary strike groups are based. These ships, when formed into strike groups that include surface combatants, logistics support forces and attack submarines when required, provide the capability to dynamically deploy, maneuver and ultimately engage potential enemies in all environments. The robust and consistent capabilities they bring to the fight enable our Navy to meet our nation's strategic and the geographic COCOM's objectives. Included in our battle force is an inherent capability to sustain the Navy's forces using highly capable logistics support ships and planes that can strategically and operationally manuever as required to meet all support requirements.

In FY 2014 six battle force ships will be delivered: one Nuclear Attack Submarine (SSN), one Surface Combatant Destroyer (DDG), one Amphibious Warfare Assault Ship (LHA), two Joint High Speed Vessels (JHSVs), and one Mobile Landing Platform (MLP).

Sixteen battle force ships will be retired: seven Frigates (FFGs), three Cruisers (CGs), one Nuclear Attack Submarine (SSN), one Amphibious Warfare Transport Dock (LPD), two Amphibious Dock Landing Ships (LSDs), one Mine Countermeasures Ship (MCM), and one Combat Logistics Ship (T-AOE).

Figure 19 – DON Battle Force Ships

	FY 2012	FY 2013	FY 2014
Aircraft Carriers	11	10	10
Fleet Ballistic Missile Sub	14	14	14
Guided Missile (SSGN) Subs	4	4	4
Nuclear Attack Submarines	54	55	55
Surface Combatants	110	101	92
Expeditionary Warfare Ships (Amphibious)	30	31	29
Combat Logistics Ships	31	32	31
Mine Warfare Ships	14	13	12
Support Ships	21	23	26
Battle Force Ships	**289**	**283**	**273**

NOTE: FY 2013 and FY 2014 do not reflect the impacts of the Ship Modernization, Operations, and Sustainment Fund enacted with the Consolidated and Further Continuing Appropriations Act, 2013 which retains four Surface Combatants (Cruisers) in FY 2013 and changes decommissioning requirements in FY 2014.

Active Forces

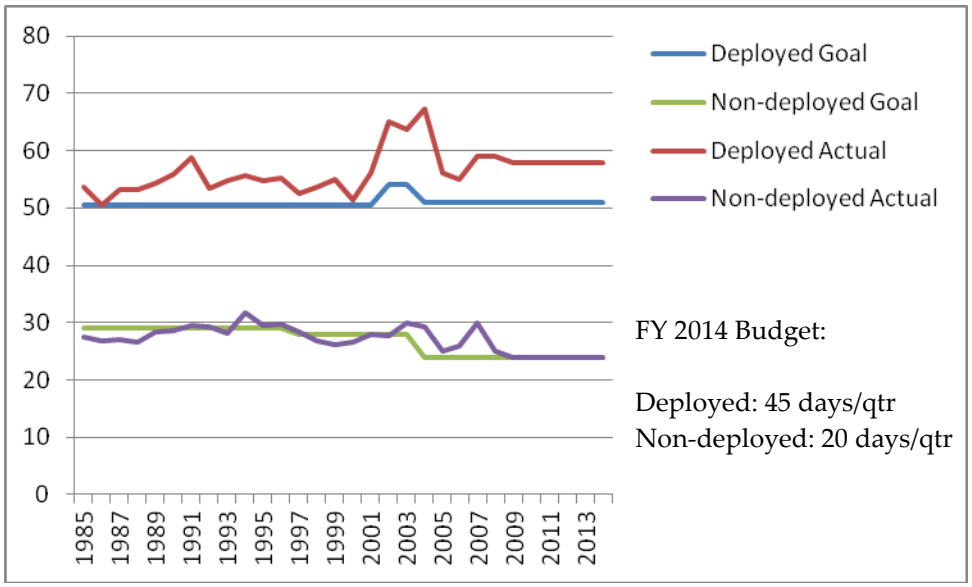
The Department is committed to providing naval forces with an inherent ability to quickly maneuver and engage our country's adversaries, whether they are conventional blue water based navies or unconventional terror based organizations. Additionally, we must be able to assure our allies of our steadfast abilities as partners, while at the same time continuing to actively prosecute terrorism around the globe. To ensure the full readiness of the CSGs and ARGs, the budget provides the requisite resources to train, equip, operate and support these forces for extended periods while deployed. Strike groups, along with their associated logistics support forces, are the foundation of the Navy's ability to apply force as required to achieve mission objectives. For FY 2014, deployed ship operations are budgeted to maintain ready forces prepared to operate jointly across the full-spectrum of military activities, and to meet forward deployed commitments in support of the Priorities for 21st Century Defense. The FY 2014 budget request supports the FRP, enabling ships to surge and reconstitute by maintaining the continuous flow of ships from maintenance after deployment, through basic phase training back to ready assets. This is achieved through seven month deployments within the 32 month FRTP cycle. This concept

enables the Department to provide multiple CSGs within required time frames to meet the threat and deliver decisive military force if necessary. The DON will support these goals and respond to global challenges by planning for 45 underway days per quarter for the active OPTEMPO of our deployed forces and 20 underway days per quarter for non-deployed forces in the baseline.

Non-deployed OPTEMPO provides primarily for the training and assessment of Fleet units, including participation in individual unit training exercises, multi-unit exercises, joint exercises, sustainment training, and various other training exercises and assessment opportunities. The training period under FRP supports our ability to meet rotational force requirements and ensures a surge capable force with a robust ability to maneuver as required and to successfully engage any enemy in the pursuit of our national interests.

Figure 20 illustrates historical and budgeted OPTEMPO. The lines are the deployed and non-deployed goals. Fluctuations from the goals reflect real world operations and revised requirements. FY 2014 reflects baseline funded OPTEMPO. Requested funding for contingency operations will support deployed steaming of approximately 13 days per quarter.

Figure 20 – Active Force Ship OPTEMPO



Mobilization

The Navy's mobilization forces, displayed in Figure 21, provide logistics capability that enables rapid response to contingencies world-wide. The prepositioning ship squadrons are forward deployed in key ocean areas to provide the initial military equipment and supplies for operation. The prepositioned response is followed by the surge ships, which are maintained in a reduced operating status from four to thirty days. The number of days indicates the time from ship activation until the ship is available for tasking; e.g., Reduced Operating Status 5 (ROS-5) indicates it will take five days to make the ship ready to sail, fully crewed and operational. Ships in reduced operating status have a small cadre of crew members aboard to ensure the readiness of propulsion and other primary systems if the need arises to activate the ship. Crew size varies based on ship type and time spent in reduced operating status. Only ROS-5 ships are considered in the surge capacity in Figure 21.

Figure 21 – Strategic Sealift

	FY 2012	FY 2013	FY 2014
Prepositioning Ships:			
Maritime Prepo Ships (O&M,N)	18	12	14
Army Prepo Ships (O&M,A)	7	8	8
Air Force Prepo Ships (O&M,AF)	2	2	2
DLA Prepo OPDS Ship (DWCF)	1	0	0
Navy Prepo OPDS Ship with Tender (O&M,N)	0	1	1
Surge Ships:			
Large Medium-Speed RORO Ships (NDSF)	10	9	9
Container/RORO Ships (former Prepo) (NDSF)	0	7	5
Hospital Ships (NDSF)	2	2	2
Ready Reserve Force Ships (NDSF)	48	46	46
Prepositioning Capacity (millions of square feet)	5.8	5.1	5.6
Surge Capacity (millions of square feet)	8.7	9.8	9.3
Total Sealift Capacity (millions of square feet)	14.5	14.9	14.9

Navy's strategic operating costs and exercise costs for surge ships are reimbursed in the National Defense Sealift Fund (NDSF) by the operations account of the requiring Defense component, as noted parenthetically in the figure above. The hospital ship missions, operating costs of the Maritime Prepositioning Ships (MPS), and biennial exercise costs of the aviation maintenance ships are funded through the Department's operation and maintenance appropriation.

Prepositioning Ships:

The Maritime Prepositioning Force consists of two MPS squadrons each providing equipment and sustainment for a Marine Expeditionary Brigade for 30 days. FY 2014 represents the completion of the transition to two MPS squadrons and this restructuring led to an increase in ships due to USNS STOCKHAM and the delivery of the second Mobile Landing Platform (MLP) ship in FY 2014. The first MLP ship, USNS MONTFORD POINT, was delivered in FY 2013 and will become operational in FY 2014 and the second MLP ship, USNS GLENN, will be delivered in FY 2014. The Offshore Petroleum Distribution System (OPDS) MV WHEELER is used to meet the offshore petroleum discharge requirements. A second Maritime Administration ship SS PETERSBURG , maintained in ROS, also supports the OPDS capability.

Sealift ships provide the DoD the lift needed to respond quickly to immediate missions with a sustained force.

Surge Ships:

The nine Navy Surge Large, Medium-Speed Roll-on/Roll-off Ships (LMSRs) are maintained in a five-day ROS and provide the initial surge sealift capacity required to transport combat forces equipment from the Continental United States (CONUS) to an area of operations to satisfy warfighting requirements.

Two hospital ships, the USNS MERCY and the USNS COMFORT, are maintained in a five-day ROS and provide the initial surge hospital capability to support warfighting and Humanitarian Aid and Disaster Relief (HADR) efforts. Since FY 2006, Navy has deployed one hospital ship per year, alternating coasts, and will continue to do so, recognizing the goodwill continuously generated by these HADR missions.

The Ready Reserve Force funding level meets required readiness and allows the ships to activate in time to deliver cargo to a given area of operations and satisfy COCOMs' critical warfighting requirements.

Ship Maintenance

The Department's organic ship maintenance program is mission funded in O&M. It provides funding for the Navy's public shipyards, regional maintenance centers, and intermediate maintenance facilities. Ship maintenance work is also contracted through private vendors and shipyards. This construct supports the Fleet Response Plan by allowing Fleet Commanders to control maintenance priorities in order to provide the right match of capabilities to requirements. Specifically, the fleets are supporting our nation's maritime strategy by quickly and efficiently allocating work to ships that are required to provide sea control, forward presence and power projection in order to influence actions and activities both at sea and ashore. The ship maintenance budget supports an integrated capabilities-based force though the maintenance and modernization of the right portfolio of ships to provide the optimum mix of force application and logistics ensuring our ships are warfighting ready and well-maintained to operate forward.

Ship maintenance funding reflects the Navy's commitment to the 30 year plan for a ship force to provide sustainable global presence. Attaining this goal requires that ships be properly sustained for current operations and to reach expected service lives; the Ship Maintenance and Ship Depot Operations Support budgets reflect this commitment.

Mission funding maintains cost visibility and performance accountability by providing a consistent financial system across all ship maintenance activities, improved efficiency and cost consciousness. The Department's active ship maintenance baseline budget supports 80 percent of the notional O&M maintenance projections in FY 2014.

The nation's public and private shipyards make up the Navy's repair base and in total have the capability to execute ship maintenance as well as those deferred

maintenance amounts reflected in Figure 22. Annual deferred maintenance is work that was not performed when it should have been due to fiscal constraints. This includes items that were not scheduled or not included in an original work package due to fiscal constraints, but excludes those items that arose since a ship's last maintenance period. As the execution year progresses, the workload can fluctuate, impacted by factors such as growth in scope and new work on maintenance availabilities, changes in private shipyard cost and shipyard capacity. While some amount of prior years' deferred maintenance may be executable in following years (depending on deployment schedules and shipyard capacity), the numbers in Figure 22 reflect only those individual years' deferred maintenance, not a cumulative amount.

Figure 22 - Department of the Navy Ship Maintenance

(Dollars in Millions)	**FY2012**	**FY2013**	**FY2014**
Active Forces			
Ship Maintenance	4,720	5,090	5,192
Depot Operations Support	1,298	1,315	1,351
Baseline Ship Maintenance (O&M,N)	**6,018**	**6,405**	**6,543**
Overseas Contingency Operations	2,181	1,310	**0**
Total Ship Maintenance (O&M,N)	**8,199**	**7,715**	**6,543**
Percentage of Projection Funded	100%	100%	80%
Annual Deferred Maintenance	0	0	1,311
Ship Maintenance Reset			345
CVN Refueling Overhauls (SCN)	694	1,683	1,951
% of SCN Estimates Funded	100%	100%	100%

Note 1: FY14 deferred maintenance will be addressed via supplemental funding.
Note 2: Totals may not add due to rounding.

AIR OPERATIONS

Active Tactical Air Forces

The budget provides for the operation, maintenance, and training of ten active Navy Carrier Air Wings (CVWs) and three Marine Corps Air Wings. Naval aviation is divided into three primary mission areas: Tactical Air/Anti-Submarine Warfare (TACAIR/ASW), Fleet Air Support (FAS), and Fleet Air Training (FAT). TACAIR squadrons conduct strike operations and support the Marine Air Ground Task Force (MAGTF) by providing flexibility in moving to a position of advantage in air and surface environments in order to provide logistics, command and control, battlespace awareness, and force application capabilities to the Fleet and COCOMs. TACAIR integration ensures that Navy and Marine Corps units are effectively incorporated in the CVWs and MAGTFs to achieve maximum force application capabilities at sea, land and air. ASW squadrons locate, destroy, and provide force support and command and control capabilities while conducting maritime surveillance operations. FAS squadrons provide consistent and vital fleet logistics and battlespace awareness capabilities. In FAT, the Fleet Replacement Squadrons (FRS) provide force support capabilities by training pilots to become proficient in their specific type of aircraft while transitioning to fleet operations, and Chief of Naval Air Training (CNATRA) provides basic flight proficiency training for first-time Naval aviators.

Figure 23 – DON Aircraft Force Structure

	FY 2012	FY 2013	FY 2014
Active Forces	**21**	**21**	**21**
Navy Carrier Air Wings	10	10	10
Marine Air Wings	3	3	3
Patrol Wings	4	4	4
Helicopter Maritime Strike Wings	2	2	2
Helicopter Combat Support Wings	2	2	2
Primary Authorized Aircraft (PAA) - Active	**3,027**	**3,053**	**3,136**
Navy	2,010	2,012	2,031
Marine Corps	1,017	1,041	1,105
Total Aircraft Inventory (TAI)	**3,955**	**3,899**	**3,867**
Active	3,693	3,646	3,610
Reserve	262	253	257

Aircraft OPTEMPO

FRP provides for a tiered T-2.5 readiness level across the notional Inter-Deployment Readiness Cycle (T-1.7 while deployed, T-2.0 pre-deployment, T-2.2 post-deployment, and T-3.3 during the maintenance/training phase). The Marine Corps maintains a level of readiness of T-2.0 throughout pre- and post-deployment periods as well as while forward deployed in support of the MAGTF. By maintaining these readiness levels, the Navy and the Marine Corps stand ready to provide force application capabilities to the COCOMs when required.

The flying hour program is budgeted based upon a thorough and rigorous review of recent cost per hour experience and executable flight hours underpinned by computer modeling.

The base budget Flying Hour Program (FHP) meets FY 2014 funding to maintain required levels of readiness enabling the Navy and Marine Corps aviation forces to perform their primary

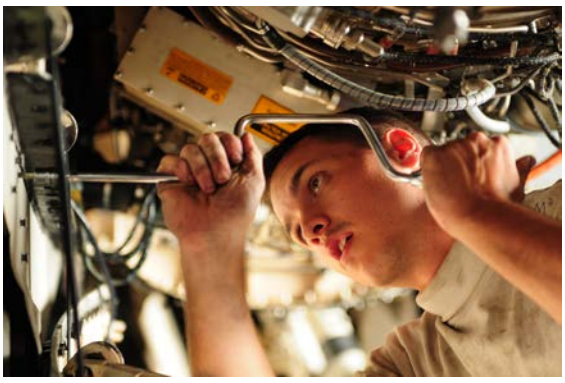
missions as well as funding the enduring T2.5/T2.0 USN/USMC readiness requirement in the base budget. The FY 2014 base FHP is built upon an extensive and thorough review of the previous execution experience for both flight hours and cost-per-hour drivers. This process includes removing one time and OCO-related costs and properly pricing aircraft systems and upgrades across all Navy and Marine Corps platforms. In addition, the number of budgeted flying hours represents the peacetime hours that are executable given current contingency operations.

FRS operations are budgeted at 90 percent in FY 2014 for student training requirements. Student levels are established by TACAIR/ASW force level requirements, aircrew personnel rotation rates, and student output from the undergraduate pilot/naval flight officer training program. In FY 2014, FAS is funded to meet 94 percent of the total notional hours required. Figure 24 displays active flying hour readiness indicators.

Figure 24 – DON Flying Hour Program

	FY 2012	FY 2013	FY 2014	GOAL
Active				
TACAIR- Navy	*T-2.5*	*T-2.5*	*T-2.5*	*T-2.5*
TACAIR- USMC	*T-2.0*	*T-2.0*	*T-2.0*	*T-2.0*
Fleet Replacement Squadrons (%)	*94%*	*94%*	*94%*	*94%*

Aircraft Depot Maintenance



The Aircraft Depot Maintenance program funds repairs, overhauls, and inspections of aircraft and aircraft components to ensure sufficient quantities are available to meet the demand of operational units. Readiness-based models determine airframe and engine maintenance requirements based on squadron inventory authorization necessary to execute assigned missions. The aircraft depot maintenance program performs preventative maintenance on airframes and engines at scheduled intervals, performs routine inspections to determine the periodicity of maintenance required and restoration

and recapitalization of damaged airframes and engines back to serviceable condition.

The airframe maintenance workload is calendar-based, while the engine maintenance workload is based on planned flight hours. The airframe and engine maintenance program's objective is to induct sufficient airframes and engines to meet FRP requirements. Any airframe or engine not completed from previous years are carried over as backlog and are not Ready-For-Use (RFU) until repaired. A one-year backlog is the threshold for what can be effectively accomplished with no additional tooling, equipment, or space; the manageable one-year backlog is about 100 airframes and 340 engines across the Active and Reserve Components, but the actual threshold varies according to the mixture of Type/Model/Series (TMS). Depot level repair of components is also performed for a number of programs including the Executive Helicopter program, Special Project Aircraft, and ALQ-99 pods.

Starting in FY 2013, the E-6B Mercury Contractor Logistics Support (CLS) contract was transferred to the Aviation Logistics program (1A9A). CLS is the performance of maintenance and material management functions by a commercial activity.

The FY 2014 budget provides optimized capability within fiscal constraints. 79 percent of the Aircraft Depot Maintenance requirement is funded in the baseline budget request resulting in a yearly backlog of 206 airframes and 610 engines. Additional supplemental funding would increase the funding percentage and decrease the yearly backlog. Figure 25 displays the funding and readiness indicators for aircraft depot maintenance and aviation logistics.

The AIRSpeed and Continuous Process Improvements (CPI) aviation strategies continue to focus on sustaining our fleet capability through effective maintenance while reducing the cost of doing business. The Air Depot Maintenance program continues to ensure the Navy's force is ready for its assigned missions by maintaining our aircraft to meet their expected service life.

Figure 25 - Aircraft Depot Maintenance and Aviation Logistics

Aircraft Depot Maintenance

(Dollars in Millions)	FY 2012	FY 2013	FY 2014
Airframes	509	515	530
Engines	463	407	351
Components	56	39	35
Baseline	**1,028**	**961**	**916**
Overseas Contingency Operations	143	202	0
Total	**1,171**	**1,163**	**916**
Percent Funded of Total Requirement	100%	94%	79%
Airframes Yearly Backlog	1	14	206
Engines Yearly Backlog	11	273	532

Aviation Logistics

(Dollars in Millions)	FY 2012	FY 2013	FY 2014
KC-130J Hercules	49	44	49
MV-22 Osprey	104	118	128
E-6B Mercury	0	47	52
F-35 Joint Strike Fighter	74	120	151
Baseline	**227**	**329**	**380**
Overseas Contingency Operations	51	44	0
Total	**278**	**373**	**380**

Navy Expeditionary Forces

Navy Expeditionary Combat Command (NECC) is a global force provider of expeditionary combat service support and force protection capabilities to joint warfighting commanders. Responsible for centrally managing the current and future readiness, resources, manning, training and equipping of a scalable, self-sustaining, integrated expeditionary force of active and reserve sailors. Expeditionary sailors are deployed from around the globe, supporting contingency operations and Combatant Commanders' Theater Security Cooperation Plans, providing a forward presence of waterborne and ashore anti-terrorism force

protection; theater security cooperation and engagement; and humanitarian assistance and disaster relief.

Navy Expeditionary forces are integral to the Defense Strategic Guidance's Asia-Pacific Rebalancing, providing expeditionary capability forward in innovative, small scale regional exercises, advisory units, and rotational presence. In addition, Navy Expeditionary forces support the tri-service maritime strategy "Cooperative Strategy for 21st Century Seapower" with core capabilities of maritime power: forward presence, deterrence, sea control, power projection, maritime security, humanitarian assistance, and disaster relief. NECC is also a key element of the Navy's Irregular Warfare (IW) efforts.

As we begin to reshape our forces to ensure that our military is agile, flexible, and ready for the full range of contingences, we have determined that our current Navy expeditionary force structure can be realigned and ultimately reduced throughout the FYDP, supporting the full range of Navy Expeditionary capabilities at reduced capacity.

MARINE CORPS OPERATIONS

Active Operations

The FY 2014 budget ensures the Marine Corps continues to be a versatile middleweight force, forward deployed, engaged, and able to respond across the range of military operations. This budget submission supports continued success in Afghanistan and throughout the globe and begins to posture the Marine Corps to meet future global security challenges. This includes partnering with allied forces in every Geographic Combatant Commander's area of responsibility, conducting humanitarian assistance and disaster relief missions, and bolstering capabilities such as the Unit Deployment Program, Amphibious Vehicles and Command and Control systems.

The operation and maintenance budget supports the Marine Corps operating forces, which are comprised of three active Marine Expeditionary Forces (MEFs). Each MEF consists of a command element, one Marine Division, one Marine Aircraft Wing, and one Marine Logistics Group. Each MEF provides a highly trained, versatile expeditionary force capable of rapid response to global contingencies. The inherent flexibility of the MEF organization, combined with Maritime Prepositioning Force assets, allows for the rapid deployment of appropriately sized and equipped forces. Marine Expeditionary Units (MEUs) are embedded within each MEF and deploy with Amphibious Readiness Groups. Three MEUs are East-coast based, three are West-coast based, and one is based in Okinawa. These scalable forces possess the firepower and mobility needed to achieve success across the full operational spectrum in either joint or independent operations.

The Navy and Marine Corps team remain the solution set to fulfilling the Nation's global maritime responsibilities. With the increasing concentration of the world's population in littoral areas, the ability to operate simultaneously on the sea, ashore, in the air, and to move seamlessly between these three domains is critical. Amphibious forces, a combination of Marine air ground task forces and Navy amphibious ships, remain a uniquely critical and capable component of both crisis response and meeting our maritime responsibilities. Operating as a team, amphibious forces provide operational reach and agility; they provide decision space for our national leaders in times of crisis. They bolster diplomatic initiatives by means of their credible forward presence. Amphibious forces also provide the Nation with assured access for the joint force in a major contingency operation. No other force possesses the flexibility to provide these capabilities and yet sustain itself logistically for significant periods of time. This budget supports the Marine Corps' ability to maintain this flexibility and capability.

The priority of the FY 2014 budget continues to provide the best trained and equipped Marine units to Afghanistan, and this will remain the Marine Corps' top priority as long as operations continue. The Marine Corps crisis response capabilities enable our Nation to respond to global crisis expeditiously and effectively. Today's fiscal environment has prompted the Marine Corps to make difficult decisions and reaffirm its commitment to its traditional culture of frugality. As such, this budget positions the Marine Corps to best support its role in the

current national defense strategy while responsibly reducing force levels and reorienting operational priorities to the Pacific.

The FY 2014 budget supports the Marine Corps in its continued role in global operation, while simultaneously supporting the Corps' need to train, sustain, and modernize its expeditionary capabilities. For example, this budget funds improved indirect fire support and intelligence, surveillance and reconnaissance (ISR) capabilities to optimize forward presence and rapid crisis response, while continuing efforts to increase theater security cooperation activities and build partner capacity with our allies and partners. The goals of these engagement activities are to promote peace, develop relationships, and align operational strategies while enabling host nation forces to address instability as it occurs. The global presence gained from these engagement activities also position units in geographic locations that permit rapid response to any situation within the range of military operations. The continued proliferation of new technologies, cyber warfare and advanced precision weaponry increase the lethality of state and non-state actors as never before. These trends will exert greater influence on the future security environment. As such, this budget ensures Marine Special Operations Command, Marine Corps Forces Cyber Command, the Marine Expeditionary Units, Brigades, and Special Purpose Marine Air Ground Task Forces are trained, equipped and prepared to support our forward-engaged Geographic Combatant Commanders. This budget also supports streamlining the Marine Corps prepositioning capability, which will be restructured to support a deployed Marine Expeditionary Brigade.

The Marine Corps FY 2014 budget places additional emphasis on institutionalized training, specialized skills training, professional military education opportunities, and Marine Air Ground Task Force Training Program (MAGTF-TP). Marine Corps institutionalized training program revamps the Marine Corps Tactics and Operations Group and Marine Aviation Weapons and Tactics Squadron programs, refocusing this training on standardization across units and deployment and post-deployment training. This funding also supports maintenance, repair, and replacement of training aids that support programs of instruction at the School of Infantry, Motor Transport School, Field Medical Training Battalion, Weapons

Training Battalion, Marine Corps Communication Electronics School, and the Aviation and Ground Support training courses.

As we move forward in our training plan, the MAGTF-TP is the next step in preparing Marines for live-fire, combined arms training, urban operations, and Joint/Coalition integration training. These exercises prepare units for operations in complex, joint and multi-national environments against hybrid threats in any global region by providing advanced technologies and simulation systems that create safe, realistic, fully-immersive training environments. These training tools provide standardized, mission-essential, task-based training that directly supports unit readiness in a cost-effective manner.

The FY 2014 budget is also structured to preserve and enhance the quality of life for our Marines and their families by providing support through child and youth, warfighter, and morale, welfare, and recreation programs. These programs include the Suicide Prevention, Sexual Assault Response, Alcohol Awareness and Transition Assistance Management programs. Program increases will fund additional coordinators, prevention and treatments specialists, and instructors to improve incident response capabilities and expand training opportunities for Marines transitioning to civilian life.

Ground Equipment Depot Maintenance

Resetting the Marine Corps for the future after a decade of war remains a top priority – it is necessary to reset the force by addressing equipment shortfalls and to refresh equipment worn out or degraded by years of combat. Repair and rebuild of equipment is accomplished on a scheduled basis to maintain the readiness of the equipment inventory that is necessary to support operational requirements. This program is coordinated with Marine Corps procurement provides a balanced inventory, eliminates redundancy, and ensures efficiency. This budget also realizes maintenance efficiencies generated through the consolidation of financial and business operations under a combined Marine Depot Maintenance Command.

Employed in multiple combat and stability operations for the past decade, the Marine Corps utilized wartime supplemental funding sources to address the majority of its equipment repair and restoration requirements.

Figure 26 -- Marine Corps Ground Equipment Depot Maintenance			
(Dollars in Millions)	**FY 2012**	**FY 2013**	**FY 2014**
Funding Profile:			
Baseline	191	168	223
Overseas Contingency Operations	263	223	0
Total	**454**	**391**	**223**
Active Forces			
Combat Vehicles	223	157	124
Tactical Missiles	0	0	2
Ordnance	41	33	15
Electrical Communication	7	32	26
Constructive Equipment	53	116	18
Automotive Equipment	130	52	38
Total Active Forces	**454**	**391**	**223**
% Funded of Total Requirement	80%	94%	80%

RESERVE OPERATIONS

The mission of the Department's Reserve Components (RC) is to provide strategic depth and deliver operational capabilities to our Navy and Marine Corps team and Joint forces, from peace to war. In FY 2014, the Reserve Components will continue to contribute significantly to the effectiveness of the Department's Total Force. The Navy and Marine Corps Reserve budgets support the day-to-day costs of operating Reserve Component forces and maintaining assigned equipment at a state of readiness that will permit rapid deployment in the event of full or partial mobilization and meet fleet operational support requirements. This budget ensures the RC remains "Ready Now, Anytime, Anywhere."

The Department's RC operating forces consist of aircraft, ships, combat equipment and support units, and their associated weapons. The Navy and Marine Corps Reserve end-of-year operating aircraft inventory totals 257 airframes in FY 2014.

The Navy Reserve ship inventory is seven Battle Force ships by year-end in FY 2014. The decrease from an FY 2013 inventory of eight is due to three ships transferring from the active component to the Reserve force partially offset by two ship decommissions. Funding is also provided to operate and maintain Reserve Component activities and commands in all fifty states plus Puerto Rico and Guam. The facility inventory is 131 for the Navy Reserve and 189 for the Marine Corps Reserve at the end of FY 2014.

Navy Reserve Ships

The Navy's RC will support our Maritime Strategy by steaming 45 days underway per quarter for deployed forces and 20 days underway per quarter for non-deployed forces within the baseline. The non-deployed OPTEMPO provides for the training of units when not deployed, including participation in individual unit training exercises, multi-unit exercises, joint exercises, sustainment training, and various other training requirements. OPTEMPO greater than 45/20 will be resourced with supplemental funding. Navy RC Battle Force ships provide force application as well as command and control capabilities with seven frigates assigned at the close of FY 2014.

Figure 27 – Navy Reserve Battle Force Ships

	FY 2012	FY 2013	FY 2014
Surface Combatants	8	8	7
Reserve Battle Force Ships*	**8**	**8**	**7**

**Also included in Figure 19*

Navy Reserve Ship Maintenance

RC ship maintenance is integrated with the Active Component program. The total Navy Reserve ship maintenance requirement has little growth from FY 2013 to FY 2014. The shipyards have the capability to execute the FY 2014 ship maintenance schedule reflected in Figure 28.

Figure 28 - Navy Reserve Ship Maintenance

(Dollars in Millions)	**FY 2012**	**FY 2013**	**FY 2014**
Reserve Forces			
Baseline Ship Maintenance	71	49	44
Percentage of Projection Funded	100%	100%	88%
Annual Deferred Maintenance	**0**	**0**	**6**

Reserve Component Air Forces

RC flying hour funding enables ready Navy and Marine Corps Reserve aviation forces to operate, maintain, and deploy in support of the National Military Strategy. Navy and Marine Corps RC aviation forces will continue to provide vital logistics, force application, force support, battlespace awareness, command and control, and net-centric capabilities to the Fleet and COCOMs through participation in global deployment and various exercises. The Naval Air Force Reserve consists of one Logistics Support Wing (twelve squadrons), one Tactical Support Wing (six squadrons), two Helicopter Sea Combat squadrons, two integrated Helicopter Mine Countermeasures squadrons, two Maritime Patrol squadrons, and one Helicopter Anti-Submarine Squadron Light. The 4th Marine Aircraft Wing (MAW) consists of nine squadrons and supporting units.

Figure 29 – Reserve Component Aircraft Force Structure

	FY 2012	FY 2013	FY 2014
Reserve Forces	**3**	**3**	**3**
Navy Tactical Support Air Wing	1	1	1
Navy Logistics Support Air Wing	1	1	1
Marine Aircraft Wing	1	1	1
Primary Authorized Aircraft (PAA) – Reserve	**262**	**253**	**257**
Navy	156	150	151
Marine Corps	106	103	106

The Navy's RC fulfills the preponderance of the Department's adversary and intra-theater logistics requirements. The Navy RC helicopter footprint in the CENTCOM Area of Responsibility (AOR) has been continuous since 2003, supporting special-operations-ground-force missions, psychological operations, and medical and casualty evacuations.

The Tactical Support Wing (TSW) provides a strategic reserve and operates alongside the Active Component in carrier air wing workups and exercises around the globe. VAQ-209 with its EA-6B electronic warfare aircraft has deployed to CENTCOM regularly since 2003 in support of contingency operations. Navy reservists are not only ready to support national defense missions, but also civil-military missions such as providing disaster relief. RC aircrews and maintainers also conduct mine warfare operations in multiple theaters, train naval aviators, and augment global maritime patrol deployments.

The 4th MAW conducts air operations in support of the Fleet Marine Forces worldwide, in areas including anti-aircraft warfare, offensive air support, assault support, electronic warfare, aerial reconnaissance, control of aircraft and missiles, and as a collateral function, to participate as an integral component of naval aviation in the execution of such other Navy functions as directed. Marine Corps RC helicopters, KC-130T refueling tankers, and F/A-18 strike fighter aircraft have been activated and repeatedly deployed around the globe, including Iraq and Afghanistan. The 4th MAW also augments the Marine Corps Active Component by providing all aviation support to Mojave Viper and OEF pre-deployment training for all infantry battalions held in Twentynine Palms, CA.

In FY 2014 the 4th MAW will complete the transition from the CH-46E medium lift helicopter in HMM-764 to the MV-22B tilt rotor tactical aircraft in VMM-764. The MV-22B Osprey is capable of operating from ships or from expeditionary airfields ashore, providing assault transport for troops, equipment, and supplies.

Figure 30 displays RC flying hour readiness indicators. Combined baseline and contingency funding allows Navy and Marine Corps RC aircrews to meet minimum flight time requirements, maintain readiness in all mission areas and meet operational demands.

Figure 30 – Reserve Component Flying Hour Program

	FY 2012	FY 2013	FY 2014	GOAL
Navy Reserve	97%	97%	97%	98%
Marine Corps Reserve	97%	97%	97%	98%

Reserve Component Aircraft Depot Maintenance

The RC aircraft depot maintenance program is integrated with the Active Component program to fund repairs, overhauls, and inspections, within available capacity, and to ensure sufficient quantities of aircraft are available to operational units. Similar to the active program, any cumulative airframes or engines not completed from previous years are carried over as backlog and are not Ready-For-Use until repaired. A one-year backlog is the threshold for what can be effectively accomplished with no additional tooling, equipment, or space; the manageable one-year backlog cannot exceed 100 airframes and 340 engines across the Active and Reserve Components.

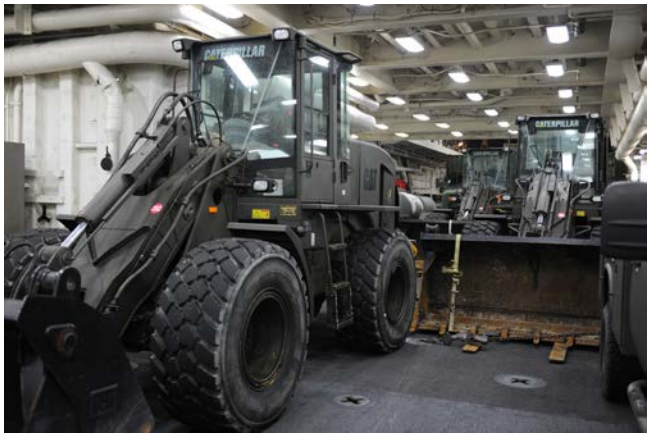
The FY 2014 budget provides optimized capability within fiscal constraints. Seventy-nine percent of the total requirement is supported in the baseline budget resulting in a yearly backlog of 21 airframes and 17 engines. Figure 31 displays baseline and overseas contingency operations funding requests and readiness indicators for RC aircraft depot maintenance. Additional supplemental funding will increase the funding percentage and decrease the yearly backlog.

Figure 31 - Reserve Component Aircraft Depot Maintenance

Aircraft Depot Maintenance

(Dollars in Millions)	FY 2012	FY 2013	FY 2014
Reserve Forces			
Airframes	89	76	73
Engines	41	31	28
Baseline Reserve Aircraft Depot Maintenance	**130**	**107**	**101**
Overseas Contingency Operations	11	13	
Total Reserve Aircraft Depot Maintenance	**141**	**120**	**101**
Percent Funded of Total Requirement	100%	97%	79%
Reserve Forces			
Airframes Yearly Backlog	0	4	21
Engines Yearly Backlog	0	0	17

Navy Reserve Expeditionary Forces



The Reserve Component expeditionary forces are integrated with the Active Component forces to provide a continuum of capabilities unique to the maritime environment within the NECC. Blending the AC and RC brings strength to the force and is an important part of the Navy's ability to carry out the Naval Maritime Strategy from blue water into green and brown water and in direct support of the Joint Force. The Navy Reserve trains and equips over half of the Sailors supporting NECC missions, including naval construction and explosive ordnance disposal in the CENTCOM region, as well as maritime expeditionary security, expeditionary logistics (cargo handling battalions), maritime civil affairs, expeditionary intelligence, and other mission capabilities seamlessly integrated with operational forces around the world.

To balance risk in a fiscally constrained environment and align with the President's strategy, the Navy Expeditionary Combat force is reduced in the Future Years Defense Plan. The new NEC force will be agile and flexible while remaining ready for the full range of contingencies. FY 2014 O&M,NR includes the elimination of

four RC Naval Mobile Construction Battalions, one RC Maritime Expeditionary Security Force squadron, four RC Navy Cargo Handling Battalions, and all RC Explosive Ordnance Disposal Platoons.

Marine Corps Reserve Operations

The Marine Corps Reserve is a full partner in the Marine Corps' Total Force concept. The Reserve Component is trained, organized, and equipped in the same manner as the active force and provides complementary assets that enable the Marine Corps total force to both mitigate risk and maximize opportunities. Our Reserve component coupled with the active force gives the Marine Corps the capacity and capability to support steady state and crisis response operations through rotational deployments and to rapidly surge in support of major contingency operations. Individual Ready Reserve Marines and Individual Mobilization Augmentees continue to fill critical requirements in support of the national defense while reserve infantry, armor, reconnaissance, and transportation units from the 4th Marine Division have served with distinction in Afghanistan and elsewhere, seamlessly integrating with their active component counterparts. Additionally, reserve aviation units from the 4th Marine Aircraft Wing as well as combat logistics units from the 4th Marine Logistic Group have deployed to support combat operations abroad as integral parts of Marine Air Ground Task Forces engaged in combat operations in Afghanistan. At home, the Marine Forces Reserve maintains Reserve Marines and equipment pre-positioned throughout the country, ready to assist in not only national defense missions, but also civil-military missions such as disaster relief.

The FY 2014 operation and maintenance budget sustains a force of 39,600 Reserve Marines assigned to units across the country. Similar to the active component, the Marine Forces Reserve consists of the Marine Forces Reserve headquarters and its subordinate Marine Division, Marine Aircraft Wing, and Marine Logistics Group, all of which are headquartered in New Orleans, Louisiana. The Reserves are unique in that the subordinate regiments/group, battalions/squadrons, and companies/detachments are located at 189 reserve training centers and sites across the United States; this budget maintains the Reserve component's capability without any reductions to reserve end strength. As we reshape the active Marine Corps

from 202,100 Marines to a force of approximately 182,100 Marines, we understand that there is some risk relative to current and anticipated requirements; as such, the Marine Corps aims to leverage the diverse depth and range of assets within our Reserve component to mitigate these risks.

Sustained combat operations over the last ten years demonstrate the high level of flexibility and responsiveness of the Reserve Force and have shown it to be a critical aspect of the Marine Corps Total Force. The momentum gained through a decade of experience in both Iraq and Afghanistan, along with participation in Theater Security Cooperation (TSC) engagements across the globe, reaffirm the viability of a reserve component that expands the Marine Corps' ability to perform as America's Expeditionary Force in Readiness.

Figure 32 reflects Marine Corps Reserve Ground Equipment Depot Maintenance.

Figure 32 -- Marine Corps Reserve Ground Equipment Depot Maintenance

(Dollars in Millions)	**FY 2012**	**FY 2013**	**FY 2014**
Funding Profile:			
Baseline	16	17	18
Total	**16**	**17**	**18**
Reserve Forces			
Combat Vehicles	2	3	3
Tactical Missiles	2	0	1
Ordnance	0	5	2
Electrical Communication	3	1	2
Constructive Equipment	9	3	2
Automotive Equipment	0	4	7
Total Reserve Forces	**16**	**17**	**18**
% Funded of Total Requirement	100%	100%	100%

This page left blank intentionally.

SECTION V – INVESTING TOWARD THE JOINT FORCE OF 2020

OVERVIEW

In keeping with the priorities of the Secretary of Defense, the FY 2014 budget incorporates various investment efficiency measures while continuing to institutionalize and enhance our capabilities to fight today's wars, the most-likely future conflict scenarios, while maintaining a hedge against other risks and contingencies.

The FY 2014 budget continues investment in platforms and systems that maintain capability for today's conflicts and transition the force to meet tomorrow's challenges across the full spectrum of operations. Although fiscal constraints have affected the level of acquisition funding, the Department of the Navy procurement plan maintains a healthy industrial base while promoting acquisition excellence and integrity. Procurement of the Littoral Combat Ship (LCS), Intelligence, Surveillance and Reconnaissance (ISR) platforms, dominant unmanned systems and other programs actively support countering terrorist threats.

The Department of the Navy is dedicated to procuring a naval force that is both affordable and meets the Priorities for 21st Century Defense. Our naval forces will remain sea based, with global speed and persistence provided by forward deployed forces and supplemented by rapidly deployable forces through the FRP. This capabilities-based, threat-oriented fleet can be disaggregated and distributed world-wide to deter and defeat aggression or rapidly aggregated to project power despite anti-access / area denial challenges. The resulting distributed and netted force, operating effectively in cyberspace and working in conjunction with our joint and maritime partners, will provide both actionable intelligence and the ability to take action where and when the threat is identified in today's unstable environment.

SHIP PROGRAMS

The Navy's shipbuilding budget procures 41 battle force ships from FY 2014 to FY 2018. The budget funds a continuum of forces ranging from the covert Virginia class submarine, the multi-mission DDG 51 destroyer, to the Littoral Combat Ship and the Afloat Forward Staging Base. This balance continues to pace future threat capabilities while fully supporting current irregular warfare operations and supporting maritime security and stability operations in the littorals. The FY 2014 shipbuilding budget funds 8 battle force ships, two *Virginia* class submarines, one DDG 51 *Arleigh Burke* destroyer, four LCS ships and the Afloat Forward Staging Base.

The FY 2014 shipbuilding budget funds approximately $84.7 billion for 41 ships across FY 2014 to FY 2018, as shown in the below figure.

Figure 33 –Shipbuilding Plan

	FY 2013*	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FYDP
CVN-21	1	0	0	0	0	1	1
SSN-774	2	2	2	2	2	2	10
DDG 51	2	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
New Construction Total	**10**	**8**	**8**	**7**	**9**	**9**	**41**
LCAC SLEP	2	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

*Chart does not include additional FY 2013 quantities enacted in the Consolidated and Further Continuing Appropriations Act, 2013 (one DDG 51 and two LCAC SLEP).
**T-ATF and T-AO(X) funded in NDSF
***FY 2013 Ship-to-Shore Connector funded in RDT&E
****First year of full funding for CVN 72 RCOH is FY 2012

Aircraft Carriers

The next generation aircraft carrier, the *Ford* Class, will be the future centerpiece of the carrier strike group and a major contributor to the future expeditionary strike force as envisioned in *Sea Power 21*. Taking advantage of the *Nimitz* Class hull form, the *Ford* Class will feature an array of advanced technologies designed to improve warfighting capabilities and allow significant manpower reductions.

With $945 million requested in 2014, the Department will continue to finance the detailed design and construction of the second *Ford* Class carrier (*John F. Kennedy* (CVN 79)).

To address fact-of-life cost increases, as well as the government's share of the ship construction variance to date, the FY 2014 budget includes $588 million for the *Gerald R. Ford* (CVN 78).

To maximize the readiness of our existing fleet of aircraft carriers and meet the demands of the Combatant Commanders, the Refueling Complex Overhaul (RCOH) program provides a mid-life depot availability to accomplish reactor refueling, warfighting modernization, and repair of ship systems and infrastructure so the ship may adapt to future mission requirements and meet continued service life requirements. The RCOH program recapitalizes *Nimitz* Class aircraft carriers to provide for reliable operations during its remaining 23 plus years of ship life using only the normal maintenance cycle. The FY 2014 budget includes $1.7 billion for the second increment of funding for the RCOH of the *USS Abraham Lincoln* (CVN 72) which is scheduled to begin in March 2013. Additionally, the request includes $246 million of advance procurement funding for the RCOH of the *USS George Washington* (CVN 73) which is scheduled to begin in FY 2016.

Surface Ship Programs

Surface combatants are the workhorses of our Fleet and central to our traditional Navy core capabilities. The Navy continues to be concerned about evolving

capability gaps in the outer air battle in the blue water, particularly against improved ballistic missile capabilities emerging worldwide. The FY 2014 budget requests $2.0 billion for one DDG 51 destroyer and advance procurement/economic order quantity as part of the FY 2013 – FY 2017 Multi-Year Procurement (MYP) in support of this capable platform.

The FY 2014 budget request contains $1.8 billion to procure 4 LCS seaframes per the 20 ship block buy plan with Lockheed Martin and Austal, through FY 2015. The LCS is a fast, agile and stealthy surface combatant capable of operating against anti-access, asymmetric threats in the littorals. LCS will influence behavior and deter adversaries by its ability to operate in environments previously impractical for larger multi-mission ships. LCS uses architectures and interfaces that permit tailoring tactical capabilities to various LCS missions. These mission module packages are interchangeable as operational conditions warrant. The primary mission areas of LCS are small boat prosecution; mine countermeasures; shallow water anti-submarine warfare; and intelligence, surveillance, and reconnaissance activities. Secondary missions include homeland defense, maritime interception, and special operation forces support.

The FY 2014 budget procures one Mine Countermeasures (MCM) mission module and two Surface Warfare (SUW) mission modules to provide flexible, scalable, modular warfighting capability to the LCS seaframe. The MCM module delivers enhanced capability compared to our current MCM fleet of ships by introducing the Unmanned Surface Vehicle, Airborne Laser Mine Detection System, AQS-20A mine hunting sonar, and Airborne Mine Neutralization System. Additionally, the SUW modules bring additional firepower and maritime security capability to the LCS seaframe.

The Guided Missile Cruiser (CG 47 Class) modernization program (CG Mod) supports modernization of the AEGIS cruisers, commencing with the older Baseline 2 and 3 ships. The CG Mod program delivers rapid introduction of critical new warfighting capabilities by providing enhanced air dominance and C4I capabilities, an improved gun weapon system and force protection systems, and a commercial off-the-shelf (COTS) computing architecture. Hull, mechanical and electrical (HM&E) upgrades will enable these ships to reach their 35 year service life. While the Department has decided to inactivate four CGs in FY 2013 and three CGs in FY

2014, the requirement to maintain and upgrade existing cruisers remains a high priority. While no additional procurement funding is required, the FY 2014 budget funds two HM&E installations.

The Guided Missile Destroyer (DDG 51 Class) Modernization program (DDG Mod) is a significant, integrated advancement in class combat systems and HM&E systems. This investment enables core modernization of DDG combat systems to keep pace with the 2020 threat environment and extend the mission service life of the ships to 35 years. Enhancements added to the program are included in the areas of air dominance, force protection, C4I, ballistic missile defense capability, and mission life extension upgrades. The FY 2014 budget includes funds for three DDG Modernization availabilities as well as long lead procurement of equipment for three availabilities in FY 2016.

Submarine Programs

The Navy continues to modernize the fleet of submarines. *Virginia* Class fast attack submarines are joining the existing fleet of *Los Angeles* and *Seawolf* Class submarines to provide covert force application throughout the world's oceans. Construction of the *Virginia* Class continues to be performed under a teaming arrangement between General Dynamics Electric Boat and Huntington Ingalls Industries, Newport News. The ninth *Virginia* Class submarine *USS Mississippi* (SSN 783) was delivered to the fleet in May 2012. FY 2013 funded the last two of eight *Virginia* Class submarines under a multi-year procurement contract awarded in December 2008. The Department is requesting authority for a follow-on MYP contract for up to ten submarines beginning in FY 2014. The FY 2014 budget request assumes appropriation of FY 2013 advance procurement for the second FY 2014 submarine, and includes a request for advance appropriation in FY 2015.

Logistics Platforms

In FY 2014, the Department added funding for construction of Mobile Landing Platform (MLP) 4 known as an Afloat Forward Staging Base (AFSB). The FY 2014 request also includes funds to modify the FY 2012 MLP 3 as an AFSB. The AFSB will

provide troop berthing and aviation modules that will offer COCOMs greater flexibility by providing additional in-theater capability.

The Landing Craft Air Cushion (LCAC) craft modernization program continues with a service life extension for four craft in FY 2014. LCACs provide rapid over the horizon movement of USMC forces from the sea base to the beach.

Ship Research and Development

OHIO Class Replacement

The Department of Navy has budgeted $1,084 million in FY 2014 for the *Ohio* Class submarine replacement program (SSBN(X)). While the Department delayed the program two years due to affordability, the FY 2014 research and development efforts will focus on the propulsion plant, missile compartment development, and platform development technologies like the propulsor, electric actuation, maneuvering/ship control, and signatures. These funds provide for joint development of missile launch technologies in support of longstanding bilateral agreements with the United Kingdom. In addition, the Department continues to fund design for affordability efforts necessary to meet the cost targets for the program.

FORD Class

The budget requests $203 million in FY 2014 for integration efforts, nuclear propulsion development, test planning and support, and funds to continue system development and demonstration on Advance Arresting Gear (AAG) and the Electromagnetic Aircraft Launch System (EMALS). Both AAG and EMALS will be sufficiently mature to install as part of new construction and meet the delivery date for *Gerald R. Ford*. AAG and EMALS will improve reliability and maintainability, reduce manning and workload, and support increased sortie generation rates and operational availability when compared to the legacy Nimitz class launch and recovery systems.

VIRGINIA Class

Virginia Class research and development efforts continue to focus on cost reduction efforts, operational evaluation testing, development of sonar, combat control, and electronic support systems, and submarine multi-mission team trainer efforts. The FY 2014 budget includes $62 million which continues efforts to improve electronic systems and subsystems, development of improved silencing capability and reduced Total Ownership Costs for Block IV submarines.

In addition, the FY 2014 budget includes $60 million for platform design efforts on future *Virginia* submarine strike payload capacity for Tomahawk Land Attack and follow on missiles. The design is targeted for the Block V ships which are scheduled to begin construction in 2019.

Air and Missile Defense Radar (AMDR)

The budget requests $240 million in FY 2014 to start the Air and Missile Defense Radar's Engineering Manufacturing Development phase and downselect to one contractor. The radar is an open-architecture solution to the requirement for Ballistic Missile Defense, while also improving the DDG 51 class air defense capabilities. AMDR is envisioned to be installed on the second FY 2016 and both FY 2017 DDG 51 ships and is a key component of the Flight III configuration.

Surface Electronic Warfare Improvement Program (SEWIP)

In response to current threats, the budget requests $132 million for continuing research and development efforts associated with SEWIP, which provides enhance electronic warfare (EW) capabilities to both existing and new ship based combat systems. These capabilities will improve anti-ship missile defense, counter targeting, and counter surveillance activities. SEWIP Block 2 will develop an upgraded antenna, receiver, and combat system interface for the currently installed AN/SLQ-32 EW suite, providing improved detection, accuracy, and mitigation of electronic interference. SEWIP Block 3 will add an electronic attack (EA) capability to the AN/SLQ-32 EW suite, providing an EA transmitter, array, and advanced techniques. These system improvements will ensure the Department keeps pace with the anti-ship missile threat.

AVIATION PROGRAMS

Aircraft Programs

Navy and Marine Corps aviation continues to provide forward deployed air presence in support of our national strategy. Positioned to support the joint warfighter, the FY 2014 budget provides the Department with the best balance of naval aviation requirements. The proposed FY 2014 multi-year aircraft procurement contract for E-2D and KC-130J airframes is projected to provide significant savings, stretching available

procurement funds. Development funding continues for the F-35, CH-53K, Triton MQ-4 Unmanned Aerial System (UAS), and VXX. The Department remains dedicated to UAS use in naval aviation and for the FY 2014 budget has optimized the UAS across the Department's portfolio. The Unmanned Carrier Launched Airborne Surveillance and Strike (UCLASS) development program began in FY 2012 with a limited operational capability set for FY 2020. In FY2014, the Department has fortified its Airborne Electronic Attack capability with the addition of two new EA-18G expeditionary squadrons and increasing the Navy's surge readiness to source expeditionary requirements. The EA-18G is a highly capable Airborne Electronic Attack platform to support 4th and 5th generation aircraft and weapons in highly demanding scenarios through the life of the aircraft.

Figure 34 –Major Aircraft Programs

	FY 2013*	FY 2014	FY 2015	FY 2016	FY 2017	FY2018	FYDP
Fixed Wing							
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	-	-	-	-	-	-
EA-18G	12	21	-	-	-	-	21
E-2D AHE	5	5	5	6	8	8	32
P-8A (MMA)	13	16	16	16	14	10	72
C-40A	-	-	-	-	-	1	1
KC-130J (USMC)	-	2	1	1	1	2	7
Other Support Aircraft	-	1	-	-	-	-	1
Rotary Wing							
AH-1Z/UH-1Y**	28	25	26	27	28	30	136
CH-53K (HLR)	-	-	-	2	4	7	13
MV-22B	17	18	19	19	18	4	78
MH-60R	19	19	29	29	-	-	77
MH-60S	18	18	8	-	-	-	26
UAV							
MQ-8 (VTUAV)	6	1	5	8	2	2	18
Triton UAS	-	-	3	4	4	6	17
STUAS	5	-	-	-	-	-	-
Training							
T-6A/B (JPATS)	33	29	-	-	-	-	29
Total Major Aircraft Programs	**192**	**165**	**124**	**130**	**107**	**110**	**636**

*Chart does not include additional FY 2013 quantities enacted in the Consolidated and Further Continuing Appropriations Act, 2013 (11 F/A-18E/F, one C-40A, three KC-130J, three AH-1Z/UH-1Y, and one MV-22B).

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

Fixed Wing

Navy and Marine Corps aviation provide the COCOMs with air superiority and the persistent ability to strike opponents with several platforms. The F-35B Short Takeoff and Vertical Landing (STOVL) variant will be a multi-role strike fighter to replace the AV-8B and F/A-18A/B/C/D for the Marine Corps. The F-35C carrier variant provides the Navy with a multi-role stealthy strike fighter to complement the F/A-18. The F-35 brings improved stealth and countermeasures, and incorporates the latest available technology for advanced avionics, data links and adverse weather precision targeting. It has increased range and includes weaponry upgrades which are superior to the weapons currently employed in the fleet. This state of the art aircraft will enable the Navy and Marine Corps team to command and maintain global air superiority in an increasingly dynamic and dangerous world. FY 2014 is the eighth Low-Rate Initial Production (LRIP) for the STOVL variant and carrier variant (CV) with six and four aircraft respectively.

The Super Hornet (F/A-18E/F) currently leads naval aviation in the fighter/attack role. In FY 2013, the last F/A-18E/F aircraft for the Department were procured. To ensure a fully capable inventory of strike aircraft the Department funds various modifications to extend the service life of legacy F/A-18. Other significant modifications were Infra-Red Search and Track (IRST), additional service life extension, Multifunctional Information Distribution System/Joint Tactical Radio System upgrades, and Automated Information System Upgrades.

The EA-18G Growler, which replaces the EA-6B, continues to assume the airborne electronic attack role, supporting all operational requirements and fully integrating into strike packages. EA-18Gs provide for a joint, long-term expeditionary electronic attack capability. In FY 2014, the Department added 21 EA-18G aircraft, two new EA-18G squadrons and additional capability to existing squadrons underpinning the Navy's Airborne Electronic Attack capability.

The E-2D Advanced Hawkeye program starts full-rate production in FY 2014 with the procurement of five aircraft in the first year of a proposed five-year MYP contract. This next generation, carrier based early warning, command and control aircraft will provide improved battle space detection, support Theater Air Missile Defense (TAMD), and offer improved operational availability. The E-2D combined with the SM-6 missile, Cooperative Engagement Capability (CEC) and the AEGIS combat system is a key component of Naval Integrated Fire Control – Counter Air (NIFC-CA), enabling use of the missile at its maximum kinetic range. The E-2D will ensure the "eyes" of the nation's sea-based strike capability remain focused on emerging threat systems.

Sustainment of the missions performed by the aging P-3 Orion fleet remains a priority for the Department. The P-8A Multi-Mission Maritime Aircraft (MMA), based on the Boeing 737 platform, began replacing the P-3, and will reach Initial Operational Capability (IOC) in 2013. The P-8A's ability to perform undersea warfare to include high altitude launched torpedo capability, surface warfare and ISR missions make it a critical force multiplier for the joint task force commander. The P-8A will continue Full Rate Production with the award of sixteen aircraft in FY 2014.

The KC-130J program will enter into a Multi-Service five-year multiyear contract with the Air Force beginning in FY 2014. The KC-130J aircraft is an all metal, high-wing, long-range, land-based monoplane. It is designed for cargo, tanker and troop carrier operations. The mission of the KC-130J is to provide tactical in-flight refueling and assault support transport.

Rotary Wing

The UH-1Y/AH-1Z aircraft fulfills the Marine Corps attack and utility helicopter missions. The FY 2014 base budget supports the AH-1Z new build strategy with construction of 10 AH-1Z aircraft in FY 2013. The budget also includes the new construction of 15 UH-1Y aircraft for a total of 25 aircraft in FY 2014. These aircraft types have 84% commonality and provide airborne command and control, armed escort, armed reconnaissance, search and rescue, medical evacuation, close air support, anti-armor operations and anti-air warfare.

The Osprey MV-22B Tilt Rotor is pursuing a follow-on multi-year procurement with the Air Force from FY 2013 through FY 2017, which will provide substantial savings.

The MV-22B fills a critical capability role with the Marine Corps by incorporating the advantages of a Vertical/Short Takeoff and Landing aircraft that can rapidly self-deploy to any location in the world. The joint program will procure MV and CV variants to support the Marine Corps and Air Force respective requirements. The MV-22B has been one of the key workhorses for the USMC supporting ongoing contingency operations in Afghanistan and around the world.

The Department continues to support the multi-year procurement (FY 2012-FY 2016) of both the MH-60R Seahawk and MH-60S Knighthawk helicopters, which are part of a joint contract with the Army's UH-60M Blackhawk. The MH-60R replaces the aging SH-60B and SH-60F helicopters, whose primary mission areas are undersea warfare and surface warfare. This platform will have numerous capability improvements including airborne low frequency sonar, multi-mode radar, electronic support measures, and forward looking infra-red sensor.

The MH-60S, which is primarily employed as a logistics platform, will sustain the forward deployed fleet in missions ranging from rapid airborne delivery of materials and personnel to support amphibious operations through search and rescue coverage. Armed helicopter and organic airborne mine countermeasures are mission areas which will be added as block upgrades.

Unmanned Aerial Vehicles

The FY 2014 budget continues to support the goal of transforming the force with unmanned vehicles by investing in a broad range of unmanned platforms in support of Joint Force and Combatant Commander demands for increased ISR capability and capacity. These programs support the warfighter by providing a persistent ISR capability through the continued development, acquisition, and fielding of UAV systems such as the MQ-8 Vertical Take Off and Landing Tactical UAV (VTUAV) and MQ-4 Triton UAS. Additionally, the Department is funding future unmanned development, including the technology demonstration of the Navy Unmanned Combat Aerial System (NUCAS) X-47B and the Unmanned Carrier Launched Airborne Surveillance and Strike system development.

The MQ-8 VTUAV conducts missions including over-the-horizon tactical reconnaissance, classification, targeting, laser designation, and battle management. The MQ-8 launches and recovers vertically and can operate from air capable ships (DDG, CG, FFG, LCS), as well as confined area land bases. The Department continues to field the MQ-8C with the procurement of one aircraft in FY 2014. In accordance with enduring Special Operations Force (SOF) Intelligence, Reconnaissance, and Surveillance (ISR) requirements, the Defense Department has established MQ-8C as the SOF ISR solution. In FY 2014 the Department will continue to procure MQ-8Cs as a Rapid Deployment Capability (RDC) in order to support an IOC of FY 2014.

The RQ-7 Marine Corps Tactical Unmanned Aircraft System (MCTUAS) was procured through joint efforts with the Army's Shadow program. The USMC will continue to field Tactical Common Data Link modifications in FY 2014. The USMC will sustain the current UAS inventory with replacement of components and systems based on attrition rates in FY 2014 and future years. The Shadow UAS is providing Marine Corps Tactical UAS capability to the MAGTF commander, while replacing the legacy Pioneer UAS. The RQ-7 Shadow UAS is interoperable, compatible, and maintainable with Army Shadow units.

The Small Tactical Unmanned Aircraft System (STUAS) is a combined Navy and Marine Corps program for a common solution that provides persistent Intelligence, Surveillance, and Reconnaissance/Target Acquisition support for tactical level maneuver decisions and unit level force defense/force protection for naval amphibious assault ships (multi-ship classes) and Navy and Marine land forces. Development efforts continue in FY 2014. STUAS will be used to complement other high demand, low density (HDLD) manned and unmanned platforms. STUAS will be available to operate from ship/shore scenarios where those HDLD assets may not be available to ship or other Navy unit commanders. This system will fill the ISR capability shortfalls currently filled by ISR services contracts.

MQ-4 Triton system development and demonstration continues in FY 2014 with $375 million to provide a High Altitude-Long Endurance Unmanned Aircraft System designed to provide persistent maritime ISR of nearly all the world's high-density sea-lanes, littorals, and areas of national interest. Envisioned as an unmanned adjunct to the P-8A MMA, and crucial to the recapitalization of Navy's airborne maritime ISR capability, the system will seek to leverage Maritime Patrol

and Reconnaissance Force manpower, training and maintenance efficiencies. The Triton UAS air vehicle features sensors designed to provide near worldwide coverage through a network of five CONUS and OCONUS orbits, with sufficient air vehicles to remain airborne for 24 hours a day, 7 days a week, out to ranges of 2,000 nautical miles. Onboard sensors will provide detection, classification, tracking and identification of maritime targets and include maritime radar, electro-optical/infrared, and Electronic Support Measures systems. Additionally, Triton will have a communications relay capability designed to link dispersed forces in the theater of operations and serve as a node in the Navy's FORCEnet strategy.

The FY 2014 budget also includes $21 million to continue the Navy Unmanned Combat Air System (NUCAS) X-47B program's carrier demonstration of a tailless platform. The NUCAS X-47B program will demonstrate Autonomous Aerial Refueling, in order to mature carrier-based unmanned air technologies.

The Navy's carrier-based unmanned aerial vehicle efforts, continues funding the development and deployment of the Unmanned Carrier Launched Airborne Surveillance and Strike system. UCLASS will incorporate control technologies and subsystems demonstrated by NUCAS X-47B to provide a Limited Operational Capability (LOC) to Carrier Battle Group Commanders in support of COCOM requirements in FY 2020.

Training

In FY 2014, the Department completes its procurement of the T-6B Texan II with 29 aircraft. The T-6B, commonly referred to as the Joint Primary Aircraft Training Systems (JPATS), replaces the Navy's T-34 primary flight trainer for entry level student naval aviators and student naval flight officers. The JPATS' upgraded avionics, communications and navigation systems will provide our student aviators and naval flight officers with aircraft systems more representative of what they will ultimately fly.

Aviation Research and Development

RDT&E,N initiatives support both traditional and irregular warfare demands in several aviation programs. The E-2D Advanced Hawkeye (AHE) development program develops, demonstrates, tests, and procures the APY-9 radar system and other aircraft system components including Cooperative Engagement Capability, Pre-Planned Product Improvement, and Dual Transmit Satellite Communications that modernize the E-2 weapon system to maintain open ocean mission capability while providing the United States Navy with an effective littoral surveillance, battle management, and Theater Air and Missile Defense (TAMD) capability. The FY 2014 development effort will focus on integrating the Tactical Targeting Networking Technology Advanced Data Link functionality and begins funding a Link-16 Cooperative Engagement Capability Interoperability program. These new capabilities will enhance the E-2D's sensor netting capability in support of NIFC-CA and will improve the quality of the tactical surveillance picture and identification of target tracks with the overall Navy and Joint Integrated Air and Missile Defense strategy. Tactical Aircraft Directed Infrared Countermeasures continues to develop to provide the warfighter protection against surface and air-to-air missiles.

The Super Stallion CH-53E, the only heavy-lift helicopter specifically configured to support Marine Corps missions, entered the fleet in 1980. An improved CH-53K is required to support Marine Air-Ground Task Force heavy-lift requirements in the 21st century joint environment. A cross functional platform with a logistics and force application role, the CH-53K will conduct expeditionary heavy-lift transport of armored vehicles, equipment and personnel to support distributed operations deep inland from a sea-based center of operations. The system demonstration phase continues into FY 2014.

The V-XX Presidential Helicopter program in FY 2014 includes $94 million for a follow-on program to replace the legacy VH-3 and VH-60 Presidential helicopters. In FY 2014, the V-XX program will enter into the Engineering and Manufacturing Development (EMD) Phase.

WEAPONS PROGRAMS

Figure 35 –Weapons Quantities

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FYDP
Ship Weapons							
TACTOM	196	196	196	196	196	196	980
SM6 (AUR)	94	81	125	127	160	174	667
RAM (AUR)	62	66	90	90	90	116	452
ESSM	37	53	104	115	114	94	480
MK 48 HWT	94	108	64	54	104	52	382
MK 54 LWT	75	150	200	312	312	312	1,286
Aircraft Weapons							
AIM-9X	150	225	225	225	226	225	1,126
AMRAAM	67	54	83	108	128	170	543
JSOW C	280	328	431	432	440	496	2,127
AARGM	100	143	188	252	263	312	1,158
HELLFIRE*	1,210	363	342	396	390	391	1,882
SOPGM*	50	50	3	3	3	3	62
JAGM	-	-	-	-	-	-	-
SDB II	-	-	-	-	90	750	840
APKWS*	1,452	1,103	1,601	1,923	1,166	1,171	6,964
Total Weapons Quantities	**3,867**	**2,920**	**3,652**	**4,233**	**3,682**	**4,462**	**18,949**

*Chart does not include additional FY 2013 quantities enacted in the Consolidated and Further Continuing Appropriations Act, 2013 (less five SM-6).
**Includes Overseas Contingency Operations request of 212 Hellfire, 50 SOPGM, and 616 APKWS in FY 2013.

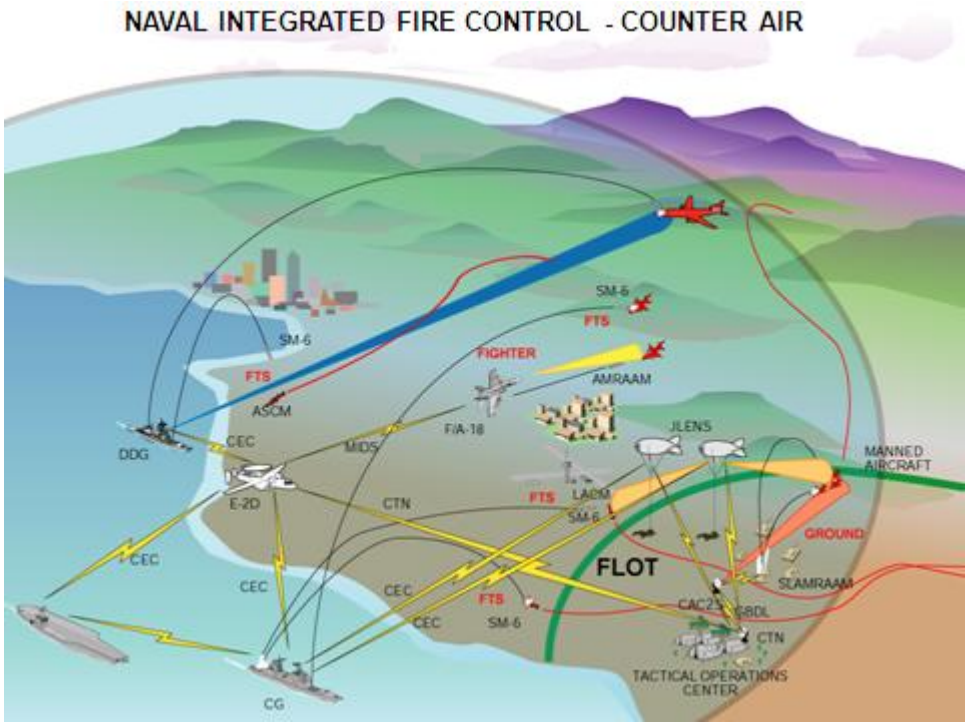
Ship Weapons

The Tactical Tomahawk missile provides a premier attack capability against long range, medium range, and tactical tar I gets on land and can be launched from both surface ships and submarines. The Tomahawk program continues full rate production in FY 2014 at the minimum sustaining rate. By improving command and control systems, the Navy will maximize the flexibility and responsiveness inherent in the Tactical Tomahawk Weapons System.

The Standard Missile (SM) program replaces less effective, obsolete inventories with the more capable SM-6 Extended Range Active Missile. The SM-6 high speed/ high altitude missile program started Full Rate Production in FY 2013. The SM-6 and its associated Naval Integrated Fire Control - Counter Air (NIFCA-CA) will provide the capability to employ these missiles at their maximum kinematic range. NIFC-CA exploits capabilities inherent in existing systems, optimizes current and emerging

technologies in component system upgrades, integrates them together, and performs kill chain tests, forming an interoperable System of Systems to maximize future air defense capabilities. The Department of Navy has focused on its efforts to integrate the "From The Sea" kill chain consisting of the E-2D Advanced Hawkeye, CEC, AEGIS, and SM-6 missile. Investments in advanced technology such as the SM-6 and its associated NIFC-CA capabilities will enable the Navy to keep pace with the evolving threat and thereby continue to maintain our conventional warfare edge.

Figure 36 –Naval Integrated Fire Control – Counter Air (NIFC-CA)



The Rolling Airframe Missile (RAM) is a high firepower, low cost, lightweight ship self-defense system designed to engage anti-ship cruise missiles and asymmetric threats. FY 2014 is the third year under Low Rate Initial Production for Block 2 missiles to bring greater capability to the fleet to include a more effective range and deliver a significant improvement in maneuverability.

The TRIDENT II D5 Submarine Launched Ballistic Missile provides a credible and affordable sea-based strategic deterrent that is survivable, safe, reliable and compliant with all arms control agreements. While FY 2012 was the last year of procurement of the additional 108 missiles required to support the D5 life extension, in FY 2014 the Navy continues to procure various D5 components such as the

Strategic Programs alteration kits for the guidance and missile electronics systems and solid rocket motors. Continued investment is required to ensure that all *Ohio* Class submarines will deploy fully loaded, while guaranteeing sufficient inventory exists for periodic required Demonstration and Shakedown Operations and Follow-On Commander-in-Charge Evaluation Test launches into the 2040s. The D5 weapons system will also be the initial weapons system utilized by the *Ohio* Class Replacement.

The MK 48 Advanced Capability heavyweight torpedo is used solely by submarines and is employed as the primary anti-submarine warfare and anti-surface warfare weapon aboard attack, ballistic missile, and guided missile submarines. FY 2014 efforts will continue to focus on the Common Broadband Advanced Sonar System, as well as Guidance and Control modifications to the existing torpedo, optimizing the weapon for both deep and littoral waters and adding advanced counter-countermeasure capabilities.

The MK 54 lightweight torpedo is used to attack submarines from surface and airborne platforms and is the payload for the vertical launched anti-submarine rocket. The MK 54 lightweight torpedo uses existing torpedo hardware and software from the MK 46, MK 48, and MK 50 torpedo programs and adds state-of-the-art COTS digital signal-processing technology to provide improved performance against modern day threats. The Navy will continue development of a high altitude launch capability from a Maritime Patrol Aircraft in FY 2014.

Aircraft Weapons

Aircraft weapons in the force application capability portfolio arm the warfighter with lethal, interoperable, and cost effective weapons systems. The AIM-9X (Sidewinder) missile is a "launch-and-leave" air combat munition that employs passive infrared energy for acquisition and tracking of enemy aircraft. The continued procurement of the AIM-9X in FY 2014 enables the Department to maintain air superiority in the short-range air-to-air missile arena through the missile's ability to counter current and emerging threats against enemies using infrared countermeasures. In FY 2011, the Navy entered into the first

LRIP of the AIM-9X Block II missile and in FY 2014 will procure the first FRP lot of AIM-9X missiles. The Department is also pursuing the development of AIM-9XX Block III, which will provide improved range and insensitive munitions capabilities.

Advanced Medium Range Air-to-Air Missile (AMRAAM) is a next-generation, all-weather, all-environment radar-guided missile that is designed to counter existing air vehicle threats having advanced electronic attack capabilities operating at high or low altitude. Upgrades to the AMRAAM incorporate an active radar in conjunction with an inertial reference unit and microcomputer system which makes the missile less dependent upon the aircraft fire control system. This advanced capability enables the pilot to aim and fire several missiles at multiple targets. AMRAAM was rephased in the FY 2014 President's Budget to ensure adequate time to complete testing while still allowing for an orderly production rate increase.

The Joint Standoff Weapon (JSOW) is a 1,000-pound-class, air-to-ground weapon, which carries several different lethal packages. JSOW procurement in FY 2014 and beyond focuses on the "unitary" variant, AGM-154C1, which carries the Broach Lethal Package warhead system and provides a unique autonomous capability to engage and destroy a variety of point targets vulnerable to blast and fragmentation kill mechanisms.

The AGM-88E Advanced Anti-Radiation Guided Munition (AARGM) program upgrades the legacy AGM-88 High Speed Anti-Radiation Missile (HARM) with multi-mode guidance and targeting capability. The AARGM systems development and demonstration program will integrate multi-mode guidance (passive anti-radiation homing/active millimeter wave radar/global positioning system/inertial navigation system) on the HARM AGM-88 missile. The Department will continue with its third year of full rate AARGM production in FY 2014.

The AGM-114 Hellfire is a family of laser guided missiles employed against point and moving targets by both rotary and fixed wing aircraft. The variants include shaped charge warheads for use against armored targets and blast fragmentation warheads for use against urban structures. The AGM-114N is a thermobaric blast fragmentation warhead that maintains the capability provided by the AGM-114M while adding a unique capability against confined compartmented spaces, a typical

target type observed in current combat operations. The versatility of the Hellfire missile helps make it the "weapon of choice" in overseas contingency operations. The Navy plans to procure 363 Hellfire missiles in FY 2014.

The Department is continuing with the development of the Small Diameter Bomb (SDB) Increment II and associated tri-mode seeker technology. SDB II will be one of the key weapons systems deployed on JSF.

Advanced Precision Kill Weapons System II (APKWS II) provides a relatively inexpensive, small, lightweight, precision guided weapon that is effective against soft and lightly armored targets and which enhances crew survivability with increased standoff range. APKWS II offers precision, maximum kills per aircraft sortie, minimum potential for collateral damage, and increased effectiveness over legacy unguided rockets. The Department will continue with its third year of full rate production in FY 2014.

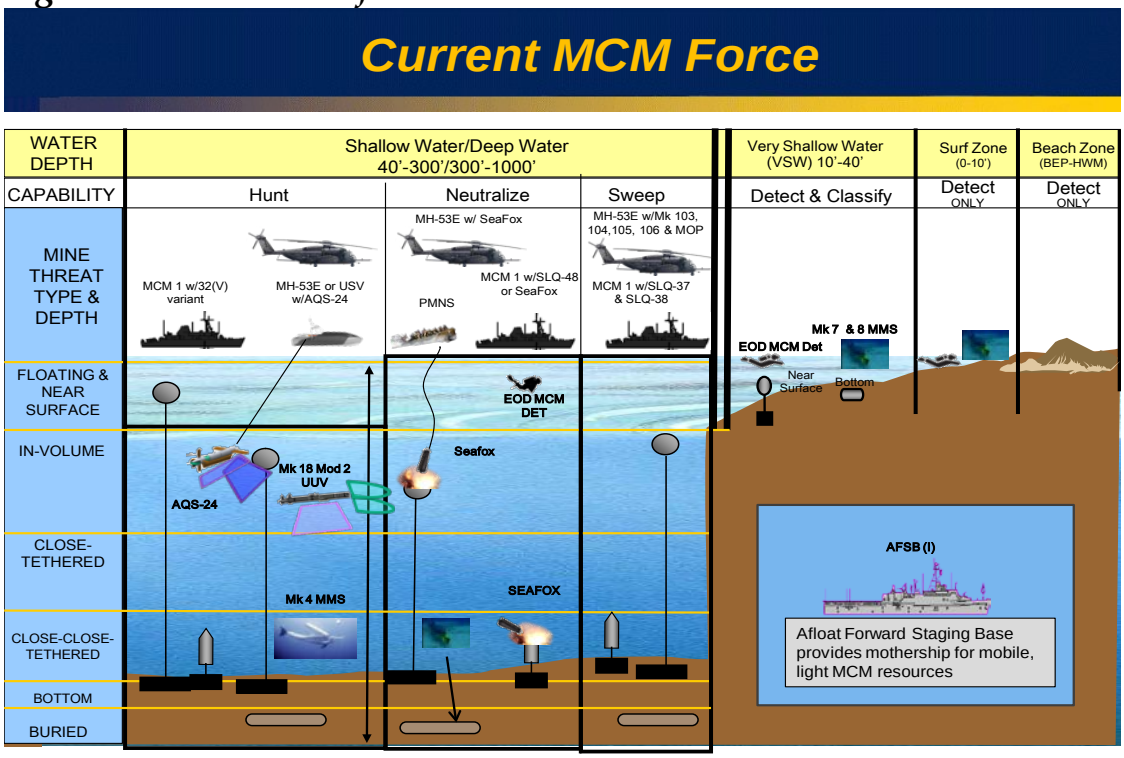
The Strike Weapons Technology Demonstrations program provides for development of precision strike weapons to allow for the horizontal integration among current and future weapon system capabilities. Development and support of the Shadow (RQ-7) weaponization program commences in FY 2014. The program provides the Marine Corps with the opportunity to optimize the application of technology insertion opportunities to improve upon the accuracy, standoff, lethality, interoperability, and overall effectiveness of current and future precision strike weapon systems.

Stand-Off Precision Guided Munitions (SOPGM), Griffin missile, is a short range rocket propelled missile that uses GPS/INS to navigate to the target vicinity and a semi-active laser seeker for terminal guidance. The missile, included in the roll-on/roll-off KC-130J Intelligence, Surveillance and Reconnaissance Weapon Mission Kit USMC, is being adapted for use on surface combatants (PCs and LCS platforms) as a short range anti-surface missile to increase defensive capability against small boat attacks.

MINE WARFARE

Mines remain a significant asymmetrical threat presenting anti-access challenges that can disrupt our ability to execute our mission. Sea mines can prevent access to naval and commercial vessels, negate our maritime capability advantages and disrupt or slow operations in the littorals. The FY 2014 Mine Warfare budget reflects planned improvements to existing air and surface Mine Countermeasure (MCM) forces, enhancing both capability and capacity needed to meet near-term critical requirements as well as support the transition to the future organic/ Littoral Combat Ship (LCS) based MCM Mission Package (MP) systems. Research and development efforts remain on track to deliver the mine countermeasures capability to LCS by FY 2014, and to continue to advance the mine countermeasures roadmap through the sustained development and application of new technologies. The Navy remains committed to fielding and delivering the future MCM force that will transform the Navy from the platform-centered legacy force to a capability-centered force that is distributed, networked, and able to provide unique maritime influence and access across the entire maritime domain. FY 2014 provides additional capability and capacity for U.S Central Command (CENTCOM) MCM Urgent Operational Needs (UONs) requested by Commander, U.S. 5th Fleet (C5F) in order to mitigate mine warfare Anti-Access/Area-Denial (A2/AD) challenges in the Persian Gulf and Strait of Hormuz. Figure 37 displays an operational view of the Mine Countermeasure Force and efforts included in the FY 2014 budget.

Figure 37 – Mine Warfare



Mine Warfare Programs

The Mine Countermeasures program continues development of mine warfare systems for the Fleet and for the LCS MCM mission package. Employed from the MH-60S, the Airborne Laser Mine Detection System (ALMDS) uses a laser imaging detection and ranging blue-green laser to detect, localize and classify near surface, moored sea mines. The Airborne Mine Neutralization System (AMNS) is an expendable, remotely operated mine neutralization device that will reacquire and neutralize previously identified targets, using the Archerfish Common Mine Neutralizer against bottom and in-volume sea mines. Employed from the MH-53E, the AQS-24 sonar will provide a high speed, high resolution rapid day/night and volume minehunting capability. The Mk-105 Sled is a wide area magnetic and acoustic sweep system used to counter magnetic influence bottom mines. SEAFOX, a mine neutralization system for direct disposal of existing and new mine types, is operational from both the MH-53E and the MCM-1 Avenger Class. The Remote Mine Hunting System (RMS), used on LCS, uses a robust unmanned, semi-submersible, semi-autonomous vehicle that can be adapted to a broad spectrum of applications and missions, including towing the AN/AQS-20 variable-depth sensors to detect, localize, classify and identify undersea threats at a safe distance from friendly ships. The Remote Multi-Mission Vehicle provides

all-weather, low-observable operations, high endurance, interchangeable mission system electronics, and real-time data transfer capability.

EOD Mine Countermeasures personnel directly support mine-hunting and clearance operations by utilizing countermeasures-unique equipment and tactics, techniques, and procedures against undersea weapons, including Underwater Improvised Explosive Devices (UWIEDs). FY 2014 provides EOD divers with a family of systems and mature technologies to conduct operations as well as continue improvements that remove the man from the minefield. The Marine Mammal Systems continue their mission by providing specially trained bottlenose dolphins and sea lions for mine detection and neutralization, swimmer defense, and recovery of mines, torpedoes, and other objects. EOD SEAFOX neutralizers provide a neutralization capability employed from a Rigid Hull Inflatable Boat (RHIB). The Mk 18 Mod 2 Unmanned Underwater Vehicle (UUV) continues procurement providing increased area coverage, increased endurance and higher resolution imagery. Significant investments in FY 2014 Mine Countermeasures programs, systems and equipment increase capabilities to address future mine warfare challenges of world-wide operations as well as directly support the UON of Commander, U.S. 5th Fleet. Efforts benefit the MCM force by transforming the Navy from the platform-centered legacy set of systems to a capability-centered force that is distributed, networked, and able to provide unique maritime influence and access across the entire maritime domain.

NETWORKS AND C4I PROGRAMS

The Navy's Command, Control, Communication, Computers, and Intelligence (C4I) programs are the backbone of naval combat capability. In concert with C4I, cyberspace capabilities are critical to achieving DON objectives in every warfighting domain and enterprise business model. The Department of Defense is undergoing a significant transformation in organization, structure, and alignment to enable the full range of operations in cyberspace. The associated cyberspace mission areas of computer network operations and Information Assurance will be enabled by common technologies and must be highly synchronized. DON is reducing information technology (IT) infrastructure cost and cyber vulnerabilities by consolidating Enterprise IT contracts and data centers, as well as improving IT governance.

Figure 38 displays major C4I programs included in the FY 2014 budget by their capability area.

Figure 38 – Major C4I Programs

Major C4I Programs
(Dollars in Millions)

Capability Area / Program*	FY 2012	FY 2013	FY 2014
NGEN / CoSC *(Note 1)*	268	243	312
CANES	175	438	424
JTRS	601	337	3
NMT	126	218	238
MUOS	464	167	59
G/ATOR	107	165	185
CAC2S	41	71	44
GCSS-MC	48	45	1

*Programs include investment and R&D funding only.

The Next Generation Enterprise Network (NGEN) will improve upon the successes of NMCI. A significant distinction is that NGEN will ultimately be predominately government managed and controlled. NGEN management will be more centralized to support the computing demands of the DON enterprise, and fully aligned with and supported by the respective Navy and Marine Corps network operation commands. NGEN will support net-centric operations and position the DON for transition to the Naval Networking Environment (NNE) vision for FY 2016. NGEN forms the foundation for the NNE, and will be interoperable with, and leverage, other DoD-provided Net-Centric Enterprise Services.

The DON awarded the Continuity of Services Contract (CoSC), which began on 1 October 2010, to maintain the existing Navy Marine Corps Intranet (NMCI) network services and provide for the necessary transition support for migration to NGEN. FY 2013 marks the planned transition of the CoSC to the NGEN contract. The FY 2014 budget supports the NGEN program.

The Consolidated Afloat Networks and Enterprise Services (CANES) program provides Navy ships and submarines with reliable, high speed local area networks at all classification levels. CANES modernizes existing afloat networks and provides the necessary infrastructure for tactical applications, systems and services required for Navy to dominate the Cyber Warfare domain.

FY 2014 investment funds are for the Full Deployment contract award to procure 29 units, two units of technical training equipment (TTE), integration, associated costs for pre-installation design and activity drawings, and installation for 26 afloat units and two TTE units. In addition, funds are for Technical Insertion Software development, Developmental Testing and Follow-On Operational Testing & Evaluation on force level platforms in support of Full Deployment Decision in FY 2014.

The FY 2014 budget continues to fund **Joint Tactical Radio System (JTRS)** development and procurement of the Navy's Multifunctional Information Distribution System (MIDS) program. The MIDS program has evolved from separate radio replacement programs to an integrated effort to network multiple weapon system platforms and forward combat units where it matters most – the last tactical mile. The goal is to produce a family of interoperable, modular software-defined radios which operate as nodes in a network to ensure secure wireless communication and networking services for mobile and fixed forces.

Navy Multiband Terminal (NMT) is the replacement for existing protected and wideband military SATCOM terminals. The program provides Navy units with the ability to access the next generation of military SATCOM satellites. The system also provides increased capacity, mitigates service denial in a jamming environment and supports execution of the Ballistic Missile Defense mission. The common suite of equipment simplifies logistics support while reducing the footprint of equipment on space constrained ships and submarines. FY 2014 funds will support procurement of 45 units and the installation of 29 units.

The advanced **Ultra High Frequency (UHF) Mobile User Objective System (MUOS)** development and procurement funding continues in the FY 2014 budget, supporting full operational capability in FY 2017. MUOS will provide the DoD's UHF satellite communication capability for the 21st century.

Marine Corps Radio and Switching Modernization: The FY 2014 budget allows the Marine Corps to continue to procure leading edge tactical radio systems to support the primary operational voice and data communications requirements for the mounted and dismounted Marine while ensuring Marines have the necessary equipment to exercise command and control of units on a more dispersed battlefield. This budget allows the Marine Corps to continue to upgrade vehicular

multi-channel radio systems with hardware and software that will increase bandwidth, reliability, and security for tactical command and control users. The Marine Corps will also fund R&D efforts to support designs to mitigate obsolescence issues and while designing service life extension plans for tactical transmission systems within the Terrestrial Wideband Transmission Systems (TWTS) program, a capability portfolio of terrestrial based wide-band transmission systems which are critical enablers in executing command and control. Additionally, the FY 2014 budget continues procurement of the Data Distribution System Modular (DDS-M), which provides Local Area Network/Wide Area Network capability and forms the data communication backbone for the MAGTF. Funding within the DDS-M is focused on procuring Maintainer Training Systems.

Marine Corps Command & Control Modernization: The FY 2014 budget funds procurement and R&D for three Command and Control systems (NOTM, JBC-P, and CAC2S) which will provide improved command and control capability for the MAGTF. Continued modernization and upgrades to Networking On the Move (NOTM) system provides Beyond Line of Sight (BLOS)/Line of Sight (LOS) transmission capability to the operating forces for networking connectivity while on the move and to enable Command and Control (C2) applications, streaming video, and collaborative tools for Marines moving throughout the battlefield

MARINE CORPS GROUND EQUIPMENT

The Marine Corps continues to balance its ground equipment procurement and system development efforts to ensure that Marines are supported in the current fight while simultaneously modernizing in preparation for future contingencies. It is imperative that our Nation retain a credible means of mitigating risk while we draw down both the capabilities and capacities of our forces--this is best done by forward deployed and positioned forces, trained to a high state of readiness, and on the scene. Whether buying force protection and individual combat equipment for the individual Marine or continuing the research and acquisition of equipment in our ground tactical mobility portfolio, this budget ensures that Marines will have the equipment they need to conduct operations across the spectrum of warfare.

Major Procurement Programs

Javelin: Javelin provides the Army and Marine Corps a man—portable, fire-and-forget, medium range missile with enhanced situational awareness and precision direct-fire effects to defeat armored vehicles, fortifications and soft targets in full spectrum operations. Javelin is highly effective against a variety of targets at extended ranges whether daylight or darkness, regardless of battlefield obscurants, adverse weather and multiple counter-measure conditions. Javelin's soft launch feature permits firing from a fighting position or an enclosure. The system uses a modular design to allow the system to evolve to meet changing threats and requirements via both software and hardware upgrades. This budget provides funding to replenish inventory reductions due to shelf life considerations.

Tube-Launched Optically-Tracked, Wire-Guided (TOW) Missile: TOW missiles (BGN-71 Series) are combat proven missiles that provide heavy anti-armor/assault capability to the USMC Infantry, Tank, and Light Armored Vehicle Battalions. TOW continues to be used consistently in Operation Enduring Freedom (OEF) as the weapon of choice in precision combat engagements. Marines employ TOW missiles against buildings and field fortifications taking advantage of the missile's inherent precision assault capability against such targets. The TOW missiles are launched from a variety of combat systems to include High Mobility Multipurpose Wheeled Vehicle (HMMWV), Mine Resistant Ambush Protected (MRAP) Vehicle, and Light Armored Vehicle (LAV), as well as having the capability for ground mounted operations. The TOW missile provides the warfighter with a highly lethal, cost effective, interoperable, multi-purpose weapon.

High Mobility Multipurpose Wheeled Vehicle (HMMWV): The HMMWV serves as the primary light tactical ground vehicle for command and control, troop transport, light cargo transport, shelter carrier, towed weapons prime mover, and weapons platform throughout all areas of the battlefield or mission area. FY 2014 funding will restore selected variants.

Major RDT&E Programs

Amphibious Combat Vehicle (ACV): The Amphibious Combat Vehicle (ACV) program provides advanced generation amphibious, armored lift and capability to the Marine Air Ground Task Force. ACV supports ship-to-objective maneuver by providing the capability to self-deploy from amphibious ships, seamlessly transition between sea and land domains, establish footholds where conditions preclude other

types of entry and enable rapid build-up of combat power ashore before an enemy can react. ACV may be configured in two mission role variants: the ACV Personnel (ACV-P) and the ACV Command and Control (ACV-C). ACV will provide up to eight infantry battalions of expeditionary protected mobility. The ACV Company provides general support lift for an infantry battalion. FY 2014 RDT&E funding for ACV will support Systems Design and Development efforts and continue ACV Prototype Design and Development.

Ground/Air Task Oriented Radar (G/ATOR): G/ATOR, formerly known as the Multi-Role Radar System (MRRS), is an expeditionary, 3-dimensional, short/medium range multi-role radar designed to detect cruise missiles, air breathing targets, rockets, mortars, and artillery. MRRS and GWLR (Ground Weapons Locating Radar) merged into a single requirement/capability (G/ATOR) and will replace an aging fleet of single mission legacy radar systems. G/ATOR will support air defense, air surveillance, counter-battery/target acquisition, and aviation radar tactical enhancements; the final evolution will also support the Marine Corps' air traffic control mission. FY 2014 RDT&E funding for G/ATOR will support continued Anti-Tamper implementation, transition to Block I – Air Defense/Air Surveillance, begin developmental testing to support Block II – Ground Weapons Locating Radar (GWLR) and support Producibility Enhancements. Producibility enhancements will allow for cost reduction opportunities within the program outside the FYDP while also increasing performance, reducing weight and power consumptions for future G/ATOR systems. These enhancements will ultimately allow for the Marine Corps to achieve Full Operation Capability (FOC) date three years earlier to 2020. In addition to RDT&E funding for G/ATOR, this budget includes procurement funding supporting the Low Rate Initial Production (LRIP) of two G/ATOR systems and the refurbishment of one G/ATOR Engineering Development Model (EDM).

Joint Light Tactical Vehicle (JLTV): This budget supports the development and testing of the JLTV Family of Vehicles (FOV), which is a joint program between the Army and the Marine Corps. JLTV program objectives are to restore the mobility and payload of the original High Mobility Multi-Wheeled Vehicle to the future light tactical vehicle fleet while providing increased modular protection within the weight constraints of the expeditionary force. The JLTV program strives to minimize ownership costs by maximizing commonality, reliability, and fuel efficiency, while achieving additional savings through effective competition in all stages of program execution. JLTV configurations will be derived from two basic vehicle variants, the Combat Tactical Vehicle and the Combat Support Vehicle. The commonality of components, maintenance procedures, and training among all

configurations will minimize total ownership costs. Funding for major activities in this budget includes completion of Engineering and Manufacturing Development Phase prototype fabrication, delivery of prototypes, vendor shakedown testing, Government Test Readiness Review, and initiation of Government performance testing.

Marine Personnel Carrier (MPC): MPC supports expeditionary protected mobility requirements by enhancing Marine operating forces' tactical and operational mobility with balanced levels of performance, protection, and payload. MPC is part of a portfolio of capabilities which addresses real world operational gaps and shortfalls in the ability of the MAGTF to conduct ground based maneuver tasks. The MPC, as the medium capability category platform in the portfolio, provides a complimentary capability to the ACV to meet mounted mobility requirements. The MPC Family of Vehicles includes a base vehicle, MPC-P (Personnel Carrier); Low density mission role variants to include MPC-C (Command & Control) and MPC-R (Recovery and Maintenance). This budget provides funding to prepare and conduct Pre Engineering and Manufacturing Development Review leading to early FY2015 Milestone B. This funding also enables the continuation of technical, engineering, and management support for planning, program documentation, analysis and execution.

RESEARCH AND DEVELOPMENT SUPPORT

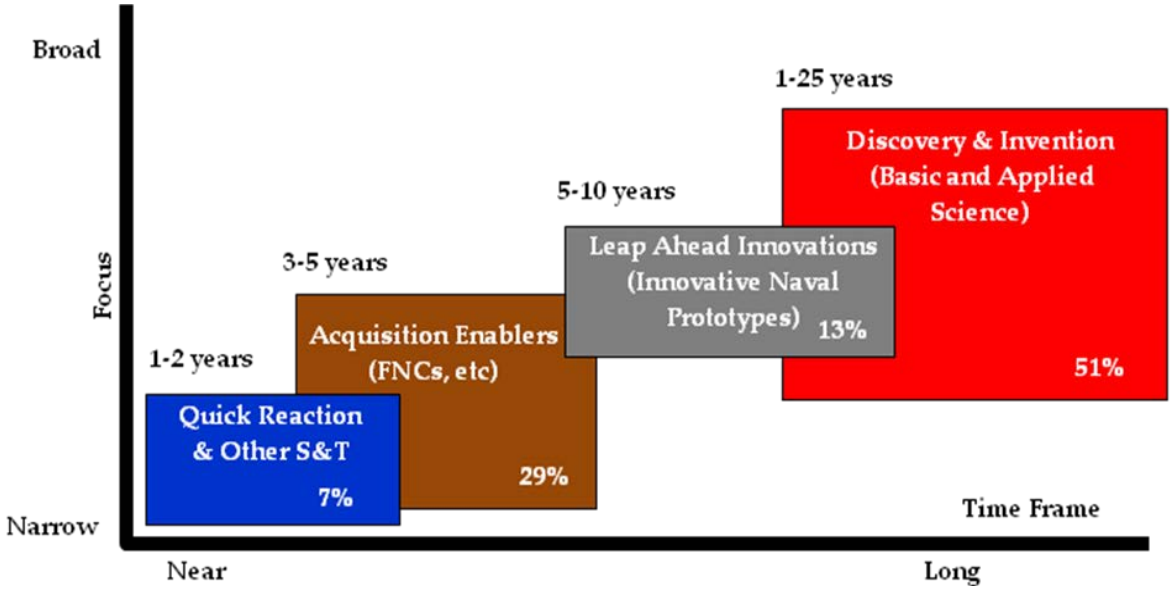
The Department of the Navy's Research, Development, Test and Evaluation (RDT&E) program supports the Department's vision for future capabilities in science & technology, shipbuilding, aviation, weapons, and command and control. This section focuses on the Navy's Science and Technology (S&T) efforts.

Science and Technology

The FY 2014 budget requests $2.0 billion for the S&T program. The FY 2014 S&T budget request supports the Naval S&T Strategic Plan which was approved by the Department of the Navy's S&T Corporate Board and updated in September 2011.

Figure 39 displays the percentage of investments being made by the Department of the Navy in S&T and supporting programs

Figure 39 – Department of the Navy Investment Portfolio



Discovery & Invention (D&I): This area consists of basic research and the early stages of applied research. With efforts in Undersea, Surface, Air, Space, and Cyber Domains, D&I is the genesis of future naval technologies and systems. It creates technology options, maintains S&T capacity vital to naval interests, and is an important component in the development of the next generation of the S&T workforce.

Acquisition Enablers: This portion of the S&T portfolio is focused on Future Naval Capabilities (FNCs) and the transition of advanced technologies to acquisition programs of record and to the Fleet. These efforts translate maturing technology into requirements-driven products in the late stages of applied research and advanced technology development. Supporting programs include Small Business Innovation Research and Manufacturing Technology (ManTech) programs, which foster other aspects critical to naval acquisition program success. ManTech has invested in a number of areas, such as advanced welding and joining processes.

Leap Ahead Innovations: Innovative Naval Prototypes (INP) and Swamp Works projects comprise the bulk of the S&T investment in the Leap Ahead Innovation portfolio. INP programs develop and integrate technologies that can change the way naval forces operate and fight. Programs in this category may be disruptive technologies that enable the Navy to evaluate high risk concepts of operations without placing existing acquisition programs at risk of schedule delays or funding overruns. Swamp Works programs, are smaller than INPs and are intended to

produce results in one to three years.

Quick Reaction and Other programs: This portion of the portfolio includes quick-reaction projects such as Tech Solutions and Naval Warfare Experimentation, which are responsive to immediate needs identified by the Fleet, operating forces, or Navy leadership. These programs address urgent needs identified by the Fleet with research that provides an S&T solution that meets or exceeds the need, with short-term programs and rapid solutions. Supporting programs include the Rapid Technology Transition (RTT) and Technology Insertion for Program Savings (TIPS) programs which provide the ability to rapidly insert technology solutions into acquisition programs of record within the normal budget cycle.

The FY 2014 budget includes $13 million for development of "Speed to Fleet" (S2F) initiatives. S2F is a concept to accelerate insertion of maturing technologies into the Fleet to address critical naval needs via the transition of prototype S&T products from Advanced Technology Demonstration to Research and Development Advanced Component Development and Prototypes to mature technologies and enable demonstrations in relevant operational environments. Examples of S2F initiatives included in the budget are Tactical Decision Aid for MEDUSA, Command and Control Rapid Prototype Continuum to Maritime Tactical Command and Control (C2RPC to MTC2), and Compact Rapid Attack Weapon (CRAW).

Figure 40 provides Navy RDT&E summary data at the budget activity level.

Figure 40 – DON RDT&E Activities

(Dollars in Millions)	FY 2012	FY 2013 PB Req	FY 2014
Science and Technology	2,077	1,980	2,033
Basic Research	591	605	615
Applied Research	813	790	835
Advanced Technology Development	674	584	583
Advanced Component Development	4,359	4,335	4,641
System Development and Demonstration	5,970	5,747	5,028
RDT&E Management Support	1,167	845	886
Operational Systems Development	4,075	3,976	3,386
Sub Total: RDT&E,N	**17,648**	**16,883**	**15,975**
Overseas Contingency Operations	75	60	
Total: FY 2014 PB Request	**17,723**	**16,943**	**15,975**
Full Year CR Appropriation Adjustment		965	
Total: RDT&E,N	**17,723**	**17,908**	**15,975**

This page left blank intentionally.

SECTION VI – REVITALIZING THE FORCE ASHORE

Providing Sailors, Marines, and the Department's civilians with high quality facilities, information technology, and an environment to achieve their goals is fundamental to mission accomplishment. The ability to project power through forward deployed naval forces relies heavily on a strong and efficient shore infrastructure.

MILITARY CONSTRUCTION

Key tenets in the Department's facilities investment strategy include:

- Improving Quality of Life
- Enhancing the Global Defense Posture
- Replacing Aging Facilities
- Supporting New Systems
- Upgrading Operations, Training, and Security Facilities

The FY 2014 budget request achieves the Department's key goals, financing 64 military construction projects. Of these: 32 are for the active Navy and 29 for the active Marine Corps, one for the Navy Reserve Component and two for the Marine Corps Reserve Component.

Figure 41 - Summary of MILCON Funding

Military Construction Summary (Active and Reserve)

(Dollars in Millions)	FY 2012*	FY 2013	FY 2014
Navy	1,142	954	854
Marine Corps	1,039	693	787
Planning and Design	87	105	92
TOTAL	**2,268**	**1,752**	**1,733**

*Includes Overseas Contingency Operations funding.

Improving Quality of Life

The Department continues to improve the quality of life for our Sailors and Marines. The FY 2014 program provides a total of $70 million for quality of life initiatives. Projects include:

- BEQ, Training Barracks, Great Lakes IL ($36 million)
- BEQ, Family Housing Conversion, Ventura, CA ($34 million)

Enhancing the Global Defense Posture - Defense Policy Review Initiative (DPRI)

The construction program supports improvements in the Navy's global defense posture.

PACOM – Guam DPRI

The USMC program, as part of the Defense Policy Review Initiative, an international alliance to enhance the security environment was initiated whereby the United States and the Government of Japan signed an agreement for the relocation of U. S. Marines from Okinawa to Guam. As part of a cost-sharing arrangement, the Japanese government is providing funding to support the overall relocation effort. The FY 2014 military construction program on Guam takes into account ongoing supplemental environmental impact statements and focused construction at known enduring locations. Supporting the relocation effort in FY 2014, the Department's budget provides $86 million for Guam construction as follows:

- Aircraft Maintenance Hanger – North Ramp ($86 million)

PACOM – Asia Pacific

The Navy program also includes a number of projects that support enhanced presence and capabilities in the Area of Responsibility (AOR). These projects support the forward deployment of SSNs at Guam, increase the logistical capabilities of Guam, and support communications in Japan at a total value of $179 million.

- Modular Storage Magazines, Guam ($63 million)
- Wharf Improvements, Berth X-Ray Phase 1, Guam ($53 million)
- Submarine Emergent Repair Facility Expansion, Guam ($36 million)
- Dehumidified Supply Storage Facility, Guam ($17 million)
- Communication System Upgrade, Yokosuka, Japan ($8 million)
- Wharf Improvements, Guam ($1 million)

AFRICOM

The Department of the Navy has been designated the Combatant Command Support Agent for Camp Lemonnier. This base provides vital support to the expanding mission in east Africa. These projects improve security and upgrade the Quality of Life for our forward deployed service members at a total value of $29 million.

- BEQ, Camp Lemonnier, Djibouti ($23 million)
- Armory, Camp Lemonnier, Djibouti, ($6 million)

Facility Improvements/Replace Aging Facilities

As facilities reach the end of their service life, they must be modernized or replaced. These projects ensure environmental compliance, modernize research and testing facilities, enhance base infrastructure, and replace outdated facilities at a total value of $282 million. Some examples include:

- Submarine Production Support Facility, Pearl Harbor, HI ($35 million)
- Water Transmission Line, Pearl Harbor, HI ($30 million)
- Regional Communication Station, New River, NC ($20 million)
- Weapons Storage and Inspection Facility, Albany, GA ($16 million)
- Aircraft Crash/Rescue & Fire Headquarters, Key West, FL ($14 million)
- Structural Shops Consolidation, Portsmouth, ME ($12 million)

Supporting New Systems

As new systems are introduced into service, supporting facilities are required. These new systems include the MV-22, F-35 JSF, BAMS UAV, LCS, CVN-78 (13.8KV electrical power), CH-53K, EA-18G, and cyber forces at a total value of $542 million. Some associated military construction projects include:

- MARFORCYBERCOM HQ-OPS Building, Ft. Meade, MD ($84 million)
- MV-22 Parking Apron and Infrastructure, Kaneohe Bay, HI ($75 million)

- BAMS Forward Operational & Maintenance Hangar, Guam ($62 million)
- MV-22 Hangar, Kaneohe Bay, HI ($58M)
- P-8 Training & Parking Apron Expansion, Jacksonville, FL ($21 million)
- BAMS Consolidated Maintenance Hangar, Ventura, CA ($17 million)

Operations, Training, Maintenance and Security Facilities

These projects range from Nuclear Power Operation Training to small arms training and base security upgrades for total value of $435 million. Some examples include:

- Nuclear Power Operation Training Facility, Goose Creek, SC ($74 million)
- Townsend Bombing Range Land Acq - Phase 1, Townsend, GA ($62 million)
- Camp Wilson Infrastructure Upgrades, 29 Palms, CA ($33 million)
- Explosives Handling Wharf #2, Bangor, WA ($25 million)
- Drydock Waterfront Facility, Kitsap, WA ($23 million)
- Small Arms Ranges, Yorktown, VA ($19 million)
- Reserve Training Center, Belton, MO ($15 million)
- Corrosion Control Hangar, New River, NC ($13 million)
- Airfield Security Upgrades, Futenma, Okinawa ($6 million)
- Reserve Boat Maintenance Storage Facility, Memphis, TN ($4 million)

FAMILY HOUSING

The Department continues its reliance on the private sector as the primary source of housing for Sailors, Marines, and their families. The family housing budget includes the operation, maintenance, and recapitalization of the family housing units remaining in the Department's inventory of government-owned housing. The budget request represents the funding level necessary to ensure government-owned housing remains adequate for Sailors, Marines, and their families.

To date, the Department has awarded 38 military family housing privatization projects totaling over 63,000 homes for Sailors, Marines, and their families. Over

90 percent of Navy and Marine Corps family housing has been privatized. As a result of these projects, almost $9 billion has been invested through the privatization program for the construction of new housing and the replacement or renovation of existing housing. The Department has contributed approximately $1 billion towards this initiative, thus leveraging its resources by nine to one. Furthermore, the Department's approach to privatization will ensure that quality of the privatized housing is sustained over the long term.

The Navy's FY 2014 Family Housing construction budget does not contain any new construction funding; however, $49 million is budgeted in post-acquisition construction for the improvement and repair of 127 homes and apartment units located overseas in Japan (68) and Guam (59). The Navy's budget also includes $356 million for the operation, maintenance and leasing of approximately 11,500 units located worldwide.

The Marine Corps FY 2014 request for post-acquisition construction includes $25 million for the improvement and repair of 50 family housing units and ancillary supporting facilities located at Marine Corps Air Station, Iwakuni, Japan. The Marine Corps' budget also includes $34 million for the operation, maintenance and leasing of approximately 1,300 units located worldwide.

Figure 42 - Family Housing Units

Number of Family Housing Units

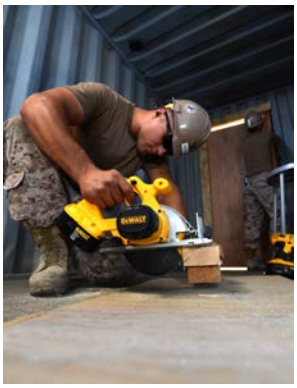
	FY 2012	FY 2013	FY 2014
New privatization projects/units	0	1/870	0
Housing inventory (Owned)	10,838	10,719	9,774
Housing inventory (Leased)	3,046	3,036	3,038

FACILITY SUSTAINMENT, RESTORATION, AND MODERNIZATION

Continued investment in Facility Sustainment, Restoration and Modernization (FSRM) is necessary to maintain our inventory of installations supporting required capabilities from the National Security Strategy. The FSRM program ensures our current inventory of facilities is maintained in good working order, while preventing premature degradation of facility condition.

Facility Sustainment

DoD develops its annual facilities sustainment requirement using an empirical model called the Facility Sustainment Model (FSM). The model takes into account facility type/use, industry metrics for similar facilities, geographic location, and economic indicators, as well as a number of other factors. Our inventory of facilities continues to be further updated to provide a more accurate account of the quantity, condition, and configuration of the Navy's shore infrastructure. The FY 2014 budget continues to fund Navy facility sustainment at a rate of 80 percent of the DoD-modeled value in FY 2014, but increases it to 85% in FY 2015 and out. This increase in Navy's sustainment funding is balanced by a reduction in restoration and modernization and reflects the lowest total ownership cost in FSRM in the current funding climate. Active management of the Navy's unique portfolio of infrastructure focused on flexible, tailored responses to priority needs is a sound approach to facilities management that yields comparable results. Marine Corps sustainment remains at 90 percent to reflect requirements at their older land bases, while properly anticipating increased FSM requirements for recently completed warfighting and support infrastructure.



Facility Restoration and Modernization

The DoD references an industry-based facility investment model to keep facility inventory at an acceptable level of quantity and quality through life-cycle maintenance, repair, and disposal. Facility recapitalization occurs through restoration or modernization of aged and sub-optimally performing facilities. DoD's empirical based Facility Modernization Model measures recapitalization rate as a "percentage" of model requirement. DoD has not established a goal for this model. Navy continues its improvement and refinement to the Shore Facilities Investment

Model (SFIM) in order to accurately program and budget restoration and modernization within FSRM. Figure 43 displays the funding applied to restoration and modernization efforts. The Navy has increased its investment in recapitalization of permanent party barracks across the FYDP and beyond, directly supporting the goal of 90% of barracks inventory in a good or fair condition (Q1/Q2) and thereby improving quality of life for our Sailors. The Navy continues to budget funds for fleet-wide facility consolidation initiative aimed at effectively and efficiently configuring installations while simultaneously reducing the overall DoN facility inventory. The Navy maintains its designation as lead service operating Camp Lemonnier. Given the importance of this strategic location, enduring Base Operating Support and FSRM requirements and approximately $200 million in funding for Camp Lemmonier have been transferred from OCO into the FY 2013 baseline budget.

Navy Marine Corps continues energy-related renovations and facility retrofits to achieve compliance with Energy Independence and Security Act and other DON energy initiatives. Efforts include utility metering enhancements, replacement of Heating, Ventilation, and Air Conditioning systems with more energy efficient units, and building envelope repairs that reduce energy consumption. The Restoration and Modernization (RM) investments include operation & maintenance, NWCF, OCO funds, and a restoration component of Navy MILCON.

Figure 43 summarizes the Department's FSRM program.

Figure 43 - Facility Sustainment, Restoration, and Modernization

(In Millions of Dollars)	FY 2012	FY 2013	FY 2014
Facility Sustainment Funding			
Navy	1,530	1,471	1,521
Marine Corps	641	586	632
Total DON Facility Sustainment (all Appropriations)	**2,171**	**2,057**	**2,153**
Annual Unfunded Sustainment			
Navy	222	338	380
% of Model Funded*	87%	81%	80%
Marine	0	71	77
% of Model Funded	101%	90%	90%
Total DON Unfunded Sustainment	**222**	**409**	**457**
Restoration and Modernization (RM) Funding (O&M only)			
Navy	779	628	501
Marine Corps	252	235	107
Total DON R&M (All appropriations)	**1,031**	**863**	**608**

NAVY WORKING CAPITAL FUND (NWCF)

The NWCF is a revolving fund that finances Department of the Navy activities providing products and services on a reimbursable basis, based on a customer-provider relationship between operating units and NWCF support organizations. Customers send funded orders to the NWCF providers who furnish the services or products, pay for incurred expenses, and bill the customers, who in turn authorize payment. Unlike for-profit commercial businesses, NWCF activities strive to break even over the budget cycle.

NWCF activity groups comprise five primary areas: Supply Management, Depot Maintenance, Research and Development, Base Support and Transportation. The wide range of goods and services provided by NWCF activities are crucial to the DON's conventional and irregular warfare capabilities as well as its ongoing roles in Overseas Contingency Operations. The value of goods and services provided by NWCF activities in FY 2014 is projected to be approximately $29.5 billion, as shown in Figure 44.

The FY 2014 budget estimates build on savings initiatives implemented in FY 2012 and continued in FY 2013 and incorporate additional business process improvements such as data center consolidation, whereby the Navy will reduce the number of data centers, thereby eliminating redundant and underutilized resources.

Supply Management

Supply Management performs inventory management functions that result in the sale of aviation and shipboard components, ship's store stock, repairables, and consumables to a wide variety of customers. A key component of the logistics capability area, Supply Management is the central element assuring DON and DoD operating forces and their equipment have the necessary supplies, spare parts, and components to conduct OCO engagements, various types of training, and any potential contingency. Ensuring the right material is provided at the proper place, time, and cost is vital to equipping and sustaining Navy and Marine Corps warfighting units. Supply Management also supports contracting, resale, transportation, food service, and other quality of life programs. Costs related to supplying material to customers are recouped through stabilized rate recovery elements.

FY 2014 budget estimates reflect the impact of a number of cost and overhead reduction initiatives such as the reduction of supply related information technology and inventory costs through the use of Navy Enterprise Resource Planning (ERP). Further, previously identified and projected changes into FY 2014 remain on track for both the F/A-18 Flight Control Surface and C-2A Outer Wing Panel inspection and replacement initiatives driven by service life extensions and life-limit restrictions. Both Navy and Marine Corps Supply budget estimates balance cost reduction efforts with global operational requirements, while accounting for lead time and OPTEMPO in support of warfighting units.

Depot Maintenance

The Fleet Readiness Centers (FRCs) and Marine Corps Depots perform depot maintenance functions to ensure repair, overhaul, and timely updates of the right types and quantities of weapons systems and support equipment. As a result, deployed and soon-to-deploy units have the battle-ready items they need to fight

and win ongoing OCO engagements and potential confrontations. Forward-deployed individuals perform time-critical repair and upgrade functions in-theater, alongside the service members they support.

The FRCs are essential for mobilization; repair of aircraft, engines, and components; and the manufacture of parts and assemblies. They provide engineering services in the development of hardware design changes and furnish technical and other professional services on maintenance and logistics issues. The FRCs overhaul and repair a wide range of equipment and components. Contractors are used to supplement the organic workforce during workload peaks.

Workload at the Marine Corps Depots in FY 2014 includes the strategic reset of the Marine Corps Operation Enduring Freedom ground equipment set following sustained combat operations. This work will entail extensive repair to bring equipment to near zero miles/zero hours condition as part of the Marine Corps' larger reconstitution effort. The impacts of the changing force levels associated with OCO continue to develop and will have an impact on depot maintenance operations.

Research and Development

Research and Development (R&D) includes the Warfare Centers and the Naval Research Laboratory. R&D activities are very heavily involved in the development, engineering, acquisition and in-service support of weapons systems and equipment for the air, land, sea, and space operating environments. These efforts are key to the success of DON and DoD operations now and in the future. Other areas where the R&D activities make major contributions are battle-space awareness, net-centric operations (connectivity and interoperability), and command and control. Their contributions are evidenced through their research, engineering and testing efforts in the fields of space, aerial, surface and sub-surface sensors, communications systems, multi-media data fusion, and battle management systems. R&D activities continue to implement improvements and greater standardization thereby contributing to the progression of overall acquisition process and execution improvements.

Certain R&D activities support logistics through the repair and maintenance of select items of operating forces weapons and equipment. This is done in those instances in which the work is limited in scope, irregular in schedule and/or very specialized (and therefore not sufficient to warrant fully dedicated depot facilities or commercial source interest). Success in the logistics area is vital to ensuring the necessary mission capabilities of the operating forces.

- Space and Naval Warfare System Centers provide fleet support for command, control, and communication systems, and ocean surveillance, and the integration of systems that connect different platforms
- Naval Air Warfare Center provides support for carrier and land-based aircraft, engines, avionics, aircraft support systems and ship/shore/air operations.
- Naval Surface Warfare Center provides fleet support for hull, mechanical, and electrical systems, surface combat systems, coastal warfare systems, and other offensive and defensive systems associated with surface warfare.
- Naval Undersea Warfare Center provides fleet support for submarines, autonomous underwater systems, and offensive and defensive systems associated with undersea warfare.
- Naval Research Laboratory operates as the DON's full spectrum corporate laboratory, conducting a broadly based multidisciplinary program of scientific research and advanced technological development directed toward maritime applications of new and improved materials, techniques, equipment, systems, and ocean, atmospheric, and space sciences and related technologies.

Base Support

The Base Support business area is comprised of the Facilities Engineering Commands (FECs) and the NWCF portion of Naval Facilities Engineering and Expeditionary Warfare Center (NAVFAC EXWC), formerly known as the Naval Facilities Engineering Service Center (NFESC). The FECs provide a broad range of services in the force support area by ensuring that DON and DoD facilities and installations have reliable access to utilities services such as electricity, water, steam and natural gas, vehicle and equipment services, facility support contracting oversight, and building/ facilities sustainment and recapitalization services. In order to achieve facility energy and utility distribution system efficiencies and reduce the DON's overall energy consumption levels, the FECs will continue to implement steam plant production and distribution improvements, chiller plant replacements

with high efficiency systems, and installation of network wide digital control and monitoring systems. The NWCF portion of NAVFAC EXWC supports combatant capabilities and sustainable facilities through specialized engineering and technology development. In addition, energy efficiency improvements in both buildings and support vehicles are being implemented by Base Support activities in order to conserve DON and DoD resources. Facility-related technology development and environmental testing is also performed by this group. The increase in costs in the Base Support area from FY 2013 to FY 2014 is primarily due to the FECs increasing their facilities sustainment funding, which consists mostly of critical utility infrastructure and equipment that support the warfighter's mission and operational capabilities.

Transportation

While over-ocean movement of supplies and provisions to the operating forces is a primary focus of this group, it also maintains prepositioned equipment and supplies as well as other special mission services.

Transportation is the responsibility of the Military Sealift Command (MSC) whose major clients include the Fleet Commanders for U.S. Pacific Fleet (COMPACFLT) and United States Fleet Forces Command (USFFC), and Naval Sea Systems Command. The five programs budgeted by MSC through the NWCF are: 1) Combat Logistics Force , which provides support using civilian mariner manned non-combatant ships for underway material support; 2) Service Support, which provides support using civilian mariner manned non-combatant ships with towing, rescue and salvage, submarine support and cable laying and repair services, as well as a command and control platform and floating medical facilities; 3) Special Mission Ships, which provide unique seagoing contract-operated platforms in the areas of oceanographic and hydrographic surveys, underwater surveillance, missile tracking, acoustic surveys, and submarine and special warfare support and contracted harbor tugs; 4) Afloat Prepositioning Force Navy, which deploys advance material for strategic lift in support of the Marine Expeditionary Forces; and 5) Joint High Speed Vessels (JHSV) , which is a cooperative effort for a high-speed, shallow draft vessel intended for rapid intra-theater transport of medium sized cargo payloads.

NWCF Cash

The DON's goal is to maintain the cash balance in the seven to ten day range based on the average daily expenditure rate for two fiscal years plus a six month projection of outlays to procure capital investments. The cash forecast of collections and disbursements considers cyclical timing (e.g., payroll disbursements based on payroll periods, timing of major disbursements including capital purchases, vendor payments within and outside government, long lead contract accruals, and transfers if known). The NWCF cash balance fluctuates primarily from the return of excess accumulated operating results for prior year gains/losses.

Figure 44 - Summary of NWCF Costs

COST ***(In Millions of Dollars)***	**FY 2012**	**FY 2013**	**FY 2014**
Supply (Obligations)	7,129	7,076	6,705
Depot Maintenance - Aircraft	2,290	2,254	2,161
Depot Maintenance - Marine Corps	580	589	569
Transportation	2,925	2,899	2,850
Research and Development	12,665	13,769	13,863
Base Support	3,106	3,205	3,352
TOTAL	**28,695**	**29,792**	**29,499**

This page left blank intentionally.

SECTION VII – DRIVING INNOVATIVE ENTERPRISE TRANSFORMATION

The Department of the Navy continues its commitment to building a performance based culture and has actively developed process improvements to improve and measure performance. Working in cooperation with the DoD enterprise, we will continue to improve performance measurement and budget reporting and to strengthen links between performance and budget. DON successes as well as major ongoing initiatives are addressed in this section.

The DON continues to develop its vision for Business Transformation. Because of the size and complexity of DON's business operations it is imperative that the Navy-Marine Corps team continues to change its business practices to be more agile, efficient, and increasingly responsive to the warfighter.

In these times of fiscal constraint, the DON is challenged to make necessary investments in future capabilities while sustaining current warfighting effectiveness. As part of a strategy to achieve these competing ends, the DON has adopted business transformation policy designed to:

- Employ business process change to create more effective operations at reduced costs.
- Exploit process improvements, technology enhancements, and an effective human capital strategy to ensure continued mission superiority.

DON business process improvement involves executing, aligning and integrating a series of enterprise-wide initiatives which will dramatically transform our ability to execute programs and support our mission. The result will be improved efficiency, better decision-making, and an organizational culture that is performance-based. Collectively, these initiatives will create an environment that produces more accurate and timely business information and will, over time, be endorsed by a favorable third party financial audit.

AUDIT READINESS

The plan for audit readiness includes evaluating business processes to ensure the design and operating effectiveness of their internal controls comply with federal financial standards; correcting identified internal control deficiencies; ensuring that internal controls remain effective through continual monitoring, testing, and auditing; and retention of key supporting documentation showing the proper execution of business processes for inspection at all levels.

The DON continues to make significant progress with its Financial Improvement and Audit Readiness Program (FIAR). The goal of FIAR is to enhance the effectiveness of Navy-Marine Corps business processes and the systems supporting the processes; establish a DON-wide regime of key internal controls over the processes and systems; and to ensure that the controls are periodically tested and deemed effective. The FIAR process will lead to higher quality business data which is accurate, reliable, accessible, and complete. The results will be a stable business environment which can maintain the confidence of Congress and the taxpayer, and one which can ultimately achieve uniformly positive audit results. FIAR primary achievements include:

- Working with DoD in readying business areas for audit in concert with the DoD FIAR efforts which include:
  - Asserting Wave 1: Appropriations Received as audit ready and achieving an unqualified opinion on the DON's Appropriations Received assessable unit;
  - Asserting the DON's Major Defense Acquisition Program (MDAP) E-2D Advanced Hawkeye Program as ready for audit and subsequently receiving an unqualified opinion by an Independent Public Accountant (IPA);
  - Asserting audit readiness of Wave 2 segments comprising DON's Statement of Budgetary Resources (SBR), including Civilian Payroll and Travel using the Defense Travel System (both segments receiving unqualified opinions from an IPA), as well as Reimbursable Work Orders and Military Payroll; DON's aggressive timeline calls for asserting all other SBR segments by 30 Sept 2013;
  - Continue building on favorable audit opinions in asset accountability related to Existence, Completeness, and Rights (EC&R) of the DON's

ships, planes, satellites, and Trident missiles; future assertions in asset management include other property categories and will eventually encompass asset valuation;
  - Building on the Marine Corps's successes and example in undergoing an audit of its Schedule of Budgetary Activity (SBA), which may yield a favorable opinion in Spring 2013.

- Further refining its FIAR methodology to implement a sustainable, repeatable, traceable, and supportable FIAR program and financial processes that can be implemented by all Commands. This was done by implementing the "Top Down, Risk Based" approach to audit readiness. In addition, the DON has approved additional manning at major commands beginning in FY 2014 to plan for sustaining the improvements made during the FIAR process. This resourcing action affirms the DON's commitment to continuously maintain the gains made through FIAR.

- Congressional action mandated that DoD be fully financially auditableby 2017 and that the Statement of Budgetary Resources (SBR) for each Military Department be validated and audit ready no later than September 30, 2014. To achieve these mandates, the DON has resourced an aggressive plan and has made FIAR an "all-hands" effort by:

  - Enlisting the support of senior DON leaders, both civilian and military;
  - Appointing major command commanders to lead DON audit readiness efforts in specific functional areas;
  - Prescribing standard internal controls and business procedures to be followed by each major command.

Doing this, as well as achieving the aforementioned accomplishments, helps the DON in furthering its goals of audit readiness by its milestone dates.

ENTERPRISE RESOURCE PLANNING (ERP)

The Navy ERP program was created to modernize, streamline and standardize how the Navy manages people, money, programs, equipment, and supplies. Navy ERP combines Business Process Reengineering (BPR) and industry best practices, supported by commercial off-the-shelf software, and integrates all facets of Navy business operations, using a single database to manage shared common data. The program enables DON compliance with the Chief Financial Officers Act of 1990 and the DoD Information Assurance Certification and Accreditation Process.

Additional benefits of the program include the delivery of transparent and timely financial information improving decision making and reducing business operating costs. Standardizing and automating key business practices across the DON will create efficiencies, reduce the cost of business, and enable easier career mobility within the workforce. Cost savings will be realized by the retirement of redundant, stove-pipe, legacy IT systems, a reduction in supply inventories due to improved inventory management and visibility, and increased business process efficiencies.

The DON has approximately 72,000 users currently in Navy ERP, executing approximately 50% of DON TOA. The current Program of Record consists of 6 Commands who have completed deployments (full and partial) to Navy ERP including the Naval Sea Systems Command, Naval Supply Systems Command, Naval Air Systems Command, Space and Naval Warfare Systems Command, Office of Naval Research, and Strategic Systems Programs. As of September 30, 2012, 77 Legacy systems have been retired by the Navy ERP deployment.

The DON FIAR, in concert with the continuing roll-out of Navy ERP and other enterprise business initiatives, will transform the Department's business environment into a "best practices" auditable end-state. This transformed environment will be both transparent and accountable to the DON's stakeholders-the Department of Defense, Congress, and the American taxpayer.

DON OBJECTIVES AND PERFORMANCE METRICS

The Department of the Navy FY 2014 performance metrics use risk categories that have been employed since 2001. The framework is as follows:

Operational Risk – Goals for minimizing operational risk include ensuring force availability, maintaining force readiness, shaping force posture and linking contingency planning to capabilities and resources.

Force Management Risk – Goals related to this category include maintaining a quality force, ensuring sustainable military tempo and workforce satisfaction, maintaining reasonable force costs and shaping the force for the future.

Future Challenges Risk – Goals to minimize future challenges risk include driving innovative joint operations, defining human capital skills and competencies, developing more effective organizations and dividing and developing transformation capabilities.

Institutional Risk – Institutionalizing capabilities based planning, improving financial management, and driving acquisition excellence; improving the readiness and quality of key facilities, managing overhead/indirect cost and realigning support to the warfighter are goals affecting institutional risk.

Throughout this overview book, we have addressed our metrics as well as the Department of the Navy goals and objectives. Many of these metrics are also contained in budget justification materials supporting our budget request.

Figure 45 which follows provides page references to the performance information contained in this document supporting current DON objectives and the FY 2014 budget submission.

Figure 45 – Objective and Performance Metrics

Risk Category	Performance Metrics	Page #
Operational Risk	Number of Deployed Marines	1-11
	Ships Deployed	1-11
	Ships Underway	1-11
	Active/Reserve Navy/Marine Corps Strength	1-11
	OCO Request	2-6
	Battle Force Ships	4-5
	Active Steaming Days Per Quarter	4-6
	Surge Sealift Ships and Capacity	4-7
	Prepositioning Ships and Capacity	4-7
	Reserve Battle Force Ships	4-21
	Reserve Steaming Days Per Quarter	4-21
	Ship Maintenance % Requirement Funded	4-10, 4-22
	Deferred Ship Maintenance	4-10
	Active Air Wings	4-12
	Active Primary Authorized Aircraft (PAA)	4-12
	Active Flying Hours T-Rating	4-13
	Airframe Availability/PAA	4-15, 4-25
	Aircraft Engine Bare Firewalls	4-15, 4-25
	Aircraft Engine Spares Ready-to-Issue	4-15, 4-25
	Reserve Air Wings	4-23
	Reserve Flying Hours T-Rating	4-24
	Reserve Primary Authorized Aircraft (PAA)	4-23
	Ship Construction Plan	5-2
	Aviation Procurement Plan	5-8
Force Management Risk	Navy – Active End Strength	3-4
	Navy – Enlisted Accessions	3-5
	Navy - Enlisted Attrition Rates	3-6
	Navy – Active Enlisted Reenlistment Rates	3-6
	Navy – Reserve End Strength	3-8
	Navy - Costs for Accession/Basic Skills/Advanced Training	A-5
	Marine Corps – Active End Strength	3-10
	Marine Corps – Enlisted Accessions	3-10
	Marine Corps – Active Enlisted Reenlistment Rates	3-10
	Marine Corps – Reserve End Strength	3-12

Risk Category	**Performance Metrics**	Page #
	Marine Corps - Costs for Accession/Basic Skills/Advanced Training	A-6
	Civilian Personnel Levels	3-15
Future Challenges	Aviation/Ship Weapons Quantities	5-15
	Funding for R&D Activities	5-31
Institutional Risk	FSRM Recapitalization Rate	6-8
	Family housing units	6-5
	Number of Privatization Projects	6-5
	Number of Reserves Activated	1-11
	Number of Deployed Sailors	1-11

This page left blank intentionally.

SECTION VIII – DERIVATION OF FY 2013 ESTIMATES

Figure 46 displays a track of changes to Department of the Navy appropriations for FY 2013, beginning with the FY 2013 President's Budget request. The changes reflect funding impacts associated with the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6) and Hurricane Sandy Recovery and Rebuilding Supplemental Act (P.L. 113-2).

Figure 46 – Derivation of FY 2013 Estimates

	FY 2013 President's Budget				
(In Millions of Dollars)	Baseline Request	OCO Request	P.L 113-6 Adjustments	Other Congressional Action	FY 2013 Program
Military Personnel, Navy	27,091	875	-325		27,641
Military Personnel, Marine Corps	12,481	1,621	-162		13,940
Reserve Personnel, Navy	1,899	39	-27		1,911
Reserve Personnel, Marine Corps	665	25	-8		682
Health Accrual, Navy	1,184			214	1,397
Health Accrual, Marine Corps	673	65		137	875
Health Accrual, Navy Reserve	142			28	169
Health Accrual, Marine Corps Reserve	81			17	98
Operation & Maintenance, Navy*	41,607	5,880	-99	40	47,428
Operation & Maintenance, Marine Corps	5,983	4,066	91		10,140
Operation & Maintenance, Navy Reserve	1,247	56	8		1,311
Operation & Maintenance, MC Reserve	272	25	5		302
Environmental Restoration, Navy	311		-1		310
Aircraft Procurement, Navy	17,129	165	281		17,575
Weapons Procurement, Navy	3,118	24	-86		3,056
Shipbuilding & Conversion, Navy	13,580		1,984		15,564
Ship Modernization and Sustainment			2,379		2,379
Other Procurement, Navy	6,169	99	-222		6,046
Procurement, Marine Corps	1,623	944	-335		2,232
Procurement of Ammunition, Navy/MC	760	286	-104		942
Research, Development, Test & Eval, Navy	16,883	60	51		16,994
National Defense Sealift Fund	608		89		697
Military Construction, Navy	1,702		-4		1,698
Military Construction, Naval Reserve	50		-1		49
Family Housing Construction, N & MC	102				102
Family Housing Operations, N & MC	378				378
Navy Working Capital Fund*				24	24
Base Realignment and Closure	165		29		194
TOTAL	**$155,902**	**$14,230**	**$3,544**	**$460**	**$174,136**

*NOTE: Other Congressional Action for O&M,N and NWCF represents Hurricane Sandy supplemental funding

This page left blank intentionally.

MILITARY PERSONNEL, NAVY

Table A-1a

Department of the Navy
Military Personnel, Navy
(Dollars in Millions)

	FY 2012	FY 2013 PB Req	FY 2014
Pay and Allowances of Officers	7,250	7,553	7,600
Pay and Allowances of Enlisted	16,865	17,124	17,791
Pay and Allowances of Midshipmen	77	77	78
Subsistence of Enlisted Personnel	1,093	1,173	1,196
Permanent Change of Station Travel	921	975	957
Other Military Personnel Costs	203	189	204
Sub Total: MPN	**26,410**	**27,091**	**27,824**
Full Year CR Appropriation Adjustment		-124	
Total: FY 2014 PB Request	**26,410**	**26,967**	**27,824**
Overseas Contingency Operations	1,077	875	-
Total: MPN	**27,487**	**27,842**	**27,824**

MEDICARE-ELIGIBLE RETIREE HEALTH FUND CONTRIBUTION, NAVY

Table A-1b

Department of the Navy
Medicare-Eligible Retiree Health Fund Contribution, Navy
(Dollars in Millions)

	FY 2012	FY 2013 PB Req	FY 2014
Health Accrual	1,806	1,184	1,198
Total: FY 2014 PB Request	**1,806**	**1,184**	**1,198**
Apportionment Adjustment		213	
Total: DHAN	**1,806**	**1,397**	**1,198**

MILITARY PERSONNEL, MARINE CORPS

Table A-2a

Department of the Navy

Military Personnel, Marine Corps

(Dollars in Millions)

	FY 2012	FY 2013 PB Req	FY 2014
Pay and Allowances of Officers	2,792	2,477	2,687
Pay and Allowances of Enlisted	9,382	8,634	8,865
Subsistence of Enlisted Personnel	752	726	724
Permanent Change of Station Travel	537	515	511
Other Military Personnel Costs	147	128	118
Sub Total: MPMC	**13,610**	**12,481**	**12,905**
Full Year CR Appropriation Adjustment		1,238	
Total: FY 2014 PB Request	**13,610**	**13,719**	**12,905**
Overseas Contingency Operations	547	1,621	-
Total: MPMC	**14,157**	**15,340**	**12,905**

MEDICARE-ELIGIBLE RETIREE HEALTH FUND CONTRIBUTION, MARINE CORPS

Table A-2b

Department of the Navy

Medicare-Eligible Retiree Health Fund Contribution, Marine Corps

(Dollars in Millions)

	FY 2012	FY 2013 PB Req	FY 2014
Health Accrual	1,126	673	684
Sub Total: DHAMC	**1,126**	**673**	**684**
Apportionment Adjustment		137	
Total: FY 2014 PB Request	**1,126**	**810**	**684**
Overseas Contingency Operations	-	66	-
Total: DHAMC	**1,126**	**876**	**684**

RESERVE PERSONNEL, NAVY

Table A-3a

Department of the Navy

Reserve Personnel, Navy

(Dollars in Millions)

	FY 2012	FY 2013 PB Req	FY 2014
Reserve Component Training and Support	1,909	1,899	1,892
Sub Total: RPN	**1,909**	**1,899**	**1,892**
Full Year CR Appropriation Adjustment		49	
Total: FY 2014 PB Request	**1,909**	**1,947**	**1,892**
Overseas Contingency Operations	39	39	-
Total: RPN	**1,948**	**1,987**	**1,892**

MEDICARE-ELIGIBLE RETIREE HEALTH FUND CONTRIBUTION, NAVY RESERVE

Table A-3b

Department of the Navy

Medicare-Eligible Retiree Health Fund Contribution, Navy Reserves

(Dollars in Millions)

	FY 2012	FY 2013 PB Req	FY 2014
Health Accrual	236	142	135
Total: FY 2014 PB Request	**236**	**142**	**135**
Apportionment Adjustment		27	
Total: DHANR	**236**	**169**	**135**

RESERVE PERSONNEL, MARINE CORPS

Table A-4a

Department of the Navy

Reserve Personnel, Marine Corps

(Dollars in Millions)

	FY 2012	FY 2013 PB Req	FY 2014
Reserve Component Training and Support	640	665	677
Sub Total: RPMC	**640**	**665**	**677**
Full Year CR Appropriation Adjustment		-16	
Total: FY 2014 PB Request	**640**	**649**	**677**
Overseas Contingency Operations	18	25	-
Total: RPMC	**658**	**673**	**677**

MEDICARE-ELIGIBLE RETIREE HEALTH FUND CONTRIBUTION, MARINE CORPS RESERVE

Table A-4b

Department of the Navy

Medicare-Eligible Retiree Health Fund Contribution, Marine Corps Reserve

(Dollars in Millions)

	FY 2012	FY 2013 PB Req	FY 2014
Health Accrual	135	81	81
Total: FY 2014 PB Request	**135**	**81**	**81**
Apportionment Adjustment		17	
Total: DHAMCR	**135**	**98**	**81**

OPERATION AND MAINTENANCE, NAVY

Table A-5

Department of the Navy
Operation and Maintenance, Navy
(Dollars in Millions)

	FY 2012	FY 2013 PB Req	FY 2014
Operating Forces			
Air Operations	8,011	8,653	8,602
Ship Operations	10,491	11,861	11,162
Combat Operations/Support	3,161	3,043	3,148
Weapons Support	2,231	2,201	2,229
Base Support	7,702	8,001	7,469
Total - Operating Forces	**31,596**	**33,758**	**32,610**
Mobilization			
Ready Reserve and Prepositioning Forces	479	335	332
Activations/Inactivations	221	1,073	229
Mobilization Preparedness	91	110	100
Total - Mobilization	**791**	**1,518**	**661**
Training and Recruiting			
Accession Training	289	298	298
Basic Skills and Advanced Training	974	912	973
Recruiting & Other Training and Education	530	507	528
Total - Training and Recruiting	**1,793**	**1,716**	**1,798**
Administration and Servicewide Support			
Servicewide Support	2,017	1,792	1,983
Logistics Operations and Technical Support	1,831	1,700	1,800
Investigations and Security Programs	1,135	1,117	1,089
Support of Other Nations	18	5	5
Total - Administration and Servicewide Support	**5,000**	**4,615**	**4,876**
Sub Total: O&MN	**39,179**	**41,607**	**39,945**
Full Year CR Appropriation Adjustment		-3,253	
Total: FY 2014 PB Request	**39,179**	**38,354**	**39,945**
Overseas Contingency Operations	6,738	5,880	-
Other Supplemental	1,062	-	-
Total: O&MN	**46,980**	**44,235**	**39,945**

OPERATION AND MAINTENANCE, MARINE CORPS

Table A-6

Department of the Navy

Operation and Maintenance, Marine Corps

(Dollars in Millions)

	FY 2012	FY 2013 PB Req	FY 2014
Operating Forces			
Expeditionary Forces	1,160	1,719	1,955
USMC Prepositioning	84	100	98
Base Support	3,184	3,014	2,941
Total - Operating Forces	**4,429**	**4,833**	**4,994**
Training and Recruiting			
Accession Training	19	19	19
Basic Skills and Advanced Training	427	416	504
Recruiting & Other Training and Education	277	245	255
Total - Training and Recruiting	**723**	**680**	**778**
Administration and Servicewide Support			
Servicewide Support	424	386	395
Logistics OPS & Technical Support	88	83	88
Total - Administration and Servicewide Support	**513**	**469**	**483**
Sub Total: O&MMC	**5,664**	**5,983**	**6,255**
Full Year CR Appropriation Adjustment		-406	
Total: FY 2014 PB Request	**5,664**	**5,577**	**6,255**
Overseas Contingency Operations	3,729	4,066	-
Other Supplemental	347	-	-
Total: O&MMC	**9,740**	**9,643**	**6,255**

OPERATION AND MAINTENANCE, NAVY RESERVE

Table A-7

Department of the Navy
Operation and Maintenance, Navy Reserve
(Dollars in Millions)

	FY 2012	FY 2013 PB Req	FY 2014
Operating Forces			
Air Operations	748	741	699
Ship Operations	114	131	121
Combat Operations/Support	152	140	131
Weapons Support	7	2	2
Base Support	256	210	222
Total - Operating Forces	**1,277**	**1,224**	**1,175**
Administration and Servicewide Support			
Servicewide Support	20	20	20
Logistics Operations and Technical Support	3	3	3
Total - Administration and Servicewide Support	**23**	**23**	**23**
Sub Total: O&MNR	**1,300**	**1,247**	**1,198**
Full Year CR Appropriation Adjustment		66	
Total: FY 2014 PB Request	**1,300**	**1,313**	**1,198**
Overseas Contingency Operations	74	56	-
Total: O&MNR	**1,374**	**1,369**	**1,198**

OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

Table A-8

Department of the Navy

Operation and Maintenance, Marine Corps Reserve

(Dollars in Millions)

	FY 2012	FY 2013 PB Req	FY 2014
Operating Forces			
Expeditionary Forces	97	106	114
Base Support	155	142	128
Total - Operating Forces	**252**	**248**	**242**
Administration and Servicewide Support			
Servicewide Support	19	24	22
Total - Administration and Servicewide Support	**19**	**24**	**22**
Sub Total: O&MMCR	**271**	**272**	**263**
Full Year CR Appropriation Adjustment		1	
Total: FY 2014 PB Request	**271**	**273**	**63**
Overseas Contingency Operations	36	25	-
Total: O&MMCR	**307**	**299**	**263**

ENVIRONMENTAL RESTORATION, NAVY

Table A-9

Department of the Navy
Environmental Restoration, Navy
(Dollars in Millions)

	FY 2012	FY 2013 PB Req	FY 2014
Environmental Restoration Activities	0	311	316
Total: FY 2014 PB Request	**0**	**311**	**316**
Full Year CR Appropriation Adjustment		0	
Total: ERN	**0**	**311**	**316**

Note: These funds are transferred to O&M,N after appropriation and reported in executed balances there.

AIRCRAFT PROCUREMENT, NAVY

Table A-10

Department of the Navy

Aircraft Procurement, Navy

(Dollars in Millions)

	FY 2012		FY 2013 PB Req*		FY 2014	
	QTY	$	QTY	$	QTY	$
Combat Aircraft	165	13,827	147	12,952	132	13,137
Airlift Aircraft	0	0	0	0	0	0
Trainer Aircraft	36	235	33	279	29	249
Other Aircraft	11	279	11	211	4	295
Modification of Aircraft	0	1,679	0	2,029	0	2,571
A/C Spares & Repair Parts	0	1,167	0	1,166	0	1,142
A/C Support Equip & Facilities	0	445	0	491	0	534
Sub Total: APN	**212**	**17,632**	**191**	**17,129**	**165**	**17,928**
Full Year CR Appropriation Adjustment				576		
Total: FY 2014 PB Request	212	17,632	191	17,705	165	17,928
Overseas Contingency Operations	1	481	1	165	-	-
Total: APN	**213**	**18,112**	**192**	**17,870**	**165**	**17,928**

*Table does not include additional FY 2013 quantities enacted in the Consolidated and Further Continuing Appropriations Act, 2013 (11 F/A-18E/F, one C-40A, three KC-130J, three AH-1Z/UH-1Y, and one MV-22B).

WEAPONS PROCUREMENT, NAVY

Table A-11

Department of the Navy
Weapons Procurement, Navy

(Dollars in Millions)

	FY 2012		FY 2013 PB Req*		FY 2014	
	QTY	$	QTY	$	QTY	$
Ballistic and Other Missiles						
TRIDENT II Mods	24	1,275	-	1,225	-	1,141
ESSM	35	48	37	58	53	77
Tomahawk	196	298	196	309	196	312
AMRAAM	67	105	67	103	54	95
Sidewinder	69	50	150	80	225	117
JSOW	246	132	280	128	328	137
STANDARD	89	357	94	399	81	368
RAM	61	66	62	67	66	68
Hellfire	286	23	998	75	363	34
Aerial Targets	-	46	-	62	-	42
Other	120	384	100	174	193	238
Torpedoes and Related Equipment						
Mk-54 Torpedo Mods	45	77	75	74	150	126
Mk-48 Torpedo ADCAP Mods	58	42	94	54	108	53
Torpedo Support Equipment	-	43	-	46	-	60
Other	-	50	-	35	-	28
Other Weapons/Spares						
CIWS MODS	-	40	-	59	-	56
Gun Mount Mods	-	44	-	55	-	73
Other	-	77	-	54	-	45
Spares and Repair Parts	-	44	-	61	-	53
Sub Total: WPN	**1,296**	**3,202**	**2,153**	**3,118**	**1,817**	**3,122**
Full Year CR Appropriation Adjustment				92		
Total: FY 2014 PB Request	1,296	3,202	2,153	3,210	1,817	3,122
Overseas Contingency Operations	290	41	262	24	-	-
Total: WPN	**1,586**	**3,243**	**2,415**	**3,234**	**1,817**	**3,122**

*Table does not include additional FY 2013 quantities enacted in the Consolidated and Further Continuing Appropriations Act, 2013 (less five SM-6).

SHIPBUILDING AND CONVERSION, NAVY

Table A-12

Department of the Navy
Shipbuilding and Conversion, Navy

(Dollars in Millions)

	FY 2012		FY 2013 PB Req*		FY 2014	
	QTY	$	QTY	$	QTY	$
New Construction						
CVN-21	0	555	1	608	0	945
SSN-774	2	4,683	2	4,092	2	5,285
DDG-51	1	2,081	2	3,515	1	2,004
DDG-1000	0	509	0	669	0	232
LCS	4	1,755	4	1,785	4	1,793
LPD-17	1	1,837	0	0	0	0
LHA(R)	0	1,999	0	0	0	0
JHSV	2	372	1	189	0	3
AFSB	0	0	0	0	1	524
MLP/AFSB**	1	0	0	0	0	0
Total New Construction	**11**	**13,791**	**10**	**10,859**	**8**	**10,786**
Other						
CVN RCOH	1	694	0	1,683	0	1,951
Moored Training Ship	0	131	0	307	0	184
LCAC SLEP	4	84	2	48	4	81
Oceanographic Ships	1	89	0	0	0	0
Outfitting	0	271	0	310	0	450
Completion of PY Shipbuilding Program	0	74	0	373	0	626
Service Craft	0	4	0	0	0	0
Total Other	**-**	**1,347**	**-**	**2,721**	**-**	**3,292**
Total: FY 2014 PB Request	**-**	**15,138**	**-**	**13,580**	**-**	**14,078**
Full Year CR Appropriation Adjustment				1,430		
Total: SCN	**0**	**15,138**	**0**	**15,010**	**0**	**14,078**

*Table does not include additional FY 2013 quantities enacted in the Consolidated and Further Continuing Appropriations Act, 2013 (one DDG 51 and two LCAC SLEP).
**MLP/AFSB funded in NDSF (FY 2012: $400M, FY 2013: $38M)

OTHER PROCUREMENT, NAVY

Table A-13

Department of the Navy

Other Procurement, Navy

(Dollars in Millions)

	FY 2012	FY 2013 PB Req	FY 2014
Ship Support Equipment	2,324	2,032	1,686
Communications and Electronics Equipment	1,935	2,163	2,290
Aviation Support Equipment	327	440	503
Ordnance Support Equipment	656	645	787
Civil Engineering Support Equipment	71	84	77
Supply Support Equipment	62	63	49
Personnel and Command Support Equipment	412	491	601
Spares and Repair Parts	206	251	317
Sub Total: OPN	**5,992**	**6,169**	**6,310**
Full Year CR Appropriation Adjustment		-179	
Total: FY 2014 PB Request	**5,992**	**5,990**	**6,310**
Overseas Contingency Operations	269	99	-
Total: OPN	**6,261**	**6,089**	**6,310**

PROCUREMENT, MARINE CORPS

Table A-14

Department of the Navy

Procurement, Marine Corps

(Dollars in Millions)

	FY 2012	FY 2013 PB Req	FY 2014
Weapons and Combat Vehicles			
LW155MM Lightweight Howitzer	6	18	4
HIMARS	16	48	5
LAV-PC	147	186	6
AAV7A1 PIP	10	16	32
Weapons and Combat Vehicles under $5 million	15	18	20
MOD Kits	52	48	38
Other	23	7	5
Guided Missiles and Equipment			
Ground Based Air Defense (GBAD)	12	11	16
Other	61	40	71
Communication and Electronics Equipment			
Repair and Test Equipment	31	25	41
Comm Switching & Control Systems	17	23	48
Common Computer Resources	217	207	122
Radio Systems	127	89	75
Night Vision Equipment	7	48	6
Comm & Elec Infrastructure Support	47	43	20
Command Post Systems	85	35	83
Other	216	240	316
Support Vehicles			
5/4T Truck HMMWV (MYP)	0	8	36
Logistics Vehicle System Rep.	5	37	0
Other	56	122	70
Engineer And Other Equipment	273	351	314
Spares and Repair Parts	0	3	14
Sub Total: PMC	**1,423**	**1,623**	**1,344**
Full Year CR Appropriation Adjustment		-192	
Total: FY 2014 PB Request	**1,423**	**1,431**	**1,344**
Overseas Contingency Operations	1,334	944	-
Total: PMC	**2,757**	**2,375**	**1,344**

PROCUREMENT OF AMMUNITION, NAVY AND MARINE CORPS

Table A-15

Department of the Navy

Procurement of Ammunition, Navy and Marine Corps

(Dollars in Millions)

	FY 2012	FY 2013 PB Req	FY 2014
Navy Ammunition	347	461	463
Marine Corps Ammunition	280	298	126
Sub Total: PANMC	**627**	**760**	**589**
Full Year CR Appropriation Adjustment		-157	
Total: FY 2014 PB Request	**627**	**602**	**589**
Overseas Contingency Operations	317	286	-
Total: PANMC	**944**	**888**	**589**

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, NAVY

Table A-16

Department of the Navy

Research, Development, Test and Evaluation, Navy

(Dollars in Millions)

	FY 2012	FY 2013 PB Req	FY 2014
Basic Research	591	605	615
Applied Research	813	790	835
Advanced Technology Development	674	584	583
Advanced Component Development	4,359	4,335	4,641
System Development and Demonstration	5,970	5,747	5,028
RDT&E Management Support	1,167	845	886
Operational Systems Development	4,075	3,976	3,386
Sub Total: RDT&E,N	**17,648**	**16,883**	**15,975**
Full Year CR Appropriation Adjustment		965	
Total: FY 2014 PB Request	**17,648**	**17,848**	**15,975**
Overseas Contingency Operations	75	60	-
Total: RDT&E,N	**17,723**	**17,908**	**15,975**
By Service			
Navy	16,776	16,868	15,010
Marine Corps	947	1,040	965

NATIONAL DEFENSE SEALIFT FUND

Table A-17

Department of the Navy
National Defense Sealift Fund
(Dollars in Millions)

	FY 2012	FY 2013 PB Req	FY 2014
Strategic Sealift Acquisition	798	77	178
DoD Mobilization Assets	313	185	197
Research and Development	51	43	56
Ready Reserve Force	310	303	299
Total: FY 2014 PB Request	**1,472**	**608**	**731**
Full Year CR Appropriation Adjustment		499	
Total: NDSF	**1,472**	**1,107**	**731**

MILITARY CONSTRUCTION, NAVY AND MARINE CORPS – ACTIVE AND RESERVE

Table A-18

Department of the Navy

Military Construction, Navy and Naval Reserve

(Dollars in Millions)

	FY 2012	FY 2013 PB Req	FY 2014
Significant Programs			
Major Construction	2,007	1,583	1,591
Minor Construction	22	17	20
Planning and Design	84	103	90
Foreign Currency	6	0	0
Sub Total: Navy	**2,119**	**1,702**	**1,700**
Full Year CR Appropriation Adjustment		399	
Total: FY 2014 PB Request	**2,119**	**2,101**	**1,700**
Overseas Contingency Operations	123	0	
Total: Navy	**2,242**	**2,101**	**1,700**
Naval Reserve			
Major Construction	22	47	30
Minor Construction	2	0	0
Planning and Design	3	2	3
Total: FY 2014 PB Request	**26**	**50**	**33**
Full Year CR Appropriation Adjustment		-23	
Total: Naval Reserve	**26**	**26**	**33**
By Service			
Navy	1,083	1,386	916
Marine Corps	1,185	741	817

FAMILY HOUSING, NAVY AND MARINE CORPS

Table A-19

Department of the Navy

Family Housing, Navy and Marine Corps

(Dollars in Millions)

	FY 2012	FY 2013 PB Req	FY 2014
Navy			
Construction	89	82	49
O&M	348	349	356
Total: Navy	**437**	**432**	**405**
Marine Corps			
Construction	26	20	25
O&M	27	29	34
Total: Marine Corps	**53**	**49**	**58**
Total: FY 2014 PB Request	**490**	**481**	**463**
Full Year CR Appropriation Adjustment		-9	
Total: FH,N&MC	**490**	**472**	**463**

BASE REALIGNMENT AND CLOSURE ACCOUNTS

Table A-20

Department of the Navy

Base Realignment and Closure Accounts

(Dollars in Millions)

	FY 2012	FY 2013 PB Req	FY 2014
Base Realignment and Closure IV	224	147	0
Base Realignment and Closure V	122	18	0
Consolidated Prior BRAC	0	0	145
Total: BRAC	**346**	**165**	**145**
Total: FY 2014 PB Request	**346**	**165**	**145**
Full Year CR Appropriation Adjustment		-35	
Total: BRAC	**346**	**130**	**145**

LIST OF ACRONYMS

A

A2/AD – Anti-Access/Area-Denial
AAG – Advance Arresting Gear
AARGM - Advanced Anti-Radiation Guided Munition
AC - Active Component
ACV – Amphibious Combat Vehicle
AFSB – Afloat Forward Staging Base
ALMDS - Airborne Laser Mine Detection System
AMDR –Air and Missile Defense Radar
AMNS - Airborne Mine Neutralization System
AMRAAM - Advanced Medium Range Air-to-Air Missile
AOR – Area of Responsibility
APKWS - Advanced Precision Kill Weapon System
ARGs – Amphibious Ready Groups

B

BA - Budget Authority
BEQ – Bachelor Enlisted Quarters
BPR – Business Process Reengineering

C

CANES - Consolidated Afloat Networks and Enterprises Services
CEC - Cooperative Engagement Capability
CENTCOM - US Central Command
CG - Cruiser
CLS – Contractor Logistics Support
CNATRA - Chief of Naval Air Training
COCOMs - Combatant Commanders
CONUS – Continental United States
CoSC – Continuity of Services Contract
COTS – Commercial-off-the-shelf
CPI – Continuous Process Improvements
CR – Continuing Resolution
CRAW – Compact Rapid Attack Weapon
CSGs - Carrier Strike Groups
CV – JSF Carrier Variant
CVN – Nuclear Aircraft Carrier
CVW – Carrier Air Wing
C2 – Command and Control
C4I - Command, Control, Communication, Computers and Intelligence

D

D&I - Discovery and Invention
DDG – Guided Missile Destroyer
DDS – Data Distribution System
DHP – Defense Health Program
DLA - Defense Logistics Agency
DoD – Department of Defense
DON – Department of the Navy

E

EA – Electronic Attack
EC&R – Existence, Completeness, and Rights
EDM – Engineering Development Model
EMALS – Electromagnetic Aircraft Launch System
EMD – Engineering and Manufacturing Development
EO – Executive Order
ERB – Enlisted Retention Board
ERP - Enterprise Resource Planning
ES – End Strength
EUCOM – US European Command
EW – Electronic Warfare

F

FAS - Fleet Air Support
FAT - Fleet Air Training
FECs - Facilities Engineering Commands
FFG – Frigate
FHP – Flying Hour Program
FIAR - Financial Improvement and Audit Readiness
FIP - Financial Improvement Program
FNCs - Future Naval Capabilities
FOC – Full Operation Capability
FOS – Full Operating Status
FOV – Family of Vehicles
FRC - Fleet Readiness Center

FRP - Fleet Response Plan
FRTP – Fleet Response Training Plan
FSM – Facility Sustainment Model
FRS - Fleet Replacement Squadrons
FSRM – Facility Sustainment, Restoration, and Modernization
FTE - Full-Time Equivalent
FY- Fiscal Year
FYDP - Future Years Defense Plan

G

G/ATOR – Ground/Air Task Oriented Radar
GWLR – Ground Weapons Locating Radar

H

HADR – Humanitarian Assistance and Disaster Relief
HARM - High-Speed Anti-Radiation Missile
HDLD - High Demand, Low Density
HM&E - Hull, Mechanical and Electrical
HMMWV – High Mobility Multipurpose Wheeled Vehicle

I

IA – Individual Augmentee
IOC – Initial Operational Capability
IED – Improvised Explosive Device
INP - Innovative Naval Prototypes
IRST – Infra-Red Search and Track
ISR - Intelligence, Surveillance and Reconnaissance
IT – Information Technology
IW – Irregular Warfare

J

JAGM – Joint Air-to-Ground Missile
JHSV - Joint High Speed Vessel
JLTV - Joint Light Tactical Vehicle
JPATS - Joint Primary Aircraft Training System
JSF - Joint Strike Fighter
JSOW - Joint Standoff Weapon
JTRS - Joint Tactical Radio System

L

LAV – Light Armored Vehicle
LCAC - Landing Craft Air Cushion
LCS - Littoral Combat Ship
LHA – Amphibious Warfare Assault Ship
LMSR - Large, Medium Speed Roll-On/Roll-Off Ships
LOC – Limited Operational Capability
LPD – Amphibious Dock Ship
LRIP – Low-Rate Initial Production
LSD - Dock Landing Ship

M

MAGTF - Marine Air-Ground Task Force
MAGTF-TP - Marine Air-Ground Task Force Training Program
MAW—Marine Aircraft Wing
MCM - Mine Countermeasures Ship
MCTUAS - Marine Corps Tactical Unmanned Aircraft System
MDAP – Major Defense Acquisition Program
MEFs - Marine Expeditionary Forces
MEUs - Marine Expeditionary Units
MIDS – Multifunctional Information Distribution System
MILCON - Military Construction
MLP - Mobile Landing Platform
MMA – Multi-Mission Maritime Aircraft
MOS – Military Occupational Specialty
MP – Mission Package
MPC – Marine Personnel Carrier
MPS - Maritime Prepositioning Ships
MRAP - Mine Resistant Ambush Protected vehicle
MRRS – Multi-Role Radar System
MSC - Military Sealift Command
MUOS - Mobile User Objective System
MYP – Multi-Year Procurement

N

NCO – Non-commissioned officer
NDSF - National Defense Sealift Fund
NECC - Navy Expeditionary Combat Command
NFESC - Naval Facilities Engineering Service Center

NGEN - Next Generation Enterprise Network
NIFC-CA - Naval Integrated Fire Control - Counter Air
NMCI – Navy-Marine Corps Intranet
NMT - Navy Multiband Terminal
NNE – Naval Networking Environment
NOTM – Networking On the Move
NUCAS – Navy Unmanned Combat Air System
NWCF - Navy Working Capital Fund

O

OASIS - Organic Airborne and Surface Influence Sweep System
OCO – Overseas Contingency Operations
OCONUS – Outside Continental United States
OEF - Operation Enduring Freedom
O&M – Operation & Maintenance
OMB – Office of Management and Budget
OPDS - Offshore Petroleum Distribution System
OPTEMPO - Operational Tempo

P

PAA - Primary Authorized Aircraft
PACOM – Pacific Command
PB – President's Budget

R

RAM - Rolling Airframe Missile
RC - Reserve Component
RCOH - Refueling Complex Overhaul
RDC – Rapid Deployment Capability
R&D – Research & Development
RDT&E – Research, Development, Test and Evaluation
RFU – Ready-for-Use
RHIB – Rigid Hull Inflatable Boat
R&M - Restoration and Modernization
RMS – Remote Mine Hunting System
ROS - Reduced Operating Status
RTT – Rapid Technology Transition

S

S2F – Speed to Fleet
SBA – Schedule of Budgetary Activity
SBR – Statement of Budgetary Resources
SEWIP – Surface Electronic Warfare Improvement Program
SFIM – Shore Facilities Investment Model
SM - Standard Missile
SMCR - Selected Marine Corps Reserve
SMOSF – Ship Maintenance, Operations, and Sustainment Fund
SOF – Special Operations Force
SOPGM – Stand-Off Precision Guided Munitions
SSBN – Nuclear Ballistic Submarine
SSC – Ship to Shore Connector
SSN - Nuclear Attack Submarine
S&T - Science and Technology
STOVL - Short Takeoff and Vertical Landing
STUAS - Small Tactical Unmanned Aircraft System
SUW – Surface Warfare

T

TACAIR – Tactical Air
TACAIR/ASW - Tactical Air/Anti-Submarine Warfare
T-AE – Combat Logistics Ship
T-AGOS - Ocean Surveillance Ship
TAI - Total Aircraft Inventory
T-AKE - Dry-Cargo Ammunition Ship
TAMD – Theater Air Missile Defense
T-AOE – Fast Combat Support Ships
T-AO(X) – Fleet Oiler Replacement
TIPS – Technology Insertion for Program Savings
TMS – Type/Model/Series
TOA - Total Obligation Authority
TOW – Tube-Launched Optically-Tracked, Wire-Guided
TSC – Theater Security Cooperation
TSW - Tactical Support Wing
TTE – Technical Training Equipment
TWTS – Terrestrial Wideband Transmission System

U

UAS - Unmanned Aerial System
UAV - Unmanned Aerial Vehicle
UCLASS – Unmanned Carrier Launched Airborne Surveillance and Strike
UHF - Ultra High Frequency
USMC – United States Marine Corps
UUV – Underwater Unmanned Vehicle
UWIEDS – Underwater Improvised Explosive Devices

V

VTUAV - Vertical Take Off and Landing Tactical Unmanned Aerial Vehicle