DEPARTMENT OF THE NAVY
FISCAL YEAR (FY) 2016
BUDGET ESTIMATES

JUSTIFICATION OF ESTIMATES
FEBRUARY 2015

NAVY WORKING CAPITAL FUND

The estimated total cost for supporting the Department of Navy budget justification material is approximately $1,436,000 for the 2015 fiscal year. This includes $74,000 in supplies and $1,362,000 in labor.

NAVY WORKING CAPITAL FUND (NWCF)

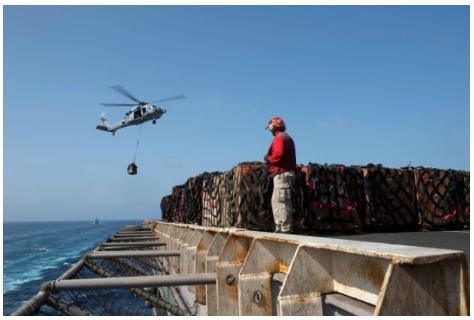
The Navy Working Capital Fund (NWCF) is a revolving fund that finances Department of the Navy activities providing products and services on a reimbursable basis, based on a customer-provider relationship between operating units and NWCF support organizations. Unlike for-profit commercial businesses, NWCF activities strive to break even over the budget cycle. The NWCF provides stabilized pricing to customers and acts as a shock-absorber to fluctuations in market prices. These fluctuations are recovered from customers in future years via rate changes. The NWCF is key to supporting the DoN's presence and posture through capability, capacity, and readiness.

NWCF activity groups comprise five primary areas: Supply Management, Depot Maintenance, Transportation, Research and Development, and Base Support. The wide range of goods and services provided by NWCF activities are crucial to the DoN's afloat and ashore readiness and maintaining a relevant industrial base. The value of goods and services provided by NWCF activities in FY 2016 is projected to be approximately $28.5 billion, as shown in Figure 1. The NWCF 2016 budget request reflects a modest increase from FY 2015.

Figure 1 - Summary of NWCF Costs

COST *(In Millions of Dollars)*	**FY 2014**	**FY 2015**	**FY 2016**
Supply (Obligations)	6,398	6,142	6,501
Depot Maintenance - Aircraft	1,948	2,122	2,134
Depot Maintenance - Marine Corps	490	602	582
Transportation	2,693	2,737	2,851
Research and Development	11,947	12,934	13,163
Base Support	3,099	3,227	3,271
TOTAL	**26,575**	**27,764**	**28,502**

Supply Management

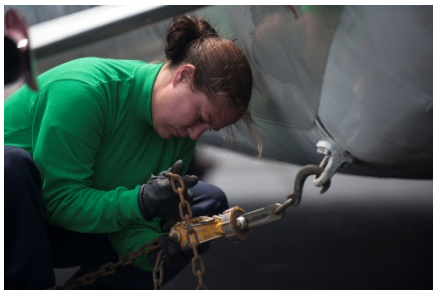


Supply Management performs inventory oversight functions that result in the sale of aviation and shipboard components, ship's store stock, reparables, and consumables to a wide variety of customers. Supply Management is the central element assuring afloat and ashore operating forces and their equipment have the necessary supplies, spare parts, and components to conduct military engagements, various types of training, and any potential contingency. Ensuring the right material is provided where it matters, when it matters, and at the right cost is vital to equipping and sustaining Navy and Marine Corps warfighting units. Supply Management also provides strong sailor and family support through contracting, resale, transportation, food service, and other quality of life programs. Costs related to supplying material to customers are recouped through stabilized rate recovery processes.

The FY 2016 Supply Management budget continues to benefit from previous investments such as Navy Enterprise Resource Planning resulting in reduced overhead. The FY 2016 obligation authority increase reflects anticipated workload driven by increases in demand for aviation and ship reparables. Both Navy and Marine Corps Supply Management budget estimates balance cost reduction efforts with global operational requirements and are aimed at sustaining fleet capacity while maintaining relevant capability.

Depot Maintenance

The Fleet Readiness Centers (FRCs) and Marine Corps Depots perform depot maintenance functions to ensure repair, overhaul, and timely upgrades of the right types and quantities of weapons systems and support equipment in order to ensure our ability to rapidly respond to global crises. Work completed at the FRCs and Depots ensure, deployed and next-to-deploy units have the battle-ready items they need to train, fight, and win today while supporting the force to win tomorrow. Forward-deployed individuals perform time-critical repair and upgrade functions in-theater, alongside the service members they support.



Since current demand for naval forces exceed supply, the FRCs are essential for mobilization; repair of aircraft, engines, and components; and the manufacture of associated 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. Additionally, the FRCs overhaul and repair a wide range of equipment and components.

Workload shifts at the Marine Corps Depots include the decreasing strategic reset of the Marine Corps' ground equipment, such as tactical and combat vehicles, following sustained combat operations. The Marine Corps continues to monitor changing operations and subsequent changes in force levels impact to depot operations and overall sustainment strategies. The FY 2016 request reflects the consolidation of the Marine Depot Maintenance Command which increases the Marine Corps Depots' ability to meet emergent needs for war fighting, eliminate duplicative, non-value added functions and operations while promoting a more streamlined, efficient, and effective operation.

Transportation

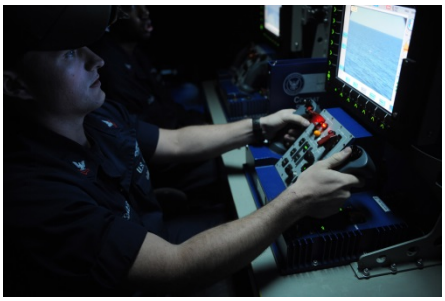
Over-ocean movement of supplies and provisions to the deployed operating forces is a primary focus of this group; it also maintains prepositioned equipment and supplies as well as other special mission services. These combine to support the Navy in deterring potential threats and promptly responding to crises in the maritime crossroads.

Transportation is the responsibility of the Military Sealift Command (MSC) whose major clients include the Fleet Commanders for U.S. Pacific Fleet and United States Fleet Forces Command, 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 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 which is a cooperative effort for a high-speed, shallow draft vessel intended for rapid intra-theater transport of medium sized cargo payloads.

Research and Development

Research and Development (R&D) includes the Warfare Centers and the Naval Research Laboratory. R&D activities are intrinsically 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 spanning from current fleet *Virginia* Class submarines to the future *Ohio* Replacement submarines. 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 evident through 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 continuously implement improvements focused first on delivering capability and then on building required capacity.



The R&D activities support logistics through the repair and maintenance of select items of operating forces weapons and equipment. This unique capability is leveraged when work is limited in scope, irregular in schedule and/or very specialized and, therefore, insufficient to warrant fully dedicated depot facilities or commercial source interests. Continued success in the logistics area is vital to ensuring the necessary mission capabilities of the operating forces sustaining our global presence.

- 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.

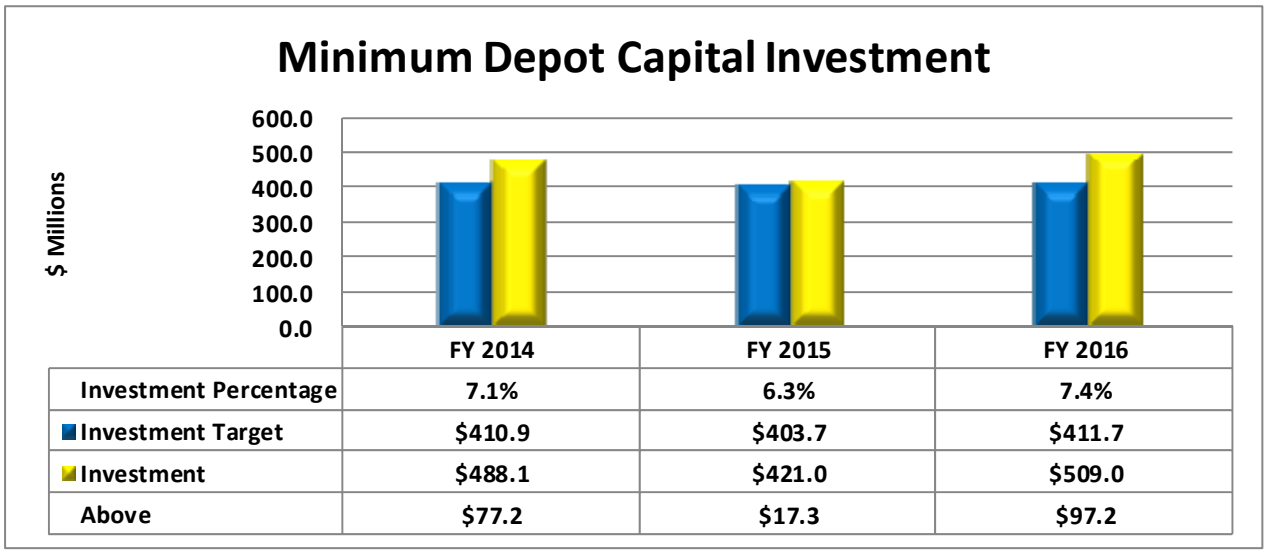
Base Support

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). The FECs provide a broad range of services by ensuring that DoN and DoD facilities and installations have reliable access to utilities services such as electricity, water, steam, natural gas, vehicle and equipment services, facility support contracting oversight, and building/ facilities sustainment and recapitalization services. By utilizing network wide digital control and monitoring systems and increasing the use of alternative sources of energy (e.g. geothermal, ocean thermal, wind, solar, and wave), the FECs can support achieving facility energy and utility distribution system efficiencies and reducing the DoN's overall energy consumption levels. The FECs FY 2016 budget reflects continued investments in energy focused efficiency. 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. These efforts are key toward improving operational energy efficiency and shore energy efficiency resulting in decreased risk to operational forces and reducing the impact of volatility in energy prices.

Depot Maintenance Six Percent Capital Investment Plan:

A 6% minimum annual capital investment in the following Depot Activities; Shipyards (Mission Funded), Fleet Readiness Centers (FRCs) and USMC Depots is mandated by 10 USC Sec. 2476. The 6% threshold is applicable at the total DoN level. The FY 2016 request reflects the DoN's continued commitment to sustain and recapitalize Depot Maintenance infrastructure and to maintain a relevant industrial base. The FY 2016 budget exceeds the 6% threshold in each fiscal year. Figure 2 reflects the DoN's capital investment in depots.

Figure 2 - Depot Capital Investment



	FY 2014	FY 2015	FY 2016
Investment Percentage	7.1%	6.3%	7.4%
Investment Target	$410.9	$403.7	$411.7
Investment	$488.1	$421.0	$509.0
Above	$77.2	$17.3	$97.2

Financial Summary Tables:

The tables below reflect the DoN Navy Working Capital Fund President's Budget 2016 request including New Orders, Revenue, Operating Costs, Net Operating Results, Accumulated Operating Results, Workload, Cash, Customer Rate Changes, Unit Costs, Staffing and Capital Investment Program (CIP).

New Orders: New orders are based on workload estimates coordinated with customers and historical trend analysis.

(Dollars in millions)

New Orders	FY 2014	FY 2015	FY 2016
Supply - Navy	5,797.5	6,120.6	5,961.5
Supply - Marine Corps	133.5	112.9	121.9
Depot Maintenance - Aircraft	1,882.1	2,086.9	2,122.6
Depot Maintenance - Marine Corps	690.4	475.0	451.4
R&D - Air Warfare Center	4,348.9	4,257.3	4,349.7
R&D - Surface Warfare Center	3,624.8	4,259.0	4,322.0
R&D - Undersea Warfare Center	1,015.3	1,102.0	1,126.6
R&D - SPAWAR Systems Center	2,186.6	2,390.1	2,397.4
R&D - Naval Research Laboratory	857.0	685.0	744.6
Transportation - MSC	2,458.9	2,637.7	2,858.1
Base Support - FECs	3,185.5	3,151.6	3,081.1
Base Support - EXWC	68.3	76.3	81.2
Totals	**26,248.8**	**27,354.4**	**27,618.2**

Revenue: Reflects the income generated from sale of goods or services, or any other use of capital or assets, associated with the main operations before any costs or expenses are deducted.

(Dollars in millions)

Revenue	FY 2014	FY 2015	FY 2016
Supply - Navy	6,120.0	6,403.8	6,429.9
Supply - Marine Corps	119.3	122.2	118.2
Depot Maintenance - Aircraft	1,938.4	2,142.4	2,140.1
Depot Maintenance - Marine Corps	491.3	612.9	583.2
R&D - Air Warfare Center	4,129.8	4,343.8	4,436.1
R&D - Surface Warfare Center	3,635.4	4,266.1	4,329.3
R&D - Undersea Warfare Center	1,014.7	1,103.1	1,126.3
R&D - SPAWAR Systems Center	2,276.9	2,454.7	2,493.9
R&D - Naval Research Laboratory	797.0	693.9	755.8
Transportation - MSC	2,511.9	2,637.7	2,858.1
Base Support - FECs	3,168.8	3,107.7	3,097.2
Base Support - EXWC	73.1	80.4	85.4
Totals	**26,276.6**	**27,968.7**	**28,453.6**

Cost of Goods Sold: (Operating)
Total operating obligations for supply functions and cost of goods and services sold for industrial functions are as follows:

	(Dollars in millions)		
Operating Costs	**FY 2014**	**FY 2015**	**FY 2016**
Supply - Navy (Obligations)	6,290.6	6,028.7	6,391.3
Supply - Marine Corps (Obligations)	107.5	113.3	110.0
Depot Maintenance - Aircraft	1,947.7	2,121.9	2,133.6
Depot Maintenance - Marine Corps	490.0	602.4	581.6
R&D - Air Warfare Center	4,127.9	4,363.5	4,431.1
R&D - Surface Warfare Center	3,707.7	4,278.2	4,341.4
R&D - Undersea Warfare Center	1,035.6	1,101.4	1,121.8
R&D - SPAWAR Systems Center	2,281.3	2,452.6	2,510.9
R&D - Naval Research Laboratory	794.7	738.2	757.9
Transportation - MSC	2,692.9	2,737.1	2,851.0
Base Support - FECs	3,024.9	3,146.0	3,186.0
Base Support - EXWC	74.5	80.5	84.9
Totals	**26,575.3**	**27,763.8**	**28,501.5**

Net Operating Results:

Revenue, excluding surcharge collections and extraordinary expenses, less the cost of goods and services sold to customers is as follows:

	(Dollars in millions)		
Net Operating Results	**FY 2014**	**FY 2015**	**FY 2016**
Supply - Navy	88.9	27.1	(74.8)
Supply - Marine Corps	(6.4)	(0.4)	7.4
Depot Maintenance - Aircraft	(9.3)	20.5	(2.8)
Depot Maintenance - Marine Corps	(7.3)	10.5	1.6
R&D - Air Warfare Center	1.9	(19.7)	0.4
R&D - Surface Warfare Center	(74.3)	(12.0)	(12.0)
R&D - Undersea Warfare Center	(22.5)	1.7	2.6
R&D - SPAWAR Systems Center	(5.9)	2.2	(17.0)
R&D - Naval Research Laboratory	1.0	(44.3)	(2.1)
Transportation - MSC	(183.1)	(99.4)	7.2
Base Support - FECs	144.0	(38.4)	(101.8)
Base Support - EXWC	(1.5)	(0.1)	0.6
Totals	**(74.6)**	**(152.3)**	**(190.9)**

(Dollars in millions)

Accumulated Operating Results	**FY 2014**	**FY 2015**	**FY 2016**
Supply - Navy	173.1	74.8	0.0
Supply - Marine Corps	(7.0)	(7.4)	0.0
Depot Maintenance - Aircraft	(17.7)	2.8	0.0
Depot Maintenance - Marine Corps	(6.8)	(1.6)	0.0
R&D - Air Warfare Center	19.3	(0.4)	0.0
R&D - Surface Warfare Center	50.2	12.0	0.0
R&D - Undersea Warfare Center	(2.1)	(2.6)	0.0
R&D - SPAWAR Systems Center	20.5	17.0	0.0
R&D - Naval Research Laboratory	46.4	2.1	0.0
Transportation - MSC	194.1	(7.2)	0.0
Base Support - FECs	188.3	101.8	0.0
Base Support - EXWC	(0.5)	(0.6)	0.0
Totals	**657.8**	**190.9**	**0.0**

Workload:

Workload projections for NWCF activities are consistent with Navy force structure and attendant support levels as well as those factors unique to each group. The table below displays year-to-year percentage changes in transportation per diem (ship days) for MSC, changes in program costs for Base Support – FECs, and change in direct labor hours for all other industrial activity groups. For supply business areas, workload changes are indicated by gross sales:

Workload	**FY 2015**	**FY 2016**
Supply - Navy	5.2%	0.5%
Supply - Marine Corps	4.1%	-4.2%
Depot Maintenance - Aircraft	8.9%	0.0%
Depot Maintenance - Marine Corps	36.8%	-6.1%
R&D - Air Warfare Center	1.9%	-0.3%
R&D - Surface Warfare Center	2.5%	0.4%
R&D - Undersea Warfare Center	-1.2%	0.0%
R&D - SPAWAR Systems Center	1.4%	1.8%
R&D - Naval Research Laboratory	5.8%	0.5%
Transportation - MSC	0.4%	-7.8%
Base Support - FECs	4.0%	1.3%
Base Support - EXWC	-0.1%	6.5%

NWCF Cash:

The DoN's goal is to maintain the cash balance within the upper and lower operational range. The DoN's operational range calculation begins with the former 7 to 10 day methodology based on historical average daily expenditure rates and a projection of outlays to procure capital investments. The operational range also takes into consideration DoN specific cash volatility to ensure adequate budgetary resources to offset projected outlays. The DoN's cash requirement includes a forecast of collections and disbursements and considers cyclical timing of outlays. The NWCF cash balance fluctuates primarily from the return of excess accumulated operating results for prior year gains/losses. As a result of ending FY 2014 below our lower operational range, the DoN is closely monitoring execution in FY 2015 to ensure continued solvency. Figure below shows the DoN cash position.

(In Millions of Dollars)

Treasury Cash	FY 2014	FY 2015	FY 2016
Beginning Cash Balance	**1,458.2**	**739.1**	**552.3**
Collections	26,717.7	27,855.1	28,267.3
Disbursements	27,079.0	28,139.8	28,207.0
Consumable Item Transfer	84.3	97.9	7.4
Congressional Transfer	(442.0)	0.0	0.0
Ending Cash Balance	**739.1**	**552.3**	**620.0**
Upper Operational Range	**1,147.6**	**1,174.1**	**1,183.0**
Lower Operational Range	**831.3**	**852.0**	**857.4**

The ending cash balance in FY 2014 reflects a $442M reprogramming from NWCF into OMN per General Provision 8140 of the FY 2014 Consolidated Appropriations Act.

Customer Rate Changes:

Approved composite rate changes from FY 2013 to FY 2014 and from FY 2014 to FY 2015 are displayed below. Composite rate changes from FY 2015 to FY 2016 (designed to achieve an accumulated operating result of zero) are as follows:

	(Percent Change)		
Customer Rate Change	**FY 2014**	**FY 2015**	**FY 2016**
Supply:			
Navy - Aviation Consumables	0.2%	5.3%	4.4%
Navy - Shipboard Consumables	-0.1%	5.1%	5.0%
Navy - Aviation Repairables	-0.6%	0.1%	2.3%
Navy - Shipboard Repairables	2.6%	5.1%	5.0%
USMC - Repairables	-0.9%	5.4%	5.2%
Depot Maintenance - Aircraft	0.2%	0.1%	-5.7%
Depot Maintenance - Marine Corps	-2.8%	3.3%	2.3%
R&D - Air Warfare Center	1.9%	1.1%	1.2%
R&D - Surface Warfare Center	0.3%	2.9%	1.5%
R&D - Undersea Warfare Center	-0.8%	3.4%	1.2%
R&D - SPAWAR Systems Center	1.9%	1.3%	1.6%
R&D - Naval Research Laboratory	1.8%	-6.3%	9.8%
Transportation - MSC			
Combat Logistics Force	-7.6%	8.1%	4.8%
Special Mission Ships	-38.4%	-2.6%	7.2%
Afloat Prepositioning Ships	-20.5%	27.8%	2.3%
Service Support Ships	N/A	36.0%	56.0%
Joint High Speed Vessels	N/A	N/A	N/A
Base Support - FECs			
East Coast Utilities	-8.4%	-0.5%	5.5%
East Coast - Other	-6.3%	-1.0%	-8.7%
West Coast Utilities	24.7%	-15.2%	1.8%
West Coast - Other	-5.2%	0.1%	-8.1%
Base Support - EXWC	-0.1%	0.7%	11.2%

Unit Costs:

Unit Cost is the method established to authorize and control costs. Unit cost goals allow activities to respond to workload changes in execution by encouraging reduced costs when workload declines and allowing appropriate increases in costs when their customers request additional services.

Unit Cost	FY 2014	FY 2015	FY 2016
Supply - Navy (cost per unit of sales[1]):			
Wholesale	$1.059	$0.931	$0.993
Retail	$0.848	$1.001	$1.001
Supply - Marine Corps (cost per unit of sales[1]):			
Wholesale	$0.939	$0.904	$0.910
Retail	$0.832	$0.998	$1.000
Depot Maintenance - Aircraft ($/Direct Labor Hour)	$191.69	$191.71	$192.86
Depot Maintenance - Marine Corps ($/Direct Labor Hour)	$136.29	$122.69	$126.12
R&D - Air Warfare Center ($/Direct Labor Hour[2])	$104.71	$105.89	$103.82
R&D - Surface Warfare Center ($/Direct Labor Hour[2])	$101.89	$101.81	$100.60
R&D - Undersea Warfare Center ($/Direct Labor Hour[2])	$101.84	$100.70	$98.88
R&D - SPAWAR Systems Center ($/Direct Labor Hour[2])	$108.16	$108.54	$109.91
R&D - Naval Research Laboratory ($/Direct Labor Hour[2])	$147.15	$145.00	$148.80
Transportation - MSC			
Combat Logistics Force ($/day)	$112,601.00	$121,757.00	$127,643.00
Special Mission Ships ($/day)	$34,720.00	$35,713.00	$38,300.00
Afloat Prepositioning Ships ($/day)	$49,278.00	$62,979.00	$64,432.00
Service Support Ships ($/day)	$60,859.00	$65,759.00	$102,567.00
Joint High Speed Vehicles	N/A	N/A	$82,945.00
Base Support - FECs Cost of Services	Various	Various	Various
Base Support - EXWC ($/direct Labor Hour[2])	$112.31	$111.26	$108.78

[1] *excludes inventory augmentation and war reserve material obligations*

[2] *includes direct labor plus overhead costs*

Staffing:
Total civilian and military personnel employed at NWCF activities are displayed in the following tables.

(Strength in Whole Numbers)

Civilian End Strength	FY 2014	FY 2015	FY 2016
Supply - Navy	6,599	6,946	6,946
Supply - Marine Corps	26	26	26
Depot Maintenance - Aircraft	8,515	8,554	8,570
Depot Maintenance - Marine Corps	1,686	1,722	1,740
R&D - Air Warfare Center	13,702	13,391	13,345
R&D - Surface Warfare Center	16,022	15,888	16,149
R&D - Undersea Warfare Center	4,632	4,541	4,541
R&D - SPAWAR Systems Center	7,878	7,917	7,996
R&D - Naval Research Laboratory	2,442	2,528	2,528
Transportation - MSC	6,644	6,898	6,705
Base Support - FECs	9,237	9,622	9,776
Base Support - EXWC	349	389	398
Totals	**77,732**	**78,422**	**78,720**

(Workyears in Whole Numbers)

Civilian Workyears	FY 2014	FY 2015	FY 2016
Supply - Navy	6,459	6,807	6,941
Supply - Marine Corps	21	26	26
Depot Maintenance - Aircraft	8,312	8,628	8,628
Depot Maintenance - Marine Corps	1,717	1,742	1,740
R&D - Air Warfare Center	13,220	13,140	13,093
R&D - Surface Warfare Center	15,794	15,988	15,978
R&D - Undersea Warfare Center	4,573	4,453	4,443
R&D - SPAWAR Systems Center	7,752	7,816	7,891
R&D - Naval Research Laboratory	2,387	2,483	2,483
Transportation - MSC	8,942	8,915	8,730
Base Support - FECs	9,260	9,434	9,593
Base Support - EXWC	372	383	394
Totals	**78,809**	**79,815**	**79,940**

(Strength in Whole Numbers)

Military End Strength	**FY 2014**	**FY 2015**	**FY 2016**
Supply - Navy	364	364	364
Supply - Marine Corps	0	0	0
Depot Maintenance - Aircraft	121	123	121
Depot Maintenance - Marine Corps	10	11	11
R&D - Air Warfare Center	209	202	195
R&D - Surface Warfare Center	202	185	194
R&D - Undersea Warfare Center	32	36	35
R&D - SPAWAR Systems Center	89	80	80
R&D - Naval Research Laboratory	56	59	54
Transportation - MSC	288	163	183
Base Support - FECs	80	80	78
Base Support - EXWC	3	3	3
Totals	**1,454**	**1,306**	**1,318**

(Workyears in Whole Numbers)

Military Workyears	**FY 2014**	**FY 2015**	**FY 2016**
Supply - Navy	364	364	364
Supply - Marine Corps	0	0	0
Depot Maintenance - Aircraft	116	123	121
Depot Maintenance - Marine Corps	10	11	11
R&D - Air Warfare Center	181	171	164
R&D - Surface Warfare Center	207	186	194
R&D - Undersea Warfare Center	29	33	32
R&D - SPAWAR Systems Center	83	80	80
R&D - Naval Research Laboratory	51	59	54
Transportation - MSC	286	163	182
Base Support - FECs	80	80	78
Base Support - EXWC	3	3	3
Totals	**1,410**	**1,273**	**1,283**

Capital Investment Program (CIP):

The Capital Investment Program (CIP) within the NWCF establish the capability for reinvestment in the infrastructure of business areas to improve product and service quality and timeliness, reduce costs, and foster state-of-the-art business operations. The CIP provides the framework for planning, coordinating, and controlling NWCF resources and expenditures to obtain capital assets. Included in the capital budget are the following types of assets: automated data processing equipment (ADPE); non-ADPE equipment; automated data processing software, whether internally or externally developed; and minor construction. The capital budget justifies the purchase of assets with a unit cost that is greater than or equal to $250,000 and have a useful life of two or more years.

The table below shows a summary of the NWCF capital budget.

(Dollars in Millions)

Capital Investment Program	FY 2014	FY 2015	FY 2016	Chg FY 15/16
Supply - Navy	3.7	5.0	5.0	0.0
Supply - Marine Corps	0.0	0.0	0.0	0.0
Depot Maintenance - Aircraft	43.4	39.1	46.7	7.6
Depot Maintenance - Marine Corps	7.9	6.1	5.8	(0.3)
R&D - Air Warfare Center	41.9	41.9	47.6	5.7
R&D - Surface Warfare Center	37.0	42.4	38.3	(4.1)
R&D - Undersea Warfare Center	13.2	14.3	15.9	1.5
R&D - SPAWAR Systems Center	8.8	8.7	8.3	(0.5)
R&D - Naval Research Laboratory	15.4	17.3	19.1	1.8
Transportation - MSC	6.7	11.5	13.2	1.7
Base Support - FECs	16.6	16.7	29.3	12.6
Base Support - EXWC	0.0	0.0	0.0	0.0
Totals	**194.5**	**203.0**	**228.9**	**26.0**

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1. Fleet Readiness Centers

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NARRATIVE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE – FLEET READINESS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Mission Statement / Overview:

The Fleet Readiness Centers (FRCs) provide responsive worldwide maintenance, engineering, and logistics support to the Naval Aviation Enterprise (NAE). The FRCs ensure a core industrial resource base essential for mobilization, repair of aircraft, engines, and components, and manufacture of parts and assemblies. Further, the FRCs provide engineering services in the development of hardware design changes, and furnish technical and professional services on maintenance and logistics problems. Work completed at the FRCs ensure deployed and next-to-deploy units have the battle-ready items they need to train, fight, and win today while supporting the force to win tomorrow.

Activity Group Composition:

Activities	Location
FRC, EAST	Cherry Point, NC
FRC, SOUTHEAST	Jacksonville, FL
FRC, SOUTHWEST	San Diego, CA

Significant Changes Since the FY 2015 President's Budget:

The FY 2015 current estimate reflects minor changes from the FY 2015 President's Budget submission. Improved revenue and Net Operating Result (NOR) projections are primarily a result of increases in anticipated direct labor hours. There are no significant changes from FY 2014 to FY 2016.

NARRATIVE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE – FLEET READINESS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Financial Profile:

Revenue/Expense/Operating Results ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Orders	$1,882.1	$2,086.9	$2,122.6
Revenue	$1,938.4	$2,142.4	$2,140.1
Expense	$1,947.7	$2,121.9	$2,133.6
Operating Results	($9.3)	$20.5	$6.5
Capital Surcharge	$0.0	$0.0	($9.3)
Net Operating Results (NOR)	($9.3)	$20.5	($2.8)
Other Changes Affecting AOR	$0.0	$0.0	$0.0
Accumulated Operating Results (AOR)	($17.7)	$2.8	$0.0

Some totals may not add due to rounding.

Orders, Revenue and Expense: In order to ensure achievement of zero AOR in FY 2016, estimates have been updated from the FY 2015 President's Budget to reflect all known pricing and program/workload assumptions.

Orders- New reimbursable orders show a relatively modest increase in between fiscal years.

Revenue- Revenue for FY 2014, FY 2015, and FY 2016 is consistent with updated estimates of new reimbursable orders.

Expense (Cost of Goods & Services Sold)- Cost of Goods and Services Sold for FY 2014, FY 2015, and FY 2016 is consistent with updated estimates of new reimbursable orders and revenue.

Collections/Disbursements/Outlays ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Collections	$1,949.3	$2,104.7	$2,118.3
Disbursements	$1,979.2	$2,105.4	$2,132.5
Outlays	$29.9	$0.6	$14.2

Some totals may not add due to rounding.

Current Net Outlay projections reflect changes in workload and updated operating estimates.

NARRATIVE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE – FLEET READINESS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Workload:

Direct Labor Hours (000):	**FY 2014**	**FY 2015**	**FY 2016**
Current Estimate	10,161.1	11,068.4	11,063.0

Direct labor hours reflect a slight increase from FY 2014 to FY 2015 consistent with anticipated orders.

Performance Indicators: The primary performance indicator is unit cost, which represents the average cost of delivering goods and services to our customers

Unit Cost:	**FY 2014**	**FY 2015**	**FY 2016**
Total Stabilized Cost ($Millions)	$1,947.7	$2,121.9	$2,133.6
Workload (DLHs) (000)	10,161.1	11,068.4	11,063.0
Unit cost (per DLH)	$191.69	$191.71	$192.86

Unit Cost: Unit Cost is the method established to authorize and control costs. Unit cost goals allow activities to respond to workload changes in execution by encouraging reduced costs when workload declines and allowing appropriate increases in costs when customers request additional services. The Unit Cost rate is fairly stable as total cost and workload stabilize in FY 2015 and FY 2016.

Stabilized / Composite Rates:	**FY 2014**	**FY 2015**	**FY 2016**
Stabilized / Composite Hourly Rate	$198.18	$198.45	$187.22
Change from Prior Year		$0.27	($11.23)
Composite Rate Change		0.14%	-5.66%

The Stabilized Rate consists of direct labor and applied overhead. Unique direct non-labor costs are billed on a reimbursable basis to the customer. The composite rate change incorporates both the stabilized costs and the reimbursable costs. The FY 2016 composite hourly rate reflects a decrease from FY 2015. The rate change incorporates adjustments in direct workload, as well as overhead adjustments in support of cost reductions and direct efforts.

NARRATIVE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE – FLEET READINESS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Summary of Workload Indicators:

Performance Indicators:	FY 2014	FY 2015	FY 2016
Schedule Conformance - Aircraft	90.0%	90.0%	90.0%
Schedule Conformance - Engines	90.0%	90.0%	90.0%
Schedule Conformance - Components	95.0%	95.0%	95.0%
Inventory Turnover Ratio	2.2%	2.4%	2.5%

Planned Schedule Conformance percentages and Inventory Turnover Ratio are consistent with historical data.

Staffing:

Civilian/Military ES & Workyears:	FY 2014	FY 2015	FY 2016
Civilian End Strength	8,515	8,554	8,570
Civilian Workyears (straight time)	8,312	8,627	8,628
Military End Strength	127	123	121
Military Workyears	116	123	121
Contractor Workyears	1,016	1,030	1,007

Civilian Personnel: The civilian personnel profile is relatively stable and is aligned with anticipated workload.

Military Personnel: The military personnel profile is stable.

Contractor Personnel: The contractor personnel profile remains relatively stable and is aligned with anticipated workload.

NARRATIVE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE – FLEET READINESS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Capital Investment Program (CIP):

CIP Authority ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Equipment, Non-ADP / Telecom	$39.8	$36.2	$34.2
Equipment, ADPE / Telecom	$0.2	$0.0	$9.3
Software Development	$0.0	$0.0	$0.0
Minor Construction	$3.4	$2.9	$3.2
Total	**$43.4**	**$39.1**	**$46.7**

Some totals may not add due to rounding.

CIP Authority reflects a significant increase in FY 2016 due to the inclusion of $9.3 million in additional investments reflecting the Department of the Navy's commitment to meet the minimum 6% Depot Capital Investment target.

The Capital Investment Program assists the FRCs in achieving their mission by reinvesting in plant equipment and facilities. Included in the capital budget are the following types of assets: automated data processing equipment (ADPE); non-ADPE equipment; automated data processing software, internally or externally developed; and minor construction.

Carryover Compliance ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Net Carry-In	$1,063.2	$1,006.9	$951.4
Allowable Carryover	$742.9	$855.1	$914.9
Calculated Actual Carryover	$716.1	$845.3	$824.5
Delta Above Ceiling (+) / Below Ceiling (-)	($26.8)	($9.8)	($90.4)

Some totals may not add due to rounding.

The allowable carryover for FY 2014 reflects an approved carryover waiver of $168.9M. Carryover is budgeted within the allowable carryover ceiling.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
Revenue:			
Gross Sales			
Operations	1,911.3	2,106.3	2,093.3
Capital Surcharges	-	-	9.3
Depreciation	27.1	36.1	37.4
Other Income			
Total Income	1,938.4	2,142.4	2,140.1
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel Compensation & Benefits	10.0	10.1	10.1
Civilian Personnel Compensation & Benefits	802.4	828.6	840.1
Travel and Transportation of Personnel	13.2	16.7	17.6
Material & Supplies (Internal Operations)	542.4	661.1	632.8
Equipment	239.0	264.3	269.3
Other Purchases from NWCF	13.6	14.3	13.6
Transportation of Things	6.7	2.3	2.6
Depreciation - Capital	27.1	36.1	37.4
Printing and Reproduction	0.8	1.9	2.0
Advisory and Assistance Services	0.0	-	-
Rent, Communication, Utilities & Misc Charges	42.0	37.6	42.4
Other Purchased Services	247.4	248.9	267.7
Total Expenses	1,944.6	2,121.8	2,135.4
Work in Process Adjustment	3.5	0.1	(1.8)
Comp Work for Activity Retention Adjustment	(0.3)	-	-
Cost of Goods Sold	1,947.7	2,121.9	2,133.6
Operating Result	(9.3)	20.5	6.5
Adjustments Affecting NOR	-	-	(9.3)
Capital Surcharges	-	-	(9.3)
Extraordinary Expenses Unmatched	-	-	-
Other Changes Affecting NOR (All Others)	-	-	-
Net Operating Result	(9.3)	20.5	(2.8)
PY AOR	(8.4)	(17.7)	2.8
TOTAL AOR	(17.7)	2.8	-
Non-Recoverable Adjustments impacting AOR	-	-	-
AOR for budget purposes	(17.7)	2.8	-

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
1. New Orders	1,882.1	2,086.9	2,122.6
a. Orders from DoD Components:	1,263.7	1,338.0	1,365.0
Department of the Navy	1,203.7	1,289.8	1,340.1
O & M, Navy	931.8	938.8	951.5
O & M, Marine Corps	0.2	0.1	0.1
O & M, Navy Reserve	21.5	15.0	30.1
O & M, Marine Corp Reserve	-	-	-
Aircraft Procurement, Navy	228.3	308.5	326.9
Weapons Procurement, Navy	-	-	-
Ammunition Procurement, Navy/MC	1.3	1.0	0.7
Shipbuilding & Conversion, Navy	2.3	-	0.1
Other Procurement, Navy	2.4	0.9	0.9
Procurement, Marine Corps	-	-	-
Family Housing, Navy/MC	-	-	-
Research, Dev., Test, & Eval., Navy	16.0	25.5	29.7
Military Construction, Navy	-	-	-
National Defense Sealift Fund	-	-	-
Other Navy Appropriations	-	-	-
Other Marine Corps Appropriations	-	-	-
Department of the Army	2.2	2.7	0.5
Army Operation & Maintenance	0.4	0.3	0.2
Army Res, Dev, Test, Eval	0.4	2.2	-
Army Procurement	1.5	0.2	0.3
Army Other	-	-	-
Department of the Air Force	54.8	43.3	22.4
Air Force Operation & Maintenance	49.4	39.7	18.7
Air Force Res, Dev, Test, Eval	0.1	-	-
Air Force Procurement	5.3	3.7	3.7
Air Force Other	-	-	-
DOD Appropriation Accounts	3.0	2.2	2.1
Base Closure & Realignment	-	-	-
Operation & Maintenance Accounts	0.9	0.8	0.7
Res, Dev, Test & Eval Accounts	0.2	0.6	0.4
Procurement Accounts	1.9	0.9	0.9
Defense Emergency Relief Fund	-	-	-
DOD Other	-	-	-
b. Orders from other Fund Activity Groups	461.4	592.1	586.6
c. Total DoD	1,725.1	1,930.1	1,951.6
d. Other Orders:	157.0	156.8	171.0
Other Federal Agencies	12.7	8.8	9.3
Foreign Military Sales	56.2	33.7	33.1
Non Federal Agencies	88.1	114.3	128.7
2. Carry-In Orders	1,063.2	1,006.9	951.4
3. Total Gross Orders	2,945.3	3,093.8	3,074.0
a. Funded Carry-Over before Exclusions	1,007.9	952.3	934.9
4. Revenue(-)	1,938.4	2,142.4	2,140.1
5. End of Year Work-In-Process (-)	17.3	17.2	18.8
6. FMS, BRAC, Other Federal, Non-Federal orders, and Inst. MRTFB (-)	105.7	89.8	91.6
7. Funded Carryover	716.1	845.3	824.5

Note: Line 5 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	Costs
FY 2014 Actuals	**1,947.7**
FY 2015 President's Budget:	**2,073.3**
Estimated Impact in FY 2015 of Actual FY 2014 Experience:	**0.0**
Pricing Adjustments:	**0.0**
Program Changes:	**52.1**
Airframes work	18.0
Engines work	6.8
Components work	-16.1
Other Support work (H-1 remanufacture)	21.4
Modifications work (F/A-18 concurrent mods)	12.4
Product Support work	9.6
Other Changes:	**-3.5**
Depreciation	-0.5
Facilities Sustainment, Restoration & Modernization	-1.2
Next Generation Enterprise Network Realignment	-1.8
FY 2015 Current Estimate:	**2,121.9**

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	Costs
FY 2015 Current Estimate:	**2,121.9**
Pricing Adjustments:	**35.6**
Annualization of Prior Year Pay Raises	**2.4**
Civilian Personnel	2.4
Military Personnel	0.0
FY 2016 Pay Raise	**7.7**
Civilian Personnel	7.6
Military Personnel	0.1
Fuel Price Changes	-0.3
General Purchase Inflation	25.8
Program Changes:	**-47.3**
Airframes work (T-44, F/A-18)	-11.6
Engines work (TF34, F402)	-22.4
Components work	-5.4
Other Support work	2.4
Modifications work (F/A-18 concurrent mods)	-12.2
Product Support work	1.9
Other Changes:	**23.4**
Depreciation	1.3
Facilities Sustainment, Restoration & Modernization	22.6
Next Generation Enterprise Network Realignment	-1.6
Federal Employees' Compensation Act	-0.4
Federal Employees Retirement System Employer Contribution Rate	1.5
FY 2016 Estimate:	**2,133.6**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
February 2015
(DOLLARS IN MILLIONS)

		FY 2014		FY 2015		FY 2016	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**28**	**$39.770**	**39**	**$36.182**	**21**	**$34.232**
	- Vehicles	0	$0.000	0	$0.000	0	$0.000
	- Material Handling	0	$0.000	0	$0.000	0	$0.000
	- Installation Security	1	$0.620	2	$0.877	0	$0.000
	- Quality Control/Testing	7	$9.960	11	$7.541	4	$6.125
	- Medical Equipment	0	$0.000	0	$0.000	0	$0.000
	- Machinery	12	$19.318	18	$15.924	6	$12.590
	- Support Equipment	8	$9.872	8	$11.840	11	$15.517
2	**ADPE and Telecom Equipment >= $.250M**	**1**	**$0.207**	**0**	**$0.000**	**3**	**$9.300**
	- Computer Hardware (Production)	0	$0.000	0	$0.000	0	$0.000
	- Computer Hardware (Network)	0	$0.000	0	$0.000	0	$0.000
	- Computer Software (Operating)	0	$0.000	0	$0.000	3	$9.300
	- Telecommunications	0	$0.000	0	$0.000	0	$0.000
	- Other Support Equipment	1	$0.207	0	$0.000	0	$0.000
3	**Software Development >= $.250M**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Internally Developed	0	$0.000	0	$0.000	0	$0.000
	- Externally Developed	0	$0.000	0	$0.000	0	$0.000
4	**Minor Construction (>= $.250M and <= $.750M)**	**8**	**$3.380**	**9**	**$2.885**	**6**	**$3.150**
	- Replacement Capability	8	$3.380	9	$2.885	6	$3.150
	- New Construction	0	$0.000	0	$0.000	0	$0.000
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
	Grand Total	**37**	**$43.357**	**48**	**$39.067**	**30**	**$46.682**
	Total Capital Outlays		**$36.397**		**$40.915**		**$37.434**
	Total Depreciation Expense		**$27.078**		**$36.104**		**$37.410**

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				February 2015					
Department of the Navy/ Depot Maintenance	#001 - Non-ADP Equipment/Installation Security						Fleet Readiness Centers		
	FY 2014			FY 2015			FY 2016		
Non-ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Installation Security	1	$620	$620	2	$439	$877	0		$0
Total	1	$620	$620	2	$439	$877	0		$0

Justification:

APPLIES TO ALL EQUIPMENT <$1M

1) The existing equipment allows the three Fleet Readiness Centers (FRCs) to achieve their mission by performing routine and emergency maintenance, repair, and modifications for Navy and Marine aircraft, and associated systems and components. Aircraft supported include the FA- 18 Hornet, E-2C Hawkeye, C-2A Greyhound, P-3 Orion, P-8 Poseidon, H-53 Sea Stallion, MH-60 Seahawk, EA-6B Prowler, UH-1 Huey, AH-1 Super Cobra, AV-8B Harrier, V-22 Osprey, F-35 Joint Strike Fighter, EA-18G Growler, and the CH-46 Sea Knight.

2) The proposed capital investments maintain the FRC's equipment infrastructure by replacing existing equipment that has reached the end of productive life due to age and wear. This installation security equipment includes an electronic security system and an access control system. Replacement of this equipment will continue to allow the FRCs to maintain depot infrastructure and capability to achieve their individual missions.

3) Project analyses have been performed as applicable.

4) There are no savings or cost avoidances.

5) If the equipment is not replaced the FRCs would lose the capability to perform their mission.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				February 2015					
Department of the Navy/ Depot Maintenance	#001 - Non-ADP Equipment/Quality Control/Testing						Fleet Readiness Centers		
	FY 2014			FY 2015			FY 2016		
Non-ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Quality Control/ Testing	7	$1,423	$9,960	11	$686	$7,541	4	$1,531	$6,125
Total	7	$1,423	$9,960	11	$686	$7,541	4	$1,531	$6,125

Justification:

APPLIES TO ALL EQUIPMENT <$1M

1) The existing equipment allows the three Fleet Readiness Centers (FRCs) to achieve their mission by performing routine and emergency maintenance, repair, and modifications for Navy and Marine aircraft, and associated systems and components. Aircraft supported include the FA- 18 Hornet, E-2C Hawkeye, C-2A Greyhound, P-3 Orion, P-8 Poseidon, H-53 Sea Stallion, MH-60 Seahawk, EA-6B Prowler, UH-1 Huey, AH-1 Super Cobra, AV-8B Harrier, V-22 Osprey, F-35 Joint Strike Fighter, EA-18G Growler, and the CH-46 Sea Knight.

2) The proposed capital investments maintain the FRC's equipment infrastructure by replacing existing equipment that has reached the end of productive life due to age and wear. This installation security equipment includes an electronic security system and an access control system. Replacement of this equipment will continue to allow the FRCs to maintain depot infrastructure and capability to achieve their individual missions.

3) Project analyses have been performed as applicable.

4) There are no savings or cost avoidances.

5) If the equipment is not replaced the FRCs would lose the capability to perform their mission.

PROJECTS ABOVE $1M:
FY 2014

UPGRADE TEST CELL 7 - FRCE:

The project proposes to upgrade the Data Acquisition, Display and Control System (DADCS) in the current T64 engine test cell. New engine test capability, GE38, will be added. The current DADCS has exceeded its useful life, software is no longer supported by the manufacturer, fails to perform necessary testing processes, and does not comply with the depot's standard for software quality control and assurance. The upgrade will provide a new DADCS that complies with the depot's policy of being Commercial Off The Shelf (COTS), increase software performance characteristics, and provide state of the art data acquisition and control hardware. The impact if not provided is the loss of engine test capability for the T64 and GE38 and inability to support the fleet. There are no alternatives as this engine test cell is a single point failure and FRCE is the designated source of repair for these engine types.

UPGRADE MARK IV AUXILIARY POWER UNIT/GAS TURBINE (APU/GTC) TEST CELL - FRCE:

The project proposes to replace the Mark IV APU/GTC mobile Test Cell by integrating the testing capabilities into an upgraded APU/GTCs Test Cell. In addition, the upgrade will include a cradle adapter assembly and test cart. The APU Test Cells support the AV-8B program. The upgrade to the test cells will include upgrading overall Mark IV testing capabilities, integrating new DADCS, developing new Test Program Sets (TPS), manufacturing new cradle adapter assembly, new test carts, and the upgrade of existing load banks. The impact to the fleet if not upgraded is an eventual sudden equipment failure and a production work stop. There are no alternatives as this test system is a single point failure and would result in loss of test capability for the AV-8B GTCs.

UPGRADE FLOURESCENT PENETRANT LINE (FPL) - FRCSE:

The project proposes to upgrade the FPL from its current manual processes and address safety and environmental concerns. Improvements to the FPL will include modification to drip pans and conveyor turns to address safety and environmental concerns, automation of processes to increase efficiency, capability to process larger components, and increased capacity. The project will include automation to reduce variation in the process for penetrate application, emulsifier application, penetrate dwell time, and parts wash. Issues addressed by this upgrade include inability to accommodate the larger components inherent to newer weapon systems, manual manipulation of large heavy parts through the current FPL which has lead to 6 OSHA recordable injuries since FY11, and the environmental hazard caused by inadequate drip containment system. The impacts if not upgraded include increased safety and environmental hazards, inability to process current and projected workload increases, and loss of a critical Non Destructive Inspection capability. Alternatives have been considered, but upgrading is the most cost effective for the government.

PROJECTS ABOVE $1M:
FY 2015

REPLACE MEDIUM PARTS LIQUID PENETRANT INSPECTION LINE (LPIL) - FRCE:

The project proposes to replace an existing medium utility LPIL. This machine will process pneumatic and hydraulic subsystem components, critical safety items, first article manufactured parts, Auxiliary Power Units (APUs), and starters for various other platforms. Deficiencies addressed by the project include ergonomic hazards, degrading line equipment, and lack of penetrant sensitivity versatility. Impacts if not replaced include loss of capacity to process current and future workload, inability to perform corrective maintenance on LPIL due to parts availability, and degrading equipment structure will lead to hazardous waste seepage/spillage into the work spaces. Alternatives have been considered, but replacement is the most cost effective for the government.

REPLACE COORDINATE MEASUREMENT MACHINE (CMM) - FRCE:

The project proposes to replace a 1990 Zeiss CMM in the Precision Measurement Center (PMC). The existing machine is approximately 22 years old and repair parts are no longer available. This machine will support measurement of the F-35, V-22, H-60, H-1, AV-8B, H-53 and H-46, first article program, and engineering investigations. Engine programs supported include F402, F408, T58, T64, T400, and T700. Impacts if not provided include inability to perform first article inspection, prototype inspections, crash investigations, measurements of manufactured aircraft components, and reverse engineering when drawings do not exist. Alternatives have been considered, but replacement is the most cost effective for the government.

UPGRADE RADAR RANGES PHASE II - FRCSE:

The project proposes to upgrade existing compact radar ranges. The project will upgrade the electronic systems and controls of these radar ranges. The compact ranges test APS-115 Radar, ALR-67 EAD, and AC6-B radomes. The existing equipment was originally purchased and installed at Norfolk in 1987, then moved to Jacksonville in 1996. The current age and degrading condition of the testing equipment poses problems obtaining the proper resolution for testing modern radomes. Issues addressed by this project include obsolete and unsupportable electronic systems and controls, inability to obtain electronic systems and control parts for repair from the Original Equipment Manufacturer (OEM), and the inability to effectively test weapon system radars. Impacts if not upgraded include eventual failure of the equipment creating a work stoppage and loss of capability. Alternatives have been considered, but upgrading is the most cost effective for the government.

PROJECTS ABOVE $1M:
FY 2016

UPGRADE AUXILIARY POWER UNIT/ GAS TURBINE TEST CELLS (APU/GTC) CARTS AND CARRIERS - FRCE:

The project proposes to upgrade the APU/GTC Carts and Carriers. Platforms supported include S-3, C-2, FA-18, P-3, H-46, H-47, H-53, H-60, LCAC, KC-135, and V-22. The upgrade will replace with all new mechanical and electrical hardware, wiring, hoses, connectors, and other components critical for the carts and carriers. The current equipment is 20+ years old and has exceeded its useful life. Deficiencies addressed by this upgrade include mitigating oil, nitrogen, and hydraulic fluid leaks on the current equipment which causes a safety and environmental risk. The impact if the APU/GTC Test Carts and Carriers are not upgraded is the eventual failure of the equipment and loss of testing capability for the GTCs over multiple weapon systems. There are no alternatives that can be considered as these tests are performed on the engine.

UPGRADE F408 TEST CELL - FRCE:

The project proposes to upgrade the computers, software, and hardware in the F402 engine test cell. The DADCS is used to acquire, display and record all physical parameters required for depot testing of the F408 engine of the AV-8B aircraft. This upgrade will consist of replacement of the DADCS, flow meters, and modifications or corrections to the inlet temperature probe. The impact if not upgraded is the eventual sudden failure of the engine test cell and loss of capability. There are no alternatives as this is a full run engine test cell for AV-8B engines.

REPLACE TAIL and INTERMEDIATE GEARBOX TEST STAND - FRCE:

The project proposes to upgrade the computers, software, and hardware for the H-53 tail and intermediate gearbox test stand equipment located in building 4498. This upgrade will consist of the replacement of the existing computer hardware and software as well as the replacement of existing sub-systems of DADCS. The DADCS is 10+ years old and is prone to failures. The impact if not replaced is the eventual sudden failure of the DADCS and loss of capability for testing H-53 components. Alternatives have been considered, but replacement is the most cost effective for the government. This is a single point failure.

REPLACE FUEL ACCESSORIES TEST STAND - FRCSE:

The project proposes to replace the existing 25 year old fuel accessories test stand with a new semi-automated, multi-station test stand capable of testing F404, F414, TF34 engine fuel accessories and sub-assemblies. The existing test stand is old technology (manufactured in 1988) prone to frequent downtime and replacement parts are obsolete. Due to the antiquated nature of the technology, fuel flow indication issues are becoming more frequent and test results are unreliable. The impact if not replaced is the eventual sudden failure of the test stand, an increase in Turn Around Time (TAT), and decreased fleet readiness. Alternatives have been considered, but replacement is the most cost effective for the government.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				February 2015					
Department of the Navy/ Depot Maintenance	#001 - Non-ADP Equipment/Machinery						Fleet Readiness Centers		
	FY 2014			FY 2015			FY 2016		
Non-ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Machinery	12	$1,610	$19,318	18	$885	$15,924	6	$2,098	$12,590
Total	12	$1,610	$19,318	18	$885	$15,924	6	$2,098	$12,590

Justification:

APPLIES TO ALL EQUIPMENT <$1M

1) The existing equipment allows the three Fleet Readiness Centers (FRCs) to achieve their mission by performing routine and emergency maintenance, repair, and modifications for Navy and Marine aircraft, and associated systems and components. Aircraft supported include the FA- 18 Hornet, E-2C Hawkeye, C-2A Greyhound, P-3 Orion, P-8 Poseidon, H-53 Sea Stallion, MH-60 Seahawk, EA-6B Prowler, UH-1 Huey, AH-1 Super Cobra, AV-8B Harrier, V-22 Osprey, F-35 Joint Strike Fighter, EA-18G Growler, and the CH-46 Sea Knight.

2) The proposed capital investments maintain the FRC's equipment infrastructure by replacing existing equipment that has reached the end of productive life due to age and wear. This installation security equipment includes an electronic security system and an access control system. Replacement of this equipment will continue to allow the FRCs to maintain depot infrastructure and capability to achieve their individual missions.

3) Project analyses have been performed as applicable.

4) There are no savings or cost avoidances.

5) If the equipment is not replaced the FRCs would lose the capability to perform their mission.

PROJECTS ABOVE $1M:
FY 2014

REPLACE TOYODA 5-AXIS MILL - FRCE:

This project will replace the Toyoda 5-Axis Mill located in the Manufacturing Machine Shop. The machine is used primarily for manufacturing capability of large and heavy (e.g. Frames) aircraft components. The machine is 15 years old and has a host of maintenance problems/issues. The machine is beyond economical repair and incurs frequent downtime. The impact if not replaced is lost capability to manufacture large heavy components. Alternatives were considered, but they proved less cost effective to replacement.

UPGRADE AUTOMATED ROTOR BLADE STRIPPING SYSTEM (ARBSS) - FRCE:

This project proposes to upgrade the ARBSS hardware and software to extend the "programs capability" of the system. Legacy lasers have caused performance and reliability concerns and require high maintenance. The laser cooling equipment will be replaced and fixtures that position the rotor blade assets must be modified to accept H-60 and V-22 configurations. Impact if not upgraded is for production to strip blades manually and personnel exposure risks to hazardous material. Alternatives have been considered, but the upgrade will decrease personnel exposure to hazardous material.

REPLACE CAMPBELL/SPRINGFIELD VERTICAL GRINDERS- FRCE:

This project will replace the Campbell Vertical Jig Grinder. This Grinder runs 3 shifts processing H-53 housing Main Gear Box, T400 Exhaust Duct , H-46 Pitch Housings, HUB Rotary Wing Head, and numerous others. The existing machine has exceeded its useful life. The machining head automatically feeds down when the operator is not controlling or touching the controls causing damaged parts. The vertical jig grinder performs all internal grinding jobs, approx. 75% of shop work. Impact if not replaced is the continued degradation of grinding accuracy on this machine and eventual sudden equipment failure. Alternatives have been considered, but replacement is the most cost effective for the government.

REPLACE CITIZEN LATHE - FRCE:

This project will replace the Citizen 6-Axis Lathe. This is a 6- axis lathe and has become unreliable due to its age, 19 years old, and unavailability of repair parts. The 6-axis lathe manufactures various aircraft components, bolts, pins, spacers, washers, tapered pins, and bushings for all aircraft platforms repaired at FRCE. Impact if not replaced is loss of manufacturing capability, increased Turn Around Time (TAT) for complex parts, and eventual sudden failure. Alternatives have been considered, but replacement is the most cost effective for the government.

REPLACE MILL-TURN MACHINE - FRCSE:

The proposed Mill-Turn Machine will replace a large-swing Computer Numerical Control (CNC) Lathe that is worn out and cannot hold precision aircraft tolerances. The Mill-Turn Machine can perform lathe operations plus perform 4-axis milling. Workload includes airframe parts for EA-6B, FA-18, H-60, P-3, T-6, T-34, T-44, and E-6 programs and external work from Navy Inventory Control Point (NAVICP) and Defense Logistics Agency (DLA). Machine is required to maintain organic manufacturing capability for the Navy. The existing CNC Lathe is a 1983 Pratt & Whitney CNC Lathe. Impact if not replaced is all current workload will be performed on a manual lathe and then carried to a manual jig borer, resulting in poor Turn Around Time (TAT) . Alternatives have been considered, but replacement is the most cost effective for the

PROJECTS ABOVE $1M:
FY 2014 - Continued

UPGRADE BLADE TIP GRINDER - FRCSW:

This High Speed Blade Tip Grinder is used to grind rotor blade tips for the LM2500 Engine. The upgraded High Speed Blade Tip Grinder will focus on the grinding process of the LM2500 Engine compress spool and high pressure turbine rotors. In the past several years, maintenance cost, down time, and unreliability have risen to a point that this asset must be replaced in order to maintain current and future obligations of the Navy. Currently, FRCSW is using a manual machine that is 22 years old and not designed to grind blade tips (it was designed as a blade tip measuring machine and adapted as a slow speed grinder). Impact if not upgraded will be the eventual sudden failure of the manual machine which will result in a work stoppage and loss of capability. Alternatives have been considered, but an upgrade is the most cost effective for the government.

REPLACE HYDROFORMING PRESS - FRCSW:

This project will replace an existing Hydroforming Press. The existing system was installed in 1943 and has exceeded its useful life. It is used to form aluminum sheet and steel parts for C-2, E-2, FA-18, H-53, and H-60. The new Hydroforming Press system will be able to form sheet metal beyond a 90 degree angle, while the existing Hydroforming Press does not have "wrap around forming" capability. The impact if not replaced is to continue to hand form most of the parts as the Hydroforming Press continues deteriorating each year. Alternatives have been considered, but replacement is the most cost effective for the government.

REPLACE HORIZONTAL JIG MILL- FRCSW:

This project will replace the current Horizontal Jig Mill in building 472. The existing machine is 44 years old has exceeded its useful life. The Horizontal Jig Mill supports various grinding processes for beryllium and other metals. The machine will be updated with the latest safety features to ensure safe operation while grinding toxic metal such as beryllium. This mill grinds components for the E-2, FA-18, T-34, and T-44 platforms. Impact if not replaced will be the eventual halt to beryllium grinding as OSHA has given a temporary authorized "work around" until the current Jig Mill is replaced. Alternatives have been considered, but replacement is the most cost effective for the government.

FY 2015

UPGRADE COLD SPRAY EQUIPMENT - FRCE:

This project proposes to upgrade the cold spray process and begin immediate application on the H-1 combining gearboxes and the H-53 tail gearbox output housing. The cold spray process is a new technology that will reduce corrosion and wear where other current repair processes have failed. In addition, the cold spray process will enable the repair of partially assembled components and perform corrosion control repairs that can be performed at the depot or squadron level. The new cold spray process will decrease premature defective turn-in costs. The repair will reduce the demand on new replacement housings. Thus this repair is creating greater parts availability and decreased scrap rates. Alternative repair processes have been considered, but upgrading is the most cost effective for the government.

PROJECTS ABOVE $1M:
FY 2015 - Continued

REPLACE BLADE SHOP SANDING BOOTH - FRCE:

This project will replace the Rotor Blade Sanding Booth for the H-53 program. A fully functioning sanding booth is required by OSHA, Safety, and Compliance to minimize exposure to hazardous material and prevent environmental issues from dust and debris. The existing booth is not functioning to design and pulls air from surrounding areas vice outside creating a negative pressure situation. This causes environmental instability in the surrounding areas pulling dust into a clean environment and exposing personnel to hazardous material. Impact if not replaced is continued negative pressure situation in the surrounding areas causing concern for hazardous material exposure. Alternatives have been considered, but replacement is the most cost effective for the government.

REPLACE AGIE WIRE ELECTRICAL DISHCHARGE MACHINGE (EDM) - FRCE:

This project will replace the Agie Wire EDM. The current machine is over 22 years old and is experiencing an increase in maintenance issues with decreased availability of repair parts. This machine is commonly used to manufacture dies, tools, gears, support fixtures, aircraft parts, and modify tools. Multiple mills would be required to manufacture the complex parts of the current workload for the Wire EDM. The impact of not replacing will be the eventual sudden failure of the equipment and increased Turn Around Time (TAT) for complex part manufacture. Alternatives have been considered, but replacement is the most cost effective for the government.

REMANUFACTURE JIG GRINDERS - FRCE:

The purpose of this project is to remanufacture 2 SIP Jig Grinders located in Shop 93567, Machine Repair Power Plant Shop, Building 133. Both machines have far exceeded their expected useful life (20+ years old), are unreliable, and are currently down due to mechanical issues. The jig grinders support workload for the H-53, V-22, H-1, and AV-8B aircraft platforms. Future workload for these jig grinders include components for the F-35. Both jig grinders are essential to ensure FRCE has the machinery required to handle anticipated future workload. Impact if not remanufactured is the loss of capability and capacity to meet fleet requirements, inability to manufacture per specifications, and negative impact to readiness. Alternatives have been considered, but remanufacturing is the most cost effective for the government.

REPLACE VERTICAL TURRET LATHE (VTL)- FRCSE:

This project will replace the existing VTL. The new lathe will be used in support of engine programs, including refurbished parts for the J52, TF34, F404, and F414 engines. The existing lathe was manufactured in 1985, is becoming less reliable, and is not able to machine the parts to the tolerances required for more complicated aircraft engine parts. Mechanical and electronic repair parts are becoming more difficult to find and procure. The new lathe will be able to machine and measure parts to the required tolerances. The impacts if not replaced include the eventual sudden failure of the VTL, inability to manufacture per specifications, and negative impact to fleet readiness. Alternatives have been considered, but replacement is the most cost effective for the government.

PROJECTS ABOVE $1M:
FY 2015 - Continued

REPLACE BORING MILL - FRCSE:

This project will replace the existing boring mill. The new boring mill will be used in support of the FRCSE Strategic Business Plan and accommodate parts processed in the Engine Facility. The existing mill has exceeded its useful life and is unable to mill parts to the required tolerances. The proposed Computer Numerical Control (CNC) boring unit will be able to mill the required workload to the required tolerances. The impacts if not replaced include the eventual sudden failure of the boring mill, inability to manufacture per specifications, and negative impact to fleet readiness. Alternatives have been considered, but replacement is the most cost effective for the government.

REPLACE VERTICAL JIG MILL - FRCSW:

This project will replace an existing Vertical Jig Mill. The current machine cannot hold the tolerances needed to machine parts and has exceeded its useful life as it is over 24 years old. It is used to machine metal parts for supporting landing gear components for the C-2, E-2, FA-18, and LM2500 (remove corrosion, cutting welded parts, cutting nickel plates for E-2). The impacts if not replaced include the eventual sudden failure of the vertical jig mill, inability to manufacture per specifications, and negative impact to fleet readiness. Alternatives have been considered, but replacement is the most cost effective for the government.

FY 2016

REPLACE OIL QUENCH FURNACE - FRCE:

This project will replace the existing endothermic gas generator and integral quench hardening furnace. This equipment is necessary to heat treating liners, bushings and other steel parts for all aircraft, engine, and Auxiliary Power Unit (APU) lines at FRCE. The current GM Enterprise endothermic furnace has become a safety issue operating at around 1600F with a flammable gas being combusted to maintain the proper environment for hardening steel. Leaking seals, jammed doors, and other mechanical failures have resulted in small internal explosions referred to as "burps", and oil fires. There are no upgrades available to correct safety and operational issues and there has been a recorded injury. The impact if not replaced is the eventual shutdown of equipment as it becomes dangerous to operate and the loss of critical heat treat capability. Alternatives have been considered, but replacement is the most cost effective for the government.

REPLACE HIGH VELOCITY OXYGEN FUEL (HVOF) COATING SYSTEM - FRCE:

The purpose of this project is to replace and upgrade the HVOF equipment. This equipment currently processes components from the following platforms: H-53, FA-18, F402, T64, and AV-8B. This equipment has exceeded its useful life and repair parts have become obsolete with little support from the Original Equipment Manufacturer (OEM) which leads to extended down time. The equipment upgrades for this procurement will accommodate a larger component (in weight and size); a turntable to eliminate artisans having to manipulate the component during processing; also, possibly a Chuck system to handle large H-53 and V-22 shaft work. Alternatives have been considered, but replacement is the most cost effective for the government.

PROJECTS ABOVE $1M:
FY 2016 - Continued

REPLACE FARQUAR PRESS - FRCE:

This project will replace the existing Farquar Press. The current press is 70+ years old, was installed in 1943, and has well exceeded its expected useful life. This machine is a single point failure as it does all the sheet metal forming for the entire shop and recently went down due to a blown hydraulic seal. This press supports workload from the H-53, V-22, H-1, and AV-8B aircraft platforms. Future workload for the V-22 and F-35 will increase the need for sheet forming. The press has frequent hydraulic leaks which make the work environment very hazardous for the operator as well as lost production time due to cleanup requirements. Alternatives have been considered, but replacement is the most cost effective for the government.

REPLACE 4-AXIS MILLS WITH PALLET CHANGER/MANAGER - FRCE:

This project will replace 2 existing Toyoda 4-Axis Milling Machines. These machines have exceeded their useful lives, have multiple hydraulic and oil leaks, and the pallet changer on each machine is worn-out. The mills currently support H-53 and V-22 workload with an anticipated increase of approx. 60% in the next few years. The mills have oil and hydraulic leaks that create hazardous working conditions for operators. Additionally, the new mills have improved safety guards. Alternatives have been considered, but replacement is the most cost effective for the government.

REBUILD JIG BORE #4 - FRCE:

This project proposes to rebuild an existing jig bore. The current machine has exceeded its expected useful life and is a single point failure requiring extensive repairs when it fails. It is the largest jig bore in the shop and the only machine capable of handling very large parts such as the H-53 main rotor ring and main rotor head swash plate. Recently the machine had a spindle drive fault and to repair it, maintenance had to replace the entire electrical panel. This machine has frequent hydraulic leaks which make the work environment very hazardous for the operator as well as lost production time due to cleanup requirements. Alternatives have been considered, but rebuilding is the most cost effective for the government.

PROCURE SMALL SPAR MILL - FRCSE

This project proposes to procure a small spar mill. The new spar mill is required to meet the current manufacturing demand. The new mill (15-foot table) will address the smaller, under 8 foot components. Adding a smaller Spar Mill will relieve the expected increase in workload which includes airframe parts for EA-6B, FA-18, H-60 and F-5 programs, including FA-18 spars, formers, and horizontal stabilizer supports (boot straps), EA-6B and F-5 longerons, and external work from Navy Inventory Control Point (NAVICP) and Defense Logistics Agency (DLA). The impacts if not procured include the inability to meet fleet requirements resulting in a negative impact to fleet readiness. Alternatives have been considered, but procurement is the most cost effective for the government.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				February 2015					
Department of the Navy/ Depot Maintenance	#001 - Non-ADP Equipment/Support Equipment						Fleet Readiness Centers		
	FY 2014			FY 2015			FY 2016		
Non-ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Support Equipment	8	$1,234	$9,872	8	$1,480	$11,840	11	$1,411	$15,517
Total	8	$1,234	$9,872	8	$1,480	$11,840	11	$1,411	$15,517

Justification:

APPLIES TO ALL EQUIPMENT <$1M

1) The existing equipment allows the three Fleet Readiness Centers (FRCs) to achieve their mission by performing routine and emergency maintenance, repair, and modifications for Navy and Marine aircraft, and associated systems and components. Aircraft supported include the FA- 18 Hornet, E-2C Hawkeye, C-2A Greyhound, P-3 Orion, P-8 Poseidon, H-53 Sea Stallion, MH-60 Seahawk, EA-6B Prowler, UH-1 Huey, AH-1 Super Cobra, AV-8B Harrier, V-22 Osprey, F-35 Joint Strike Fighter, EA-18G Growler, and the CH-46 Sea Knight.

2) The proposed capital investments maintain the FRC's equipment infrastructure by replacing existing equipment that has reached the end of productive life due to age and wear. This installation security equipment includes an electronic security system and an access control system. Replacement of this equipment will continue to allow the FRCs to maintain depot infrastructure and capability to achieve their individual missions.

3) Project analyses have been performed as applicable.

4) There are no savings or cost avoidances.

5) If the equipment is not replaced the FRCs would lose the capability to perform their mission.

PROJECTS ABOVE $1M:
FY 2014

UPGRADE CENTRAL HYDRAULIC SYSTEM, BLDG 4224 - FRCE:

This project proposes to upgrade a central hydraulic system supporting overhaul of AV-8B aircraft and the F-35 in the future. The current requirement is to provide 5,000 PSI hydraulic units outside of the hangar to allow for more than one aircraft to be worked at a time. Current hydraulic system is over 20 years old and according to the support mechanical engineer, the hoses, fittings and adapters are improperly sized and below code. Procurement of at least 2 5,000 PSI hydraulic systems and upgrading the current High Pressure Unit will provide the necessary capacity to meet fleet demands. The impacts if not provided include the inability to support aircraft production and negative impact to fleet readiness. Alternatives have been considered, but an upgrade is the most cost effective for the government.

REPLACE PAULI DUST COLLECTORS - FRCSE:

This project will replace dust collectors in 2 existing component blast booths that include multi-stage filtration and High-Efficiency Particulate Air (HEPA) filters. The existing component blast booths are experiencing excessive blast media leakage resulting in high levels of down time. This replacement, which includes removal, cleaning, and disposal, will reduce down time and also reduce Turn Around Time (TAT) for the component strip process. The existing component strip booths are at high risk of non-compliance with Resource Conservation and Recovery Act (RCRA) and Air Permits. Alternatives have been considered, but replacement is the most cost effective for the government.

INTERMITTENT FAULT DETECTION AND ISOLATION SYSTEM (IFDIS) - FRCSW:

This project proposes to procure an IFDIS. This equipment is new technology that will enhance, by orders of magnitude, the intermittent fault detection capability for Weapons Replaceable Assemblies (WRAs) for avionics components. Standard testing equipment such as, DIT-MCO, Eclipse, multi-meter, and high pot testers cannot detect intermittent faults because there is a limited look time on circuits of interest and there is no environmental modeling to emulate in-flight conditions. IFDIS technology employs neural net circuitry with a look time of every 50 nano-seconds, in which every circuit is tested. IFDIS also utilizes a computer controlled shaker/environmental chamber to simulate aircraft operational environments. This technology forces the intermittent circuit to manifest itself, allowing the IFDIS to detect and isolate the root cause of the fault. Alternatives have been considered, but procurement is the most cost effective for the government and significantly increases time on wing for avionics components.

UPGRADE BAY 11 PLASTIC MEDIA BLAST (PMB) SYSTEM - FRCSW:

This project proposes to upgrade the Bay 11 PMB System. This system is used to remove paint from entire aircraft using plastic media. Aircraft lines supported include C-2, E-2, FA-18, H-53, and H-60. Bay 11 PMB System is deteriorating and is currently a safety hazard to operate. The return air has been removed causing high negative pressure, the air wall knock down system is inoperative, and the centrifugal separating system requires constant maintenance. The existing equipment was installed in 1992 and has exceeded its useful life. Impact if the upgrade is not performed includes the eventual sudden failure of the system and continued health, safety, and environmental concerns and loss of aircraft de-paint capability. Alternatives have been considered, but upgrading is the most cost effective for the government.

PROJECTS ABOVE $1M:
FY 2015

Replace B2085 Blast Booth Dust Collectors - FRCSE

This project will replace corroded and deteriorated dust collectors for the H-60 Plastic Media Blast (PMB) booth. The new collectors will include multi-stage filtration including High-Efficiency Particulate Air (HEPA) Filters. The current dust collectors are experiencing downtime due to corrosion and media leaks as a result of design flaws and the ocean air environment at Mayport. This project will replace the dust collectors with a compliant system. The impacts if not replaced include eventual equipment degradation resulting in non-compliance with the Resource Conservation and Recovery Act (RCRA) and Title V Aerospace National Emission Standards for Hazardous Air Pollutants Air Permits, and loss of capability for H-60 de-paint at Mayport Naval Station. Alternatives have been considered, but replacement is the most cost effective for the government.

AN/ARN-118 TEST PROGRAM SETS OFFLOAD - FRCSW:

This project proposes to re-host the AN/ARN-118 Avionics System test program from the current test equipment (Legacy AN/USM-449 (V)) to the Reconfigurable Transportable/Consolidated Automated Support System (RTCASS /D) Test equipment. The re-host consists of Test Program Sets (TPS) development for the AN/ARN-118 which is considered common electronics test programs used to support avionics for multiple platforms. 3 of 4 current legacy test equipment benches are down and cannot be repaired. The impact if not re-hosted is the eventual failure of the last legacy piece of equipment and a complete loss of test capability. Alternatives have been considered, but replacement is the most cost effective for the government. As there is a 24 month lead time for re-hosting.

REPLACE MAIN FUEL CONTROL TEST STAND - FRCSW:

This project will replace the Main Fuel Control Test Stand that supports the LM2500 engine program. The current system is 27 years old, a single point of failure, and has exceeded its useful life. The current fuel control test bench needs maintenance frequently, and is down for repairs 2 months throughout the year. The impact if not replaced is the eventual sudden failure of the equipment and loss of capability to test the component. Alternatives have been considered, but replacement is the most cost effective for the government.

REPLACE ELECTRO-HYDRAULIC SERVO VALVE (EHSV) TEST STAND - FRCSW:

This project will replace the existing EHSV. The EHSV is used to test hydraulic components for the FA-18 aircraft platform. The new EHSV Test Stand will be capable of supporting the overhaul and testing of electrical hydraulic valves for FA-18 C/D flight controls, rudder, aileron, stabilator, trailing edge flaps, leading edge flaps, nose wheel steering, brake and anti-skid servo valves, and brake and anti-skid manifold assemblies. Existing equipment is over 20 years old and has exceeded its useful life. Alternatives have been considered, but replacement is the most cost effective for the government.

PROJECTS ABOVE $1M:

FY 2016

Procure Robotic Grit Blast System - FRCSE

This project will procure and install robotic blast booths to replace the existing 26 year old walk-in blast booth. The use of a robotic grit blast system will eliminate the need for the artisan to be exposed to the safety hazards inside of a walk-in blast booth (eliminate heavy metals exposure). Tighter quality requirements from engine programs dictate a push toward robotic grit blast to provide a more uniform, consistent finish prior to thermal coat processes. Impact if not procured include the eventual sudden failure of the equipment and personnel exposure to hazardous materials. Alternatives have been considered, but procurement is the most cost effective for the government.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				February 2015					
Department of the Navy/ Depot Maintenance	#002 - ADP Equipment						Fleet Readiness Centers		
	FY 2014			FY 2015			FY 2016		
ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)	0		$0	0		$0	0		$0
Computer Hardware (Network)	0		$0	0		$0	0		$0
Computer Software (Operating System)	0		$0	0		$0	3	$3,100	$9,300
Telecommunications	0		$0	0		$0	0		$0
Other Support Equipment	1	$207	$207	0		$0	0		$0
Total	1	$207	$207	0		$0	3	$3,100	$9,300

Justification:

APPLIES TO PROJECTS <$1M:

OTHER SUPPORT EQUIPMENT

1) The existing software provides a semi-manual methodology for tech data / programming capability.
2) This project will provide an approved network methodology that will result in an automated electronic network / connectivity that will provide required tech data and programming at the point of production.
3) Project analyses have been performed as applicable to determine the least costly methods.
4) There are no cost savings or avoidances associated with these projects.
5) If not implemented, FRCs will be greatly restricted in their depot maintenance operations.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				February 2015					
Department of the Navy/ Depot Maintenance	#004 - Minor Construction ($250K - $750K)						Fleet Readiness Centers		
	FY 2014			FY 2015			FY 2016		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	8	$423	$3,380	9	$321	$2,885	6	$525	$3,150
New Construction	0		$0	0		$0	0	$0	$0
Environmental Capability	0		$0	0		$0	0		$0
Total	8	$423	$3,380	9	$321	$2,885	6	$525	$3,150

Justification:

APPLIES TO ALL PROJECTS:

1) The existing facilities allow the three Fleet Readiness Centers (FRCs) to achieve their mission by performing routine and emergency maintenance, repair, and modifications for Navy and Marine aircraft, and associated systems and components. Aircraft supported include the FA-18 Hornet, E-2C Hawkeye, C-2A Greyhound, P-3 Orion, P-8 Poseidon, H-53 Sea Stallion, MH-60 Seahawk, EA-6B Prowler, UH-1 Huey, AH-1 Super Cobra, AV-8B Harrier, F-35 Joint Strike Fighter, EA-18G Growler, and the CH-46 Sea Knight.

2) New minor construction projects will allow the FRCs to design, construct, upgrade, restore, and replace the facilities and structures that are required to achieve their mission. No project is greater than the $750,000 maximum threshold nor below the $250,000 threshold. Requests below the $250,000 threshold are amounts for planning & design or installation costs .

3) Project analyses were performed as applicable to determine the least costly method to achieve the desired results.

4) No cost avoidance or savings were estimated. Minor construction projects provide the facilities in which work is to be performed, not savings.

5) If minor construction projects are not approved the facilities will deteriorate and adversely affect mission achievement.

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2014	**1**	**Non ADP**		**$41.708**	**$39.770**	**($1.938)**	
			Installation Security	$0.625	$0.620	($0.005)	One cancelled
			Quality Control/Testing	$10.420	$9.960	($0.460)	Two increase, two decrease, and two new
			Machinery	$19.238	$19.318	$0.080	Two increase, two decrease, and six cancelled
			Support Equipment	$11.425	$9.872	($1.553)	One increase, four decrease, and four cancelled
	2	**ADP**		**$0.450**	**$0.207**	**($0.243)**	
			Other Computer and Telecom Support Equipment	$0.450	$0.207	($0.243)	One decrease
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$3.235**	**$3.380**	**$0.145**	
			Replacement	$3.235	$3.380	$0.145	Two new, one deferred, and four cancelled
TOTAL FY 2014 CIP Program				**$45.393**	**$43.357**	**($2.036)**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2015	**1**	**Non ADP**		**$32.040**	**$36.182**	**$4.142**	
			Material Handling	$0.540	$0.000	($0.540)	One cancelled
			Installation Security	$0.000	$0.877	$0.877	Two new
			Quality Control/Testing	$7.393	$7.541	$0.148	One increase, two decrease, nine new,one deferred, and six cancelled
			Machinery	$16.637	$15.924	($0.713)	Two increase, eleven new, one deferred, and five cancelled
			Support Equipment	$7.470	$11.840	$4.370	Four new, and one cancelled
	2	**ADP**		**$0.000**	**$0.000**	**$0.000**	
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$4.400**	**$2.885**	**($1.515)**	
			Replacement	$4.200	$2.885	($1.315)	Five new, five deferred, and four cancelled
			New Construction	$0.200	$0.000	($0.200)	One cancelled
TOTAL FY 2015 CIP Program				**$36.440**	**$39.067**	**$2.627**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2016	**1**	**Non ADP**		**$34.232**	**$34.232**	**$0.000**	
			Quality Control/Testing	$6.125	$6.125	$0.000	
			Machinery	$12.590	$12.590	$0.000	
			Support Equipment	$15.517	$15.517	$0.000	
	2	**ADP**		**$9.300**	**$9.300**	**$0.000**	
			Computer Software (Operating System)	$9.300	$9.300	$0.000	
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$3.150**	**$3.150**	**$0.000**	
			Replacement	$3.150	$3.150	$0.000	
TOTAL FY 2016 CIP Program				**$46.682**	**$46.682**	**$0.000**	

CARRYOVER RECONCILIATION
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
Part 1			
1. Net Carry-In	1,063.2	1,006.9	951.4
2. Revenue	1,938.4	2,142.4	2,140.1
3. New Orders	1,882.1	2,086.9	2,122.6
4. Exclusions:			
Foreign Military Sales	56.2	33.7	33.1
Base Realignment and Closure	-	-	-
Other Federal Department and Agencies	12.7	8.8	9.3
Non-Federal and Others	88.1	114.3	128.7
Institutional Major Range & Test Facility Base	-	-	-
OUSD(C) Approved Carryover Waiver*	58.4	-	-
5. Orders for Carryover Calculation	1,666.7	1,930.1	1,951.6
6. Weighted Average Outlay Rate	63.6%	62.4%	61.9%
7. Carryover Rate	36.4%	37.6%	38.1%
8. Allowable Carryover	742.9	854.4	915.0
Allowable Carryover(First Year)	606.0	725.7	743.6
Allowable Carryover (Second Year Procurement-funded Orders)	136.9	128.7	171.5
Part II			
9. Balance of Customer Order at Year End	1,007.9	952.3	934.9
10. Work-in-progress	17.3	17.2	18.8
11. Exclusions:			
Foreign Military Sales	51.4	47.8	40.4
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Department and Agencies	20.9	15.9	19.2
Non-Federal and Others	33.4	26.1	32.0
Institutional Major Range & Test Facility Base	-	-	-
OUSD(C) Approved Carryover Waiver*	168.8	-	-
12. Calculated Actuals Carryover	716.1	845.3	824.5

Some totals may not add due to rounding.

** The carryover waiver amount applicable to the FY 2014 new orders is $58.4 million. The remainder carryover waiver amount of $110.4 million is applicable to the previous years' work carried into FY 2014.*

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

FY 2014

	Total	Mobilization	Peacetime: Operating	Peacetime: Other
Material Inventory BOP	$ 33.4	$ -	$ 33.4	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 781.5	$ -	$ 781.5	$ -
B. Purchase of long lead items in advance of customer orders	-	-	-	-
C. Other Purchases	-	-	-	-
D. Total Purchases	$ 781.5	$ -	$ 781.5	$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	$ 792.7	$ -	$ 792.7	$ -
B. Disposals, theft, losses due to damages	-	-	-	-
C. Other reductions	-	-	-	-
D. Total inventory adjustments	$ 792.7	$ -	$ 792.7	$ -
Material Inventory EOP	$ 22.2	$ -	$ 22.2	$ -

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

FY 2015

	Total	Mobilization	----- Peacetime ----- Operating	Other
Material Inventory BOP	$ 22.2	$ -	$ 22.2	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 925.4	$ -	$ 925.4	$ -
B. Purchase of long lead items in advance of customer orders	-	-	-	-
C. Other Purchases	-	-	-	-
D. Total Purchases	$ 925.4	$ -	$ 925.4	$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	$ 923.2	$ -	$ 923.2	$ -
B. Disposals, theft, losses due to damages	-	-	-	-
C. Other reductions	-	-	-	-
D. Total inventory adjustments	$ 923.2	$ -	$ 923.2	$ -
Material Inventory EOP	$ 24.4	$ -	$ 24.4	$ -

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

FY 2016

	Total	Mobilization	----- Peacetime ----- Operating	Other
Material Inventory BOP	$ 24.4	$ -	$ 24.4	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 902.0	$ -	$ 902.0	$ -
B. Purchase of long lead items in advance of customer orders	-	-		-
C. Other Purchases	-	-	-	-
D. Total Purchases	$ 902.0	$ -	$ 902.0	$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	$ 902.3	$ -	$ 902.3	$ -
B. Disposals, theft, losses due to damages	-	-	-	-
C. Other reductions	-	-	-	-
D. Total inventory adjustments	$ 902.3	$ -	$ 902.3	$ -
Material Inventory EOP	$ 24.1	$ -	$ 24.1	$ -

DEPOT MAINTENANCE SIX PERCENT CAPITAL INVESTMENT PLAN
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	REVENUE (Maintenance, Repair, Overhaul) 3 year average			BUDGETED CAPITAL (Modernization, Efficiency)		
	FY 11-13	FY 12-14	FY 13-15	FY 2014	FY 2015	FY 2016
	2,169.7	2,298.5	1,934.4			
	2,298.5	1,934.4	1,938.4			
	1,934.4	1,938.4	2,142.4			
Revenue (Avg)	2,134.2	2,057.1	2,005.1			
Working Capital Fund (Avg)	2,134.2	2,057.1	2,005.1			
Appropriations (Avg)	0.0	0.0	0.0			
Total Revenue (Avg)	2,134.2	2,057.1	2,005.1			
WCF Depot Maintenance Capital Investment						
Facilities/ Work Environment				25.7	23.4	43.5
Equipment				43.4	39.0	46.8
Equipment (Non-Capital Investment Program)				9.7	10.4	10.2
Processes				0.0	2.0	2.0
Total WCF Investment				78.8	74.8	102.5
Appropriated Funding						
MILCON				14.0	0.0	0.0
Procurement				1.5	25.5	1.5
Operation & Maintenance				4.9	4.9	4.9
Total Appropriated Funding				20.4	30.4	6.4
Component Total				99.2	105.2	108.9
Minimum 6% Investment				128.1	123.4	120.3
Investment Over/Under Requirement				-28.9	-18.2	-11.4
				4.6%	5.1%	5.4%

The table above reflects data for the Fleet Readiness Centers. The six percent threshold is applicable at the DoN level, to include Working Capital Fund and appropriated fund activities.

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2. Marine Corps Depots

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NARRATIVE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Mission Statement / Overview:
The Marine Corps Depot Maintenance Activity Group (DMAG) provides innovative, worldwide, depot level and related maintenance, rebuild, modification, and repairs, on Department of Navy (DoN), federal and non-federal war fighting weapon systems. The DMAG also provides engineering, manufacturing, remanufacturing, preservation, calibration, fabrication, technical evaluation, and other services required to maximize the readiness and sustainability of ground combat and combat support weapon systems, associated parts, assemblies, and subassemblies.

The DMAG provides quality products and responsive maintenance support services that maintain a core industrial base in support of DoD operating forces mobilization, surge, reset, and reconstitution requirements. The DMAG enables equipment readiness and operational availability by restoring equipment to a like new condition before returning it to the warfighter.

Activity Group Composition:

Activities	Location
Marine Depot Maintenance Command	Albany, GA
Marine Depot Maintenance Command	Barstow, CA

Significant Changes Since the FY15 President's Budget:
The DMAG's FY 2016 budget request includes costs and savings related to the stand up and consolidation of the Marine Depot Maintenance Command (MDMC), which was fully implemented by the end of FY 2014. The establishment of MDMC is a major business strategy and capability that enhances the DMAG's ability to provide end to end integrated and synchronized logistics solutions to its customers. Additionally, MDMC increases ability to meet emergent needs for war fighting, eliminate duplicative, non-value added functions and operations while promoting a more streamlined, efficient, and effective operation. This budget incorporates known financing support for the Marine Corps consolidation of overhead operations at the two Depot Maintenance operating locations (Albany, Georgia and Barstow, California). Cumulative savings of $13.3 million through FY 2016 are reflected in this budget.

NARRATIVE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
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Financial Profile:

Revenue/Expense/Operating Results ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Orders	$690.4	$475.0	$451.4
Revenue	$491.3	$612.9	$583.2
Expense	$490.0	$602.4	$581.6
Operating Results	$1.2	$10.5	$1.6
Capital Surcharge	($1.3)	$0.0	$0.0
Other Changes Affecting NOR	($7.3)	$0.0	$0.0
Net Operating Results (NOR)	($7.3)	$10.5	$1.6
Other Changes Affecting AOR	$0.0	($5.2)	($1.6)
Accumulated Operating Results (AOR)	($6.8)	($1.6)	$0.0

Some totals may not add due to rounding.

Orders, Revenue and Expense:

Orders- New reimbursable orders for FY 2015 and FY 2016 are $475.0 million and $451.4 million respectively. New orders include the anticipated receipt of funding for reset. Budgeting for workload was based upon letters of intent from customers. The decline in new orders across all years is due to anticipated reductions in reset workload, which has accounted for the majority of workload since FY 2012. The $5.2 million adjustment to AOR in Fiscal Year 2015 is to maintain operating cash associated with budgetary resources required for projected outlays.

Revenue- Total revenue is expected to be $612.9 million for FY 2015, and $583.2 million for FY 2016. Revenue was $199.1 million below new orders in FY 2014 due to lower than planned Direct Labor Hours (DLH). The DMAG typically utilizes a contracted workforce to support surges in workload. In FY 2014, higher than expected orders and anticipated workforce requirements coupled with subsequent adjustments to carryover projections resulted in DMAG initiating a hiring action with the goal of acquiring at least 225 additional artisans to assist the current workforce. The additional artisans will remain on board through FY 2016, enabling DMAG to continue to accept new orders while also mitigating carryover and generating additional revenue.

Expense (Cost of Goods & Services Sold) - Cost of Goods & Services Sold is expected to be $602.4 million in FY 2015 and $581.6 million in FY2016.

NARRATIVE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Collections/Disbursements/Outlays ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Collections	$472.6	$622.6	$583.9
Disbursements	$463.5	$620.0	$575.4
Outlays	($9.1)	($2.6)	($8.5)

Some totals may not add due to rounding.

Current net outlay projections reflect changes in workload and updated operating estimates. In FY 2015, the DMAG projects that cash balances will increase by $2.6 million to a total of $43.2 million. The FY 2016 cash balance is expected to increase by $8.5 million to a total of $51.7 million.

Workload:

Based on projected reductions to reset workload, new orders decrease to $475 million in FY 2015 and $451.4 million in FY 2016.

Direct Labor Hours (000):	**FY 2014**	**FY 2015**	**FY 2016**
Current Estimate (Includes Contractors)	3,588.0	4,909.0	4,611.0

Direct Labor Hours:
Continued receipt of reset workload, coupled with yearly carryover projections and the hiring of additional workforce capacity at the end of FY 2014, DMAG projects increasing direct labor hours by 1.3 million in FY 2015 compared to FY 2014 in order to execute new orders and carryover workload. For FY 2016, direct labor hours are expected to decrease relative to projected workload.

Performance Indicators:
The primary performance indicator is unit cost, which represents the average cost of delivering goods and services to customers.

Unit Cost:	**FY 2014**	**FY 2015**	**FY 2016**
Total Stabilized Cost ($Millions)	$489.1	$602.3	$581.5
Workload (DLHs) (000)	3,588	4,909	4,611
Unit cost (per DLH)	$136.29	$122.69	$126.12

NARRATIVE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Unit Cost:

Unit Cost is the method established to authorize and control costs. Unit cost goals allow activities to respond to workload changes in execution by encouraging reduced costs when workload declines and allowing appropriate increases in costs when customers request additional services.

In FY 2015, the DMAG is projecting a lower unit cost per direct labor hour when compared to FY 2014 due to the increased amount of projected workload and direct labor hours. In FY 2016, the DMAG is projected to execute less direct labor hours when compared to FY 2015, which will result in a slightly higher unit cost per direct labor hour.

Stabilized / Composite Rates:	**FY 2014**	**FY 2015**	**FY 2016**
Stabilized Rate	$120.72	$124.64	$127.51
Change from Prior Year		$3.92	$2.87
Composite Rate Change		3.25%	2.30%

The Stabilized Rate consists of direct labor and applied overhead. Unique direct non-labor costs are billed on a reimbursable basis to the customer. The composite rate change incorporates both the stabilized costs and the reimbursable costs. The FY 2016 composite hourly rate reflects an increase of $2.87 from FY 2015. The rate change incorporates adjustments in direct workload, as well as overhead adjustments in support of cost reductions and direct efforts.

Summary of Workload Indicators:

	FY 2014	**FY 2015**	**FY 2016**
Schedule Conformance	99.8%	99.8%	99.8%
Quality Deficiency Reports	0.1%	0.1%	0.1%
Inventory Turnover Ratio	5.0:1	6.9:1	6.4:1

The performance goal is to always provide customers with affordable services that meet expected schedules.

NARRATIVE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Staffing:

Civilian/Military ES & Workyears:	FY 2014	FY 2015	FY 2016
Civilian End Strength	1,686	1,722	1,740
Civilian Workyears (straight time)	1,717	1,742	1,740
Military End Strength	10	11	11
Military Workyears	10	11	11

Civilian Personnel:
The DMAG's civilian personnel budget reflects workforce levels necessary to accommodate planned workload without excessive use of overtime hours. Further, the DMAG utilizes contract artisans to supplement current workforce levels and meet workload fluctuations.

Military Personnel:

Military personnel levels remain stable.

Capital Investment Program (CIP):

CIP Authority ($Millions):	FY 2014	FY 2015	FY 2016
Equipment, Non-ADP / Telecom	$4.7	$4.3	$3.1
Equipment, ADPE / Telecom	$0.0	$0.0	$0.0
Software Development	$0.0	$0.0	$0.0
Minor Construction	$3.2	$1.8	$2.7
Total	$7.9	$6.1	$5.8

Some totals may not add due to rounding.

The Capital Investment Program assists the Marine Corps Depot Maintenance in achieving their mission by reinvesting in plant equipment and facilities. Included in the capital budget are the following types of assets: automated data processing equipment (ADPE); non-ADPE equipment; automated data processing software, whether internally or externally developed; and minor construction.

NARRATIVE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Carryover Compliance ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Net Carry-In	$179.3	$378.5	$240.6
Allowable Carryover	$324.9	$205.4	$190.7
Calculated Actual Carryover	$377.2	$239.8	$108.1
Delta Above Ceiling (+) / Below Ceiling (-)	$52.3	$34.4	($82.6)

The DMAG ended FY 2014 at $52.4 million over the carryover ceiling which was caused by revisions to the 2014 outlay rates, lower than planned direct labor hours and higher than planned orders. FY 2015 and FY 2016 reflect significant reductions in carryover due to initiated hiring actions teamed with reductions in anticipated reset workload.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
Revenue:			
Gross Sales			
Operations	485.2	606.8	577.4
Capital Surcharges	1.3	-	-
Depreciation	4.8	6.1	5.8
Other Income			
Total Income	491.3	612.9	583.2
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.7	0.8	0.8
Civilian Personnel Compensation & Benefits	156.3	168.3	171.2
Travel and Transportation of Personnel	2.6	4.2	4.7
Material & Supplies (Internal Operations)	195.0	226.6	215.2
Equipment	-	-	-
Other Purchases from NWCF	1.2	2.5	2.4
Transportation of Things	-	-	-
Depreciation - Capital	4.8	6.1	5.8
Printing and Reproduction	0.1	0.2	0.2
Advisory and Assistance Services	-	-	-
Rent, Communication, Utilities & Misc Charges	9.9	10.8	11.3
Other Purchased Services	118.5	182.9	169.9
Total Expenses	489.1	602.3	581.5
Work in Process Adjustment	1.0	0.1	0.1
Comp Work for Activity Retention Adjustment	-	-	-
Cost of Goods Sold	490.0	602.4	581.6
Operating Result	1.2	10.5	1.6
Adjustments Affecting NOR	(8.6)	-	-
Capital Surcharges	(1.3)	-	-
Extraordinary Expenses Unmatched	-	-	-
Other Changes Affecting NOR (All Others)	(7.3)	-	-
Net Operating Result	(7.3)	10.5	1.6
PY AOR	0.5	(6.8)	(1.6)
TOTAL AOR	(6.8)	3.7	-
Non-Recoverable Adjustments impacting AOR*	-	(5.2)	-
AOR for budget purposes	(6.8)	(1.6)	-

* Reflects adjustments to AOR to maintain operating cash associated with budgetary resources required for projected outlays.

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
1. New Orders	690.4	475.0	451.4
a. Orders from DoD Components:	684.7	469.8	446.2
Department of the Navy	652.3	340.0	350.8
O & M, Navy	40.2	-	-
O & M, Marine Corps	579.3	316.8	327.5
O & M, Navy Reserve	-	-	-
O & M, Marine Corp Reserve	4.7	17.9	17.9
Aircraft Procurement, Navy	1.8	-	-
Weapons Procurement, Navy	-	-	-
Ammunition Procurement, Navy/MC	-	-	-
Shipbuilding & Conversion, Navy	-	-	-
Other Procurement, Navy	0.1	-	-
Procurement, Marine Corps	25.9	5.0	5.0
Family Housing, Navy/MC	-	-	-
Research, Dev., Test, & Eval., Navy	0.3	0.3	0.3
Military Construction, Navy	-	-	-
National Defense Sealift Fund	-	-	-
Other Navy Appropriations	-	-	-
Other Marine Corps Appropriations	-	-	-
Department of the Army	16.1	-	-
Army Operation & Maintenance	16.1	-	-
Army Res, Dev, Test, Eval	-	-	-
Army Procurement	-	-	-
Army Other	-	-	-
Department of the Air Force	17.7	129.8	95.4
Air Force Operation & Maintenance	17.6	129.8	95.4
Air Force Res, Dev, Test, Eval	-	-	-
Air Force Procurement	-	-	-
Air Force Other	0.0	-	-
DOD Appropriation Accounts	1.4	-	-
Base Closure & Realignment	1.5	-	-
Operation & Maintenance Accounts	-	-	-
Res, Dev, Test & Eval Accounts	0.1	-	-
Procurement Accounts	-	-	-
Defense Emergency Relief Fund	-	-	-
DOD Other	0.0	-	-
b. Orders from other Fund Activity Groups	6.3	5.2	5.2
c. Total DoD	691.0	475.0	451.4
d. Other Orders:	0.6	-	-
Other Federal Agencies	-	-	-
Foreign Military Sales	0.8	-	-
Non Federal Agencies	0.2	-	-
2. Carry-In Orders	179.3	378.5	240.6
3. Total Gross Orders	869.7	853.5	692.0
a. Funded Carry-Over before Exclusions	378.5	240.6	108.8
4. Revenue(-)	491.3	612.9	583.2
5. End of Year Work-In-Process (-)	0.1	0.8	0.7
6. FMS, BRAC, Other Federal, Non-Federal orders, and Inst. MRTFB (-)	1.1	0.1	-
7. Funded Carryover	377.3	239.8	108.1

Note: Line 5 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	Costs
FY 2014 Estimated Actuals	**490.0**
FY 2015 President's Budget:	**399.8**
Estimated Impact in FY 2015 of Actual FY 2014 Experience:	**0.0**
List	
Pricing Adjustments:	**0.2**
Civilian Personnel	0.2
Fuel Price	
Program Changes:	**156.6**
Workload Changes	
Direct Labor	-13.7
Direct Materiel & Supplies	99.2
Direct Contract Services	70.9
Direct Other Purchases	0.2
Other Changes:	**45.7**
Depreciation	-2.4
Facilities Sustainment, Restoration & Modernization	0.0
Indirect Labor	1.9
Indirect Materiel	16.1
Indirect Contract Services	24.4
Miscellaneous/Real Property Maintenance	7.6
Marine Depot Maintenance Command (MDMC) Consolidation	-1.9
FY 2015 Current Estimate:	**602.4**

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	Costs
FY 2015 Current Estimate:	**602.4**
Pricing Adjustments:	**13.0**
Annualization of Prior Year Pay Raises	**0.4**
Civilian Personnel	0.4
Military Personnel	0.0
FY 2016 Pay Raise	**1.2**
Civilian Personnel	1.2
Military Personnel	0.0
Fuel Price Changes	0.0
General Purchase Inflation	3.9
Other Price Changes	**7.5**
Material/Supplies/Equipment	7.5
Productivity Initiatives and Other Efficiencies:	**-1.6**
Program Changes:	**-33.8**
Workload Changes	
Direct Labor	0.6
Direct Materiel & Supplies	-17.8
Direct Contract Services	-17.1
Direct Other Purchases	0.5
Other Changes:	**1.6**
Depreciation	-0.3
Facilities Sustainment, Restoration & Modernization	-0.5
Indirect Labor	1.8
Indirect Materiel	-0.5
Indirect Contract Services	1.1
FY 2016 Estimate:	**581.6**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

(DOLLARS IN MILLIONS)

		FY 2014		FY 2015		FY 2016	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**8**	**$4.713**	**6**	**$4.309**	**2**	**$3.053**
	- Vehicles	0	$0.000	0	$0.000	0	$0.000
	- Material Handling	2	$1.197	0	$0.000	0	$0.000
	- Installation Security	0	$0.000	0	$0.000	0	$0.000
	- Quality Control/Testing	0	$0.000	0	$0.000	0	$0.000
	- Medical Equipment	0	$0.000	0	$0.000	0	$0.000
	- Machinery	6	$3.516	4	$2.734	2	$3.053
	- Support Equipment	0	$0.000	2	$1.575	0	$0.000
2	**ADPE and Telecom Equipment >= $.250M**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Computer Hardware (Production)	0	$0.000	0	$0.000	0	$0.000
	- Computer Hardware (Network)	0	$0.000	0	$0.000	0	$0.000
	- Computer Software (Operating)	0	$0.000	0	$0.000	0	$0.000
	- Telecommunications	0	$0.000	0	$0.000	0	$0.000
	- Other Support Equipment	0	$0.000	0	$0.000	0	$0.000
3	**Software Development >= $.250M**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Internally Developed	0	$0.000	0	$0.000	0	$0.000
	- Externally Developed	0	$0.000	0	$0.000	0	$0.000
4	**Minor Construction (>= $.250M and <= $2.000M)**	**5**	**$3.177**	**3**	**$1.773**	**4**	**$2.724**
	- Replacement Capability	1	$0.501	0	$0.000	0	$0.000
	- New Construction	4	$2.676	3	$1.773	3	$1.979
	- Environmental Capability	0	$0.000	0	$0.000	1	$0.745
	Grand Total	**13**	**$7.890**	**9**	**$6.082**	**6**	**$5.777**
	Total Capital Outlays		**$7.951**		**$10.000**		**$3.484**
	Total Depreciation Expense		**$2.796**		**$6.082**		**$5.777**

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Depot Maintenance	#001 - Non-ADP Equipment						Marine Corps Depots		
	FY 2014			FY 2015			FY 2016		
Non-ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Vehicles	0		$0	0		$0	0		$0
Material Handling	2	$599	$1,197	0		$0	0		$0
Installation Security	0		$0	0		$0	0		$0
Quality Control/ Testing	0		$0	0		$0	0		$0
Medical Equipment	0		$0	0		$0	0		$0
Machinery	6	$586	$3,516	5	$547	$2,734	2	$1,527	$3,053
Support Equipment	0		$0	2	$788	$1,575	0		$0
Total	8		$4,713	7		$4,309	2		$3,053

Justification:

FY 2014

Material Handling:

Two 35 Ton Cranes cranes will be installed in order to increase production capabilities and efficiency for combat vehicle workload that requires assembly and disassembly of body, frame, and component parts required to support throughput. Installation of these cranes will lead to efficiencies by requiring fewer resources and work hours in order to move parts within the plant.

Machinery:

Installation of new machinery and upgrades to existing equipment are required in order increase production efficiency. Additionally, machinery upgrades and replacement projects are required in order to improve working conditions and to meet the Mojave Desert Air Quality Management District's (MDAQMD) standards for air quality in the Barstow, CA region.

FY 2015

Machinery:

Installation of new machinery and upgrades to existing equipment are required in order to continue to meet the MDAQMD's standards for air quality in the Barstow, CA region. Additionally, a back up generator for an elevator at Production Plant Barstow (PPB) must be replaced in order to meet standards set by the American Disabilities Act (ADA).

Support Equipment:

Installation of a small arms anodizer and acquisition of 75 ton test weights are required in order to increase efficiency at Production Plant Albany (PPA).

FY 2016

Machinery:

A new Computerized Numeric Control (CNC) press brake will be installed at PPA in order to reduce equipment set-up time and costs, while increasing versatility. Additionally, an air pollution control system is required at PPB in order to improve working conditions and meet MDAQMD's standards for air quality.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Depot Maintenance	#004 - Minor Construction ($250K - $750K)						Marine Corps Depots		
	FY 2014			FY 2015			FY 2016		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	1	$501	$501	0	$0	$0	0		$0
New Construction	4	$669	$2,676	3	$591	$1,773	3	$660	$1,979
Environmental Capability	0		$0	0		$0	1	$745	$745
Total	5		$3,177	3		$1,773	4		$2,724

Justification:

FY 2014

Replacement:

Construction of rest room facilities are required in order to improve eating and toilet facilities for employees. Current facilities are inadequate and some rest room facilities are condemned. Marine Corps Logistics Command (MCLC) is striving to keep faith with and improve the morale of its workforce by providing facilities adequate rest and break room facilities.

New Construction:

Clearspan facilities for storage of ground vehicles, engine and transmission testing facilities, and facility drainage improvements are required in order to provide housing for equipment awaiting production, perform engine and transmission testing more efficiently, and to provide safer working conditions.

FY 2015

New Construction:

A testing laboratory and alterations to paint pit facilities at Production Plant Albany (PPA), and reconstruction of the concrete floor of the main hardstand at Production Plant Barstow (PPB), are required in order to increase equipment testing capabilities, to provide a more efficient and better filtering paint pit, and to improve PPB's main hardstand, which has deep holes and cracks putting people and equipment handling at risk.

FY 2016

New Construction:

A clean room used for rebuild and operational testing, a Clearspan facility for storage of the Amphibious Assault Vehicle (AAV) at PPA, and a rebuild of the Radone hardstand area at PPB to improve efficiency and safety are required.

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2014	**1**	**Non ADP**		**$5.375**	**$4.713**	**-$0.662**	
			Material Handling	$1.165	$1.197	$0.0320	Reprograms funds for the installation of a 35 Ton Crane.
			Machinery	$4.210	$3.516	-$0.694	Cost reduction in award of contract and cancelation of project to support higher priority projects.
	2	**ADP**		**$0.000**	**$0.000**	**$0.000**	
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$4.625**	**$3.177**	**-$1.448**	
			Replacement	$1.145	$0.501	-$0.644	Reprograms funds in order to support more urgent projects.
			New Construction	$3.480	$2.676	-$0.804	Reprograms minor construction funds due to cost reduction in award of the Metal Storage Facility, Facility Drainage Improvement and LAV Armor Facility and Cancelation of the Chasis Dyno Facility in order to support more urgent projects.
TOTAL FY 2014 CIP Program				**$10.000**	**$7.890**	**-$2.110**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2015	**1**	**Non ADP**		**$7.660**	**$4.309**	**-$3.351**	
			Machinery	$4.400	$2.734	-$1.666	Moves three projects from Support Equipment to Machinery to align to the appropriate capability for the Main Shop Air Distribution System, Blast Dungeon Doors, and Replace ADA Elevator .
			Support Equipment	$3.260	$1.575	-$1.685	Moved one project from Machinery to Support Equipmentto align to the appropriate capability. Added a new project for 75 Ton Crane Test Weights.
	2	**ADP**		**$0.000**	**$0.000**	**$0.000**	
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$0.824**	**$1.773**	**$0.949**	
			New Construction	$0.500	$1.773	$1.273	Moves one project from Replacement to New Construction for the Hard Stand Improvement in order to align to the appropriate capability. Added two additional projects.
			Replacement	$0.324	$0.000	-$0.324	Eliminates the Hardstand Extension project based on a requirement for reprogramming to higher priority projects.
TOTAL FY 2015 CIP Program				**$8.484**	**$6.082**	**-$2.402**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2016	**1**	**Non ADP**		**$3.053**	**$3.053**	**$0.000**	
			Machinery	$3.053	$3.053	$0.000	
	2	**ADP**		**$0.000**	**$0.000**	**$0.000**	
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$2.724**	**$2.724**	**$0.000**	
			New Construction	$1.979	$1.979	$0.000	
			Environmental Capability	$0.745	$0.745	$0.000	
TOTAL FY 2016 CIP Program				**$5.777**	**$5.777**	**$0.000**	

CARRYOVER RECONCILIATION
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - DEPOT MAINTENANCE ACTIVITY GROUP
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
Part 1			
1. Net Carry-In	179.3	378.5	240.6
2. Revenue	491.3	612.9	583.2
3. New Orders	690.4	475.0	451.4
4. Exclusions:			
Foreign Military Sales	(0.8)	-	-
Base Realignment and Closure	(1.5)	-	-
Other Federal Department and Agencies	-	-	-
Non-Federal and Others	0.2	-	-
Institutional Major Range & Test Facility Base	-	-	-
OUSD(C) Approved Carryover Waiver	-	-	-
5. Orders for Carryover Calculation	692.4	475.0	451.4
6. Weighted Average Outlay Rate	55.0%	59.3%	58.2%
7. Carryover Rate	45.0%	40.7%	41.8%
8. Allowable Carryover	324.9	205.4	190.7
Allowable Carryover(First Year)	311.6	193.3	188.5
Allowable Carryover (Second Year Procurement-funded Orders)	13.3	12.1	2.2
Part II			
9. Balance of Customer Order at Year End	378.5	240.6	108.8
10. Work-in-progress	0.1	0.8	0.7
11. Exclusions:			
Foreign Military Sales	0.9	-	-
Base Realignment and Closure	0.1	-	-
Other Federal Department and Agencies	-	-	-
Non-Federal and Others	0.2	-	-
Institutional Major Range & Test Facility Base	-	-	-
OUSD(C) Approved Carryover Waiver	-	-	-
12. Calculated Actuals Carryover	377.3	239.8	108.1

Some totals may not add due to rounding.

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)
Fiscal Year 2014

			----Peacetime----	
	Total	**Mobilization**	**Operating**	**Other**
Material Inventory BOP	$ 116.6	$ -	$ 116.6	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 147.6	$ -	$ 139.4	$ -
B. Purchases of long lead times in advance of customer orders (+)	$ -	$ -	$ -	$ -
C. Other Purchases	$ -	$ -	$ -	$ -
D. Total Purchases	$ 147.6	$ -	$ 139.4	$ -
Material Inventory Adjustment				
A. Material Used in Maintenance	$ 179.9	$ -	$ 170.8	$ -
B. Disposals, theft, losses due to damage	$ -	$ -	$ -	$ -
C. Other reductions	$ -	$ -	$ -	$ -
D. Total inventory adjustment	$ 179.9	$ -	$ 170.8	$ -
Material Inventory EOP	$ 84.3	$ -	$ 85.2	$ -

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)
Fiscal Year 2015

			----Peacetime----	
	Total	**Mobilization**	**Operating**	**Other**
Material Inventory BOP	$ 84.3	$ -	$ 85.2	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 200.6	$ -	$ 200.5	$ -
B. Purchases of long lead times in advance of customer orders (+)	$ -	$ -	$ -	$ -
C. Other Purchases	$ -	$ -	$ -	$ -
D. Total Purchases	$ 200.6	$ -	$ 200.5	$ -
Material Inventory Adjustment				
A. Material Used in Maintenance	$ 195.6	$ -	$ 195.6	$ -
B. Disposals, theft, losses due to damage	$ -	$ -	$ -	$ -
C. Other reductions	$ -	$ -	$ -	$ -
D. Total inventory adjustment	$ 195.6	$ -	$ 195.6	$ -
Material Inventory EOP	$ 89.3	$ -	$ 90.1	$ -

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)
Fiscal Year 2016

			----Peacetime----	
	Total	**Mobilization**	**Operating**	**Other**
Material Inventory BOP	$ 89.3	$ -	$ 90.1	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 187.7	$ -	$ 187.7	$ -
B. Purchases of long lead times in advance of customer orders (+)	$ -	$ -	$ -	$ -
C. Other Purchases	$ -	$ -	$ -	$ -
D. Total Purchases	$ 187.7	$ -	$ 187.7	$ -
Material Inventory Adjustment				
A. Material Used in Maintenance	$ 184.4	$ -	$ 184.4	$ -
B. Disposals, theft, losses due to damage	$ -	$ -	$ -	$ -
C. Other reductions	$ -	$ -	$ -	$ -
D. Total inventory adjustment	$ 184.4	$ -	$ 184.4	$ -
Material Inventory EOP	$ 92.6	$ -	$ 93.4	$ -

DEPOT MAINTENANCE SIX PERCENT CAPITAL INVESTMENT PLAN
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	REVENUE (Maintenance, Repair, Overhaul) 3 year average			BUDGETED CAPITAL (Modernization, Efficiency)		
	FY 11-13	FY 12-14	FY 13-15	FY 2014	FY 2015	FY 2016
	638.1	585.9	474.1			
	585.9	474.1	491.3			
	474.1	491.3	612.9			
Revenue (Avg)	566.0	517.1	526.1			
Working Capital Fund (Avg)	566.0	517.1	526.1			
Appropriations (Avg)	0.0	0.0	0.0			
Total Revenue (Avg)	566.0	517.1	526.1			
WCF Depot Maintenance Capital Investment						
Facilities/ Work Environment				8.9	17.0	16.6
Equipment				7.9	6.1	5.8
Equipment (Non-Capital Investment Program)				0.0	0.0	0.0
Processes				0.0	0.0	0.0
Total WCF Investment				16.8	23.1	22.4
Appropriated Funding						
MILCON				0.0	0.0	0.0
Procurement				15.0	0.0	0.0
Operation & Maintenance				0.0	0.0	0.0
Total Appropriated Funding				15.0	0.0	0.0
Component Total				31.8	23.1	22.4
Minimum 6% Investment				34.0	31.0	31.6
Investment Over/Under Requirement				-2.2	-7.9	-9.2
				5.6%	4.5%	4.3%

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3. Naval Air Warfare Center

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NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Mission Statement / Overview:
The Naval Air Warfare Center (NAWC) budget submission includes the Aircraft Division (AD) and the Weapons Division (WD). The NAWC mission is to provide the Navy with full spectrum research, development, test, evaluation (RDT&E); in-service engineering; aircraft weapons integration; assigned airborne electronic warfare systems; naval aircraft engines; avionics; aircraft support systems; weapons systems associated with air warfare (except antisubmarine warfare systems); missiles and missile subsystems; RDT&E, acquisition and life cycle support of training systems; and to maintain and operate the air, land, and sea test ranges complex. Major Range Test Facility Base funding (RDT&E,N appropriation) is received by the NAWC to maintain and support designated range facilities.

Activity Group Composition:
The NAWC is comprised of two business units, the Aircraft Division (AD), with the primary location at Patuxent River, MD, and the Weapons Division (WD), with the primary location at China Lake, CA.

Significant Changes Since the FY 2015 President's Budget:
There are no significant changes since the FY 2015 President's Budget.

Financial Profile:

Orders/Revenue/Expense/Operating Results

	FY 2014	FY 2015	FY 2016
Orders	$4,348.9	$4,257.3	$4,349.7
Revenue	$4,129.8	$4,343.8	$4,436.1
Expense	$4,127.9	$4,363.5	$4,431.1
Operating Results	$1.9	($19.7)	$5.0
Capital Surcharge	$0.0	$0.0	($4.7)
Net Operating Results (NOR)	$1.9	($19.7)	$0.4
Other Changes Affecting AOR	$0.0	$0.0	$0.0
Accumulated Operating Results (AOR)	$19.3	($0.4)	$0.0

Some totals may not add due to rounding.

NWCF budget and manpower estimates have been updated from the FY 2015 President's Budget to reflect all known pricing and program/workload assumptions.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Orders, Revenue and Expense: The trend in orders, revenue and expense across the budget years reflects updated estimates for workload and pricing adjustments. The FY 2016 increase in revenue reflects anticipated Navy workload.

Collections/Disbursements/Outlays ($Millions):

	FY 2014	FY 2015	FY 2016
Collections	$4,290.0	$4,346.6	$4,426.5
Disbursements	$4,204.5	$4,346.5	$4,414.1
Outlays	($85.5)	($0.1)	($12.4)

Some totals may not add due to rounding.

Budgeted collections and disbursements are based on revenue, cost, and Capital Investment Program (CIP) outlay estimates.

Workload:

Direct Labor Hours (000):	FY 2014	FY 2015	FY 2016
Current Estimate	17,098.2	17,424.5	17,365.1

Rates are based on DLHs required for stabilized workload. The change in direct labor hours estimates relate to the supporting customer workload.

Performance Indicators: The primary performance indicator is unit cost, which represents the average cost of delivering goods and services to our customers.

Unit Cost:	FY 2014	FY 2015	FY 2016
Total Stabilized Cost ($Millions)	$1,559.9	$1,534.1	$1,551.2
Workload (DLHs) (000)	14,883	14,502	14,941
Unit cost (per DLH)	$104.81	$105.79	$103.82

Unit Cost: Unit Cost is the method established to authorize and control costs. Unit cost goals allow activities to respond to workload changes in execution by encouraging reduced costs when workload declines and allowing appropriate increases in costs when customers request additional services.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Stabilized / Composite Rates:	**FY 2014**	**FY 2015**	**FY 2016**
Stabilized Rate	$104.79	$104.42	$104.15
Change from Prior Year		-0.36%	-0.26%
Composite Rate Change		1.11%	1.22%

The Stabilized Rate consists of direct labor and applied overhead. Unique direct non-labor costs are billed on a reimbursable basis to the customer. The composite rate change incorporates both the stabilized costs and the reimbursable costs. The composite rate change in FY 2016 reflects adjustments to direct workload and pricing changes.

Staffing:

Civilian/Military ES & Workyears:	**FY 2014**	**FY 2015**	**FY 2016**
Civilian End Strength	13,702	13,391	13,345
Civilian Workyears (straight time)	13,220	13,140	13,093
Military End Strength	209	202	195
Military Workyears	181	171	164

Civilian Personnel: The civilian resource estimates are a baseline projection of civilian resources necessary to fulfill programming objectives coordination with customers. Civilian resource estimates have been adjusted to reflect a balanced program of civilian resources to funded workload.

Military Personnel: The Military resource estimates are a baseline projection of military personnel necessary to fulfill programming objectives and coordination with customers. Military resource estimates have been adjusted to reflect a balanced program of military resources to funded workload.

Capital Investment Program (CIP):

CIP Authority ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Equipment, Non-ADP / Telecom	$20.4	$18.5	$26.8
Equipment, ADPE / Telecom	$11.7	$12.4	$9.0
Software Development	$2.9	$2.1	$0.3
Minor Construction	$6.9	$8.8	$11.5
Total	$41.9	$41.9	$47.6

Some totals may not add due to rounding.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

The NAWC's modest investment in capital assets will acquire affordable and technically efficient capabilities to support customer requirements. Minor construction includes projects meeting the criteria of the Defense Laboratory Revitalization Program. The projects will replace aging temporary buildings and upgrade and expand lab capability to accommodate workload growth and increase efficiency. CIP authority budgeted in accordance with depreciation guidelines.

Carryover Compliance: ($Millions)	**FY 2014**	**FY 2015**	**FY 2016**
Net Carry-In	$2,331.2	$2,550.3	$2,463.9
Allowable Carryover	$2,869.5	$2,865.4	$2,885.6
Calculated Actual Carryover	$2,137.5	$2,050.1	$1,991.3
Delta (Actual-Allowable): Above Ceiling (+)/Below Ceiling (-)	($732.1)	($815.3)	($894.2)

Some totals may not add due to rounding.

Budgeted carryover is within the ceiling allowed by outlay rates.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
Revenue:			
Gross Sales			
Operations	4,096.5	4,301.9	4,388.6
Capital Surcharges	0.0	0.0	4.7
Depreciation	33.3	41.9	42.9
Other Income			
Total Income	4,129.8	4,343.8	4,436.1
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel Compensation & Benefits	14.4	13.8	13.2
Civilian Personnel Compensation & Benefits	1,744.8	1,747.6	1,772.8
Travel and Transportation of Personnel	52.4	61.5	62.4
Material & Supplies (Internal Operations)	360.0	389.3	388.9
Equipment	25.0	46.6	47.7
Other Purchases from NWCF	70.4	105.8	105.4
Transportation of Things	10.3	6.8	6.9
Depreciation - Capital	33.3	41.9	42.9
Printing and Reproduction	0.0	0.9	1.0
Advisory and Assistance Services	0.4	0.2	0.2
Rent, Communication, Utilities & Misc Charges	45.2	81.1	87.4
Other Purchased Services	1,771.6	1,868.0	1,902.3
Total Expenses	4,127.9	4,363.5	4,431.1
Work in Process Adjustment	0.0	0.0	0.0
Comp Work for Activity Retention Adjustment	0.0	0.0	0.0
Cost of Goods Sold	4,127.9	4,363.5	4,431.1
Operating Result	1.9	-19.7	5.0
Adjustments Affecting NOR	0.0	0.0	-4.7
Capital Surcharges	0.0	0.0	-4.7
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Other Changes Affecting NOR (All Others)	0.0	0.0	0.0
Net Operating Result	1.9	-19.7	0.4
PY AOR	17.4	19.3	-0.4
TOTAL AOR	19.3	-0.4	0.0
Non-Recoverable Adjustments impacting AOR	0.0	0.0	0.0
AOR for budget purposes	19.3	-0.4	0.0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
1. New Orders	4,348.9	4,257.3	4,349.7
a. Orders from DoD Components:	3,998.9	3,919.8	4,125.5
Department of the Navy	3,367.2	3,293.4	3,735.8
O & M, Navy	658.0	487.4	516.5
O & M, Marine Corps	33.8	13.8	18.0
O & M, Navy Reserve	0.8	1.2	0.5
O & M, Marine Corp Reserve	0.0	0.0	0.0
Aircraft Procurement, Navy	790.4	728.9	796.1
Weapons Procurement, Navy	74.8	57.6	65.0
Ammunition Procurement, Navy/MC	23.6	10.9	14.7
Shipbuilding & Conversion, Navy	109.2	81.4	108.7
Other Procurement, Navy	228.3	109.8	154.7
Procurement, Marine Corps	22.8	11.1	16.6
Family Housing, Navy/MC	0.1	0.1	0.1
Research, Dev., Test, & Eval., Navy	1,423.1	1,790.7	2,044.5
Military Construction, Navy	0.5	0.5	0.5
National Defense Sealift Fund	1.9	0.0	0.0
Other Navy Appropriations	0.0	0.0	0.0
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	201.6	197.8	117.1
Army Operation & Maintenance	109.9	108.5	62.4
Army Res, Dev, Test, Eval	21.4	23.0	16.3
Army Procurement	70.3	66.2	38.4
Army Other	0.0	0.0	0.0
Department of the Air Force	155.7	151.5	105.0
Air Force Operation & Maintenance	41.0	31.2	21.7
Air Force Res, Dev, Test, Eval	54.1	58.6	45.1
Air Force Procurement	60.6	61.7	38.2
Air Force Other	0.0	0.0	0.0
DOD Appropriation Accounts	274.3	277.1	167.6
Base Closure & Realignment	0.1	0.0	0.0
Operation & Maintenance Accounts	74.3	69.6	37.8
Res, Dev, Test & Eval Accounts	118.7	124.2	80.8
Procurement Accounts	75.3	76.9	43.8
Defense Emergency Relief Fund	0.1	0.0	0.0
DOD Other	6.2	6.5	5.2
b. Orders from other Fund Activity Groups	94.3	93.0	48.2
c. Total DoD	4,093.1	4,012.8	4,173.7
d. Other Orders:	255.8	244.6	176.0
Other Federal Agencies	59.4	54.4	26.8
Foreign Military Sales	165.6	165.4	134.6
Non Federal Agencies	30.8	24.8	14.6
2. Carry-In Orders	2,331.2	2,550.3	2,463.9
3. Total Gross Orders	6,680.1	6,807.7	6,813.5
a. Funded Carry-Over before Exclusions	2,550.3	2,463.9	2,377.4
4. Revenue(-)	4,129.8	4,343.8	4,436.1
5. End of Year Work-In-Process (-)	0.0	0.0	0.0
6. FMS, BRAC, Other Federal, Non-Federal orders, and Inst. MRTFB (-)	412.8	413.7	386.1
7. Funded Carryover	2,137.5	2,050.1	1,991.3

Note: Line 5 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	Costs
FY 2014 Estimated Actuals	**4,127.9**
FY 2015 President's Budget:	**4,334.2**
Pricing Adjustments:	**0.8**
Civilian Personnel	6.0
Fuel Price	0.0
Defense Finance & Accounting Service (DFAS) Pricing Adjustment	0.1
Utility Rate Changes	-5.2
Program Changes:	**30.6**
Increased FTEs in Support of Anticipated Customer Workload	30.6
Other Changes:	**-2.2**
NGEN Centralized Funding	-2.2
FY 2015 Current Estimate:	**4,363.5**

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	Costs
FY 2015 Current Estimate:	**4,363.5**
Pricing Adjustments:	**56.2**
Annualization of Prior Year Pay Raises	**4.3**
Civilian Personnel	4.3
Military Personnel	0.0
FY 2016 Pay Raise	**13.0**
Civilian Personnel	12.9
Military Personnel	0.1
Fuel Price Changes	-4.1
Working Capital Fund Price Changes	-2.6
General Purchase Inflation	45.7
Other Price Changes	**0.0**
Productivity Initiatives and Other Efficiencies:	**0.9**
Sustainment Level to 80%	0.9
Program Changes:	**17.8**
Air Traffic Managmenet Systems (Other)	13.5
AMRAAM (Guided Weapons)	5.0
JSF CV (Fixed Wing Aircraft)	4.1
Multi-Mission Helicopter (Rotor Craft)	3.6
Tomahawk Mission Planning (Guided Weapons)	2.1
Air-to-Air Missile Systems (Guided Weapons)	0.1
Air Combat Electronics Program (Avionics)	-2.7
Other-Various (Other)	-7.6
Navy/MC Multi-Mission Tactical Unmanned Air Syst	-0.2
Other Changes:	**-7.2**
Depreciation	1.0
Facilities Sustainment, Restoration & Modernization	1.2
Federal Employees Compensation Act (FECA)	0.6
Defnse Finance & Accounting Service (DFAS)	0.2
Fuel (Program Growth)	2.2
NGEN Centralized Funding	-2.3
Utility Rate Changes	-12.2
Cybertech Manning	1.0
Increased Share of Federal Employees Retirement System (FERS)	1.0
FY 2016 Estimate:	**4,431.1**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

		FY 2014		FY 2015		FY 2016	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**34**	**$20.380**	**32**	**$18.534**	**22**	**$26.794**
	- Vehicles	0	$0.000	0	$0.000	0	$0.000
	- Material Handling	1	$1.300	0	$0.000	0	$0.000
	- Installation Security	0	$0.000	0	$0.000	0	$0.000
	- Quality Control/Testing	22	$11.850	20	$11.265	11	$17.559
	- Medical Equipment	0	$0.000	0	$0.000	0	$0.000
	- Machinery	2	$1.050	0	$0.000	2	$1.965
	- Support Equipment	9	$6.180	12	$7.269	9	$7.270
2	**ADPE and Telecom Equipment >= $.250M**	**18**	**$11.650**	**16**	**$12.409**	**11**	**$9.014**
	- Computer Hardware (Production)	10	$5.152	11	$7.523	4	$2.834
	- Computer Hardware (Network)	3	$4.188	2	$3.580	6	$5.544
	- Computer Software (Operating)	3	$1.150	1	$0.500	0	$0.000
	- Telecommunications	1	$0.530	1	$0.500	0	$0.000
	- Other Support Equipment	1	$0.630	1	$0.306	1	$0.636
3	**Software Development >= $.250M**	**6**	**$2.894**	**3**	**$2.127**	**1**	**$0.250**
	- Internally Developed	2	$1.356	0	$0.000	0	$0.000
	- Externally Developed	4	$1.538	3	$2.127	1	$0.250
4	**Minor Construction (>= $.250M and <= $.750M)**	**8**	**$6.935**	**8**	**$8.789**	**7**	**$11.492**
	- Replacement Capability	0	$0.000	0	$0.000	0	$0.000
	- New Construction	8	$6.935	8	$8.789	7	$11.492
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
	Grand Total	**66**	**$41.859**	**59**	**$41.859**	**41**	**$47.550**
	Total Capital Outlays		**$44.334**		**$35.483**		**$33.885**
	Total Depreciation Expense		**$33.330**		**$41.859**		**$42.876**

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 PROGRAM / BUDGET SUBMISSION TO OSD / OMB					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Research and Development	#001 - Non-ADP Equipment/Material Handling						Naval Air Warfare Center		
	FY 2014			FY 2015			FY 2016		
Non-ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Vehicles	0		$0	0		$0	0		$0
Material Handling	1		$1,300	0		$0	0		$0
Installation Security	0		$0	0		$0	0		$0
Quality Control/Testing	22		$11,850	20		$11,265	11		$17,559
Medical Equipment	0		$0	0		$0	0		$0
Machinery	2		$1,050	0		$0	2		$1,965
Support Equipment	9		$6,180	12		$7,269	9		$7,270
Total	34		$20,380	32		$18,534	22		$26,794

Justification:

Non-ADPE and Telecommunications / Material Handling: FY2014-FY2016

1. NAWC-AD will procure Overhead bridge cranes used for material handling at Lakehurst, NJ site. The current overhead cranes are old, expensive, difficult to maintain, and a safety hazard.
2. New cranes will provide necessary capability to support the mission for many years to come and meet safety standards.
3. Economic analysis were developed and included with individual project submissions.
4. Cost avoidance for the equipment in this capability will begin upon project completion.
5. If investment is not made, NAWC-AD may have to close the facilities in use due to safety issues.

Non-ADPE and Telecommunications / Quality Control/Testing: FY2014-FY2016

1. Projects within this sub-category will assist the Naval Air Warfare Center (NAWC) in its execution of new and ongoing engineering, research and development activities. Advances in the areas of weapons research, development, engineering, and characterization routinely require equipment and capabilities using new technologies and processes. Current and future activities calling for these new and advanced capabilities include projects supporting the following areas: Air Vehicles, Propulsion and Power, Avionics, Human Systems, Aircraft Landing Recovery Equipment, Warfare Analysis and Integration, Research and Intelligence, Integrated systems, Experimentation and Test, Integrated Battlespace Simulation and Test.
2. The new Quality Control/Test equipment will enable NAWC to meet customer's expectations, improve in operational efficiencies, and provide new state-of-the-art technology to increase NAWC's customer support for all mission efforts.
3. Economic analysis were developed and included with individual project submissions.
4. Cost avoidance for the equipment in this capability will begin upon project completion.
5. If investment is not made, NAWC would be limited in our ability to increase our capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval war fighting effectiveness.

Non-ADPE and Telecommunications / Machinery: FY2014-FY2016

1. Projects within this sub-category will assist the Naval Air Warfare Center (NAWC) in its execution of new and ongoing engineering, research and development activities. Advances in the areas of weapons research, development, engineering, and characterization routinely require equipment and capabilities using new technologies and processes. Current and future activities calling for these new and advanced capabilities include projects supporting the following areas: Air Vehicles, Propulsion and Power, Avionics, Human Systems, Aircraft Landing Recovery Equipment, Warfare Analysis and Integration, Research and Intelligence, Integrated systems, Experimentation and Test, Integrated Battlespace Simulation and Test.
2. The new Machinery will enable NAWC to meet customer's expectations, improve in operational efficiencies, and provide new state-of-the-art technology to increase NAWC's customer support for all mission efforts.
3. Economic analysis were developed and included with individual project submissions.
4. Cost avoidance for the equipmentment in this capability will begin upon project completion.
5. If investment is not made, NAWC would be limited in our ability to increase our capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval war fighting effectiveness.

Non-ADPE and Telecommunications / Support Equipment: FY2014-FY2016

1. Projects within this sub-category will assist the Naval Air Warfare Center (NAWC) in its execution of new and ongoing engineering, research and development activities. Advances in the areas of weapons research, development, engineering, and characterization routinely require equipment and capabilities using new technologies and processes. Current and future activities calling for these new and advanced capabilities include projects supporting the following areas: Air Vehicles, Propulsion and Power, Avionics, Human Systems, Aircraft Landing Recovery Equipment, Warfare Analysis and Integration, Research and Intelligence, Integrated systems, Experimentation and Test, Integrated Battlespace Simulation and Test.
2. The new Support Equipment will enable NAWC to meet customer's expectations, improve in operational efficiencies, and provide new state-of-the-art technology to increase NAWC's customer support for all mission efforts.
3. Economic analysis were developed and included with individual project submissions.
4. Cost avoidance for the equipmentment in this capability will begin upon project completion.
5. If investment is not made, NAWC would be limited in our ability to increase our capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval war fighting effectiveness.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 PROGRAM / BUDGET SUBMISSION TO OSD / OMB					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Research and Development	#002 - ADP Equipment						Naval Air Warfare Center		
	FY 2014			FY 2015			FY 2016		
ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)	10		$5,152	11		$7,523	4		$2,834
Computer Hardware (Network)	3		$4,188	2		$3,580	6		$5,544
Computer Software (Operating System)	3		$1,150	1		$500	0		$0
Telecommunications	1		$530	1		$500	0		$0
Other Support Equipment	1		$630	1		$306	1		$636
Total	18		$11,650	16		$12,409	11		$9,014

Justifications:

1. Projects within this category and capabilities will assist Naval Air Warfare Center (NAWC) in creating solutions that will enable us to address deficiencies in capabilities that will allow us to better perform mission efforts. New technologies, processes, and advances in various areas of engineering, research and development, and testing that is done at NAWC create a need to procure items for mission efforts. Projects will support various NAWC areas to include: Avionics, Human Systems, Aircraft Landing Recovery Equipment, Warfare Analysis and Integration, Research and Intelligence, Integrated systems, Experimentation and Test, Integrated Battlespace Simulation and Test, Information Technology and Information Management and Logistical and Industrial Operations.
2. The projects will enable NAWC to meet customer's expectations, improve in operational efficiencies, and provide new state-of-the-art technology to increase NAWC's customer support for all mission efforts.
3. Economic analysis were developed and included with individual project submissions.
4. Cost avoidance for the equipment in this capability will begin upon project completion.
5. If investment is not made, NAWC would be limited in our ability to increase our capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval war-fighting effectiveness.

FY2014-FY2016
Greater than $1M:
OPERATOR IN THE LOOP SIMS [Computer Hardware (Production) for $1.322M]

1. Non platform specific Operator In The Loop (OITL) Simulators for Integration and Interoperability (I&I) Analysis and Assessments equipment purchase for I&I of platforms, sensors, and weapons within the battle space. This is a Weapons Division (WD) critical need to simulate integration and interoperability of kill chains of all platforms, weapons, and sensors. This integration / interoperability capability would support cross competency efforts and fully support multiple Integrated Product Teams (IPT).

2. WD lacks essential simulators to perform much needed I&I analysis and assessments. The Interactive Warfare Simulation (IWARS) function lacks full Operator-In-The-Loop Simulation multi-station interaction. With this critical addition, WD will have capability for interoperability simulations for several platforms, weapons, threat variations, human factors, and sensors.

3. An economic analysis has been performed for this project included in this capability.

4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.

5. WD will not be able to work with other Navy and Air Force entities on joint interoperability and integration simulation efforts. Further, WD will not be able to support TACAIR programs (e.g. F/A-18, F-35, E-2, and weapons) with critical mission analysis.

FY2014-FY2016
Greater than $1M:
VIRTUAL SIMULATION TO SUPPORT I&I [Computer Hardware (Production) for $1.678M]

1. Virtual Simulators for Integration and Interoperability (I&I) Analysis and Assessments equipment purchase for I&I of platforms, sensors, and weapons within the battle space. This is a Weapons Division (WD) critical need to simulate integration and interoperability of kill chains of all platforms, weapons, and sensors. This integration / interoperability capability would support cross competency efforts and fully support multiple Integrated Product Teams (IPT).

2. WD lacks essential simulators to perform much needed I&I analysis and assessments. These devices support improved acquisition decisions earlier in the acquisition life cycle to improve mission capability delivery to the warfighter. The Interactive Warfare Simulation (IWARS) function lacks full multi-station simulation interaction. With this critical addition, WD will have full capability for interoperability simulations for several platforms, weapons, threat variations, human factors, and sensors. The addition of these devices will establish the government as the integration lead for modeling and simulation system of systems in virtual environments.

3. An economic analysis has been performed for this project included in this capability.

4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.

5. WD will not be able to work with other Navy and Air Force entities on joint interoperability and integration simulation efforts. Further, WD will not be able to support TACAIR

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 PROGRAM / BUDGET SUBMISSION TO OSD / OMB					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Research and Development	#003 - Software Development						Naval Air Warfare Center		
	FY 2014			FY 2015			FY 2016		
Software	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Internally Developed	2		$1,356	0		$0	0		$0
Externally Developed	4		$1,538	3		$2,127	1		$250
Total	6		$2,894	3		$2,127	1		$250

Justification:

1. Projects within this category and capability will assist NAWC in creating solutions to address deficiencies in capabilities and better perform mission efforts. New technologies, processes, and advances in various areas of engineering, research and development, and testing that is done at NAWC creates a need for SW mission efforts.

2. The projects will enable NAWC to meet customers' expectations, improve operational efficiencies, and provide new state-of-the-art technology to increase NAWC customer support for all mission efforts.

3. Economic analysis were developed and included with individual project submissions.

4. Cost avoidance for the equipment in this capability will begin upon project completion.

5. If investment is not made, NAWC would be limited in the ability to increase capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and will have a significant negative result on the success, efficiency ,and war fighting effectiveness of the Navy.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 PROGRAM / BUDGET SUBMISSION TO OSD / OMB					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Research and Development	#004 - Minor Construction ($250K - $750K)						Naval Air Warfare Center		
	FY 2014			FY 2015			FY 2016		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	0		$0	0		$0	0		$0
New Construction	8		$6,935	8		$8,789	7		$11,492
Environmental Capability	0		$0	0		$0	0		$0
Total	8		$6,935	8		$8,789	7		$11,492

Justification:

Minor Construction: FY2014-FY2016

1. Projects within this category and capabilities will assist Naval Air Warfare Center (NAWC) in creating solutions that will enable us to address deficiencies in capabilities that will allow us to better perform mission efforts. Minor Construction projects work to modify existing spaces, replace obsolete facilities, and construct new facilities that allow for improved efficiencies and provide greater security and suitable space to research, develop, acquire, test and evaluate aircraft systems (often in a secure environment) for the War fighter. The projects include (FY14) construction of a UxS Site, a Photonics Test Facility, EOD Emergency Vehicle Garage , and a Secure Targets Buildup Facility . Additional projects include : (FY15) High Bay Facility for Unmanned Systems , (FY16) Equipment Maintenance Facility for Unmanned Systems.

2. None of the minor construction projects will exceed the current Military Construction (MILCON) threshold.

3. If investment is not made, NAWC would be limited in our ability to increase our capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval war-fighting effectiveness.

(FY14) UxS FLASH SITE: FAR: D41P0004

1. DESCRIPTION & PURPOSE OF PROJECT.

Project will upgrade existing Unmanned Systems (UxS) operations area with widened roadways, turn around area, paved landing strip, graded Launch and Recovery area, graded Obstacle Course and a Shade Structure on a concrete pad with a raised panel/pedestal for electrical and communications support .

NAWCWD proposes to update the existing Unmanned Systems operations site for the RDT&E of UxS and training/certification of UxS operators. The proposed site improvements will provide an ideal environment (facilities, land range, airspace) to consolidate RDT&E UxS mission areas into a single site for a more efficient integrated capability.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?

The deficiency is that the current Range facilities are insufficient for emerging UxS demands. Many Groups 1 - 3 UxS suffer from schedule variability and they either are "bumped" by larger programs or are forced to work weekends and holidays. This deficiency causes delay in fielding war fighter capabilities and lost revenue for NAWCWD.

The proposed MINCON at the site meets current UxS demand and alleviates risk perceived/taken by customers who succumb to schedule variability and facility inability to support test criteria.

Dugway – Yuma – Camp Roberts

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?

Continue use of existing facilities that currently do not meet Unmanned Systems requirements and/or are at capacity.

Limit operational hours at current facilities that do not have shade/shelter.

Continue to divert test work to other testing sites, i.e., Yuma Proving Grounds.

4. IMPACT IF NOT ACQUIRED.

With the expanding focus/funding of DOD to integrate UxS into the war fighter's arsenal, it is anticipated that the growth in UxS over the next few years will be rampant. Early adopters will be positioned for sustaining current work and driving selective future work. Decreased workload, declining productivity, loss of existing customers, diminished revenue and weakened UxS skills are all negative impacts realized if facility state is left to atrophy.

(FY14) SECURE TARGETS BUILDUP FACILITY:

1. DESCRIPTION & PURPOSE OF PROJECT.

Construct a 9000 sq. ft. facility to conduct secure target buildup operations. Project will be derived of separate bays secured from each other in order to buildup multiple targets for multiple programs on multiple vehicles as required by the customer.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?

Three new target platforms will be procured to meet the navy's training and Test and Evaluation (T&E) requirements for the next two decades. Multi Stage Supersonic Target (MSST), Subsonic Aerial Target (SSAT) , and Pioneer platforms are being procured or engineered for new target platforms. These new targets will replace the venerable BQM-74E's. Our target systems often have both classified and non-classified operations. Through a contracted service classified operations will be provided, and government personnel will provide classified buildups and operations. There are often multiple classified projects being readied simultaneously and are often classified from one another. We have run out of buildup space in our current footprint and the addition of three new platforms (two of which are larger than the current BQM-74 workhorse) will cause significant space issues between competing programs and launch schedules. This project will provide four new bays for classified buildup and operations. This will allow consolidation of our classified labs into this new building and will free up current space used for these classified programs for our operations crew to expand to accommodate the new platforms.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?

Alternative #1: Utilize existing space. This is not a viable option as there is not enough space in which to conduct this mission. Excess secure lab space conducive to target buildup is not available at Point Mugu.

4. IMPACT IF NOT ACQUIRED.

Potential training and testing delays or security breaches between classified programs.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT

Not applicable

(FY15) UxS SOUTH RANGE UAS SITE:

1. DESCRIPTION & PURPOSE OF PROJECT.

Construct a facility to conduct systems integration of Unmanned Air System (UAS) sensors of various types. Program requirement includes systems integration of sensors for intelligence, surveillance, and reconnaissance for the detection, localization, classification, and identification of ground, surface, aerospace and sub-surface targets. The project will facilitate systems integration in a facility designed for UAS operations separate from manned aircraft maintenance and integration facilities which currently exist. Facility is to be comprised of a high-bay (20') laboratory with sliding door capable of opening wide enough to allow passage of the largest family of UAS. Facility is to provide office space for approximately 10 persons, temporary engineering workstations for 10 persons, conference room capable of housing conferences for 30 persons, and must contain restrooms. Provides utilities, network connectivity, and security infrastructure to enable installation of sponsor-funded security enhancements. Approximate dimensions 150.5 SF x 94.5 SF and 36 FT High. BLDG would include an approximately 150.5 SF x 50 SF concrete apron.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?

The current deficiency is inadequate available platform, equipment and laboratory space co-located on-site for Group 3 outside of Class D airspace in which to conduct UAS systems testing integration. The UAS Integrated Product Team (IPT) requires a secure facility in which to integrate various systems onto unmanned air systems. Presently there is no capability to accomplish this required function. The proposed project will provide a permanent facility capable of supporting research and engineering, test & evaluation of system components related to UAS integration.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?

Alternative #1: Utilize existing space. Not a viable option as there is no appropriate space at South Range UAS in which to conduct this mission.
Alternative #2: A temporary alternative is the use of enclosed tension fabric structures with 1-year approval and an additional 2-year waiver - this cost prohibitive and not desirable because of the down time involved.

4. IMPACT IF NOT ACQUIRED.

With the expanding focus/funding of DOD to integrate Unmanned Systems (UxS) into the war fighter's arsenal, it is anticipated that the growth in UxS over the next few years will be rampant. Early adopters will be positioned for sustaining current work and driving selective future work, but latent emergent critical UxS efforts will be relegated to a reactionary position at best and will minimize opportunities for selective work.
Decreased workload, declining productivity, loss of existing customers, diminished revenue and weakened UxS skills are all negative impacts realized if facility state is left to atrophy.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.

Not Applicable.

(FY16) UxS MAINTENANCE & OPERATION FACILTY:

1. DESCRIPTION & PURPOSE OF PROJECT.
Construct an Equipment Maintenance Facility for multiple Unmanned Autonomous System (UAS) programs test support equipment. Program requirements include the ability to segregate the inventory into a responsible system in order to meet standard operating maintenance procedures. The project will facilitate UAS operational maintenance separate from manned aircraft maintenance and integration facilities which currently exist. Provides utilities, network connectivity, and security infrastructure to enable installation of sponsor-funded security enhancements. Approximate dimensions 80 SF x 175 SF and 36 FT High. This 14,000 SF facility is to be comprised of radiated heat, evaporative cooling, warehouse lighting, standard fire suppression - no fuels, no hazmat storage, one 30 FT rollup door. Chain link dividers, no interior walls but for a unisex restroom, utility room, fire room, and one 10x10 office.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
The current deficiency is inadequate available platform, equipment and laboratory space co-located on-site for Group 3 outside of Class D airspace in which to conduct UAS systems testing integration. The Unmanned Aerial Systems Integrated Product Team (IPT) requires a secure facility in which to integrate various systems onto unmanned air systems. Presently there is no capability to accomplish this required function. The proposed project will provide a permanent facility capable of supporting research and engineering, test & evaluation of system components related to UAS integration.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?
Alternative #1: Utilize existing space. Not a viable option as there is no appropriate space at the UAS Triangle or at the main airfield.
Alternative #2: A temporary alternative is the use of use of enclosed tension fabric structures with 1-year approval and an additional 2-year waiver - this is cost prohibitive and not desirable because of the down time involved.

4. IMPACT IF NOT ACQUIRED.
With the expanding focus/funding of DOD to integrate UxS into the war fighter's arsenal, it is anticipated that the growth in UxS over the next few years will be rampant. Early adopters will be positioned for sustaining current work and driving selective future work, but latent emergent critical UxS efforts will be relegated to a reactionary position at best and will minimize opportunities for selective work.
Decreased workload, declining productivity, loss of existing customers, diminished revenue and weakened UxS skills are all negative impacts realized if facility state is left to atrophy.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.
Not Applicable.

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2014	**1**	**Non ADP**		**$20.326**	**$20.380**	**$0.054**	
			Material Handling	$1.300	$1.300	$0.000	
			Quality Control/Testing	$11.796	$11.850	$0.054	
			Machinery	$1.050	$1.050	$0.000	
			Support Equipment	$6.180	$6.180	$0.000	
	2	**ADP**		**$11.050**	**$11.650**	**$0.600**	
			Computer Hardware (Production)	$5.152	$5.152	$0.000	
			Computer Hardware (Network)	$3.588	$4.188	$0.600	Within scope increase
			Computer Software (Operating)	$1.150	$1.150	$0.000	
			Telecommunications	$0.530	$0.530	$0.000	
			Other Support Equipment	$0.630	$0.630	$0.000	
	3	**Software**		**$2.489**	**$2.894**	**$0.405**	
			Internally Developed	$1.356	$1.356	$0.000	
			Externally Developed	$1.133	$1.538	$0.405	Within scope increase
	4	**Minor Construction**		**$7.994**	**$6.935**	**-$1.059**	
			New Construction	$7.994	$6.935	-$1.059	Project cost decrease
TOTAL FY 2014 CIP Program				**$41.859**	**$41.859**	**$0.000**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2015	**1**	**Non ADP**		**$20.053**	**$18.534**	**-$1.519**	
			Quality Control/Testing	$12.844	$11.265	-$1.579	Program review yielded changes based on current mission needs.
			Support Equipment	$7.209	$7.269	$0.060	
	2	**ADP**		**$10.976**	**$12.409**	**$1.433**	
			Computer Hardware (Production)	$8.358	$7.523	-$0.835	Program review yielded changes based on current mission needs.
			Computer Hardware (Network)	$1.312	$3.580	$2.268	Program review yielded changes based on current mission needs.
			Computer Software (Operating)	$0.500	$0.500	$0.000	
			Telecommunications	$0.500	$0.500	$0.000	
			Other Support Equipment	$0.306	$0.306	$0.000	
	3	**Software**		**$2.677**	**$2.127**	**-$0.550**	
			Internally Developed	$1.926	$0.000	-$1.926	Program review yielded changes based on current mission needs.
			Externally Developed	$0.751	$2.127	$1.376	Program review yielded changes based on current mission needs.
	4	**Minor Construction**		**$8.153**	**$8.789**	**$0.636**	
			Replacement	$0.000	$0.000	$0.000	
			New Construction	$8.153	$8.789	$0.636	Program review yielded changes based on current mission needs.
TOTAL FY 2015 CIP Program				**$41.859**	**$41.859**	**$0.000**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2016	**1**	**Non ADP**		**$26.794**	**$26.794**	**$0.000**	
			Quality Control/Testing	$17.559	$17.559	$0.000	
			Machinery	$1.965	$1.965	$0.000	
			Support Equipment	$7.270	$7.270	$0.000	
	2	**ADP**		**$9.014**	**$9.014**	**$0.000**	
			Computer Hardware (Production)	$2.834	$2.834	$0.000	
			Computer Hardware (Network)	$5.544	$5.544	$0.000	
			Other Support Equipment	$0.636	$0.636	$0.000	
	3	**Software**		**$0.250**	**$0.250**	**$0.000**	
			Externally Developed	$0.250	$0.250	$0.000	
	4	**Minor Construction**		**$11.492**	**$11.492**	**$0.000**	
			New Construction	$11.492	$11.492	$0.000	
TOTAL FY 2016 CIP Program				**$47.550**	**$47.550**	**$0.000**	

CARRYOVER RECONCILIATION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
Part 1			
1. Net Carry-In	2,331.2	2,550.3	2,463.9
2. Revenue	4,129.8	4,343.8	4,436.1
3. New Orders	4,348.9	4,257.3	4,349.7
4. Exclusions:			
Foreign Military Sales	165.6	165.4	134.6
Base Realignment and Closure	-0.1	0.0	0.0
Other Federal Department and Agencies	59.4	54.4	26.8
Non-Federal and Others	30.8	24.8	14.6
Institutional Major Range & Test Facility Base	274.3	287.5	298.4
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
5. Orders for Carryover Calculation	3,819.0	3,725.3	3,875.3
6. Weighted Average Outlay Rate	41.2%	41.7%	40.5%
7. Carryover Rate	58.8%	58.3%	59.5%
8. Allowable Carryover	2,869.5	2,865.4	2,885.6
Allowable Carryover(First Year)	2,247.1	2,173.4	2,303.9
Allowable Carryover (Second Year Procurement-funded Orders)	622.4	692.0	581.7
Part II			
9. Balance of Customer Order at Year End	2,550.3	2,463.9	2,377.4
10. Work-in-progress	0.0	0.0	0.0
11. Exclusions:			
Foreign Military Sales	148.2	148.5	133.5
Base Realignment and Closure	0.6	0.4	0.3
Other Federal Department and Agencies	57.4	51.6	39.8
Non-Federal and Others	36.0	32.9	23.9
Institutional Major Range & Test Facility Base	170.7	180.3	188.5
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
12. Calculated Actuals Carryover	2,137.5	2,050.1	1,991.3

Some totals may not add due to rounding.

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4. Naval Surface Warfare Center

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NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT – NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Mission Statement / Overview:

The Naval Surface Warfare Center provides research, development, test and evaluation; in-service engineering; and fleet and integrated logistic support for surface ship combat systems, surface and mine warfare combat systems, ordnance, explosive ordnance disposal technology, mines, amphibious warfare systems, mine countermeasures, special warfare and strategic systems, systems interfaces, weapon systems and subsystems, unique equipment and related expendable ordnance of the Navy surface fleet. In addition, they provide primary technical capability in energetics through engineering, fleet and operational support, manufacturing technology, limited production, industrial base support and research, development, test and evaluation for energetic materials, ordnance devices and components and related ordnance engineering standards. Central to our strategy is the sustainment and development of critical core capabilities that support legacy and emerging systems in the Fleet. Critical to our vision is the need to acquire, train, and retain top quality, diverse, scientists and engineers and to maintain the corresponding infrastructure necessary to support the Navy's future strategic requirements.

Activity Group Composition:

The Center is comprised of seven operating divisions whose operations and locations are described briefly below.

CARDEROCK DIVISION: The mission of this division is to provide research, development, test and evaluation, analysis, acquisition support, in-service engineering, logistics and integration of surface and undersea vehicles and associated systems develop and apply science and technology associated with naval architecture and marine engineering, and provide support to the maritime industry. It also executes other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The division has major operating sites at Carderock, MD and Philadelphia, PA with smaller operating sites at Ft. Lauderdale, FL, Memphis, TN, Norfolk, VA, Bremerton, WA, and Bayview, ID.

CORONA DIVISION: The mission of this division is to serve warfighters and program managers as the Navy's independent performance assessment agent throughout systems' lifecycles by gauging the Navy's warfighting capability of weapons and integrated combat systems, from unit to force level, through assessment of those systems' performance, readiness, quality, supportability, and the adequacy of training. It also executes other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The division has one primary operating site, Corona, CA, with a small engineering site at Seal Beach, CA.

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CRANE DIVISION: The mission of this division is to provide acquisition engineering, in-service engineering and technical support for sensors, electronics, electronic warfare and special warfare weapons. It also applies component and system level product and industrial engineering to surface sensors, strategic systems, special warfare devices and electronic warfare/information operations systems and executes other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The division has one primary operating site, Crane, IN, with a small engineering site at Fallbrook, CA.

DAHLGREN DIVISION: The mission of this division is to provide research, development, test and evaluation, analysis, systems engineering, integration and certification of complex naval warfare systems related to surface warfare, strategic systems, combat and weapons systems associated with surface warfare. The division also provides system integration and certification for weapons, combat systems and warfare systems and executes other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The division has two primary operating sites, Dahlgren, VA, and Dam Neck, VA.

INDIAN HEAD EXPLOSIVE ORDNANACE DISPOSAL (EOD) TECHNOLOGY DIVISION: The mission of this division is to provide research, development, engineering, manufacturing, test, evaluation and in-service support of energetic systems and energetic materials (chemicals, propellants and explosives) for ordnance, warheads, propulsion systems, pyrotechnic devices, fuzing, electronic devices, Cartridge Actuated Devices and Propellant Actuated Devices (CAD/PADs), Packaging, Handling, Storage, and Transportation (PHS&T), gun systems and special weapons for Navy, Joint Forces and the Nation. The division develops and delivers Explosive Ordnance Disposal (EOD) technology, knowledge, tools and equipment and their life cycle support through an expeditionary work force which meets the needs of the Department of Defense, combatant commanders and our foreign and interagency partners. It also supports the Executive Manager for EOD Technology and Training and executes other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The primary site of operations is Indian Head, MD, with smaller operations at Rison, MD, MacAlester, OK, and Picatinny, NJ.

PANAMA CITY DIVISION: The mission of this division is to conduct research, development, test and evaluation and in-service support of mine warfare systems, mines, Naval Special Warfare Systems, diving and life support systems, amphibious /expeditionary maneuver warfare systems and other missions that occur primarily in coastal (littoral) regions. It also executes other responsibilities as assigned by Commander, Naval Surface Warfare Center. The primary operating site is Panama City, FL.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT – NAVAL SURFACE WARFARE CENTER
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PORT HUENEME DIVISION: The mission of this division is to provide test and evaluation, systems engineering, integrated logistics support, in-service engineering and integration of surface ship weapons, combat systems and warfare systems. Port Hueneme Division also provides the leading interface to the surface force for in-service maintenance and engineering support provided by the Warfare Centers and executes other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The primary operating site is Port Hueneme, CA. The division also operates a small detachment in Dam Neck, VA.

Significant Changes Since the FY 2015 President's Budget:
Reflects approved merger of two NSWC divisions, Naval Explosive Ordnance Disposal Technology Division and Indian Head Division, into the Indian Head Explosive Ordnance Disposal Technology Division. The merger was effective beginning in FY 2014 and strengthens the mission of both operating divisions and provides increased technical stewardship.

Financial Profile:
Orders/Revenue/Expense/Operating Results ($Millions):

	FY 2014	FY 2015	FY 2016
Orders	$3,624.8	$4,259.0	$4,322.0
Revenue	$3,635.4	$4,266.1	$4,329.3
Expense	$3,707.7	$4,278.2	$4,341.4
Operating Results	($72.3)	($12.0)	($12.0)
Capital Surcharge	$0.0	$0.0	$0.0
Net Operating Results (NOR)	($72.3)	($12.0)	($12.0)
Other Changes Affecting AOR	($2.1)	($26.1)	$0.0
Accumulated Operating Results (AOR)	$50.2	$12.0	$0.0

Some totals may not add due to rounding.

Orders, Revenue and Expense: NSWC has estimated reimbursable orders based on historical trends. The trend in revenue and expense from year-to-year reflects the completion of planned funded workload. The $26.1 million adjustment to AOR in FY 2015 is to maintain operating cash associated with budgetary resources required for projected outlays. The FY 2016 revenue and expense reflect updated pricing and planned workload.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT – NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Collections/Disbursements/Outlays ($Millions):

	FY 2014	FY 2015	FY 2016
Collections	$3,627.1	$4,266.1	$4,329.3
Disbursements	$3,863.2	$4,269.4	$4,326.0
Outlays	$236.1	$3.2	($3.3)

Some totals may not add due to rounding.

Budgeted collections and disbursements are based on revenue, cost, Capital Investment Program (CIP) outlay estimates, anticipated changes in accounts payable/accrued labor expenses and accounts receivable.

Workload:

Direct Labor Hours (000):	FY 2014	FY 2015	FY 2016
Current Estimate	22,495.9	23,052.7	23,134.8

Rates are based on DLHs required for stabilized workload. The change in direct labor hours estimates relate to the supporting customer workload.

Performance Indicators: The primary performance indicator is unit cost, which represents the average cost of delivering goods and services to our customers

Unit Cost:	FY 2014	FY 2015	FY 2016
Total Stabilized Cost ($Millions)	$2,292.2	$2,347.0	$2,322.7
Workload (DLHs) (000)	22,496	23,053	23,088
Unit cost (per DLH)	$101.89	$101.81	$100.60

Unit Cost: Unit Cost is the method established to authorize and control costs. Unit cost goals allow activities to respond to workload changes in execution by encouraging reduced costs when workload declines and allowing appropriate increases in costs when customers request additional services. The unit cost reflects a modest decrease from FY 2015 to FY 2016.

Stabilized / Composite Rates:	FY 2014	FY 2015	FY 2016
Stabilized Rate	$95.45	$99.26	$100.21
Change from Prior Year		4.00%	0.96%
Composite Rate Change		2.87%	1.48%

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT – NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

The Stabilized Rate consists of direct labor and applied overhead. Unique direct non-labor costs are billed on a reimbursable basis to the customer. The composite rate change incorporates both the stabilized costs and the reimbursable costs. The composite rate change in FY 2016 reflects adjustments to direct workload and pricing changes.

Staffing:

Civilian/Military ES & Workyears:	**FY 2014**	**FY 2015**	**FY 2016**
Civilian End Strength	16,022	15,888	16,149
Civilian Workyears (straight time)	15,795	15,988	15,978
Military End Strength	202	185	194
Military Workyears	207	186	194

Civilian Personnel: Projected workyear and end strength estimates have been sized in accordance with anticipated funded workload.

Military Personnel: The FY 2016 increase in military end strength and workyears reflects an increase in the average fill rate. The fill rate is calculated by dividing actual average strength by the authorized end strength for each grade.

Capital Investment Program (CIP):

CIP Authority ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Equipment, Non-ADP / Telecom	$17.0	$9.8	$10.4
Equipment, ADPE / Telecom	$6.8	$5.9	$9.7
Software Development	$0.0	$0.3	$0.0
Minor Construction	$13.3	$26.4	$18.2
Total	$37.0	$42.4	$38.3

Some totals may not add due to rounding.

The NSWC's modest investment in capital assets will acquire affordable and technically efficient capabilities to support customer requirements. Minor construction includes projects meeting the criteria of the Defense Laboratory Revitalization Program. The projects will replace aging temporary buildings and upgrade and expand lab capability to accommodate workload growth and increase efficiency. The NSWC CIP program procures mission essential equipment and facility upgrades to support a wide customer base.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT – NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Carryover Compliance ($Millions)	**FY 2014**	**FY 2015**	**FY 2016**
Net Carry-In	$1,914.3	$1,903.6	$1,896.4
Allowable Carryover	$2,194.2	$2,459.2	$2,593.8
Calculated Actual Carryover	$1,581.0	$1,605.9	$1,639.5
Delta (Actual-Allowable): Above Ceiling (+)/Below Ceiling (-)	($613.2)	($853.4)	($954.3)

Some totals may not add due to rounding.

Budgeted carryover is within the allowable target amount.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
Revenue:			
Gross Sales			
Operations	3,607.7	4,226.8	4,289.2
Capital Surcharges	0.0	0.0	0.0
Depreciation	27.7	39.3	40.1
Other Income			
Total Income	3,635.4	4,266.1	4,329.3
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel Compensation & Benefits	14.4	13.7	14.0
Civilian Personnel Compensation & Benefits	2,109.0	2,145.3	2,187.9
Travel and Transportation of Personnel	100.8	129.3	130.6
Material & Supplies (Internal Operations)	273.3	352.6	359.6
Equipment	20.4	98.3	100.3
Other Purchases from NWCF	165.4	102.5	98.8
Transportation of Things	8.1	4.2	4.5
Depreciation - Capital	27.7	39.3	40.1
Printing and Reproduction	1.7	2.2	2.3
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication, Utilities & Misc Charges	69.2	66.8	71.5
Other Purchased Services	918.2	1,323.9	1,331.9
Total Expenses	3,708.4	4,278.2	4,341.4
Work in Process Adjustment	0.0	0.0	0.0
Comp Work for Activity Retention Adjustment	-0.7	0.0	0.0
Cost of Goods Sold	3,707.7	4,278.2	4,341.4
Operating Result	-72.3	-12.0	-12.0
Adjustments Affecting NOR	-2.1	0.0	0.0
Capital Surcharges	0.0	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Other Changes Affecting NOR (All Others)	-2.1	0.0	0.0
Net Operating Result	-72.3	-12.0	-12.0
PY AOR	124.5	50.2	12.0
TOTAL AOR	50.2	38.1	0.0
Non-Recoverable Adjustments impacting AOR *	0.0	-26.1	0.0
AOR for budget purposes	50.2	12.0	0.0

* Reflects adjustments to AOR to maintain operating cash associated with budgetary resources required for projected outlays.

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
1. New Orders	3,624.8	4,259.0	4,322.0
a. Orders from DoD Components:	3,176.2	3,665.4	3,719.2
Department of the Navy	2,659.8	3,057.8	3,093.4
O & M, Navy	859.2	1,031.6	1,033.6
O & M, Marine Corps	70.3	83.9	86.3
O & M, Navy Reserve	2.7	2.5	2.7
O & M, Marine Corp Reserve	0.8	0.3	0.3
Aircraft Procurement, Navy	67.1	81.2	83.8
Weapons Procurement, Navy	84.7	86.2	92.0
Ammunition Procurement, Navy/MC	88.5	71.9	78.1
Shipbuilding & Conversion, Navy	219.9	299.5	313.8
Other Procurement, Navy	299.0	367.2	375.9
Procurement, Marine Corps	47.5	78.6	80.7
Family Housing, Navy/MC	0.0	0.0	0.0
Research, Dev., Test, & Eval., Navy	908.5	936.8	927.6
Military Construction, Navy	0.7	0.4	0.5
National Defense Sealift Fund	10.9	17.4	17.9
Other Navy Appropriations	0.0	0.0	0.0
Other Marine Corps Appropriations	0.0	0.3	0.3
Department of the Army	104.1	149.8	145.1
Army Operation & Maintenance	19.6	21.9	22.3
Army Res, Dev, Test, Eval	23.8	27.8	28.5
Army Procurement	30.3	74.6	74.2
Army Other	30.3	25.5	20.0
Department of the Air Force	42.3	47.1	48.1
Air Force Operation & Maintenance	17.9	16.5	16.9
Air Force Res, Dev, Test, Eval	10.4	9.3	9.6
Air Force Procurement	14.0	21.2	21.6
Air Force Other	0.0	0.0	0.0
DOD Appropriation Accounts	370.1	410.8	432.6
Base Closure & Realignment	0.6	0.0	0.0
Operation & Maintenance Accounts	63.6	79.8	83.7
Res, Dev, Test & Eval Accounts	274.7	299.8	316.6
Procurement Accounts	27.6	27.8	28.9
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	4.9	3.3	3.4
b. Orders from other Fund Activity Groups	238.2	241.7	251.6
c. Total DoD	3,414.4	3,907.1	3,970.8
d. Other Orders:	210.4	351.9	351.3
Other Federal Agencies	56.6	63.4	65.4
Foreign Military Sales	138.5	267.9	266.6
Non Federal Agencies	15.3	20.6	19.2
2. Carry-In Orders	1,914.3	1,903.6	1,896.4
3. Total Gross Orders	5,539.0	6,162.6	6,218.5
a. Funded Carry-Over before Exclusions	1,903.6	1,896.4	1,889.1
4. Revenue(-)	3,635.4	4,266.1	4,329.3
5. End of Year Work-In-Process (-)	0.0	0.0	0.0
6. FMS, BRAC, Other Federal, Non-Federal orders, and Inst. MRTFB (-)	322.6	290.6	249.6
7. Funded Carryover	1,581.0	1,605.9	1,639.5

Note: Line 5 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	Costs
FY 2014 Actuals	**3,707.7**
FY 2015 President's Budget:	**4,221.7**
Estimated Impact in FY 2015 of Actual FY 2014 Experience:	**7.7**
Pricing Adjustments:	**-3.6**
Utility Rate Adjustment	-3.7
Defense Finance & Accounting Service (DFAS) Rates	0.1
Program Changes:	**56.9**
Increased FTEs in Support of Customer Workload	56.9
Other Changes:	**-4.5**
NGEN Centralized Funding	-4.5
FY 2015 Current Estimate:	**4,278.2**

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	Costs
FY 2015 Current Estimate:	**4,278.2**
Pricing Adjustments:	**53.8**
Annualization of Prior Year Pay Raises	**5.4**
Civilian Personnel	5.3
Military Personnel	0.0
FY 2016 Pay Raise	**21.0**
Civilian Personnel	20.9
Military Personnel	0.1
Fuel Price Changes	**0.0**
General Purchase Inflation	**29.5**
Other Price Changes	**-2.1**
Working Capital Fund Price Changes	-2.1
Program Changes:	**-6.0**
Decreased Customer Workload	-6.0
Other Changes:	**15.4**
Depreciation	0.8
Facilities Sustainment, Restoration & Modernization	3.4
FERS Compensation Rate Increase	10.9
FECA Surcharge	0.4
FY 2016 Estimate:	**4,341.4**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

		FY 2014		FY 2015		FY 2016	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**26**	**$16.957**	**19**	**$9.810**	**16**	**$10.384**
	- Vehicles	0	$0.000	0	$0.000	0	$0.000
	- Material Handling	0	$0.000	1	$0.415	2	$1.931
	- Installation Security	0	$0.000	0	$0.000	0	$0.000
	- Quality Control/Testing	20	$14.140	15	$8.336	9	$4.030
	- Medical Equipment	0	$0.000	0	$0.000	0	$0.000
	- Machinery	2	$1.316	3	$1.059	2	$0.956
	- Support Equipment	4	$1.501	0	$0.000	3	$3.467
2	**ADPE and Telecom Equipment >= $.250M**	**12**	**$6.775**	**11**	**$5.934**	**14**	**$9.679**
	- Computer Hardware (Production)	4	$2.151	7	$3.165	5	$2.385
	- Computer Hardware (Network)	5	$3.202	4	$2.769	9	$7.294
	- Computer Software (Operating)	0	$0.000	0	$0.000	0	$0.000
	- Telecommunications	1	$0.523	0	$0.000	0	$0.000
	- Other Support Equipment	2	$0.899	0	$0.000	0	$0.000
3	**Software Development >= $.250M**	**0**	**$0.000**	**1**	**$0.320**	**0**	**$0.000**
	- Internally Developed	0	$0.000	1	$0.320	0	$0.000
	- Externally Developed	0	$0.000	0	$0.000	0	$0.000
4	**Minor Construction (>= $.250M and <= $2.000M)**	**21**	**$13.280**	**25**	**$26.360**	**13**	**$18.208**
	- Replacement Capability	8	$5.566	10	$12.664	4	$7.233
	- New Construction	13	$7.714	14	$11.579	9	$10.975
	- Production	0	$0.000	1	$2.117	0	$0.000
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
	Grand Total	**59**	**$37.012**	**56**	**$42.424**	**43**	**$38.271**
	Total Capital Outlays		**$31.749**		**$38.280**		**$40.530**
	Total Depreciation Expense		**$27.737**		**$39.327**		**$40.113**

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Research and Development	#001 - Non-ADP Equipment						Naval Surface Warfare Center		
	FY 2014			FY 2015			FY 2016		
Non-ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Vehicles	0		$0	0		$0	0		$0
Material Handling	0		$0	1	$415	$415	2	$966	$1,931
Installation Security	0		$0	0		$0	0		$0
Quality Control/ Testing	20	$707	$14,140	15	$556	$8,336	9	$448	$4,030
Medical Equipment	0		$0	0		$0	0		$0
Machinery	2	$658	$1,316	3	$353	$1,059	2	$478	$956
Support Equipment	4	$375	$1,501	0		$0	3	$1,156	$3,467
Total	26	$652	$16,957	19	$516	$9,810	16	$649	$10,384

Justification:

These Non-ADPE equipment investments support the acquisition of mission essential research, development, test and evaluation equipment that include support new research and development initiatives. Equipment procurements will support initiatives such as: - Advanced munitions and high energy materials - New Shipboard technologies - Hypervelocity penetrating weapons and kinetic energy weapons - Thermobaric and variable yield warheads.

Machinery: These funds provide research and development equipment to support new mission areas or new test and evaluation techniques to enhance the overall effectiveness of the warfare center mission. Investments categorized as machinery provide enabling technology insertion, and machinery integration into new acquisition programs and the deployment of machinery initiatives into the fleet. Impact: These investments support the Navy's Maritime strategy for maintaining readiness and building a relevant and future force for surface ships and their systems. Investments provide for new mission research and development equipment essential to the test and evaluation of emerging ship-board technologies.

Economic Analysis: There are no projects greater than $1000K in budgeted cost. An economic analysis was performed on all individual projects greater than the DOD capitalization threshold. All non-ADPE machinery projects have an estimated useful life of 10 years and an average payback period of 2.4 - 4.4 years.

Benefit: These provide research and development equipment to support new mission areas or new test and evaluation techniques to enhance the overall effectiveness of the warfare center mission. Investments categorized as Material Handling include installed, portable, mobile or self propelled devices designed to move or pick-up component parts and materials used on Navy shipboard systems. Impact: These investments support the Navy's Maritime strategy for maintaining readiness and building a relevant and future force for surface ships and their systems. Investments provide for handling/transport equipment essential to the test and evaluation of emerging ship-board technologies. Economic Analysis: There is 1 project greater than $1000K in budgeted cost. An economic analysis was performed on all individual projects greater than the DOD capitalization threshold. All non-ADPE Material Handling projects have an estimated useful life of 10 years and an average payback period of <2 years.

Aerial Electrical-147 Crane ($1.516M): Project is for the demolition of an existing crane to be replaced with the purchase of a new 100,000 lb. capacity crane with a 30,000 lb. capacity auxiliary hoist. This new crane will function to support the Building 633 Electric Drive Test Facility (EDTF) Program's weight handling operations. The crane will be used to safely install and move test support equipment and structures as well as equipment under test.

Quality Control/Testing Equipment: These investments provide capital equipment required to ensure that the development and/or maintenance methodology and standards used for quality control/assurance and testing of ship systems are adequate to meet Navy requirements. This is accomplished through diagnostic analysis, fault identification, testing and calibration for ship components. Products typically include electronic modules, circuit cards, power supplies, displays, assemblies and sub-assemblies of shipboard machinery and components. This equipment provides support for the development, production, and servicing of Navy weapon and combat systems.

Benefit: Quality Control/Assurance and Testing investments provide the Navy reliable processes and procedures to ensure technical specifications and functional requirements meet developed product/service standards. The identification of unit failures and poor service results in corrective action designed to improve the production or service process being measured to achieve the desired mission results.

Impact: These investments support the Navy's Maritime strategy for surface ships and their systems. Investments provide for quality control/assurance and test results that are accurate and emulate shipboard environments eliminating the need to schedule ship board testing and speeding the retest of ships systems.

Economic Analysis: There are 2 projects equal to or greater than $1000K in FY15/FY16 budgeted cost. An economic analysis was performed on all individual projects greater than the DOD capitalization threshold. All non-ADPE Quality Control/Testing projects have an estimated useful life of 10 years and an average payback period of 3.5 - <6 years.

Magnetic Field Imaging Microscope ($1,080K): A Scanning Magnetic Field Imaging Microscope employs an unique approach, mapping current from magnetic fields generated within the Integrated Circuit(IC)/package. These magnetic fields travel unaffected through IC/packaging material, allowing the Microscope to see internal features to pinpoint 'buried' defects. This ability is extremely important as 3D die stacking, an emerging technology, greatly limits visibility into the circuit using traditional failure analysis tools (such as Scanning Optical/IR Microscopes and Scanning Electron Microscopes).

Extrusion Plant Cabinet S-ray System ($1,440K): The existing cabinet x-ray system has been in service in the Extrusion Plant since 1989. It is the only system on station capable of performing real time radiographic inspection of propellant grains and motors. Due to program requirements for system qualification, achieve 2-1T sensitivity during continuous 360° rotation, the versatility of the system is limited. The current system cannot be configured for one program then switched to a different program without requiring requalification. A new system would be capable of having interchangeable components which would require only relatively minor image quality verification when switched from program to program.

Support Equipment: Non-ADPE support equipment investments support mission essential research, development, test and evaluation of equipment that is unsafe, beyond economical repair, technically obsolete, or otherwise unusable. Equipment supports Warfare Center Core Equities including ship/ship systems, ship weapon systems, ship combat systems, ordnance, and littoral combat systems. Equipment supporting this mission includes explosive detection equipment, ship hull test equipment, and test and evaluation equipment for various surface ship systems.

Benefit: Mission essential research and development equipment must operate at optimal efficiency to achieve proper test and evaluation results. Equipment is replaced with modern reliable equipment to support the research and development mission of the Naval Warfare Centers.

Impact of not Funding: The Naval Surface Warfare Center activities are responsible for new product testing as well as system In-Service-Engineering. The ability of the Surface Warfare Centers to provide mission essential research and development for new systems require mission essential investments for replacement of equipment will not be made resulting in work that produces obsolete results to the scientific community, economically inefficient operation, and possible risk to human life.

Economic Analysis: There is one project with an individual cost greater than or equal to $1000K. A cost analysis was performed on all individual projects greater than the DOD capitalization threshold. The useful life for these projects is 10 years and the average payback period is <6 years.

System-On-A-Chip (SOC) High Speed Digital and Radio Frequency (RF) Test System ($2,270K): This project upgrades our capability to perform test and evaluation, and failure analysis on a wide range of integrated circuits (IC) subsystems, including high-speed digital RF and embedded memory, ICs used in Radar and EW systems, as well as microelectronics used in a variety of state-of-the art DoD system. Ensuring we have the capability to evaluate current and emerging technology used in these circuits for reliability (including stress testing and failure analysis), functionality, trust, screen for counterfeits and assess incorporated security features is critical.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Research and Development	#002 - ADP Equipment						Naval Surface Warfare Center		
	FY 2014			FY 2015			FY 2016		
ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)	4	$538	$2,151	7	$452	$3,165	5	$477	$2,385
Computer Hardware (Network)	5	$640	$3,202	4	$692	$2,769	9	$810	$7,294
Computer Software (Operating System)	0		$0	0		$0	0		$0
Telecommunications	1	$525	$523	0		$0	0		$0
Other Support Equipment	2	$450	$899	0		$0	0		$0
Total	12	$565	$6,775	11	$539	$5,934	14	$691	$9,679

Justification:

ADP Equipment Computer Hardware (Network): These investments will support the acquisition of automated data processing and telecommunications equipment for the surface ship research and development community. Funds will provide networks/connectivity to all Naval Warfare Center activities and procurement of hardware for mission essential research and development computing needs and centralized system hosting including: Business System Replacement, High Speed Computing, and Research, Development, Test, and Evaluation Networks. Investments will include routers, servers, firewalls, etc..

Benefit: The projected benefits include technology tools for the research and development community and continuity of operations for standard business systems throughout the Warfare Center. Impact: ADP Equipment supporting the research and development community must remain on the cutting edge of technology for to conduct complex simulations, perform predictive analysis, and analyze surface ship system performance. The capability to conduct cutting edge scientific computing within the R&D community is in jeopardy if investments are not made. Current equipment supporting mission essential systems will no longer be supported by the manufacturer. To ensure continuity of business operations, new hardware platforms must be operational.

Economic Analysis: There are 4 projects with an individual cost greater than or equal to $1000K. An economic analysis was performed on all individual projects greater than the DOD capitalization threshold. The useful life for these projects is 10 years and the average payback period is <6 years.

RDT&E Network Core Switches and Routers ($1,800K): The RDT&E network provides advanced support of network hardware and central management of IT systems, enabling communication/collaboration with/by strategic customers and the warfighter. The existing hardware components are at the end of their useful life and must be replaced by information assurance (IA) compliant hardware.

Information Assurance Compliance Modernization ($1,200K): This project upgrades the plant watch system network to meet information assurance requirements. The fiber optic cabling will connect all servers and 11 ovens located in 4 buildings (complex) to provide continuous monitoring of energetic test facilities. This project will connect to the RDT&E network.

Command IT/IA Tech Refresh ($1,500K): This project upgrades the site network infrastructure to meet information assurance requirements.

RDT&E Network Condolidation: ($1,800K): This project consolidates multiple Network Operations & Security Centers (NOSCs) . Re-wires RDT&E sites to either NOSC at their current circuit speeds (DREN III performance rates) with high sped uplinks and perform backup services.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Research and Development	#003 - Software Development						Naval Surface Warfare Center		
	FY 2014			FY 2015			FY 2016		
Software	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Internally Developed	0		$0	1	$320	$320	0		$0
Externally Developed	0		$0	0		$0	0		$0
Total	0		$0	1	$320	$320	0		$0

Justification:

Software Projects < $1.000M: Software projects in this budget support predictive maintenance capbility for Fleet electronics systems. This capability will develop an onboard ship system that could be used to predict and monitor electronic systems. In addition, the development of a Maritime Electronic Warfare Modeling and Simulation tool will allow the test community to analyze performance and interoperatbility from weapon system to battle force levels. The useful life of these investments average 5 years, with a payback of 2.5 - 3.5 years.

Benefits: These investments will directly support the transformation of the Warfare Centers to become a more agile support organization. By fully integrating authoritative data sources with collaborative tools, flexible display technologies, and robust content management we will be better able to support the war fighters--from Force Level leadership, to the sailor on the deck plate -at any location and from any location. This evolution of Distance Support capability also enables us to be more proactive in developing life-cycle solutions by making the information required readily available at the workers desktop. All development will provide the collaborative structure which will contribute to achieving current / planned customer service levels.

BC DAS Software: This project develops the software required to create a C90 Scaleable Data Acquisition System (BC SDAS) in a comprehensive, holistic, top down approach to test data and information collection, management and ultimately transformation into knowledge for use over the entire ship lifecycle and across all ship systems. The C90 BC SDAS will standardize user interfaces, instrumentation configuration control, measurement I/O devices, data storage formats and test meta data such as test conditions, plant configurations, sea states and test engineer notations. The system will be scaleable, i.e. able to be configured to support a small test of only a few channels to a test of hundreds of channels. This project has an estimated payback of 5 years.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Research and Development	#004 - Minor Construction ($250K - $750K)						Naval Surface Warfare Center		
	FY 2014			FY 2015			FY 2016		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	8	$696	$5,566	10	$1,266	$12,664	4	$1,808	$7,233
New Construction	13	$593	$7,714	14	$827	$11,579	9	$1,219	$10,975
Productivity	0		$0	1	$2,117	$2,117	0		$0
Environmental Capability	0		$0	0		$0	0		$0
Total	21	$632	$13,280	25	$1,054	$26,360	13	$1,401	$18,208

Justification:

New Construction: Investments in Minor Construction enhance the Naval Warfare Center Mission by developing buildings, structures or other real property. Minor Construction projects will replace obsolete facilities, consolidate operations for productivity increases, provide state of the art processing areas for new R&D missions, and correct environmental deficiencies. Minor construction projects include all costs to deliver a complete and usable project. Minor Construction projects meet the DOD capitalization criteria, however, 11 MCON projects do exceed the threshold specified by 10 USC 2805. The below MCON projects utilize Sec. 2804 of the FY08 National Defense Authorization Act (NDAA) authority for the Lab Revitalization Demonstration Program (LDRP) and authority to correct Life, Safety & Health issues. Minor Construction is used at the Naval Warfare Centers to: - modify existing spaces and construct new facilities to provide suitable space to design and test new equipment for the surface warfare community. - improve security measures and provide increase security for new initiatives - reduce operating expenses by building or improving government owned facilities so that leased space, high maintenance space, or portable space may be vacated. - reduce energy consumption by installing energy efficient building systems - modify existing systems to bring facilities up to current building, safety, or environmental codes.

In Service Systems Engineering Facility ($1,300K): Facility upgrades will establish a directed energy weapons test facility. This project provides the Navy with a Combat System In-Service Development Facility to support the integration and testing of directed energy (DE) weapons with fleet representative combat systems elements in a maritime environment. This facility upgrade will house DE integration and test capability (including upgrades of the power and cooling systems) to support the installation of a DE weapon. Estimated payback is 6.8 years.

Littoral Integration Laboratory ($1,550K): Project provides upgrades and modifications necessary to support installation of sensors that provide littoral integration and test capability. Currently no capability exists within the Navy to integrate and test the full suite of sensors necessary for littoral warfare. This investment will deliver the capability to install, integrate and test current and future littoral sensors. This facility provides the capability to perform platform level littoral sensor integration and test on operational Navy and Coast Guard assets. Estimated payback is 6.0 years.

Materials Properties Laboratory ($2,000K): Construct a one story ground level building in the Advanced Energetics Complex for relocation and consolidation of Material Properties Lab. The building will be approximately 4800 SF and will consolidate lab space for Hopkinson Bars , Metallurgy Labs and will include labs for metal preparation and explosive sample preparation. Offices for the Mechanical Properties Lab will be relocated into this facility.

High Energy Laser (HEL) Test Diagnostics and Control Facility ($1,000K): MINCON to enable HEL projects and systems to test against larger objects and provide increased capability and utilization of Bldg 297 supporting Dahlgren's leadership in the area of high energy lasers across Navy. Estimated payback is 4 years.

High Energy Laser Integration Facility ($1,300K): Construction of a high energy laser integration high bay facility with access road and test pad to support HEL weapon system development and direct testing on the Potomac River Test Range. Estimated payback is 4 years.

Replacement: Investments in Minor Construction enhance the Naval Warfare Center Mission by developing buildings, structures or other real property. Minor Construction projects will replace obsolete facilities, consolidate operations for productivity increases, provide state of the art processing areas for new R&D missions, and correct environmental deficiencies. Minor construction projects include all costs to deliver a complete and usable project. Minor Construction projects meet the DOD capitalization criteria, however, 11 MCON projects do exceed the threshold specified by 10 USC 2805. The below MCON projects utilize Sec. 2804 of the FY08 National Defense Authorization Act (NDAA) authority for the Lab Revitalization Demonstration Program (LDRP) and authority to correct Life, Safety & Health issues. Minor Construction is used at the Naval Warfare Centers to: - modify existing spaces and construct new facilities to provide suitable space to design and test new equipment for the surface warfare community. - improve security measures and provide increase security for new initiatives - reduce operating expenses by building or improving government owned facilities so that leased space, high maintenance space, or portable space may be vacated. - reduce energy consumption by installing energy efficient building systems - modify existing systems to bring facilities up to current building, safety, or environmental codes.

UNDEX Test Pond Structural Upgrade: FY15 MINCON will address the Underwater Explosion (UNDEX) Pond Structure upgrades to include: new reinforced concrete/shotcrete surface; caisson view wall coated with blast resistant coating, removal of bottom boulders and resurfaced bottom. Design was accomplished in FY14. Estimated payback is 10 years.

Infrared Countermeasures (IRCM) Advanced Threat Analysis Science &Technology Lab ($1,850K): Project will renovate 5,400 SF of unusable lab space to create an IRCM Advanced Threats Analysis S&T lab. Advanced S&T lab activities include analysis of alternatives with effects-based modeling, hardware-in-the-loop and engagement modeling, campaign levelmodeling, and physics based modeling. The end-state is to leverage the existing DoD Secure Defense Research and Engineering Network (SDREN) using a web-centric approach merging Live, Virtual, and Constructive (LVC) simulation capability and environments to defeat advanced technology threats. The renovation will include upgrading HVAC and electrical distribution; reconfiguration of spaces; removal of existing elevator, reconstruct stairway, reconfigure restrooms, and installation of sprinkler system.

Multi-Sensor Test Pond Capability Upgrade: The Underwater Multi-Sensor (UMS) test pond filter system is undersized for many current operations and emerging requirements. This project replaces the filter system and pond liner, thereby improving water clarity by increasing the filtration capacity. Estimated payback is less than 8 years.

RDT&E Network Efficiency & Safety Re-alignment: This project relocates the RDT&E network into Joint Warfare Assessment Laboratory (JWAL) consolidating 19 server racks and one crypto rack. The current equipment rack configuration requires environmental control of the existing 3,000 foot laboratory spaces and separate emergency shut off valves. The environmentally controlled space reductions and proposed RDT&E network re-alignment reduces total ownership costs, improves data security/integrity, consolidates personnel, and improves 24/7 secure data availability for warfighter testing and training. RDT&E networks provide data for collaborative Test and Evaluation (T&E) and Fleet exercise assessment during Combat System Ship Qualification Trials (CSSQTs), major Strike Group exercises, advanced Missile Defense Agency (MDA) Sea-Based Midcourse Defense (SMD) test programs, and other T&E programs. Estimated payback is < 5 years.

Bldg 38 Advanced System Integration Facility: Adequate laboratory space for accomplishing the growing workload in Advanced System Integration is required. Renovate approximately 5,000 SF of the first floor north high bay to meet current laboratory standards, including upgrading HVAC and electrical distribution and reconfiguring the existing spaces. Installation of a sprinkler system and communication systems are also included. Estimated payback is < 4 years.

Light Test Tunnel Modernization: Move the existing light test tunnel capability from Building 2869 to Building 365. The test tunnel itself along with the load room will be established inside Bay 1. The control room and optics/spec lab area will be placed in the Building 365 Annex. Bay 2 will house some support equipment. This move will also include procuring and installing a new baghouse system .

Operating Materials and Supplies Storage Facility ($2,000K): Project constructs a 13,500 square foot warehouse to store project materials and supplies. Available offsite leased space does not support technical storage requirements due to distance from project integration areas. Additional costs would be incurred for transport and maintenance of inventoried items. Proposed new warehouse space supports local NSWC Corona technical projects not performed at other activities. Estimated payback is 6.9 years.

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2014	**1**	**Non ADP**		**$17.075**	**$16.957**	**-$0.118**	
			Quality Control/Testing	$14.291	$14.140	-$0.151	Within scope decrease
			Machinery	$1.317	$1.316	-$0.001	
			Support Equipment	$1.467	$1.501	$0.034	Within scope increase
	2	**ADP**		**$7.999**	**$6.775**	**-$1.224**	
			Computer Hardware (Production)	$2.290	$2.151	-$0.139	Within scope decrease
			Computer Hardware (Network)	$4.284	$3.202	-$1.082	Reprogrammed
			Telecommunications	$0.525	$0.523	-$0.002	
			Other Support Equipment	$0.900	$0.899	-$0.001	
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
			Internally Developed	$0.000	$0.000	$0.000	
			Externally Developed	$0.000	$0.000	$0.000	
	4	**Minor Construction**		**$13.241**	**$13.280**	**$0.039**	
			Replacement	$5.116	$5.566	$0.450	Within scope increase
			New Construction	$8.125	$7.714	-$0.411	Within scope decrease
TOTAL FY 2014 CIP Program				**$38.315**	**$37.012**	**-$1.303**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2015	**1**	**Non ADP**		**$9.646**	**$9.810**	**$0.164**	
			Material Handling	$0.415	$0.415	$0.000	
			Quality Control/Testing	$9.231	$8.336	-$0.895	Program Restructure
			Machinery	$0.000	$1.059	$1.059	Program Restructure
	2	**ADP**		**$6.959**	**$5.934**	**-$1.025**	
			Computer Hardware (Production)	$3.090	$3.165	$0.075	Program Restructure
			Computer Hardware (Network)	$3.869	$2.769	-$1.100	Program Restructure
	3	**Software**		**$0.320**	**$0.320**	**$0.000**	
			Internally Developed	$0.320	$0.320	$0.000	
	4	**Minor Construction**		**$22.402**	**$26.360**	**$3.958**	
			Replacement	$5.924	$12.664	$6.740	Program Restructure
			Productivity	$0.000	$2.117		
			New Construction	$16.478	$11.579	-$4.899	Program Restructure
TOTAL FY 2015 CIP Program				**$39.327**	**$42.424**	**$3.097**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2016	**1**	**Non ADP**		**$10.384**	**$10.384**	**$0.000**	
			Material Handling	$1.931	$1.931		
			Quality Control/Testing	$4.030	$4.030		
			Machinery	$0.956	$0.956		
			Support Equipment	$3.467	$3.467		
	2	**ADP**		**$9.679**	**$9.679**	**$0.000**	
			Computer Hardware (Production)	$2.385	$2.385		
			Computer Hardware (Network)	$7.294	$7.294		
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
			Internally Developed	$0.000	$0.000		
			Externally Developed	$0.000	$0.000		
	4	**Minor Construction**		**$18.208**	**$18.208**	**$0.000**	
			Replacement	$7.233	$7.233		
			New Construction	$10.975	$10.975		
TOTAL FY 2016 CIP Program				**$38.271**	**$38.271**	**$0.000**	

CARRYOVER RECONCILIATION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
Part 1			
1. Net Carry-In	1,914.3	1,903.6	1,896.4
2. Revenue	3,635.4	4,266.1	4,329.3
3. New Orders	3,624.8	4,259.0	4,322.0
4. Exclusions:			
Foreign Military Sales	138.5	267.9	266.6
Base Realignment and Closure	-0.6	0.0	0.0
Other Federal Department and Agencies	56.6	63.4	65.4
Non-Federal and Others	15.3	20.6	19.2
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
5. Orders for Carryover Calculation	3,415.0	3,907.1	3,970.8
6. Weighted Average Outlay Rate	47.2%	46.5%	46.3%
7. Carryover Rate	52.8%	53.5%	53.7%
8. Allowable Carryover	2,194.2	2,459.2	2,593.3
Allowable Carryover(First Year)	1,803.7	2,089.0	2,132.3
Allowable Carryover (Second Year Procurement-funded Orders)	390.5	370.3	460.9
Part II			
9. Balance of Customer Order at Year End	1,903.6	1,896.4	1,889.1
10. Work-in-progress	0.0	0.0	0.0
11. Exclusions:			
Foreign Military Sales	229.3	195.4	151.1
Base Realignment and Closure	0.3	0.3	0.3
Other Federal Department and Agencies	70.0	71.8	74.5
Non-Federal and Others	23.1	23.2	23.7
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
12. Calculated Actuals Carryover	1,581.0	1,605.9	1,639.5

Some totals may not add due to rounding.

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5. Naval Undersea Warfare Center

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NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Mission Statement / Overview:
The mission of the Naval Undersea Warfare Center (NUWC) is to operate the Navy's full spectrum research, development, test and evaluation, engineering and fleet support center for submarines, autonomous underwater systems and offensive and defensive weapon systems associated with Undersea Warfare.

Activity Group Composition:
The Naval Undersea Warfare Center was established in January 1992, and is composed of two divisions, located in Newport, RI and Keyport, WA, and several detachments. The NUWC Headquarters organization is located at Newport RI.

NEWPORT DIVISION: The mission of this division is to provide research, development, test and evaluation, engineering, analysis and assessment, and fleet support capabilities for submarines, autonomous underwater systems, and offensive and defensive undersea weapon systems, and stewards existing and emerging technologies in support of undersea warfare. Execute other responsibilities as assigned by the Commander, Naval Undersea Warfare Center. The primary operating site is in Newport, RI with smaller operations at West Palm Beach, FL, Andros Island Bahamas and Norfolk, VA.

KEYPORT DIVISION: The mission of this division is to provide test and evaluation; in-service engineering, maintenance, and repair; Fleet readiness, and industrial-base support for undersea warfare systems, countermeasures, and sonar systems. Executes other responsibilities as assigned by the Commander, Naval Undersea Warfare Center. The major operating site is at Keyport WA, with detachments in Hawthorne NV, San Diego CA, Pearl Harbor and Ford Island Hawaii, Nanoose British Columbia, and Naval Sea Logistics Center Mechanicsburg, Pennsylvania**.**

Significant Changes Since the FY 2015 President's Budget: Projected new orders for FY 2015 have increased by $96.7 million from the FY 2015 Presidents Budget to better align with customer projections; proportional increases were made to FY 2015 revenue and expenses.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Financial Profile:

Orders/Revenue/Expense/Operating Results ($Millions):

	FY 2014	FY 2015	FY 2016
Orders	$1,015.3	$1,102.0	$1,126.6
Revenue	$1,014.7	$1,103.1	$1,126.3
Expense	$1,035.6	$1,101.4	$1,121.8
Operating Results	($20.9)	$1.7	$4.4
Capital Surcharge	$0.0	$0.0	($1.8)
Net Operating Results (NOR)	($20.9)	$1.7	$2.6
Other Changes Affecting AOR	($1.6)	($2.2)	$0.0
Accumulated Operating Results (AOR)	($2.1)	($2.6)	$0.0

Some totals may not add due to rounding.

Orders, Revenue and Expense: Estimates for FY 2014 through FY 2016 reflect anticipated customer workload that results in NUWC achieving a projected zero AOR in FY 2016. Projected new orders for FY 2015 have increased by $96.7 Million from the FY 2015 Presidents Budget to better align with customer budget projections; proportional increases were made to FY 2015 revenue ($89.9 Million) and expense ($90.9 Million). The $2.2 million adjustment to AOR in FY 2015 is to maintain operating cash associated with budgetary resources required for projected outlays.

Collections/Disbursements/Outlays ($Millions):	FY 2014	FY 2015	FY 2016
Collections	$1,020.1	$1,103.4	$1,125.7
Disbursements	$1,073.4	$1,099.2	$1,119.7
Outlays	$53.3	($4.2)	($6.0)

Some totals may not add due to rounding.

Budgeted collections and disbursements are based on revenue, costs and Capital Investment Program (CIP) outlay estimates.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Workload:

Direct Labor Hours (000):	**FY 2014**	**FY 2015**	**FY 2016**
Current Estimate	6,093.7	6,017.8	6,019.7

Direct Labor Hours: Rates are based on DLHs required for stabilized workload. A slight decrease in direct labor hours from the FY 2015 President's Budget is reflected for FY 2015. NUWC is projecting a slight increase in FY 2016.

Performance Indicators: The primary performance indicator is unit cost, which represents the average cost of delivering goods and services to our customers. The NUWC unit cost is based on a stabilized rate charged for scientific and engineering designs, developments, tests, evaluations, analyses and fleet support in assigned mission areas. The primary performance indicators are Direct Labor Hours, Unit Cost, Net and Accumulated Operating Results.

Unit Cost:	**FY 2014**	**FY 2015**	**FY 2016**
Total Stabilized Cost ($Millions)	$620.6	$606.0	$564.1
Workload (DLHs) (000)	6,094	6,018	5,705
Unit cost (per DLH)	$101.84	$100.70	$98.88

Unit Cost is the method established to authorize and control costs. Unit cost goals allow activities to respond to workload changes in execution by encouraging reduced costs when workload declines and allowing appropriate increases in costs when customers request additional services.

Stabilized / Composite Rates:	**FY 2014**	**FY 2015**	**FY 2016**
Stabilized Rate	$94.78	$99.35	$99.69
Change from Prior Year		4.83%	0.35%
Composite Rate Change		3.42%	1.21%

The Stabilized Rate consists of direct labor and applied overhead. Unique direct non-labor costs are billed on a reimbursable basis to the customer. The composite rate change incorporates both the stabilized costs and the reimbursable costs. The composite rate change in FY 2016 reflects adjustments to direct workload and pricing changes.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Staffing:

Civilian/Military ES & Workyears:	FY 2014	FY 2015	FY 2016
Civilian End Strength	4,632	4,541	4,541
Civilian Workyears (straight time)	4,573	4,453	4,443
Military End Strength	32	36	35
Military Workyears	29	33	32

Civilian Personnel: NUWC's civilian personnel are aligned with customer demand, and are relatively stable from FY 2015 to FY 2016.

Military Personnel: Military end strength remain relatively stable over FY 2014 to FY 2016.

Capital Investment Program (CIP):

CIP Authority ($Millions):	FY 2014	FY 2015	FY 2016
Equipment, Non-ADP / Telecom	$4.1	$5.3	$5.7
Equipment, ADPE / Telecom	$5.7	$4.6	$3.6
Software Development	$1.1	$1.7	$2.9
Minor Construction	$2.2	$2.7	$3.6
Total	$13.2	$14.3	$15.9

Some totals may not add due to rounding.

The NUWC's modest investment in capital assets will acquire affordable and technically efficient capabilities to support customer requirements. Minor construction includes projects meeting the criteria of the Defense Laboratory Revitalization Program. The projects will replace aging temporary buildings and upgrade and expand lab capability to accommodate workload growth and increase efficiency.

Carryover Compliance: ($Millions)	FY 2014	FY 2015	FY 2016
Net Carry-In	$581.1	$581.6	$580.5
Allowable Carryover	$570.1	$610.6	$642.0
Calculated Actual Carryover	$381.8	$395.2	$423.8
Delta (Actual-Allowable): Above Ceiling (+)/Below Ceiling (-)	($188.3)	($215.4)	($218.2)

Some totals may not add due to rounding.

Carryover for each budgeted year is within the allowable carryover limit.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
Revenue:			
Gross Sales			
Operations	1,002.5	1,089.2	1,110.4
Capital Surcharges	0.0	0.0	1.8
Depreciation	12.2	13.9	14.0
Other Income			
Total Income	1,014.7	1,103.1	1,126.3
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel Compensation & Benefits	3.5	3.3	2.9
Civilian Personnel Compensation & Benefits	605.0	602.1	613.7
Travel and Transportation of Personnel	25.9	28.6	28.8
Material & Supplies (Internal Operations)	53.1	49.3	49.5
Equipment	3.2	3.8	3.8
Other Purchases from NWCF	63.8	56.4	57.4
Transportation of Things	3.8	2.0	2.0
Depreciation - Capital	12.2	13.9	14.0
Printing and Reproduction	1.3	1.1	1.0
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication, Utilities & Misc Charges	23.5	20.8	21.1
Other Purchased Services	240.7	320.2	327.9
Total Expenses	1,036.0	1,101.4	1,121.8
Work in Process Adjustment	0.0	0.0	0.0
Comp Work for Activity Retention Adjustment	-0.4	0.0	0.0
Cost of Goods Sold	1,035.6	1,101.4	1,121.8
Operating Result	-20.9	1.7	4.4
Adjustments Affecting NOR	-1.6	0.0	-1.8
Capital Surcharges	0.0	0.0	-1.8
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Other Changes Affecting NOR (All Others)	-1.6	0.0	0.0
Net Operating Result	-20.9	1.7	2.6
PY AOR	20.4	-2.1	-2.6
TOTAL AOR	-2.1	-0.4	0.0
Non-Recoverable Adjustments impacting AOR	0.0	-2.2	0.0
AOR for budget purposes	-2.1	-2.6	0.0

Reflects adjustments to AOR to maintain operating cash associated with budgetary resources required for projected outlays.

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
1. New Orders	1,015.3	1,102.0	1,126.6
a. Orders from DoD Components:	854.0	901.0	922.6
Department of the Navy	823.8	880.4	901.3
O & M, Navy	264.3	280.4	285.3
O & M, Marine Corps	1.5	1.4	1.4
O & M, Navy Reserve	0.5	1.1	1.1
O & M, Marine Corp Reserve	0.0	0.0	0.0
Aircraft Procurement, Navy	9.1	11.8	12.5
Weapons Procurement, Navy	69.4	82.8	85.9
Ammunition Procurement, Navy/MC	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	78.2	102.3	105.4
Other Procurement, Navy	124.3	121.1	123.8
Procurement, Marine Corps	1.1	1.4	1.4
Family Housing, Navy/MC	0.0	0.0	0.0
Research, Dev., Test, & Eval., Navy	274.4	277.7	283.9
Military Construction, Navy	0.4	0.0	0.0
National Defense Sealift Fund	0.7	0.5	0.5
Other Navy Appropriations	0.0	0.0	0.0
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	4.7	4.5	4.7
Army Operation & Maintenance	0.8	0.8	0.9
Army Res, Dev, Test, Eval	1.7	1.8	1.9
Army Procurement	1.9	1.8	1.9
Army Other	0.2	0.0	0.0
Department of the Air Force	7.2	2.7	2.8
Air Force Operation & Maintenance	2.2	1.8	1.9
Air Force Res, Dev, Test, Eval	1.3	0.9	0.9
Air Force Procurement	0.0	0.0	0.0
Air Force Other	3.7	0.0	0.0
DOD Appropriation Accounts	18.3	13.5	13.9
Base Closure & Realignment	0.0	0.0	0.0
Operation & Maintenance Accounts	2.1	1.4	1.4
Res, Dev, Test & Eval Accounts	13.8	10.7	10.9
Procurement Accounts	2.1	1.2	1.3
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	0.2	0.2	0.2
b. Orders from other Fund Activity Groups	66.3	80.8	82.3
c. Total DoD	920.3	981.8	1,005.0
d. Other Orders:	95.0	120.2	121.7
Other Federal Agencies	4.6	5.4	5.6
Foreign Military Sales	63.1	91.8	92.4
Non Federal Agencies	27.3	23.0	23.7
2. Carry-In Orders	581.1	581.6	580.5
3. Total Gross Orders	1,596.4	1,683.6	1,707.1
a. Funded Carry-Over before Exclusions	581.6	580.5	580.9
4. Revenue(-)	1,014.7	1,103.1	1,126.3
5. End of Year Work-In-Process (-)	0.0	0.0	0.0
6. FMS, BRAC, Other Federal, Non-Federal orders, and Inst. MRTFB (-)	199.8	185.3	157.0
7. Funded Carryover	381.8	395.2	423.8

Note: Line 5 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	Costs
FY 2014 Actuals	**1,035.6**
FY 2015 President's Budget:	**1,010.5**
Estimated Impact in FY 2015 of Actual FY 2014 Experience:	**2.7**
Pricing Adjustments:	**(0.8)**
Civilian Personnel	
Fuel Price	
Other Price Changes	**(0.8)**
Working Capital Fund Rate Changes (FEC and DFAS)	(0.8)
Program Changes:	**91.4**
Workload aligned with customer budgets	91.4
Other Changes:	**(2.4)**
Depreciation	(0.6)
Next Generation Enterprise Network (NGEN) Centralized Funding	(1.8)
FY 2015 Current Estimate:	**1,101.4**

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	Costs
FY 2015 Current Estimate:	**1,101.4**
Pricing Adjustments:	**14.6**
Annualization of Prior Year Pay Raises	**1.3**
Civilian Personnel	1.3
Military Personnel	-
FY 2016 Pay Raise	**5.3**
Civilian Personnel	5.3
Military Personnel	-
Fuel Price Changes	(0.2)
General Purchase Inflation	7.1
Other Price Changes	**1.1**
Working Capital Fund Price Changes	1.1
Program Changes:	**1.2**
Workload aligned with customer budgets	1.2
Other Changes:	**4.6**
Depreciation	0.1
Facilities Sustainment, Restoration & Modernization	1.1
Federal Employees Retirement System Compensation Rate Increase	3.1
Federal Employees' Compensation Act Surcharge	0.2
Defense Finance & Accounting Service Workload	0.1
FY 2016 Estimate:	**1,121.8**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

		FY 2014		FY 2015		FY 2016	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**8**	**$4.141**	**13**	**$5.304**	**11**	**$5.731**
	- Vehicles	0	$0.000	0	$0.000	0	$0.000
	- Material Handling	1	$0.399	0	$0.000	1	$0.550
	- Installation Security	0	$0.000	0	$0.000	0	$0.000
	- Quality Control/Testing	1	$0.551	2	$0.585	5	$2.891
	- Medical Equipment	0	$0.000	0	$0.000	0	$0.000
	- Machinery	1	$0.700	5	$1.580	1	$0.600
	- Support Equipment	5	$2.491	6	$3.139	4	$1.690
2	**ADPE and Telecom Equipment >= $.250M**	**8**	**$5.712**	**8**	**$4.556**	**6**	**$3.629**
	- Computer Hardware (Production)	3	$1.476	2	$0.900	2	$1.264
	- Computer Hardware (Network)	3	$3.472	6	$3.656	3	$1.990
	- Computer Software (Operating)	0	$0.000	0	$0.000	0	$0.000
	- Telecommunications	1	$0.351	0	$0.000	0	$0.000
	- Other Support Equipment	1	$0.413	0	$0.000	1	$0.375
3	**Software Development >= $.250M**	**3**	**$1.144**	**5**	**$1.745**	**3**	**$2.940**
	- Internally Developed	3	$1.144	3	$1.185	2	$2.640
	- Externally Developed	0	$0.000	2	$0.560	1	$0.300
4	**Minor Construction (>= $.250M and <= $2.000M)**	**5**	**$2.221**	**6**	**$2.695**	**9**	**$3.558**
	- Replacement Capability	1	$0.751	1	$0.375	0	$0.000
	- New Construction	3	$1.145	5	$2.320	8	$3.158
	- Environmental Capability	1	$0.325	0	$0.000	1	$0.400
	Grand Total	**24**	**$13.218**	**32**	**$14.300**	**29**	**$15.858**
	Total Capital Outlays		**$12.592**		**$14.556**		**$13.558**
	Total Depreciation Expense		**$12.241**		**$13.899**		**$14.013**

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Research and Development	#001 - Non-ADP Equipment						Naval Undersea Warfare Center		
	FY 2014			FY 2015			FY 2016		
Non-ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Vehicles	0		$0	0		$0	0		$0
Material Handling	1	$399	$399	0		$0	1	$550	$550
Installation Security	0		$0	0		$0	0		$0
Quality Control/ Testing	1	$551	$551	2	$293	$585	5	$578	$2,891
Medical Equipment	0		$0	0		$0	0		$0
Machinery	1	$700	$700	5	$316	$1,580	1	$600	$600
Support Equipment	5	$498	$2,491	6	$523	$3,139	4	$423	$1,690
Total	8	$518	$4,141	13	$408	$5,304	11	$521	$5,731

Justification:

These Non-ADP investments fund the acquisition of mission essential equipment that support research and development, test and evaluation of current and newly developed submarine and undersea systems. Investments include the replacement of equipment that is unsafe, beyond economical repair; technically obsolete; or otherwise unusable, as well as, support equipment for new capabilities. These investments support submarine and undersea warfare systems including advanced sonar and combat systems, autonomous vehicles, weapons system, sensors and payload integration, advanced launcher systems, communications/imaging systems, rangecraft, material depot, and range systems. Equipment procurements will support initiatives such as:

- Undersea warfare systems test and evaluation
- Undersea tracking range development and operation
- Environmental and marine mammal mitigation measures
- Undersea communication system development and testing
- Autonomous and advanced sensor systems
- USW sonar systems calibration and testing
- Rapid prototyping and fabrication of USW systems
- Torpedo and unmanned systems in-service engineering
- USW obsolescence engineering
- USW materials fabrication
- Material handling

The Naval Undersea Warfare Center is the Navy's source for undersea systems expertise and technology providing the Navy with innovative, effective and affordable systems and services. If this equipment is not acquired, the Warfare Center will be unable to support and test critical undersea warfare components and provide the Navy with affordable, innovative capabilities to meet future fleet needs. The Warfare Center can expect to incur loss of personnel productivity, decreased customer satisfaction, rapidly escalating maintenance costs, reduced services to the technical community, and technical obsolescence. Not being able to test and evaluate systems early in the development phase will increase the cost to the Navy by increasing development time and at-sea testing. Consequently, the Warfare Center will be unable to protect the fleet and make the necessary contributions to prepare for the future.

Economic Analysis:
Cost analyses were performed on all individual projects less than $1M. All non-ADPE projects have an estimated useful life of 10 years and a range of payback periods from 0.2 – 11.9 years.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Research and Development	#002 - ADP Equipment						Naval Undersea Warfare Center		
	FY 2014			FY 2015			FY 2016		
ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)	3	$492	$1,476	2	$450	$900	2	$632	$1,264
Computer Hardware (Network)	3	$1,157	$3,472	6	$609	$3,656	3	$663	$1,990
Computer Software (Operating System)	0		$0	0		$0	0		$0
Telecommunications	1	$351	$351	0		$0	0		$0
Other Support Equipment	1	$413	$413	0		$0	1	$375	$375
Total	8	$714	$5,712	8	$570	$4,556	6	$605	$3,629

Justification:

These investments will support the acquisition of automated data processing and telecommunications equipment for the undersea research and development community. Funds will provide networks/connectivity between shore-based Undersea Warfare systems and procurement of hardware for mission essential research, development, test and evaluation and high speed computing needs. Investments will include submarine networks (simulated integrated combat systems), integrated networked simulation visualization systems and information assurance and security upgrades.
In order to provide the necessary scientific computer resources at the Naval Undersea Warfare Center, adequate resources must be acquired to meet the research, development, test and evaluation needs. These computational engines, visualization engines and repositories of DoD high performance computer systems are required for engineers and scientists to develop innovative undersea warfare solutions. Replacement of obsolete computer equipment will provide the Warfare Center with more reliable and more cost effective resources which will ensure that the technical areas have the capabilities they need to meet requirements. Increased reliability will reduce maintenance costs, increase overall efficiency, and enhance compatibility throughout the Warfare Center. Investment in equipment will also provide enhanced test and evaluation capabilities which will help the Warfare Center implement technologies and reach back capability that enables forward deployed technical resources to be more efficient and effective.

ADP Equipment supporting the research and development community must remain on the cutting edge of technology to conduct complex simulations, perform predictive analysis, and analyze undersea system performance. The capability to conduct cutting edge scientific computing within the R&D community is in jeopardy if investments are not made. Current equipment supporting mission essential systems will no longer be supported by the manufacturer. Investment in network infrastructure to support RDT&E laboratories at the Warfare Center is required in order to support Fleet customers. Without a network infrastructure in place, the RDT&E laboratories will not be able to function, support their customers or allow the Warfare Center to pursue its mission. If these investments are not made the Navy will be limited in their capability for the shore-based development, integration and testing of new submarine sonar, combat and weapon systems.

An economic analysis was performed on the two projects equal to or greater than $1M. A cost comparison analysis was performed on all individual projects less than $1M. Projects have an average useful life of 5 years according to guidance provided in the OMB A-94 circular. These projects have a range of payback periods from 0.1 - 6.8 years.

Fiber Infrastructure Upgrade (FY14 - $1.972) Newport - Computer Hardware (Network)
This facility will expand the capabilities of the Narragansett Bay Test Facility to meet current and future warfighter needs. This project will provide connectivity from the Narragansett Bay Shallow Water Test Facility to Division Newport infrastructure. If this investment is not made, users would need to transport portable generators, or travel to distant test facilities to conduct their tests. Instead, scientists and engineers will be required to continue travelling to distant test facilities to satisfy in-water and at-sea testing requirements. A cost comparison analysis was performed on this project with an estimated useful life of 5 years and a payback period of 4.93 years.

Bldg. Access Cardreader System Replacement (FY14 - $1M; FY15 - $1M) Keyport - Computer Hardware Network
Replacement of existing Access Control/Intrusion Detection System (ACS/IDS) with one that used Common Access Card (CAC) as the access control card. Phase I (FY14) will upgrade 50% of the buildings with the remaining 50% upgraded in Phase II (FY15). Upgrade will ensure compliance with HSPD-12 (Homeland Security Presidential Directive) and FIPS-201 (Federal Information Process Standard). Impact if not funded will include loss of Authority to Operate with existing ACS/IDS, which would result in increased cost due to the required 24/7 monitoring of all secured spaces. The payback period of this investment is 4.9 years for FY14 and FY15.

Bldg. Access Cardreader System Replacement (FY15 - $1M; FY16 - $1M) Newport - Computer Hardware Network
Replacement of existing Access Control/Intrusion Detection System (ACS/IDS) with one that used Common Access Card (CAC) as the access control card. Phase I (FY15) will upgrade 50% of the buildings with the remaining 50% upgraded in Phase II (FY16). Upgrade will ensure compliance with HSPD-12 (Homeland Security Presidential Directive) and FIPS-201 (Federal Information Process Standard). Impact if not funded will include loss of Authority to Operate with existing ACS/IDS, which would result in increased cost due to the required 24/7 monitoring of all secured spaces. The payback period of this investment is 6.8 years for FY15 and FY16.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Research and Development	#003 - Software Development						Naval Undersea Warfare Center		
	FY 2014			FY 2015			FY 2016		
Software	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Internally Developed	3	$381	$1,144	3	$395	$1,185	2	$1,320	$2,640
Externally Developed	0		$0	2	$280	$560	1	$300	$300
Total	3	$381	$1,144	5	$349	$1,745	3	$980	$2,940

Justification:

These investments will support the acquisition or development of software for the more effective and efficient operation of navy owned towed array calibration facilities, improve simulated submarine networks and more closely integrate submarine systems including sonar, combat control and communication systems. These investments will also improve the Navy's capabilities in obsolescence management and in USW modeling and simulation.

These investments will directly support the transformation of the Warfare Centers to become a more agile support organization. These investments will improve the Navy's modeling and simulation capabilities and test and evaluation capabilities for submarine networks and systems. These modeling and simulation capabilities also enable the Warfare Centers to be more proactive in developing life-cycle solutions by providing the capability to model end-to-end mission/platform level naval engagements.

Without these investments, the warfare center will be unable to continue development, test and integration of submarine systems in a common, integrated fashion. Undersea warfare models need to be reviewed in light of modern computing architectures and futuristic ASW concepts such as distributed netted systems (DNS) and improved, redesigned, or replaced as appropriate so that NUWC's mission-level USW modeling and analysis capability can be sustained for the next generation of analysis problems. Without these investments, the undersea simulation environment will not be fully equipped for high-level architecture (HLA) operation to support high-fidelity Hardware in the Loop (HWIL) Synthetic Ocean for joint warfighting training operations. Furthermore, the simulation environment will not have the flexibility to tailor training scenarios to any realistic scenario future operational commanders need to intensively prepare for and strategic/tactical analysis. Without investments, programs will continue to invest in unique software solutions leading to higher costs and time to develop and integrate submarine systems into the Fleet.

A cost comparison analysis was performed on all individual projects less than $1M. The useful life for these projects is 5 years and a range of payback periods from 1.7 - 4.9 years.

Enterprise, eCraft Project - (FY16 - $2,220) Software Development Internal
NAVSEA WCS employ a number of different tools to manage their commercial acquisition functions. These tools have varying capabilities for tracking and reporting of contract development and execution. Convert Division Newport legacy eCraft tool from a single site legacy tool to a standard legacy tool. The objective is for eCraft to serve as the single, end to end corporate commercial acquisition management solution for NAVSEA WC's. The payback period of this investment is .31 years for FY16.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Research and Development	#004 - Minor Construction ($250K - $750K)						Naval Undersea Warfare Center		
	FY 2014			FY 2015			FY 2016		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	1	$751	$751	1	$375	$375	0		$0
New Construction	3	$382	$1,145	5	$464	$2,320	8	$395	$3,158
Environmental Capability	1	$325	$325	0		$0	1	$400	$400
Total	5	$444	$2,221	6	$449	$2,695	9	$395	$3,558

Justification:

Investments in Minor Construction enhance the Naval Warfare Center Mission by developing buildings, structures or other real property. Minor Construction projects will replace obsolete facilities, consolidate operations for productivity increases, provide state of the art processing areas for new R&D missions, and correct environmental deficiencies. Minor construction projects include all costs to deliver a complete and usable project. Minor Construction projects meet the DOD capitalization criteria, however, 3 MCON projects do exceed the threshold specified by 10 USC 2805. The below MCON projects utilize Sec. 2804 of the FY08 National Defense Authoriztion Act (NDAA) authority for the Lab Revitaliztion Demonstration Program (LDRP) and authority to correct Life, Safety & Health issues.

Minor Construction is used at the Naval Warfare Centers to:
- modify existing spaces and construct new facilities to provide suitable space to design and test new equipment for the surface warfare community.
- improve security measures and provide increase security for new initiatives
- reduce operating expenses by building or improving government owned facilities so that leased space, high maintenance space, or portable space may be vacated.
- reduce energy consumption by installing energy efficient building systems
- modify existing systems to bring facilities up to current building, safety, or environmental codes.

Economic Information:
An economic analysis was performed on the project equal to or greater than $1M. A cost comparison analysis was performed on all individual projects less than $1M. Projects have an average useful life of 20 years according to guidance provided in the OMB A-94 circular. These projects have a range of payback periods from 2.2 - 22.4 years.

MCON Projects >$750K Utilizing LDRP authority
FY14 Collaborative Sensitive Compartmented Information (SCI) Facility - $750K Keyport

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2014	**1**	**Non ADP**		**$5.077**	**$4.141**	**-$0.936**	
			Material Handling	$0.400	$0.399	-$0.001	Actuals
			Quality Control/Testing	$0.385	$0.551	$0.166	Reprogramming, actuals
			Machinery	$0.700	$0.700	$0.000	
			Support Equipment	$3.592	$2.491	-$1.101	Reprogramming, actuals
	2	**ADP**		**$5.179**	**$5.712**	**$0.533**	
			Computer Hardware (Production)	$1.494	$1.476	-$0.018	Reprogramming, actuals
			Computer Hardware (Network)	$2.972	$3.472	$0.500	Reprogramming, actuals
			Telecommunications	$0.300	$0.351	$0.051	Reprogramming, actuals
			Other Support Equipment	$0.413	$0.413	$0.000	
	3	**Software**		**$1.145**	**$1.144**	**-$0.001**	
			Internally Developed	$1.145	$1.144	-$0.001	Actuals
	4	**Minor Construction**		**$1.925**	**$2.221**	**$0.296**	
			Replacement	$0.750	$0.751	$0.001	
			New Construction	$0.875	$1.145	$0.270	Actuals
			Environmental Capability	$0.300	$0.325	$0.025	Reprogramming, actuals
TOTAL FY 2014 CIP Program				**$13.326**	**$13.218**	**-$0.108**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2015	**1**	**Non ADP**		**$5.493**	**$5.304**	**-$0.189**	Program Restructure
			Quality Control/Testing	$1.290	$0.585	-$0.705	
			Machinery	$0.660	$1.580	$0.920	
			Support Equipment	$3.543	$3.139	-$0.404	
	2	**ADP**		**$3.487**	**$4.556**	**$1.069**	Program Restructure
			Computer Hardware (Production)	$1.537	$0.900	-$0.637	
			Computer Hardware (Network)	$1.700	$3.656	$1.956	
			Other Support Equipment	$0.250	$0.000	-$0.250	
	3	**Software**		**$1.495**	**$1.745**	**$0.250**	Program Restructure
			Internally Developed	$1.195	$1.185	-$0.010	
			Externally Developed	$0.300	$0.560	$0.260	
	4	**Minor Construction**		**$3.825**	**$2.695**	**-$1.130**	Program Restructure
			Replacement	$0.975	$0.375	-$0.600	
			New Construction	$2.050	$2.320	$0.270	
			Environmental Capability	$0.800	$0.000	-$0.800	
TOTAL FY 2015 CIP Program				**$14.300**	**$14.300**	**$0.000**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2016	**1**	**Non ADP**		**$5.731**	**$5.731**	**$0.000**	
			Material Handling	$0.550	$0.550		
			Quality Control/Testing	$2.891	$2.891		
			Machinery	$0.600	$0.600		
			Support Equipment	$1.690	$1.690		
	2	**ADP**		**$3.629**	**$3.629**	**$0.000**	
			Computer Hardware (Production)	$1.264	$1.264		
			Computer Hardware (Network)	$1.990	$1.990		
			Other Support Equipment	$0.375	$0.375		
	3	**Software**		**$2.940**	**$2.940**	**$0.000**	
			Internally Developed	$2.640	$2.640		
			Externally Developed	$0.300	$0.300		
	4	**Minor Construction**		**$3.558**	**$3.558**	**$0.000**	
			New Construction	$3.158	$3.158		
			Environmental Capability	$0.400	$0.400		
TOTAL FY 2016 CIP Program				**$15.858**	**$15.858**	**$0.000**	

CARRYOVER RECONCILIATION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
Part 1			
1. Net Carry-In	581.1	581.6	580.5
2. Revenue	1,014.7	1,103.1	1,126.3
3. New Orders	1,015.3	1,102.0	1,126.6
4. Exclusions:			
Foreign Military Sales	63.1	91.8	92.4
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Department and Agencies	4.6	5.4	5.6
Non-Federal and Others	27.3	23.0	23.7
Institutional Major Range & Test Facility Base	62.6	65.7	62.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
5. Orders for Carryover Calculation	857.7	916.1	942.9
6. Weighted Average Outlay Rate	46.6%	46.2%	46.1%
7. Carryover Rate	53.4%	53.8%	53.9%
8. Allowable Carryover	570.1	610.6	642.0
Allowable Carryover(First Year)	458.2	493.0	508.7
Allowable Carryover (Second Year Procurement-funded Orders)	111.9	117.6	133.3
Part II			
9. Balance of Customer Order at Year End	581.6	580.5	580.9
10. Work-in-progress	0.0	0.0	0.0
11. Exclusions:			
Foreign Military Sales	146.6	135.0	108.1
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Department and Agencies	1.6	1.8	2.0
Non-Federal and Others	25.8	24.7	22.6
Institutional Major Range & Test Facility Base	25.8	23.8	24.4
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
12. Calculated Actuals Carryover	381.8	395.2	423.8

Some totals may not add due to rounding.

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6. SPAWAR Systems Center

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NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Mission Statement / Overview:

The Space and Naval Warfare Systems Centers (SSCs) bring knowledge superiority to the warfighter. Their mission is to provide Naval, Joint, and National knowledge superiority through quality Research, Development, Test, and Evaluation (RDT&E) and acquisition; to rapidly deploy and provide full cycle support for sustainable, survivable, and interoperable Command, Control, Communication, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR), Information Operations (IO), Enterprise Information Services (EIS) and space capabilities. The Space and Naval Warfare Systems Command (SPAWAR) is the Navy's information dominance systems command, and the SSCs are SPAWAR's principal technical agent. Information dominance is the ability to seize and control the information domain "high ground" when, where, and however required for decisive competitive advantage across the range of Navy missions.

The SSCs are the C4ISR providers of choice for hundreds of customers throughout Navy and Department of Defense (DoD), and play an important role in the support of related technologies for Homeland Security, the Federal Bureau of Investigation, Department of State, and other federal agencies. As such, the SSCs must maintain innovative scientific and technical expertise, facilities, and the understanding of defense requirements to ensure that the Navy can develop, acquire, and maintain the systems needed to meet customer requirements at an acceptable price. The SSCs provide cradle-to-grave products and services including:

- Warfare systems analysis
- Plan and conduct effective technology programs
- Cost conscious systems engineering and technical support to program managers in all phases of systems development and acquisition
- Test and evaluation support including RDT&E and measurement facilities
- Technical input to the development of operational tactics
- Electronics material support (technical and management) for systems and equipment
- Specialized technical support to the Fleet for quick-reaction requirements

Activity Group Composition:

The SSCs are under the management of the SPAWAR. This organizational structure facilitates the entire cycle of systems engineering from research and development through waterfront support. SSC Pacific has its headquarters in San Diego, CA, with offices in Philadelphia, PA; Pearl Harbor, HI; Guam; and Japan. SSC Atlantic has its headquarters in Charleston, SC, with offices in Norfolk, VA; and Washington, DC.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Significant Changes Since the FY 2015 President's Budget: There are no significant changes in the activity group or composition since the FY 2015 President's Budget.

Financial Profile:

Revenue/Expense/Operating Results ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Orders	$2,186.6	$2,390.1	$2,397.4
Revenue	$2,276.9	$2,454.7	$2,493.9
Expense	$2,281.3	$2,452.6	$2,510.9
Operating Results	($4.4)	$2.2	($17.0)
Capital Surcharge	($1.5)	$0.0	$0.0
Net Operating Results (NOR)	($5.9)	$2.2	($17.0)
Other Changes Affecting AOR	$0.0	($5.6)	$0.0
Accumulated Operating Results (AOR)	$20.5	$17.0	$0.0

Some totals may not add due to rounding.

Orders, Revenue and Expense: Slight changes in orders from FY 2014 to FY 2016 are based on updated new orders estimates as coordinated with customers. Contributing to the change in revenue and expense from FY 2014 to FY 2016 is an increase in civilian labor estimates required to support anticipated customer workload. Other changes to revenue and expense are a result of inflation/pricing changes, the impact of one additional work day in FY 2016, the increase of the Federal Employees Retirement System (FERS) employer contribution, the increase to funding facilities sustainment requirements, and an increase to facilities restoration and modernization requirements. The $5.6 million adjustment to AOR in FY 2015 is to maintain operating cash associated with budgetary resources required for projected outlays.

Collections/Disbursements/Outlays ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Collections	$2,314.1	$2,266.2	$2,285.8
Disbursements	$2,346.9	$2,312.4	$2,309.4
Outlays	$32.8	$46.2	$23.6

Some totals may not add due to rounding.

Current net outlay projections reflect changes in workload and updated operating estimates.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Workload:

Direct Labor Hours (000):	**FY 2014**	**FY 2015**	**FY 2016**
Current Estimate	9,728	9,869	10,042

Direct Labor Hours: The changes in direct labor hours estimates relate to supporting customer workload for efforts like Cyber and Information Assurance (IA), the Department of Defense Healthcare Management Systems, and the Marine Corps Global Combat Support System.

Performance Indicators: The Centers' outputs are scientific and engineering designs, developments, tests, evaluations, analyses, installations, and fleet support for systems in the SSCs' mission areas. The measure for these outputs is the direct labor hour worked for a customer. Customers are charged a predetermined stabilized billing rate per direct employee hour worked. The rate includes the salary and benefits costs of the performing employee (direct labor costs) and a share of the overhead costs of the SSCs, both general and administrative support and the unique production overhead costs of the performing employee's cost center. Non-labor, non-overhead costs, such as customer required material and equipment purchases, travel expenses, and contractual services, are charged to the customer on an actual cost reimbursable basis, and are excluded from the SSCs' stabilized pricing structure. The SSCs use total stabilized cost per direct labor hour as their performance criterion.

Unit Cost:	**FY 2014**	**FY 2015**	**FY 2016**
Total Stabilized Cost ($Millions)	$1,052.2	$1,071.1	$1,103.7
Workload (DLHs) (000)	9,728	9,869	10,042
Unit cost (per DLH)	$108.16	$108.54	$109.91

Unit Cost is the method established to authorize and control costs. Unit cost goals allow activities to respond to workload changes in execution by encouraging reduced costs when workload declines and allowing appropriate increases in costs when customers request additional services.

FY 2016 reflects stabilized costs and associated stabilized hours.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Stabilized / Composite Rates:	**FY 2014**	**FY 2015**	**FY 2016**
Stabilized Rate	$106.64	$107.12	$108.29
Change from Prior Year		0.45%	1.09%
Composite Rate Change		1.28%	1.62%

The Stabilized Rate consists of direct labor and applied overhead. Unique direct non-labor costs are billed on a reimbursable basis to the customer. The composite rate change incorporates both the stabilized costs and the reimbursable costs. The FY2016 rate increase is primarily due to additional customer workload.

Staffing:

Civilian/Military ES & Workyears:	**FY 2014**	**FY 2015**	**FY 2016**
Civilian End Strength	7,878	7,917	7,996
Civilian Workyears (straight time)	7,752	7,816	7,891
Military End Strength	89	80	80
Military Workyears	83	80	80

Civilian Personnel: The SSCs continue their efforts to revitalize the workforce, balance the skills mix, and shape force capabilities to address current and future threats.

Military Personnel: Military workforce levels are projected to remain stable.

Capital Investment Program (CIP):

CIP Authority ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Equipment, Non-ADP / Telecom	$0.0	$0.0	$0.0
Equipment, ADPE / Telecom	$1.6	$1.2	$1.2
Software Development	$0.0	$0.9	$0.0
Minor Construction	$7.2	$6.6	$7.1
Total	$8.7	$8.7	$8.3

Some totals may not add due to rounding.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

The SSCs' modest investment in capital assets will acquire affordable and technically efficient capabilities to support customer requirements. Minor construction includes projects meeting the criteria of the Defense Laboratory Revitalization Program. The projects will replace aging temporary buildings and upgrade and expand lab capability to accommodate workload growth and increase efficiency.

Carryover Compliance ($ Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Net Carry-In	$1,241.8	$1,151.4	$1,086.8
Allowable Carryover	$1,390.9	$1,458.6	$1,483.1
Calculated Actual Carryover	$880.1	$842.7	$764.5
Delta (Actual-Allowable): Above Ceiling (+)/Below Ceiling (-)	($510.8)	($615.9)	($718.6)

Some totals may not add due to rounding.

Budgeted carryover is within the allowable ceiling target amount.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
Revenue:			
Gross Sales			
Operations	2,267.1	2,446.0	2,485.6
Capital Surcharges	1.5	0.0	0.0
Depreciation	8.3	8.7	8.3
Other Income			
Total Income	2,276.9	2,454.7	2,493.9
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel Compensation & Benefits	7.5	7.9	7.7
Civilian Personnel Compensation & Benefits	1,028.0	1,044.2	1,077.5
Travel and Transportation of Personnel	37.1	37.7	38.2
Material & Supplies (Internal Operations)	211.1	238.7	238.1
Equipment	75.0	74.9	74.5
Other Purchases from NWCF	20.5	26.0	25.4
Transportation of Things	9.0	5.1	5.2
Depreciation - Capital	8.3	8.7	8.3
Printing and Reproduction	0.2	0.4	0.4
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication, Utilities & Misc Charges	28.9	29.1	29.4
Other Purchased Services	855.7	980.1	1,006.3
Total Expenses	2,281.3	2,452.6	2,510.9
Work in Process Adjustment	0.0	0.0	0.0
Comp Work for Activity Retention Adjustment	0.0	0.0	0.0
Cost of Goods Sold	2,281.3	2,452.6	2,510.9
Operating Result	-4.4	2.2	-17.0
Adjustments Affecting NOR	-1.5	0.0	0.0
Capital Surcharges	-1.5	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Other Changes Affecting NOR (All Others)	0.0	0.0	0.0
Net Operating Result	-5.9	2.2	-17.0
PY AOR	26.3	20.5	17.0
TOTAL AOR	20.5	22.6	0.0
Non-Recoverable Adjustments impacting AOR*	0.0	-5.6	0.0
AOR for budget purposes	20.5	17.0	0.0

*Reflects adjustments to AOR to maintain operating cash associated with budgetary resources required for projected outlays

Some totals may not add due to rounding

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
1. New Orders	2,186.6	2,390.1	2,397.4
a. Orders from DoD Components:	1,847.1	2,003.6	2,037.7
Department of the Navy	1,384.3	1,451.1	1,469.6
O & M, Navy	414.5	449.3	463.1
O & M, Marine Corps	61.8	73.3	74.4
O & M, Navy Reserve	6.5	4.1	3.8
O & M, Marine Corp Reserve	0.5	0.3	0.3
Aircraft Procurement, Navy	9.3	10.7	11.2
Weapons Procurement, Navy	1.0	1.2	1.1
Ammunition Procurement, Navy/MC	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	67.5	66.8	63.7
Other Procurement, Navy	495.3	499.9	496.6
Procurement, Marine Corps	66.7	87.6	86.8
Family Housing, Navy/MC	0.7	0.8	0.9
Research, Dev., Test, & Eval., Navy	259.0	254.8	264.4
Military Construction, Navy	2.2	1.8	2.8
National Defense Sealift Fund	0.6	0.5	0.6
Other Navy Appropriations	0.0	0.0	0.0
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	57.4	82.4	85.5
Army Operation & Maintenance	18.1	28.6	29.0
Army Res, Dev, Test, Eval	22.8	25.2	26.4
Army Procurement	14.3	27.9	29.4
Army Other	2.2	0.7	0.8
Department of the Air Force	108.5	113.5	124.8
Air Force Operation & Maintenance	47.7	55.2	71.9
Air Force Res, Dev, Test, Eval	48.9	51.2	45.4
Air Force Procurement	11.9	7.1	7.5
Air Force Other	0.0	0.0	0.0
DOD Appropriation Accounts	296.9	356.5	357.9
Base Closure & Realignment	0.1	0.0	0.0
Operation & Maintenance Accounts	77.6	81.1	83.2
Res, Dev, Test & Eval Accounts	95.1	131.3	130.8
Procurement Accounts	79.5	84.0	81.6
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	44.8	60.1	62.3
b. Orders from other Fund Activity Groups	93.5	111.2	99.4
c. Total DoD	1,940.6	2,114.8	2,137.1
d. Other Orders:	245.9	275.3	260.3
Other Federal Agencies	175.2	206.7	189.5
Foreign Military Sales	45.9	45.7	46.6
Non Federal Agencies	24.9	22.9	24.3
2. Carry-In Orders	1,241.8	1,151.4	1,086.8
3. Total Gross Orders	3,428.3	3,541.5	3,484.2
a. Funded Carry-Over before Exclusions	1,151.4	1,086.8	990.3
4. Revenue(-)	2,276.9	2,454.7	2,493.9
5. End of Year Work-In-Process (-)	0.0	0.0	0.0
6. FMS, BRAC, Other Federal, Non-Federal orders, and Inst. MRTFB (-)	271.3	244.1	225.9
7. Funded Carryover	880.1	842.7	764.5

Note: Line 5 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	Costs
FY 2014 Actuals	**2,281.3**
FY 2015 President's Budget:	**2,518.3**
Estimated Impact in FY 2015 of Actual FY 2014 Experience:	**0.0**
Pricing Adjustments:	**0.0**
Productivity Initiatives and Other Efficiencies:	**-3.1**
Energy Efficiency and Conservation Savings	-3.1
Program Changes:	**-62.4**
Customer Workload	-62.4
Other Changes:	**-0.2**
Depreciation	-0.2
Facilities Sustainment, Restoration & Modernization	-0.8
One time Common Access Card (CAC) Upgrade	0.5
Defense Finance and Accounting Service (DFAS)	0.2
Engineering Support and Technical Services	-0.5
Communications	0.1
Training	0.4
Revised overhead contracts estimates	1.4
Next Generation Enterprise Network Software Assurance	-1.4
FY 2015 Current Estimate:	**2,452.6**

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	Costs
FY 2015 Current Estimate:	**2,452.6**
Pricing Adjustments:	**34.4**
Annualization of Prior Year Pay Raises	**2.9**
Civilian Personnel	2.9
Military Personnel	0.0
FY 2016 Pay Raise	**9.9**
Civilian Personnel	9.8
Military Personnel	0.1
Fuel Price Changes	0.0
General Purchase Inflation	21.3
Other Price Changes	**0.4**
Working Capital Fund Price Changes	0.4
Program Changes:	**10.6**
Customer Workload	10.6
Other Changes:	**13.2**
Depreciation	-0.5
Facilities Sustainment, Restoration & Modernization	4.6
Impact of one extra work day in FY 2016	4.1
Utilities cost adjustments	-0.6
Federal Employees Retirement System (FERS) employer contribution increase	5.6
FY 2016 Estimate:	**2,510.9**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

		FY 2014		FY 2015		FY 2016	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Vehicles	0	$0.000	0	$0.000	0	$0.000
	- Material Handling	0	$0.000	0	$0.000	0	$0.000
	- Installation Security	0	$0.000	0	$0.000	0	$0.000
	- Quality Control/Testing	0	$0.000	0	$0.000	0	$0.000
	- Medical Equipment	0	$0.000	0	$0.000	0	$0.000
	- Machinery	0	$0.000	0	$0.000	0	$0.000
	- Support Equipment	0	$0.000	0	$0.000	0	$0.000
2	**ADPE and Telecom Equipment >= $.250M**	**3**	**$1.568**	**3**	**$1.200**	**1**	**$1.200**
	- Computer Hardware (Production)	2	$1.100	2	$0.700	0	$0.000
	- Computer Hardware (Network)	1	$0.468	1	$0.500	1	$1.200
	- Computer Software (Operating)	0	$0.000	0	$0.000	0	$0.000
	- Telecommunications	0	$0.000	0	$0.000	0	$0.000
	- Other Support Equipment	0	$0.000	0	$0.000	0	$0.000
3	**Software Development >= $.250M**	**0**	**$0.000**	**1**	**$0.909**	**0**	**$0.000**
	- Internally Developed	0	$0.000	1	$0.909	0	$0.000
	- Externally Developed	0	$0.000	0	$0.000	0	$0.000
4	**Minor Construction (>= $.250M and <= $2.000M)**	**4**	**$7.181**	**4**	**$6.598**	**5**	**$7.051**
	- Replacement Capability	0	$0.000	0	$0.000	0	$0.038
	- New Construction	4	$7.181	4	$6.598	5	$7.013
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
	Grand Total	**7**	**$8.749**	**8**	**$8.707**	**6**	**$8.251**
	Total Capital Outlays		**$10.989**		**$10.225**		**$10.510**
	Total Depreciation Expense		**$8.295**		**$8.707**		**$8.251**

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Research and Development	#002 - ADP Equipment						Space and Naval Warfare Systems Centers		
	FY 2014			FY 2015			FY 2016		
ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)	2	$550	$1,100	2	$350	$700	0	$0	$0
Computer Hardware (Network)	1	$468	$468	1	$500	$500	1	$1,200	$1,200
Computer Software (Operating System)	0	$0	$0	0	$0	$0	0	$0	$0
Telecommunications	0	$0	$0	0	$0	$0	0	$0	$0
Other Support Equipment	0	$0	$0	0	$0	$0	0	$0	$0
Total	3	$523	$1,568	3	$400	$1,200	1	$1,200	$1,200

Justification:

Investments in the computer hardware (production) capability will serve to enhance and add more breadth to existing technological capabilities at SPAWAR Systems Centers. More powerful, analytical, long range tools will be added as well as memory and processor upgrades, which will enhance system performance and provide additional storage, backup capability, and associated licenses. These enhancements will allow data and reporting products to be easily sent from coast to coast, allowing for shared strategic planning and analysis. In addition, database tuning software will analyze and correct inefficient user queries in real-time, resulting in increased performance. Increased performance, along with state of the art "green" technology will result in reduced power requirements and Heating, Ventilation, and Air Conditioning (HVAC) requirements. Pre-investment cost analyses were performed for all projects. If these investment are not made, it will hinder the ability to easily share data and reporting products and to coordinate in strategic planning. Without these investments there will be continued limited memory capacity and degraded unit capability through-put for database queries, and will hinder SPAWAR's ability to effectively serve the Navy and other Department of Defense (DoD) customers.

Investments in the computer hardware (network) capability will provide a technology refresh that will allow the network to continue operations and support future needs of SPAWAR. The current capability provides a local area network for laboratories as well as a high-speed connection to the Defense Research and Engineering Network (DREN) and Non-Classified Internet Protocol Router Network (NIPRNET) using both Transmission Control Protocol/Internet Protocol (TCP/IP) and Asynchronous Transfer Mode (ATM) protocols. A pre-investment cost analysis was performed for this project. Without this upgrade, portions of the current RDT&E network architecture will not support the future networking needs of the research, development, and in-service engineering communities at SPAWAR. If this investment is not made it will result in a lack of networking support, continued limited computer and storage capability, and limit ability to RDT&E virtualization/hosting efforts for the Navy. These efforts are key to the success of the Navy and DoD operations now and in the future.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Research and Development	#003 - Software Development						Space and Naval Warfare Systems Centers		
	FY 2014			FY 2015			FY 2016		
Software	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Internally Developed	0	0	$0	1	$909	$909	0	0	$0
Externally Developed	0	0	$0	0	$0	$0	0	0	$0
Total	0	0	$0	1	$909	$909	0	0	$0

Justification:

A single investment in software in FY15 is planned at SPAWAR System Center (SSC) Pacific that is focused on multiple technical components in an interoperable Knowledge Management environment. This project will integrate authoritative data sources with collaborative tools into a single consolidated environment designed for business reporting. This investment will contribute to achieving better management of all projects by making information readily available in a common, integrated fashion that will benefit all projects at SSC Pacific. A pre-investment cost analysis was been performed for this project. The impact of not making the proposed investment is that SSC Pacific will continue to retrieve information that is presently accessible from separate data sources. Failure to invest in this project would also erode SSC Pacific's ability to provide technologically innovative products and state of the art expertise to Navy customers.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Research and Development	#004 - Minor Construction ($250K - $750K)						Space and Naval Warfare Systems Centers		
	FY 2014			FY 2015			FY 2016		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	0	$0	$0	0	$0	$0	0	$0	$38
New Construction	4	$1,795	$7,181	4	$1,650	$6,598	5	$1,403	$7,013
Environmental Capability	0	$0	$0	0	$0	$0	0	$0	$0
Total	4	$1,795	$7,181	4	$1,650	$6,598	5	$1,410	$7,051

Justification:

No project described herein exceeds the current Military Construction (MILCON) threshold.
All projects are within the $2 million threshold for minor construction afforded by the Defense Laboratory Revitalization Act (LRDP).

The authority requested in FY 2016 for Minor Construction/Replacement is planning costs for a project that will occur in FY 2017.

Investments in new construction will provide SPAWAR Systems Centers with solutions to address deficiencies in buildings and structures to meet mission efforts. No existing facilities currently exist to support the necessary capabilities. The projects proposed in this capability will be used to correct life safety egress deficiencies, provide unique facilities to support cyber requirements, create small boat mooring capability and improve the efficiency of the boat launch and recovery process, provide space for integration testing and training, provide electrical and mechanical upgrades, provide a back-up power generator to support multiple buildings, construct a Radio Frequency (RF) transparent radome, and create a Mobile Information and Cellular Communications Technology Engineering Center (MICCTEC) that does not currently exist at any United States Navy government facility.

A pre-investment cost analysis has been performed for all projects. Without these investments, human safety deficiencies would continue to exist. SPAWAR Systems Centers would be unable to perform the critical research, development, and testing of network defense, network exploitation and network attack tools/capabilities necessary to support the warfighter, and there would continue to be a lack of space to support critical Navy programs. In addition, lack of production capacity would expose the command to schedule risk, raise production costs, and hinder SPAWAR Systems Centers' ability to support the Navy and DoD customers.

In the Minor Construction/New Construction Capability, all 4 projects in FY 2014, 3 of the 4 projects in FY 2015, and all 5 projects in FY 2016 are part of LRDP.

The authority requested in FY 2014 to FY 2016 for Minor Construction/New Construction also includes planning costs for projects.

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2014	**1**	**Non ADP**		**$0.000**	**$0.000**	**$0.000**	
	2	**ADP**		**$1.600**	**$1.568**	**-$0.032**	
			Computer Hardware (Production)	$1.100	$1.100	$0.000	
			Computer Hardware (Network)	$0.500	$0.468	-$0.032	Authority no longer required.
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$8.122**	**$7.181**	**-$0.941**	
			Replacement	$0.450	$0.000	-$0.450	Project cancelled.
			New Construction	$7.672	$7.181	-$0.491	Authority no longer required.
TOTAL FY 2014 CIP Program				**$9.722**	**$8.749**	**-$0.973**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2015	**1**	**Non ADP**		**$0.000**	**$0.000**	**$0.000**	
	2	**ADP**		**$1.200**	**$1.200**	**$0.000**	
			Computer Hardware (Production)	$0.700	$0.700	$0.000	
			Computer Hardware (Network)	$0.500	$0.500	$0.000	
	3	**Software**		**$0.909**	**$0.909**	**$0.000**	
			Internally Developed	$0.909	$0.909	$0.000	
	4	**Minor Construction**		**$6.799**	**$6.598**	**-$0.201**	
			New Construction	$6.799	$6.598	-$0.201	Deferred design and planning costs.
TOTAL FY 2015 CIP Program				**$8.908**	**$8.707**	**-$0.201**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2016	**1**	**Non ADP**		**$0.000**	**$0.000**	**$0.000**	
	2	**ADP**		**$1.200**	**$1.200**	**$0.000**	
			Computer Hardware (Network)	$1.200	$1.200		
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$7.051**	**$7.051**	**$0.000**	
			Replacement	$0.038	$0.038		
			New Construction	$7.013	$7.013		
TOTAL FY 2016 CIP Program				**$8.251**	**$8.251**	**$0.000**	

CARRYOVER RECONCILIATION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
Part 1			
1. Net Carry-In	1,241.8	1,151.4	1,086.8
2. Revenue	2,276.9	2,454.7	2,493.9
3. New Orders	2,186.6	2,390.1	2,397.4
4. Exclusions:			
Foreign Military Sales	45.9	45.7	46.6
Base Realignment and Closure	-0.1	0.0	0.0
Other Federal Department and Agencies	175.2	206.7	189.5
Non-Federal and Others	24.9	22.9	24.3
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
5. Orders for Carryover Calculation	1,940.7	2,114.8	2,137.1
6. Weighted Average Outlay Rate	44.0%	44.3%	44.6%
7. Carryover Rate	56.0%	55.7%	55.4%
8. Allowable Carryover	1,390.9	1,458.6	1,483.1
Allowable Carryover(First Year)	1,087.2	1,177.9	1,183.0
Allowable Carryover (Second Year Procurement-funded Orders)	303.7	280.7	300.1
Part II			
9. Balance of Customer Order at Year End	1,151.4	1,086.8	990.3
10. Work-in-progress	0.0	0.0	0.0
11. Exclusions:			
Foreign Military Sales	36.4	33.8	29.6
Base Realignment and Closure	1.6	1.1	0.9
Other Federal Department and Agencies	205.8	182.9	171.0
Non-Federal and Others	27.6	26.2	24.4
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
12. Calculated Actuals Carryover	880.1	842.7	764.5

Some totals may not add due to rounding.

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7. Naval Research Laboratory

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NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT – NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Mission Statement / Overview:

The Naval Research Laboratory (NRL), the Navy's single, integrated corporate laboratory, provides the Navy with a broad foundation of in-house expertise from scientific through advanced development activity. Specific leadership responsibilities are assigned in the following areas: primary in-house research in the physical, engineering, space, and environmental sciences; broadly based exploratory and advanced development program in response to identified and anticipated Navy and Marine Corps needs; broad multidisciplinary support to the Naval Warfare Centers; and space systems technology development and support.

NRL operates as the Navy'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. In fulfillment of this mission, NRL initiates and conducts broad scientific research of a basic and long-range nature in scientific areas of interest to the Navy; conducts exploratory and advanced technological development deriving from or appropriate to the scientific program areas; develops prototype systems applicable to specific projects; assumes responsibility as the Navy's principal R&D activity in areas of unique professional competence upon designation from appropriate Navy or DoD authority; performs scientific research and development for other Navy activities and, where specifically qualified, for other agencies of the Department of Defense and, in defense-related efforts, for other Government agencies; serves as the lead Navy activity for space technology and space systems development and support; and serves as the lead Navy activity for mapping, charting, and geodesy marine chemistry & geochemistry research and development for the National Geospatial-Intelligence Agency.

Activity Group Composition:

In addition to its Washington, D.C. campus of about 131 acres and 89 main buildings, NRL maintains 14 other research sites, including a vessel for fire research and a Flight Squadron. The many diverse scientific and technological research and support facilities include a large facility located at the Stennis Space Center in Bay St. Louis, Mississippi, a facility at the Naval Support Activity, Monterey Bay in Monterey, California, the Chesapeake Bay Detachment in Maryland, and additional sites located in Maryland, Virginia, Alabama, and Florida.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT – NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
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SCIENTIFIC DEVELOPMENT SQUADRON ONE (VXS-1): This division is located aboard the Patuxent River Naval Air Station in Lexington Park, Maryland, operates and maintains three uniquely configured P-3 Orion and two RC-12 Huron turboprop aircraft as airborne research platforms for worldwide scientific research operations.

CHESAPEAKE BAY DETACHMENT: The detachment occupies a 168-acre site near Chesapeake Beach, Maryland, and provides facilities and support services for research in radar, electronic warfare, optical devices, materials, communications, and fire rescue. Because of its location high above the Chesapeake Bay on the western shore, unique experiments can be performed in conjunction with the Tilghman Island site 16 km across the bay.

NRL STENNIS SPACE CENTER (NRL-SSC): NRL-SSC is a tenant activity at NASA's Stennis Space Center. Other Navy tenants at the Stennis Space Center include the Naval Meteorology and Oceanography Command and the Naval Oceanographic Office, who are major operational users of the oceanographic and atmospheric research and development performed by the NRL. This unique concentration of operational and research oceanographies makes NRL-SSC the center of naval oceanography and the largest such grouping in the western world.

MARINE METEOROLOGY DIVISION: Located in Monterey, California, this division is a tenant activity of the Naval Support Activity, Monterey Bay, is collocated with the Fleet Numerical Meteorology and Oceanography Center to support development of numerical atmospheric prediction systems and related user products. This collocation allows easy access to a large vector classified supercomputer mainframe, providing real time as well as archived global atmospheric and oceanographic databases for research at Monterey and at other NRL locations.

Significant Changes Since the FY 2015 President's Budget:
There are no significant changes since the FY 2015 President's Budget.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT – NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Financial Profile:

Revenue/Expense/Operating Results ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Orders	$857.0	$685.0	$744.6
Revenue	$797.0	$693.9	$755.8
Expense	$794.7	$738.2	$757.9
Operating Results	$2.3	($44.3)	($2.1)
Capital Surcharge	$0.0	$0.0	$0.0
Net Operating Results (NOR)	$2.3	($44.3)	($2.1)
Other Changes Affecting AOR	$44.1	$46.4	$2.1
Accumulated Operating Results (AOR)	$46.4	$2.1	($0.0)

Some totals may not add due to rounding.

Orders, Revenue and Expense: The changes in orders primarily reflect updated projections based on historical execution. The increase in FY 2016 reflects a return to stable operations after the AOR recoupment in FY 2015. The changes in expense primarily reflect updated pricing estimates.

Collections/Disbursements/Outlays ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Collections	$791.2	$688.0	$752.9
Disbursements	$781.1	$738.8	$755.9
Outlays	($10.1)	$50.8	$3.0

Some totals may not add due to rounding.

Fluctuations in net outlays primarily reflect the timing of end-of-year billings and the impact of anticipated net operating results, discussed above.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT – NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Workload:

Direct Labor Hours (000):	**FY 2014**	**FY 2015**	**FY 2016**
Current Estimate	2,858.8	3,025.9	3,041.7

Direct Labor Hours: The direct workforce (scientists and engineers) reflects modest growth in FY 2015 and FY 2016 and sized in accordance with anticipated workload.

Performance Indicators: The primary performance indicator is unit cost, which represents the average cost of delivering goods and services to our customers.

Unit Cost:	**FY 2014**	**FY 2015**	**FY 2016**
Total Stabilized Cost ($Millions)	$420.7	$438.7	$452.5
Workload (DLHs) (000)	2,859	3,026	3,042
Unit cost (per DLH)	$147.2	$145.0	$148.8

Unit Cost is the method established to authorize and control costs. Unit cost goals allow activities to respond to workload changes in execution by encouraging reduced costs when workload declines and allowing appropriate increases in costs when customers request additional services.

The unit cost consists of total direct labor and overhead costs per direct labor hour. The FY 2016 increase is primarily due to increased Facilities Sustainment, Restoration and Modernization (FSRM) expense and removal of AOR recoupment experienced in FY 2015.

Stabilized / Composite Rates:	**FY 2014**	**FY 2015**	**FY 2016**
Stabilized Rate	$145.04	$122.74	$144.04
Change from Prior Year		-15.4%	17.4%
Composite Rate Change		-6.3%	9.8%

The Stabilized Rate consists of direct labor and applied overhead. Unique direct non-labor costs are billed on a reimbursable basis to the customer. The composite rate change incorporates both the stabilized costs and the reimbursable costs. The FY 2016 rate increase is primarily due to increased Facilities Sustainment, Restoration and Modernization (FSRM) expense and removal of AOR recoupment experienced in FY 2015.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT – NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Staffing:

Civilian/Military ES & Workyears:	FY 2014	FY 2015	FY 2016
Civilian End Strength	2,442	2,528	2,528
Civilian Workyears (straight time)	2,387	2,483	2,483
Military End Strength	56	59	54
Military Workyears	51	59	54

Civilian Personnel: Civilian strength levels, measured by both end strength and full-time equivalents (FTEs). Civilian strength levels remain relatively steady in the budget years.

Military Personnel: The Military resource estimates are a baseline projection of military personnel necessary to fulfill programming objectives and coordination with customers. Military resource estimates have been adjusted to reflect a balanced program of military resources to funded workload.

Capital Investment Program (CIP):

CIP Authority ($Millions):	FY 2014	FY 2015	FY 2016
Equipment, Non-ADP / Telecom	$10.9	$12.7	$11.4
Equipment, ADPE / Telecom	$2.5	$0.6	$3.7
Software Development	$0.0	$0.0	$0.0
Minor Construction	$2.0	$4.0	$4.0
Total	$15.4	$17.3	$19.1

Some totals may not add due to rounding.

The CIP request funds the acquisition of affordable and technically efficient capabilities to support customer requirements. Minor construction CIP includes projects meeting the criteria of the Defense Laboratory Revitalization Program. The projects will restore aging buildings and upgrade and expand lab capability to accommodate workload growth and increase efficiency.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT – NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Carryover Compliance ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Net Carry-In	$317.9	$378.0	$369.1
Allowable Carryover	$403.6	$344.5	$360.4
Calculated Actual Carryover	$328.7	$327.1	$322.5
Delta (Actual-Allowable): Above Ceiling (+)/Below Ceiling (-)	($74.9)	($17.4)	($37.9)

Some totals may not add due to rounding.

Budgeted carryover is within the allowable ceiling target amount.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
Revenue:			
Gross Sales			
Operations	781.6	676.4	736.7
Capital Surcharges	0.0	0.0	0.0
Depreciation	15.4	17.5	19.1
Other Income			
Total Income	797.0	693.9	755.8
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel Compensation & Benefits	3.8	3.7	3.5
Civilian Personnel Compensation & Benefits	333.2	345.2	352.1
Travel and Transportation of Personnel	7.9	9.1	9.2
Material & Supplies (Internal Operations)	47.7	39.0	39.8
Equipment	47.6	28.0	28.5
Other Purchases from NWCF	14.3	16.9	16.9
Transportation of Things	0.6	1.6	1.7
Depreciation - Capital	15.4	17.5	19.1
Printing and Reproduction	0.1	0.1	0.1
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication, Utilities & Misc Charges	23.0	32.9	33.6
Other Purchased Services	301.3	244.2	253.5
Total Expenses	794.8	738.2	757.9
Work in Process Adjustment	-0.1	0.0	0.0
Comp Work for Activity Retention Adjustment	0.0	0.0	0.0
Cost of Goods Sold	794.7	738.2	757.9
Operating Result	2.3	-44.3	-2.1
Adjustments Affecting NOR	-1.3	0.0	0.0
Capital Surcharges	0.0	0.0	0.0
Extraordinary Expenses Unmatched	-1.2	0.0	0.0
Other Changes Affecting NOR (All Others)	-0.1	0.0	0.0
Net Operating Result	1.1	-44.3	-2.1
PY AOR	45.4	46.4	2.1
TOTAL AOR	46.4	2.1	0.0
Non-Recoverable Adjustments impacting AOR	0.0	0.0	0.0
AOR for budget purposes	46.4	2.1	0.0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
1. New Orders	857.0	685.0	744.6
a. Orders from DoD Components:	765.9	623.8	668.1
Department of the Navy	503.2	458.6	471.8
O & M, Navy	52.9	20.4	20.8
O & M, Marine Corps	1.3	1.4	0.9
O & M, Navy Reserve	0.0	0.0	0.0
O & M, Marine Corp Reserve	0.0	0.0	0.0
Aircraft Procurement, Navy	1.9	0.9	1.0
Weapons Procurement, Navy	0.0	0.0	0.0
Ammunition Procurement, Navy/MC	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	1.8	1.4	1.5
Other Procurement, Navy	10.1	2.5	2.6
Procurement, Marine Corps	0.2	1.2	1.3
Family Housing, Navy/MC	0.0	0.0	0.0
Research, Dev., Test, & Eval., Navy	434.9	430.7	443.7
Military Construction, Navy	0.0	0.0	0.0
National Defense Sealift Fund	0.1	0.0	0.0
Other Navy Appropriations	0.0	0.0	0.0
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	19.6	14.7	21.0
Army Operation & Maintenance	5.6	4.8	8.5
Army Res, Dev, Test, Eval	9.3	6.5	7.9
Army Procurement	1.6	0.0	0.0
Army Other	3.1	3.5	4.5
Department of the Air Force	145.8	73.9	91.4
Air Force Operation & Maintenance	7.5	4.5	6.4
Air Force Res, Dev, Test, Eval	95.6	48.7	58.5
Air Force Procurement	42.8	20.7	26.4
Air Force Other	0.0	0.1	0.1
DOD Appropriation Accounts	97.4	76.5	84.1
Base Closure & Realignment	0.0	0.0	0.0
Operation & Maintenance Accounts	8.5	5.8	8.5
Res, Dev, Test & Eval Accounts	87.9	67.7	72.0
Procurement Accounts	0.1	1.8	2.2
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	0.9	1.2	1.4
b. Orders from other Fund Activity Groups	8.3	8.0	9.7
c. Total DoD	774.2	631.7	677.9
d. Other Orders:	82.9	53.3	66.7
Other Federal Agencies	70.7	43.6	55.7
Foreign Military Sales	0.3	1.0	1.6
Non Federal Agencies	11.8	8.7	9.5
2. Carry-In Orders	317.9	378.0	369.1
3. Total Gross Orders	1,174.9	1,063.0	1,113.7
a. Funded Carry-Over before Exclusions	378.0	369.1	357.8
4. Revenue(-)	797.0	693.9	755.8
5. End of Year Work-In-Process (-)	0.6	0.6	0.6
6. FMS, BRAC, Other Federal, Non-Federal orders, and Inst. MRTFB (-)	48.7	41.4	34.7
7. Funded Carryover	328.7	327.1	322.5

Note: Line 5 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	Costs
FY 2014 Actuals	**794.7**
FY 2015 President's Budget:	**737.4**
Estimated Impact in FY 2015 of Actual FY 2014 Experience:	**0.0**
Pricing Adjustments:	**0.0**
Program Changes:	**1.9**
Civilian Labor Pricing	1.9
Other Changes:	**-1.1**
Depreciation	-1.0
Other	-0.1
FY 2015 Current Estimate:	**738.2**

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	Costs
FY 2015 Current Estimate:	**738.2**
Pricing Adjustments:	**11.6**
Annualization of Prior Year Pay Raises	**1.3**
Civilian Personnel	1.3
Military Personnel	0.0
FY 2016 Pay Raise	**4.4**
Civilian Personnel	4.4
Military Personnel	0.0
Fuel Price Changes	0.0
General Purchase Inflation	5.8
Other Price Changes	**0.1**
Other	0.1
Productivity Initiatives and Other Efficiencies:	**0.0**
Program Changes:	**6.5**
Facilities Sustainment, Restoration & Modernization	5.4
Military Labor	-0.2
Increased Share of Federal Employees Retirement System (FERS)	1.2
Federal Employees Compensation Act (FECA)	0.1
Other Changes:	**1.6**
Depreciation	1.6
FY 2016 Estimate:	**757.9**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

		FY 2014		FY 2015		FY 2016	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**18**	**$10.915**	**25**	**$12.686**	**24**	**$11.429**
	- Vehicles	0	$0.000	1	$0.000	0	$0.000
	- Material Handling	0	$0.000	0	$0.000	0	$0.000
	- Installation Security	0	$0.000	0	$0.000	0	$0.000
	- Quality Control/Testing	0	$0.000	0	$0.000	0	$0.000
	- Medical Equipment	0	$0.000	0	$0.000	0	$0.000
	- Machinery	1	$0.511	1	$0.255	0	$0.000
	- Support Equipment	17	$10.404	23	$12.431	24	$11.429
2	**ADPE and Telecom Equipment >= $.250M**	**6**	**$2.488**	**1**	**$0.650**	**4**	**$3.671**
	- Computer Hardware (Production)	5	$2.121	1	$0.650	4	$3.671
	- Computer Hardware (Network)	0	$0.000	0	$0.000	0	$0.000
	- Computer Software (Operating)	0	$0.000	0	$0.000	0	$0.000
	- Telecommunications	1	$0.367	0	$0.000	0	$0.000
	- Other Support Equipment	0	$0.000	0	$0.000	0	$0.000
3	**Software Development >= $.250M**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Internally Developed	0	$0.000	0	$0.000	0	$0.000
	- Externally Developed	0	$0.000	0	$0.000	0	$0.000
4	**Minor Construction (>= $.250M and <= $2.000M)**	**2**	**$2.041**	**1**	**$4.000**	**3**	**$4.000**
	- Replacement Capability	2	$2.041	1	$4.000	3	$4.000
	- New Construction	0	$0.000	0	$0.000	0	$0.000
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
	Grand Total	**26**	**$15.444**	**27**	**$17.336**	**31**	**$19.100**
	Total Capital Outlays		**$5.119**		**$17.336**		**$19.100**
	Total Depreciation Expense		**$15.386**		**$17.500**		**$19.100**

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Research and Development	#001 - Non-ADP Equipment						Naval Research Laboratory		
	FY 2014			FY 2015			FY 2016		
Non-ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Vehicles	0		$0	1		$0	0		$0
Material Handling	0		$0	0		$0	0		$0
Installation Security	0		$0	0		$0	0		$0
Quality Control/ Testing	0		$0	0		$0	0		$0
Medical Equipment	0		$0	0		$0	0		$0
Machinery	1	$511	$511	1	$255	$255	0		$0
Support Equipment	17	$612	$10,404	23	$540	$12,431	24	$476	$11,429
Total	18	$606	$10,915	25	$507	$12,686	24	$476	$11,429

Vehicles

As part of NRL's continued mission to remain at the forefront of research, development and technology, there is one investment for FY 2015 in the vehicle capability. Acquiring technologically advanced vehicles is directly connected to NRL's mission of operating as the Navy's full-spectrum corporate laboratory. FY 2015's investment will provide a mobile test system from which the NRL Radar division will serve as a mobile command facility and include the necessary equipment to conduct field experiments without external hookups. The research knowledge gained from this investment will enable NRL to sufficiently meet mission requirements for highly visible government programs. A pre-investment economic analysis was performed.

Machinery

As part of NRL's continued mission to remain at the forefront of research, development and technology, FY 2015 has one investment proposed in the machinery capability. Obtaining state-of-the-art machines to support NRL's mission is vital. The proposed equipment will increase NRL's capabilities in the area of computer numerical control machining research. The knowledge and capabilities gained from this investment will enable NRL to sufficiently meet research requirements for highly visible government programs. A pre-investment economic analysis was performed.

Support Equipment

Equipment acquisition in the support equipment capability for FY 2015 and FY 2016 will preserve, enhance and support requirements to maintain a technologically advanced, state-of-the-art laboratory and are tied directly to NRL's science and technology mission. NRL's largest investment will be in FY 2016 with the "Spin Balance System," costing more than one million dollars. This investment will support space research and is a self-contained and fully automatic system for the measurement of dynamic balance, product of inertia, moment of inertia and center of gravity offset in a single setup. This new investment will directly support NRL and help to meet system requirements, and increase efficiency in integration and test schedule, by allowing for a one stop measurement process for large spacecraft spinning and balancing.

Additional investments for both years will be made in the following research areas: broadband imaging, diamond deposition science and technology, in-field magnetic measurements of nanostructured devices, real-time in situ monitoring of chemical reactions by mid-range FTIR spectroscopy, and the characterization of volumetric radiation patterns. Pre-investment economic analyses were performed for all projects.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Research and Development	#002 - ADP Equipment						Naval Research Laboratory		
	FY 2014			FY 2015			FY 2016		
ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)	5	$424	$2,121	1	$650	$650	4	$918	$3,671
Computer Hardware (Network)	0	0	$0	0	0	$0	0	0	$0
Computer Software (Operating System)	0	0	$0	0	0	$0	0	0	$0
Telecommunications	1	$367	$367	0	0	$0	0	0	$0
Other Support Equipment	0	0	$0	0	0	$0	0	0	$0
Total	6	$415	$2,488	1	$650	$650	4	$918	$3,671

Justification:

Computer Hardware (Production)

Several investments in computer hardware (production) are proposed for FY 2015 and FY 2016. In FY 2015, the investment will support the acquisition, processing, and dissemination of geospatial data products.

In FY 2016, some of the investments will benefit the following areas: data-parallel floating point computation, moderate scale distributed-memory computing and high resolution data and ensemble numerical simulation. Pre-investment economic analyses were performed for all projects.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Research and Development	#004 - Minor Construction ($250K - $4,000K)						Naval Research Laboratory		
	FY 2014			FY 2015			FY 2016		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	2	$1,021	$2,041	1	$4,000	$4,000	3	$1,333	$4,000
New Construction	0		$0	0		$0	0		$0
Environmental Capability	0		$0	0		$0	0		$0
Total	2	$1,021	$2,041	1	$4,000	$4,000	3	$1,333	$4,000

Justification:

Replacement

The FY 2015 Laboratory Revitalization Demonstration Program (LRDP) investment of $4M is for the "Power Electronics Addition" project, which provides for approximately 7,800 square feet of support space for the Electronics Science and Technology division's current and future requirements of research in electronics development. This investment is envisioned to meet this division's space inadequacies. In addition, this investment will allow for the extension of development in the area of solid state electronics research; as well as related technologies that support Navy and DoD interests and competence in the full range of new weapons capabilities enabled by high-power solid state electronic devices. A pre-investment economic analysis was performed for this investment.

There will be three Minor Construction investments in FY 2016. The investments will provide a necessary cooling and emergency generator system, a central hot water heating plant and also upgrade a complete fire protection system. These investments are envisioned to meet the emergent needs of the Naval Research Laboratory and support critical research efforts. A pre-investment economic analysis was performed for each investment.

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2014	**1**	**Non ADP**		**$10.975**	**$10.915**	**-$0.060**	Projects' costs were less than initial estimates
			Machinery	$0.525	$0.511	-$0.014	
			Support Equipment	$10.450	$10.404	-$0.046	
	2	**ADP**		**$2.586**	**$2.488**	**-$0.098**	Projects' costs were less than initial estimates
			Computer Hardware (Production)	$2.121	$2.121	$0.000	
			Telecommunications	$0.465	$0.367	-$0.098	
	4	**Minor Construction**		**$4.000**	**$2.041**	**-$1.959**	Projects' costs were less than initial estimates
			Replacement	$4.000	$2.041	-$1.959	
TOTAL FY 2014 CIP Program				**$17.561**	**$15.444**	**-$2.117**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2015	**1**	**Non ADP**		**$12.686**	**$12.686**	**$0.000**	Funding adjusted as projects were reprioritized
			Machinery	$0.255	$0.255	$0.000	
			Support Equipment	$12.431	$12.431	$0.000	
	2	**ADP**		**$0.650**	**$0.650**	**$0.000**	Funding adjusted as projects were reprioritized
			Computer Hardware (Production)	$0.650	$0.650	$0.000	
	4	**Minor Construction**		**$4.000**	**$4.000**	**$0.000**	
			Replacement	$4.000	$4.000	$0.000	
TOTAL FY 2015 CIP Program				**$17.336**	**$17.336**	**$0.000**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2016	**1**	**Non ADP**		**$11.429**	**$11.429**	**$0.000**	
			Support Equipment	$11.429	$11.429		
	2	**ADP**		**$3.671**	**$3.671**	**$0.000**	
			Computer Hardware (Production)	$3.671	$3.671		
	4	**Minor Construction**		**$4.000**	**$4.000**	**$0.000**	
			Replacement	$4.000	$4.000		
TOTAL FY 2016 CIP Program				**$19.100**	**$19.100**	**$0.000**	

CARRYOVER RECONCILIATION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
Part 1			
1. Net Carry-In	317.9	378.0	369.1
2. Revenue	797.0	693.9	755.8
3. New Orders	857.0	685.0	744.6
4. Exclusions:			
Foreign Military Sales	0.3	1.0	1.6
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Department and Agencies	70.7	43.6	55.7
Non-Federal and Others	11.8	8.7	9.5
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
5. Orders for Carryover Calculation	774.2	631.7	677.9
6. Weighted Average Outlay Rate	48%	47%	48%
7. Carryover Rate	52%	53%	52%
8. Allowable Carryover	403.6	344.5	360.4
Allowable Carryover(First Year)	398.3	333.1	354.8
Allowable Carryover (Second Year Procurement-funded Orders)	5.3	11.4	5.6
Part II			
9. Balance of Customer Order at Year End	378.0	369.1	357.8
10. Work-in-progress	0.6	0.6	0.6
11. Exclusions:			
Foreign Military Sales	0.3	0.5	0.7
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Department and Agencies	38.8	34.6	29.0
Non-Federal and Others	9.6	6.4	5.1
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
12. Calculated Actuals Carryover	328.7	327.1	322.5

Some totals may not add due to rounding.

TAB #8 GOES HERE

8. Military Sealift Command

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NARRATIVE
DEPARTMENT OF THE NAVY
TRANSPORTATION – MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Mission Statement / Overview:

The Military Sealift Command (MSC) is the single manager-operating agency for sealift services. Over ocean movement of supplies and provisions to the deployed operating forces is a primary focus of MSC; it also maintains prepositioned equipment and supplies as well as other special mission services. These combine to support the Navy in deterring potential threats and promptly responding to crises in the maritime crossroads. This submission addresses MSC's Navy mission operating within the Navy Working Capital Fund (NWCF), providing support to the Fleet Commanders (FLTCOMs) and other DOD activities by providing unique vessels and programs. Ship availability for MSC customers is the metric for evaluating mission performance in the sealift transportation business area.

Activity Group Composition:

MSC supports Commander, U.S. Pacific Fleet (COMPACFLT) and United States Fleet Forces Command (USFFC), the Naval Sea Systems Command (NAVSEA), the Space and Naval Warfare Systems Command (SPAWAR), the Strategic Systems Programs (SSP), and the US Air Force with unique vessels and programs.

The five programs budgeted through the Navy Working Capital Fund (NWCF) are:

1. Combat Logistics Force (CLF): Provides support utilizing civilian mariner manned non-combatant ships for material support.

2. Special Mission Ships (SMS): Provides unique seagoing platforms, operation of Navy Command Ships, and contracted Harbor Tugs.

3. Afloat Prepositioning Force: Navy (APF-N): Deploys advance material for strategic lifts for the Marine Expeditionary Forces.

4. Service Support Ships (SSS): Provides Navy with towing, rescue and salvage, submarine support and cable laying repair series as well as command and control platform and floating medical facilities.

5. Joint High Speed Vessels – Navy (JHSV): Program is a cooperative effort for a high-speed, shallow draft vessel intended for rapid intra-theater transport of medium sized cargo payloads. JHSV will reach speeds of 35-45 knots and allow for the rapid transit and deployment of conventional or special forces as well as equipment and supplies. This program also contains the United States Naval Ship (USNS) GUAM and USNS PUERTO RICO.

NARRATIVE
DEPARTMENT OF THE NAVY
TRANSPORTATION – MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Significant Changes Since the FY 2015 President's Budget:

FY 2014 to FY 2015:

CLF – The USNS SUPPLY (T-AOE 6) will operate in a Full Operating Status (FOS) vs a Reduced Operating Status (ROS) status, the USNS WILLIAM MCLEAN (T-AKE 12) and the USNS RICHARD BYRD (T-AKE 4) will be retained in a Reduced Operating Status (ROS-45), and the USNS BRIDGE (T-AOE 10) will be deactivated.

SMS – The deactivation of USNS SUMNER (T-AGS 61) and USNS OBSERVATION ISLAND (T-AGM 23) accelerated to FY 2014 and delay in deliveries for USNS HOWARD LORENZEN (T-AGM 25) and USNS MAURY (T-AGS 66). A full year of operational costs will be recognized in FY 2015 for USNS HOWARD LORENZEN (T-AGM 25) and USNS MAURY (T-AGS 66).

APF-N – A full year of operational costs while in a ROS status will be recognized in FY 2015 for the USNS JOHN GLENN (MLP-2). Post Shakedown Availability (PSA) costs will be recognized for both USNS MONTFORD POINT (MLP-1) and USNS JOHN GLENN (MLP-2).

SSS – Cancellation of the Pacific Parnership-14 mission for USNS MERCY and addition of the Rim of the Pacific (RIMPAC) mission for 55 days for FY 2014. In FY 2015, re-establish USNS CATAWBA (T-ATF 168), USNS NAVAJO (T-ATF 169), USNS GRAPPLE (T-ARS 53), and USNS SAFEGUARD (T-ARS 50); increase manning for the USNS ZEUS (T-ARC 7) to support mission; and pre-delivery and post-delivery costs recognized for the USNS LEWIS B. PULLER (MLP-3).

JHSV - JHSV 1 – JHSV 4 are scheduled to be fully operating. USNS TRENTON (JHSV-5) and USNS BRUNSWICK (JHSV-6) are scheduled to come on line and pre-delivery cost will be recognized for USNS CARSON CITY (JHSV-7).

FY 2015 to FY 2016:

CLF – The USNS JOSHUA HUMPHREYS (T-AO 188) will operate as a per diem ship vice reimbursable and the USNS WILLIAM MCLEAN (T-AKE 12) and the USNS RICHARD BYRD (T-AKE 4) will operate in a Full Operating Status (FOS) in FY 2016 vice Reduced Operating Status (ROS).

SMS – No major changes.

APF-N – USNS MONTFORD POINT (MLP-1) and USNS JOHN GLENN (MLP-2) will operate a full year as a per diem ship vice reimbursable. In addition, the USNS JOHN GLENN (MLP-2) will operate in a Full Operating Status (FOS).

NARRATIVE
DEPARTMENT OF THE NAVY
TRANSPORTATION – MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

SSS – USS PONCE and USNS LEWIS B. PULLER (MLP-3) will operate a full year as per diem vice reimbursable and USNS CATAWBA (T-ATF 168), USNS NAVAJO (T-ATF 169), USNS GRAPPLE (T-ARS 53), and USNS SAFEGUARD (T-ARS 50) will be deactivated in FY 2016.

JHSV- JHSV 1 – JHSV 6 will operate a full year as per diem and the USNS CARSON CITY (JHSV-7) will be fully operational for half of the year as per diem. Pre-delivery costs will be recognized for USNS YUMA (JHSV-8).

Financial Profile:

Revenue/Expense/Operating Results ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Revenue	$2,511.9	$2,637.7	$2,858.1
Expense	$2,692.9	$2,737.1	$2,851.0
Operating Results	($180.9)	($99.4)	$7.2
Capital Surcharge	($2.2)	$0.0	$0.0
Net Operating Results (NOR)	($183.1)	($99.4)	$7.2
Other Changes Affecting AOR	$0.0	($101.9)	$0.0
Accumulated Operating Results (AOR)	$194.1	($7.2)	$0.0

Some totals may not add due to rounding.

Orders, Revenue and Expense: The variations in revenue and expense from year to year are associated with the changes in ship fleet within the following classes as discussed in the significant changes section above; T-AKE, T-AOE, T-AGS, T-AGM, T-ATF, T-ARS, MLP, and JHSV. The $101.9 million adjustment to AOR in FY 2015 is to maintain operating cash associated with budgetary resources required for projected outlays.

Net Operating Result (NOR): The FY 2015 President's Budget reflected a NOR of -$93.5 million vice the current estimate of -$99.4 million for FY 2015. The variance is a result of changes in ship fleet within the T-AKE, T-AOE, T-AGS, T-AGM, T-ATF, T-ARS, MLP, and JHSV as reflected in the significant changes section above. All changes have been incorporated into the FY 2016 rates.

Collections/Disbursements/Outlays ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Collections	$2,720.0	$2,637.7	$2,858.1
Disbursements	$2,681.7	$2,737.6	$2,850.6
Outlays	-$38.3	$99.9	-$7.5

Some totals may not add due to rounding.

NARRATIVE
DEPARTMENT OF THE NAVY
TRANSPORTATION – MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Collections: FY 2014 reflects actuals while FY 2015 and FY 2016 reflect expected revenue based on current estimates.

Disbursements: FY 2014 reflects actuals while FY 2015 and FY 2016 represent budgeted expenses and Capital Investment Program (CIP) outlays.

Workload: Workload for MSC refers to the number of per diem days associated with each of the five MSC programs.

Program (# of per diem days)	FY 2014	FY 2015	FY 2016
CLF	10,585	10,220	10,614
SMS	7,710	8,030	8,052
APF-N	5,110	5,110	5,856
SSS	5,099	5,110	4,392
JHSV	0	0	2,405

CLF - Decrease in FY 2015 is due to the deactivation of USNS RAINIER (T-AOE 7). The increase in FY 2016 is due to USNS JOSHUA HUMPHREYS (T-AO 188) operating as a per diem ship vice reimbursable.

SMS – Increase in FY 2015 is due to a full year of operational costs being recognized for USNS HOWARD LORENZEN (T-AGM 25) and USNS MAURY (T-AGS 66).

APF-N – Increase in FY 2016 is due to the USNS MONTFORD POINT (MLP-1) and the USNS JOHN GLENN (MLP-2) operating a full year as a per diem ship vice reimbursable. In addition, the USNS JOHN GLENN (MLP-2) will operate in a Full Operating Status (FOS).

SSS - Increase in FY 2015 is a result of cancellation of the Pacific Partnership-14 mission for the USNS MERCY (T-AH 19) and the addition of the RIMPAC mission for 55 days. The decrease in FY 2016 is due to the retirement of USNS CATAWBA (T-ATF 168), USNS NAVAJO (T-ATF 169), USNS GRAPPLE (T-ARS 52), and USNS SAFEGUARD (T-ARS 50).

JHSV - The increase in FY 2016 is due to the JHSV 1 – JHSV 6 operating as full year per diem ship vice reimbursable and the USNS CARSON CITY (JHSV-7) operating half a year as per diem.

NARRATIVE
DEPARTMENT OF THE NAVY
TRANSPORTATION – MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Reimbursable Orders ($Millions)	**FY 2014**	**FY 2015**	**FY 2016**
Current Estimate	$2,511.9	$2,637.7	$2,858.2

Orders for MSC equate to revenue. Variances are due to changes in per diem days, fuel price changes, and requirement to attain zero AOR in FY 2016.

Direct Labor Hours (000):	**FY 2014**	**FY 2015**	**FY 2016**
Current Estimate	19,274.0	17,399.1	17,895.0

Direct Labor Hours: Decrease from FY2014 to FY2015 is due to 2 T-AKEs being put in ROS 45 status and the de-activation of 2 T-AOE ships. The modest increase in FY 2016 is the result of 2 T-AKEs being put back in FOS status.

Performance Indicators: Program Performance is measured by ship availability days, which measures days against plan that ships are actually available to perform the function for which they were intended. Any change in ship operations such as FOS to ROS, transitioning ships between coasts, or changing ship status (e.g., from ROS-15 days, ROS-30 days or ROS-45 days) are coordinated with the respective MSC customer.

A summary of performance goals is reflected below:

Performance Measure	Goal	FY 2014	FY 2015	FY 2016
Ship Availability	95%	95%	95%	95%

Unit Cost:	**FY 2014**	**FY 2015**	**FY 2016**
CLF	$112,601	$121,757	$127,643
SMS	$34,720	$35,713	$38,300
APF-N	$49,278	$62,979	$64,432
SSS	$60,859	$65,759	$102,567
JHSV	$0	$0	$82,945

Unit Cost: MSC operates under five distinct unit cost goals - one for each of the programs. All programs have cost/per day as the unit cost basis (costs include only per diem expenses in the annual operating budget (AOB). Ship mix – (e.g., class of ships and operating status) impacts unit cost levels. Costs in all years are primarily a function of approved escalation, fuel, Civilian Mariner (CIVMAR) salaries, ship mix, and Maintenance and Repair (M&R).

NARRATIVE
DEPARTMENT OF THE NAVY
TRANSPORTATION – MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Performance Rate Change From Prior Year	FY 2014	FY 2015	FY 2016
CLF	-2.3%	8.1%	4.8%
SMS	-43.5%	2.9%	7.2%
APF-N	-18.2%	27.8%	2.3%
SSS	0.0%	8.1%	56.0%
JHSV	NA	NA	NA

Percentages reflect the change in unit cost from year to year and reflects changes in ship mix stated in the significant changes section. The increase in SSS rate change is a result of additional ships coming on line in FY 2016.

Staffing:

Civilian/Military ES & Workyears:	FY 2014	FY 2015	FY 2016
Civilian End Strength	6,664	6,595	6,705
Civilian Workyears (straight time)	8,942	8,507	8,730
Military End Strength	182	163	183
Military Workyears	182	163	183

Civilian Personnel: End Strength changes associated mainly with new ships coming on line. Workyear variance is primarily a function of decreasing lapse rate.

Military Personnel: Variances are due primarily with additional end strength needed to support realignment of MSC resources.

NARRATIVE
DEPARTMENT OF THE NAVY
TRANSPORTATION – MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
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Capital Investment Program (CIP):

CIP Authority ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Equipment, Non-ADP / Telecom	$0.0	$0.0	$0.0
Equipment, ADPE / Telecom	$3.0	$3.9	$5.6
Software Development	$3.7	$7.6	$7.6
Minor Construction	$0.0	$0.0	$0.0
Total	$6.7	$11.5	$13.2

Some totals may not add due to rounding.

The Capital Investment Program assists MSC in achieving their mission by reinvesting in equipment and facilities.

Information Technology [IT/Automated Data Processing (ADP)] efforts represent the predominant share of CIP costs. These efforts include migration to a paperless environment, secure storage of engineering materials, Automated Data Processing Equipment for Shipboard local area networks (LANs), systems development efforts – (e.g., mandated travel system, financial management system), migration of civilian mariner (CIVMAR) pay function to Defense Finance and Accounting Service, and Next Generation Wideband.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
TRANSPORTATION - MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
Revenue:			
Gross Sales			
Operations	2,492.9	2,627.2	2,845.0
Capital Surcharges	2.2	0.0	0.0
Depreciation	16.8	10.5	13.2
Other Income			
Total Income	2,511.9	2,637.7	2,858.1
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel Compensation & Benefits	15.7	14.6	16.0
Civilian Personnel Compensation & Benefits	728.3	749.6	784.5
Travel and Transportation of Personnel	35.6	36.2	38.4
Material & Supplies (Internal Operations)	584.7	652.9	662.0
Equipment	101.0	95.5	106.4
Other Purchases from NWCF	1.2	2.0	2.0
Transportation of Things	11.7	11.9	11.0
Depreciation - Capital	16.8	10.5	13.2
Printing and Reproduction	0.2	0.2	0.3
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication, Utilities & Misc Charges	371.5	337.5	368.5
Other Purchased Services	826.1	826.2	848.8
Total Expenses	2,692.9	2,737.1	2,851.0
Work in Process Adjustment	0.0	0.0	0.0
Comp Work for Activity Retention Adjustment	0.0	0.0	0.0
Cost of Goods Sold	2,692.9	2,737.1	2,851.0
Operating Result	-180.9	-99.4	7.2
Adjustments Affecting NOR	-2.2	0.0	0.0
Capital Surcharges	-2.2	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Other Changes Affecting NOR (All Others)	0.0	0.0	0.0
Net Operating Result	-183.1	-99.4	7.2
PY AOR	377.3	194.1	-7.2
TOTAL AOR	194.1	94.7	0.0
Non-Recoverable Adjustments impacting AOR*	0.0	-101.9	0.0
AOR for budget purposes	194.1	-7.2	0.0

*Reflects adjustments to AOR to maintain operating cash associated with budgetary resources required for projected outlays

Some totals may not add due to rounding

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
TRANSPORTATION - MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
1. New Orders	2,458.9	2,637.7	2,858.1
a. Orders from DoD Components:	2,452.6	2,630.5	2,850.9
Department of the Navy	2,327.8	2,569.5	2,782.0
O & M, Navy	1,959.5	2,545.7	2,755.8
O & M, Marine Corps	38.0	21.9	26.2
O & M, Navy Reserve	0.0	0.0	0.0
O & M, Marine Corp Reserve	0.0	0.0	0.0
Aircraft Procurement, Navy	0.0	0.0	0.0
Weapons Procurement, Navy	0.1	0.0	0.0
Ammunition Procurement, Navy/MC	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	0.9	0.0	0.0
Other Procurement, Navy	0.8	1.9	0.0
Procurement, Marine Corps	0.0	0.0	0.0
Family Housing, Navy/MC	0.0	0.0	0.0
Research, Dev., Test, & Eval., Navy	3.9	0.0	0.0
Military Construction, Navy	0.0	0.0	0.0
National Defense Sealift Fund	0.0	0.0	0.0
Other Navy Appropriations	324.7	0.0	0.0
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	0.0	0.0	0.0
Army Operation & Maintenance	0.0	0.0	0.0
Army Res, Dev, Test, Eval	0.0	0.0	0.0
Army Procurement	0.0	0.0	0.0
Army Other	0.0	0.0	0.0
Department of the Air Force	60.0	31.7	38.3
Air Force Operation & Maintenance	60.0	31.7	38.3
Air Force Res, Dev, Test, Eval	0.0	0.0	0.0
Air Force Procurement	0.0	0.0	0.0
Air Force Other	0.0	0.0	0.0
DOD Appropriation Accounts	64.8	29.3	30.6
Base Closure & Realignment	0.0	0.0	0.0
Operation & Maintenance Accounts	41.2	29.3	30.6
Res, Dev, Test & Eval Accounts	23.6	0.0	0.0
Procurement Accounts	0.0	0.0	0.0
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	0.0	0.0	0.0
b. Orders from other Fund Activity Groups	4.0	7.2	7.2
c. Total DoD	2,456.7	2,637.7	2,858.1
d. Other Orders:	2.3	0.0	0.0
Other Federal Agencies	1.5	0.0	0.0
Foreign Military Sales	0.8	0.0	0.0
Non Federal Agencies	0.0	0.0	0.0
2. Carry-In Orders	459.6	406.6	406.6
3. Total Gross Orders	2,918.5	3,044.3	3,264.8
a. Funded Carry-Over before Exclusions	406.6	406.6	406.6
4. Revenue(-)	2,511.9	2,637.7	2,858.1
5. End of Year Work-In-Process (-)	0.0	0.0	0.0
6. FMS, BRAC, Other Federal, Non-Federal orders, and Inst. MRTFB (-)	4.8	4.8	4.8
7. Funded Carryover	401.8	401.8	401.8

Note: Line 5 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
TRANSPORTATION- MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	Costs
FY 2014 Estimated Actuals	**2,692.9**
FY 2015 President's Budget:	**2,690.7**
Pricing Adjustments:	**0.1**
Civilian Personnel	
DFAS Rates	0.1
Program Changes:	**46.3**
Increased Food Allowance (Fact of Life changes)	2.9
Increased Enlisted Subsistence	4.2
Restore 2 Ocean Tugs (T-ATF) and 2 Salvage Ships (T-ARS)	36.5
Increase in BLOCK VESSEL Strategic Acquisition Plan	6.1
Realigned USNS FRANK CABLE Phased Maintenance Availability (PMA) Cost to FY16	-9.3
Decreased USNS PONCE to reflect actual execution	-4.3
Increase in Submarine Rescue Dive Retrieval System Mission	1.7
Defer USNS MERCY helo hanger modification effort	-9.7
Post Shakedown Availability (PSA) Costs for MLP 1 & 2	14.0
Realigned USNS INVINCIBLE Regular Overhaul (ROH) Cost from FY14 to FY15	2.7
MLP-3 Pre & Post Delivery Cost	14.4
Modified JHSV from Contract Operated to CIVMAR Manned	-3.4
Increased USNS ZEUS CIVMARS to Support Mission	2.1
Additional Reduction in fuel to accurately reflect OPTEMPO for Prepo Program	-9.0
Decrease in Commercial Helo Cost	-2.6
Other Changes:	**0.0**
Depreciation	0.0
Facilities Sustainment, Restoration & Modernization	0.0
FY 2015 Current Estimate:	**2,737.1**

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
TRANSPORTATION- MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	Costs
FY 2015 Current Estimate:	**2,737.1**
Pricing Adjustments:	**11.6**
Annualization of Prior Year Pay Raises	**0.0**
Civilian Personnel	0.0
Military Personnel	0.0
FY 2016 Pay Raise	**6.4**
Civilian Personnel	6.2
Military Personnel	0.2
Fuel Price Changes	-24.7
General Purchase Inflation	29.9
Program Changes:	**99.3**
One time USNS BRIDGE Deactivation Cost	-6.5
Full year operating costs for USNS JOHN GLENN in FOS Status	23.1
One time Cost for PSA Costs for MLP 1 & 2	-14.0
Retire 2 Ocean Tugs (T-ATF) and 2 Salvage Ships (T-ARS)	-35.2
Full year operating costs for USNS PULLER	48.0
Full year operating costs for JHSV BRUNSWICK	17.2
196 days of operating costs JHSV CARSON CITY	10.3
13 days of operating costs JHSV YUMA	0.2
Increase USNS PUERTO RICO overhaul cost	2.9
Increase in Extended Service Life Program for Mount Whitney	16.2
One time cost BLOCK VESSEL-Strategic Acquisition Plan	-6.1
Increase USNS FRANK CABLE PMA deferred in FY15	0.0
Full Operate Status vice Reduced Operate Status for USNS MCLEAN and USNS BYRD	53.4
Delay in Life Cycle Extension Project (LCEP) for the USNS MERCY	-8.2
USNS PONCE deactivating at the end of FY 2016	-1.9
Other Misc.	-0.1
Other Changes:	**3.0**
Depreciation	2.7
Facilities Sustainment, Restoration & Modernization	0.0
Indirect Costs	0.0
G&A Costs	0.3
FY 2016 Estimate:	**2,851.0**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
TRANSPORTATION- MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

		FY 2014		FY 2015		FY 2016	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Vehicles	0	$0.000	0	$0.000	0	$0.000
	- Material Handling	0	$0.000	0	$0.000	0	$0.000
	- Installation Security	0	$0.000	0	$0.000	0	$0.000
	- Quality Control/Testing	0	$0.000	0	$0.000	0	$0.000
	- Medical Equipment	0	$0.000	0	$0.000	0	$0.000
	- Machinery	0	$0.000	0	$0.000	0	$0.000
	- Support Equipment	0	$0.000	0	$0.000	0	$0.000
2	**ADPE and Telecom Equipment >= $.250M**	**2**	**$3.045**	**2**	**$3.867**	**2**	**$5.546**
	- Computer Hardware (Production)	2	$3.045	2	$3.867	2	$5.546
	- Computer Hardware (Network)	0	$0.000	0	$0.000	0	$0.000
	- Computer Software (Operating)	0	$0.000	0	$0.000	0	$0.000
	- Telecommunications	0	$0.000	0	$0.000	0	$0.000
	- Other Support Equipment	0	$0.000	0	$0.000	0	$0.000
3	**Software Development >= $.250M**	**6**	**$3.688**	**4**	**$7.612**	**4**	**$7.612**
	- Internally Developed	6	$3.688	4	$7.612	4	$7.612
	- Externally Developed	0	$0.000	0	$0.000	0	$0.000
4	**Minor Construction (>= $.250M and <= $2.000M)**	**1**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Replacement Capability	1	$0.000	0	$0.000	0	$0.000
	- New Construction	0	$0.000	0	$0.000	0	$0.000
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
	Grand Total	**9**	**$6.733**	**6**	**$11.479**	**6**	**$13.158**
	Total Capital Outlays		**$8.139**		**$10.960**		**$12.731**
	Total Depreciation Expense		**$10.400**		**$10.479**		**$13.158**

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET SUBMISSION					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
DEPARTMENT OF THE NAVY/ TRANSPORTATION	#002 - ADP Equipment						MILITARY SEALIFT COMMAND		
	FY 2014			FY 2015			FY 2016		
ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)	2	$1,523	$3,045	2	$1,934	$3,867	2	$2,773	$5,546
Computer Hardware (Network)	0		$0	0		$0	0		$0
Computer Software (Operating System)	0		$0	0		$0	0		$0
Telecommunications	0		$0	0		$0	0		$0
Other Support Equipment	0		$0	0		$0	0		$0
Total	2		$3,045	2		$3,867	2		$5,546

Justification:

ADPE and Telecommunication Equipment:

Computer Hardware (Production):
The above represents MSC requirements to implement unclassified and classified Local Area Networks (LANS) at all ships, offices, area command, and headquarters world-wide. Equipment includes servers, routers, modem pools, printers, firewall, etc.

Additionally, authority will provide the ability to integrate with MSC Financial Management System (FMS,) replicate data shoreside, and facilitate web enablement in accordance with Task Force Web (TFW) directives. Economic Analysis (EA) for FMS completed . MSC requires equipment and software to maintain backup sites - i.e. Mission Continuity Plan (MCP.) The refresh requirements are not covered by NMCI or Base Level Infrastructure Implementation (BLII) plans. Software addresses remediation of DOD IG audit findings. This software will provide automated monitoring of key transactions to prevent unauthorized actions and detect patterns that could indicate fraud or errors. This software provides a fully auditable access record of all changes made to MSC, FMS, and HRMS systems.

Computer Software (Operating System):

Next Generation Wideband system (NGW) to replace current Bandwidth Efficiency Satellite Transport (BEST) system which will be obsolete and no longer supported. Shipboard infrastructure requirements are estimated to be $250K per ship for approximately 20 ships per year. NGW solution is Mission Critical to maintain shipboard communications with no interruption as current BEST satellites begin to fail.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET SUBMISSION					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
DEPARTMENT OF THE NAVY/ TRANSPORTATION	#003 - Software Development						MILITARY SEALIFT COMMAND		
	FY 2014			FY 2015			FY 2016		
Software	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Internally Developed	5	$738	$3,688	4	$1,903	$7,612	4	$1,903	$7,612
Externally Developed	0		$0	0		$0	0		$0
Total	5		$3,688	4		$7,612	4		$7,612

Justification:

Software development covers multiple efforts:

IS Portal Development: Various modules integrate existing worldwide procurement system with developing/deploying financial system which will ensure validation of accounting data at time of origination.

Information System: IS Portal is a standards based web application that will seamlessly integrate shipboard and shore-side information technology functions.

FMS (Financial Management System): This is a DOD/DFAS migratory finance and accounting system. It is consistent with the requirements of the Financial Integrity Act, Anti-Deficiency Act, Joint Financial Management Improvement Program (JMIP,) and the Chief Financial Officer (CFO) Act. The upgrade will provide various improvements such as the integration of budget system with other MSC business systems. Software addresses remediation of DOD IG audit findings.

MSC HRMS (Human Resources Management System): MSC has consolidated its civilian mariner personnel functions at the Afloat Personnel Management Center (APMC.) Funding will satisfy the requirement to migrate to a paperless environment and will provide the ability to integrate with MSC corporate data environment.

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
TRANSPORTATION- MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2014	**1**	**Non ADP**		**$0.000**	**$0.000**	**$0.000**	
	2	**ADP**		**$6.500**	**$3.045**	**-$3.455**	
			Computer Hardware (Production)	$6.500	$3.045	-$3.455	Change in requirements
	3	**Software**		**$4.200**	**$3.688**	**-$0.512**	
			Internally Developed	$4.200	$3.688	-$0.512	Carryover approved
	4	**Minor Construction**		**$0.750**	**$0.000**	**-$0.750**	
			Replacement	$0.750	$0.000	-$0.750	Effort no longer required
TOTAL FY 2014 CIP Program				**$11.450**	**$6.733**	**-$4.717**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2015	**1**	**Non ADP**		**$0.000**	**$0.000**	**$0.000**	
	2	**ADP**		**$3.867**	**$3.867**	**$0.000**	
			Computer Hardware (Production)	$3.867	$3.867	$0.000	
	3	**Software**		**$7.612**	**$7.612**	**$0.000**	
			Internally Developed	$7.612	$7.612	$0.000	
	4	**Minor Construction**		**$0.000**	**$0.000**	**$0.000**	
			Replacement	$0.000	$0.000	$0.000	
			New Construction	$0.000	$0.000	$0.000	
			Environmental Capability	$0.000	$0.000	$0.000	
TOTAL FY 2015 CIP Program				**$11.479**	**$11.479**	**$0.000**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2016	**1**	**Non ADP**		**$0.000**	**$0.000**	**$0.000**	
	2	**ADP**		**$5.546**	**$5.546**	**$0.000**	
			Computer Hardware (Production)	$5.546	$5.546		
	3	**Software**		**$7.612**	**$7.612**	**$0.000**	
			Internally Developed	$7.612	$7.612		
	4	**Minor Construction**		**$0.000**	**$0.000**	**$0.000**	
TOTAL FY 2016 CIP Program				**$13.158**	**$13.158**	**$0.000**	

CARRYOVER RECONCILIATION
DEPARTMENT OF THE NAVY
TRANSPORTATION - MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
Part 1			
1. Net Carry-In	459.6	406.6	406.6
2. Revenue	2,511.9	2,637.7	2,858.1
3. New Orders	2,458.9	2,637.7	2,858.1
4. Exclusions:			
Foreign Military Sales	0.8	0.0	0.0
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Department and Agencies	1.5	0.0	0.0
Non-Federal and Others	0.0	0.0	0.0
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
5. Orders for Carryover Calculation	2,456.7	2,637.7	2,858.1
6. Weighted Average Outlay Rate	71.2%	71.7%	71.7%
7. Carryover Rate	28.8%	28.3%	28.3%
8. Allowable Carryover	710.4	746.5	808.1
Allowable Carryover(First Year)	707.3	745.9	807.4
Allowable Carryover (Second Year Procurement-funded Orders)	3.1	0.6	0.7
Part II			
9. Balance of Customer Order at Year End	406.6	406.6	406.6
10. Work-in-progress	0.0	0.0	0.0
11. Exclusions:			
Foreign Military Sales	4.8	4.8	4.8
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Department and Agencies	0.0	0.0	0.0
Non-Federal and Others	0.0	0.0	0.0
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
12. Calculated Actuals Carryover	401.8	401.8	401.8

Some totals may not add due to rounding.

TAB #9 GOES HERE

9. Facilities Engineering Commands

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NARRATIVE
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Mission Statement /Overview:

The mission of the Facilities Engineering Commands (FECs) is to provide utility services, facilities sustainment, transportation support, engineering services and environmental services required by afloat, ashore operating forces and other activities. As a member of the Naval Facilities Engineering Command (NAVFAC), the FECs strengthen Navy and Marine Corps readiness through work across the facility lifecycle while providing quality public works support services to the Navy, Department of Defense (DoD), other federal and non-federal clients. The FECs strive to reduce total cost for services, increase productivity, improve quality/client satisfaction, and provide a safe and productive work environment. Investments in key components of the FECs' infrastructure help achieve energy goals and enable the FECs to operate in the most effective, least costly, and most efficient way possible.

Activity Group Composition:

Activity	**Location**
FEC Europe - Africa - Southwest Asia	Naples, Italy
FEC Far East	Yokosuka, Japan
FEC Marianas	Agana, Guam, Marianas Islands
FEC Hawaii	Pearl Harbor, Hawaii
FEC Mid-Atlantic	Norfolk, Virginia
FEC Northwest	Silverdale, Washington
FEC Southeast	Jacksonville, Florida
FEC Southwest	San Diego, California
FEC Washington	Washington, D.C.

Base Support Products and Services

Utilities and Energy Management: Purchased electricity, natural gas, and liquid fuel costs will continue to impact the cost of operations. In order to mitigate cost of purchased utilities, the FECs are implementing energy conservation measures that are reducing the quantities of electricity and natural gas consumed. These initiatives include managing the kinds of fuel purchased; implementing efficient ways of using fuel to produce steam; aggressive energy management and system recap based on linear segments and consistent system condition information; maximizing the use of energy projects; increasing the use of alternative sources of energy such as geothermal, ocean thermal, wind, solar, and wave; and deploying information assure industrial control systems.

NARRATIVE
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Facility Management and Sustainment: Facilities sustainment addresses decreased reliability and increased loss of service frequency/duration involving utility systems and other critical infrastructure, reducing impacts to Navy missions. Facilities sustainment includes preventative maintenance, replacement of components at the end of their useful life, and repair of critical utility infrastructure, equipment, and distribution networks. Sustainment investments help prevent increased environmental violations for system operations, accelerated rates of deterioration, and shortened service lives of utility systems, and increased restoration costs as systems and equipment degrade.

Base Support Vehicles and Equipment (BSVE): Initiatives to standardize and lower vehicles and equipment operating costs include:

- Central management of BSVE NWCF rates and recapitalization
- Management of BSVE across product lines at all FECs
- Lease passenger carrying vehicles from General Services Administration
- Downsize vehicles and equipment to minimum size, including neighborhood electric vehicles and other slow moving vehicles to reduce the per mile cost including fuel
- Standardize vehicle and equipment type, sizes, and configurations
- Optimize use of lease and short term rentals for vehicles and heavy equipment and facilitate sharing vehicles via easy to use reservation systems

Facility Support Contracts Management and Facility Services: The FECs are reducing the cost of the Facility Sustainment, Utility, and BSVE provision of Base Operating Support contracts through maximizing the use of regional contracts and seeking fewer and longer-term contracts while still maintaining small business commitments. A contracting template that standardizes required Common Output Level performance is in use and is intended to create efficiencies for specification writers by minimizing the amount of tailoring required when defining customer requirements. The template is routinely updated to incorporate actual lessons learned and to reflect new or updated policy.

Significant Changes Since the FY 2015 President's Budget:
The FEC Midwest decommissioning, discussed later, will be operationally effective as of FY 2015 and is reflected in this request.

NARRATIVE
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Productivity Initiatives and Other Efficiencies:
The disestablishment of Navy Region Midwest (NRMW) is part of the Navy's flag officer reduction and headquarters organizational efficiency initiatives designed to eliminate duplicate functions, consolidate staffs, and reduce overhead. NAVFAC Midwest is operationally aligned with NRMW and has been disestablished to maintain NAVFAC alignment with Commander Naval Installations Command (CNIC) as a part of this organizational efficiency initiative. The organizational changes to disestablish FEC Midwest was effective FY 2015 with the majority of the financial operations realigning to FEC Mid-Atlantic in FY 2016.

The FECs are also making investments in Industrial Control System (ICS) cyber security, Automated Meter Initiative (AMI) sustainment, and Smart Grid implementation. This initiative is a part of a utility system program to improve operational readiness and to provide cyber and energy security. The FY 2016 investment of $34.9 million will develop information infrastructure to support higher-level Smart Grid functions such as renewables and automated demand response. Smart Grid and ICS cyber security implementation substantially improves the affordability of addressing cyber security threats to utilities by generating savings through energy conservation using Smart Grid capabilities.

Utilities Energy Major Maintenance Repair Program (eMMRP) investments produce significant energy savings and support the achievement of and compliance with Navy energy goals. FY 2016 estimates include $6.1 million in cost reductions associated with prior year eMMRP investments. FY 2016 includes an investment of $22.0 million in eMMRP projects.

Financial Profile:

Revenue/Expense/Operating Results ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Orders	$3,185.5	$3,151.6	$3,081.1
Revenue	$3,168.8	$3,107.7	$3,097.2
Expense	$3,024.9	$3,146.0	$3,186.0
Operating Results	$144.0	($38.4)	($88.8)
Other Changes Affecting NOR	$0.0	$0.0	($13.0)
Net Operating Results (NOR)	$144.0	($38.4)	($101.8)
Prior Year AOR	$44.3	$188.3	$101.8
Other Changes Affecting AOR	$0.0	($48.1)	$0.0
Accumulated Operating Results (AOR)	$188.3	$101.8	$0.0

Some totals may not add due to rounding.

NARRATIVE
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Orders, Revenue and Expense: Orders received are expected to decline by $33.9 million between FY 2014 and FY 2015. This decline continues between FY 2015 and FY 2016. This downward profile in orders is primarily due to initiatives reducing consumption across all commodities. Further, significant analysis of cost requirements, teamed with execution and customer demand, led to reductions in FY 2015 and FY 2016 in areas such as fuel (barrel) purchases, equipment and facilities maintenance. The impact of and subsequent planned recovery from hiring challenges have also affected financial estimates. There is a Capital Investment Program (CIP) rate surcharge in FY 2016 of $13.0M to support key projects and maintain adequate cash levels. The $48.1 million adjustment to AOR in FY 2015 is to maintain operating cash associated with budgetary resources required for projected outlays.

Collections/Disbursements/Outlays ($Millions):	FY 2014	FY 2015	FY 2016
Collections	$3,209.2	$3,188.6	$3,152.9
Disbursements	$3,074.4	$3,115.6	$3,114.2
Outlays	($134.8)	($73.0)	($38.7)

Some totals may not add due to rounding.

Collections: FY 2014 reflects actual execution, and FY 2015 and FY 2016 reflect expected revenue based on current estimates.

Disbursements: FY 2014 reflects actual execution, and FY 2015 and FY 2016 represent budgeted expenses and CIP outlays adjusted for changes in accounts payable.

Foreign Currency Issues: Foreign currency exchange rates impact the FEC's operating and outlay results. The table below shows the estimated value of FEC costs that are subject to payment in foreign currency:

Costs Subject to Foreign Currency ($Millions):	FY 2014	FY 2015	FY 2016
Costs to be Paid in EUROS	$82.02	$81.14	$75.47
Costs to be Paid in YEN	$187.08	$182.47	$197.97
Total Costs to be Paid in Foreign Currency	$269.10	$263.61	$273.44

Workload:

Direct Labor Hours (000):	FY 2014	FY 2015	FY 2016
Current Estimate (Civilian and Military)	12,534.0	12,838.0	13,078.0

NARRATIVE
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Direct Labor Hours: Direct labor hours reflect modest increases driven by workload and mission requirements and are those required to provide the commodities and services listed in the tables below. Maintenance and Repair is the only service where direct labor hours are sold as the commodity unit of measure. The remaining direct labor hours are those required to provide other commodities which are sold at different units of measure as depicted in the following tables.

Unit Costs: The FEC's specific outputs and associated unit costs are identified in the following table.

Product/Service	Unit Of Measure	Unit Cost FY 2014	Unit Cost FY 2015	Unit Cost FY 2016
Utility Services				
Electricity	MWH	$ 155.83	$ 169.32	$ 174.13
Potable Water	KGAL	$ 9.73	$ 8.02	$ 9.19
Salt/River Water	KGAL	$ 1.37	$ 1.22	$ 1.49
Steam	MBTU	$ 42.93	$ 39.04	$ 44.66
Sewage	KGAL	$ 10.73	$ 9.05	$ 10.08
Natural Gas	MBTU	$ 6.36	$ 9.82	$ 9.90
Compressed Air	KCF	$ 1.96	$ 2.25	$ 2.59
Sanitation Services				
Refuse Collection & Disposal I	CUYD	$ 15.60	$ 13.80	$ 15.22
Refuse Collection & Disposal II	TONS	$ 284.52	$ 312.75	$ 298.71
Pest Control	HOURS	$ 55.47	$ 48.23	$ 56.35
Hazardous Waste I	GAL	$ 2.56	$ 1.29	$ 1.71
Hazardous Waste II	LBS	$ 1.36	$ 1.75	$ 1.88
Industrial Waste	KGAL	$ 36.03	$ 15.39	$ 41.09
Environmental Engineering	HOURS	$ 122.33	$ 103.73	$ 111.01
Environmental Lab	TEST	$ 55.46	$ 58.69	$ 60.63
Transportation Services				
Equipment Rental	HOURS	$ 6.15	$ 5.95	$ 5.93
Vehicle Operations	HOURS	$ 62.80	$ 62.84	$ 67.27
Vehicle Maintenance	SRO	$ 284.42	$ 162.44	$ 187.76
Maintenance and Repair	DLH	$ 90.38	$ 78.89	$ 76.27

Units of Measure Acronym List

MBTU	Million British Thermal Units	MWH	Mega Watt Hour
CUYD	Cubic Yard	SRO	Shop Repair Order
KCF	Thousand Cubic Feet	LBS	Pounds
KGAL	Thousand Gallons	TONS	Tons
DLH	Direct Labor Hours		

NARRATIVE
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Product/Service	Unit of Measure	Units FY 2014	Units FY 2015	Units FY 2016
Utility Services				
Electricity	MWH	7,246,942	7,450,207	7,416,335
Potable Water	KGAL	22,865,864	24,970,462	23,984,468
Salt/River Water	KGAL	7,100,574	7,973,551	7,551,103
Steam	MBTU	6,974,915	7,788,931	7,068,696
Sewage	KGAL	16,967,672	18,120,387	17,522,812
Natural Gas	MBTU	3,848,178	3,428,910	4,333,436
Compressed Air	KCF	14,662,748	12,142,031	12,697,006
Sanitation Services				
Refuse Collection & Disposal I	CUYD	782,518	978,480	955,971
Refuse Collection & Disposal II	TONS	30,900	37,711	35,061
Pest Control	HOURS	67,761	70,596	67,629
Hazardous Waste I	GAL	1,994,617	170,000	95,000
Hazardous Waste II	LBS	20,866,945	17,217,902	17,068,235
Industrial Waste	KGAL	322,140	675,912	374,678
Environmental Engineering	HOURS	34,126	43,796	37,358
Environmental Lab	TEST	84,745	104,728	101,612
Transportation Services				
Equipment Rental	HOURS	31,506,805	40,590,151	36,917,631
Vehicle Operations	HOURS	920,194	1,170,788	963,813
Vehicle Maintenance	SRO	71,502	88,459	77,129
Maintenance and Repair	DLH	5,635,507	5,945,876	5,741,555

Rate Changes:	FY 2014	FY 2015	FY 2016
Composite Rate	2.80%	-6.23%	-0.34%
Utilities and Sanitation	8.30%	-8.99%	3.51%
Other Base Support	-5.80%	-0.48%	-8.38%

The unit cost is a measurement of total direct consumption and overhead costs per unit. Rate changes incorporate adjustments in consumption and inflation, as well as overhead adjustments in support of direct efforts and programmed efficiencies.

NARRATIVE
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Performance Indicators: Among the key financial indicators for the FECs are operating results, annual rate changes, and unit costs. Other key corporate performance measures include timeliness, workforce safety, and client satisfaction. Timeliness is an extremely important client satisfaction indicator in the area of facilities sustainment. The Emergency Work Response Time – Schedule Adherence metric represents the percent of time that emergency work crews arrive on-scene within prescribed time-lines. Another metric, Service/Minor/Specific Work Completion Date – Schedule Adherence reflects the percent of time that work is completed on schedule. The minimum goal in either case is 90%.

Performance Measures:	**FY 2014**	**FY 2015**	**FY 2016**
Emergency Work Response Time - Schedule Adherence	90.0%	90.0%	90.0%
Service/Minor/Specific Work Completion Date-Schedule Adherence	90.0%	90.0%	90.0%

Staffing:

Civilian/Military ES & Workyears:	**FY 2014**	**FY 2015**	**FY 2016**
Civilian End Strength	9,237	9,622	9,776
Civilian Workyears (straight time)	9,260	9,434	9,593
Military End Strength	80	80	78
Military Workyears	80	80	78

Civilian Personnel: Personnel resources are one of the most valuable assets to the FEC organization. The NWCF FEC management team continues to focus on the optimal mix and quantity of personnel required to ensure effectiveness in providing quality products and services to our customers. Ultimately, the FECs continue to size the civilian workforce in response to mission and regulatory requirements.

Military Personnel: Military end strength remains relatively stable.

NARRATIVE
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Capital Investment Program (CIP):

CIP Authority ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Equipment, Non-ADP / Telecom	$7.8	$8.6	$16.9
Equipment, ADPE / Telecom	$0.0	$0.0	$0.0
Software Development	$0.0	$0.0	$0.0
Minor Construction	$8.8	$8.1	$12.4
Total	$16.6	$16.7	$29.3

Some totals may not add due to rounding.

Capital investments for the FECs are a modest, but important element of successful operations. Increases in the FY 2016 CIP request reflect required investments in facilities and infrastructure. FEC's CIP will acquire affordable and efficient capabilities to support customer requirements.

Carryover Compliance ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Net Carry-In	$223.4	$240.1	$284.0
Allowable Carryover	$826.5	$835.7	$815.9
Calculated Actual Carryover	$179.2	$231.7	$232.2
Delta: Above Ceiling (+)/Below Ceiling (-)	($647.3)	($604.0)	($583.7)

Some totals may not add due to rounding.

Budgeted carryover is within the allowable ceiling target amounts.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
Revenue:			
Gross Sales			
Operations	3,149.7	3,091.5	3,068.0
Capital Surcharges	-	-	13.0
Depreciation	19.2	16.2	16.3
Other Income			
Total Income	3,168.8	3,107.7	3,097.2
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel Compensation & Benefits	9.5	10.1	9.9
Civilian Personnel Compensation & Benefits	719.3	731.4	762.3
Travel and Transportation of Personnel	5.1	5.1	5.1
Material & Supplies (Internal Operations)	297.0	373.0	366.7
Equipment	64.9	70.0	71.1
Other Purchases from NWCF	29.6	21.3	21.8
Transportation of Things	2.8	1.1	1.1
Depreciation - Capital	19.2	16.2	16.3
Printing and Reproduction	0.4	1.2	1.2
Advisory and Assistance Services	1.0	0.1	0.1
Rent, Communication, Utilities & Misc Charges	1,169.8	1,169.4	1,219.2
Other Purchased Services	706.3	747.1	711.3
Total Expenses	3,024.9	3,146.0	3,186.0
Work in Process Adjustment	-	-	-
Comp Work for Activity Retention Adjustment	-	-	-
Cost of Goods Sold	3,024.9	3,146.0	3,186.0
Operating Result	144.0	(38.4)	(88.8)
Adjustments Affecting NOR	-	-	(13.0)
Capital Surcharges	-	-	(13.0)
Extraordinary Expenses Unmatched	-	-	-
Other Changes Affecting NOR (All Others)	-	-	-
Net Operating Result	144.0	(38.4)	(101.8)
PY AOR	44.4	188.3	101.8
TOTAL AOR	188.3	149.9	-
Non-Recoverable Adjustments impacting AOR*	-	(48.1)	-
AOR for budget purposes	188.3	101.8	-

*Reflects adjustments to AOR to maintain operating cash associated with budgetary resources required for projected outlays

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
1. New Orders	3,185.5	3,151.6	3,081.1
a. Orders from DoD Components:	2,386.8	2,447.2	2,358.4
Department of the Navy	2,159.8	2,198.1	2,111.6
O & M, Navy	2,011.7	2,031.9	1,946.0
O & M, Marine Corps	38.7	48.2	49.2
O & M, Navy Reserve	19.3	24.2	20.0
O & M, Marine Corp Reserve	0.8	3.5	3.5
Aircraft Procurement, Navy	0.1	0.2	0.2
Weapons Procurement, Navy	0.0	-	-
Ammunition Procurement, Navy/MC	-	-	-
Shipbuilding & Conversion, Navy	1.6	3.3	3.3
Other Procurement, Navy	0.2	0.4	0.4
Procurement, Marine Corps	-	-	-
Family Housing, Navy/MC	82.4	81.9	84.4
Research, Dev., Test, & Eval., Navy	0.5	2.7	2.8
Military Construction, Navy	3.6	1.0	1.0
National Defense Sealift Fund	0.0	0.0	0.0
Other Navy Appropriations	0.9	0.7	0.7
Other Marine Corps Appropriations	0.0	-	-
Department of the Army	59.8	53.3	46.9
Army Operation & Maintenance	30.3	18.4	18.1
Army Res, Dev, Test, Eval	0.1	0.8	0.8
Army Procurement	-	0.0	0.0
Army Other	29.3	34.1	28.0
Department of the Air Force	18.5	13.8	14.2
Air Force Operation & Maintenance	9.3	10.1	10.3
Air Force Res, Dev, Test, Eval	0.0	0.1	0.1
Air Force Procurement	-	0.0	0.0
Air Force Other	9.1	3.7	3.8
DOD Appropriation Accounts	148.7	181.9	185.7
Base Closure & Realignment	0.1	9.9	10.1
Operation & Maintenance Accounts	61.1	81.0	83.2
Res, Dev, Test & Eval Accounts	2.9	2.1	2.1
Procurement Accounts	0.2	1.1	1.1
Defense Emergency Relief Fund	-	-	-
DOD Other	84.5	87.8	89.2
b. Orders from other Fund Activity Groups	431.4	401.2	415.8
c. Total DoD	2,818.1	2,848.4	2,774.1
d. Other Orders:	367.4	303.2	306.9
Other Federal Agencies	27.3	24.5	12.8
Foreign Military Sales	0.6	0.3	0.3
Non Federal Agencies	339.5	278.4	293.8
2. Carry-In Orders	223.4	240.1	284.0
3. Total Gross Orders	3,408.9	3,391.7	3,365.1
a. Funded Carry-Over before Exclusions	240.1	284.0	267.9
4. Revenue(-)	3,168.8	3,107.7	3,097.2
5. End of Year Work-In-Process (-)	-	-	-
6. FMS, BRAC, Other Federal, Non-Federal orders, and Inst. MRTFB (-)	60.9	52.3	35.6
7. Funded Carryover	179.2	231.7	232.2

Note: Line 5 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS (FECS)
FISCAL YEAR (FY) 2016 PROGRAM / BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	Costs
FY 2014 Estimated Actuals	**3,024.9**
FY 2015 President's Budget:	**3,247.9**
Estimated Impact in FY 2015 of Actual FY 2014 Experience:	**0.0**
Pricing Adjustments:	**0.0**
Productivity Initiatives and Other Efficiencies:	**-17.4**
FEC Midwest Decommissioning	**-17.4**
Program Changes:	**-69.8**
Reduction in Fuel Consumption	-26.9
Reduction in End Strength aligned to hiring plan	-43.0
Other Changes:	**-14.7**
Reduction in the Yen Budget Exchange Rate	-13.9
Next Generation Enterprise Network Software Assurance	-0.9
Defense Finance and Accounting Service (DFAS)	0.1
FY 2015 Current Estimate:	**3,146.0**

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS (FECS)
FISCAL YEAR (FY) 2016 PROGRAM / BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	Costs
FY 2015 Current Estimate:	**3,146.0**
Pricing Adjustments:	**30.9**
Annualization of Prior Year Pay Raises	**1.8**
Civilian Personnel	1.8
Military Personnel	0.0
FY 2016 Pay Raise	**5.4**
Civilian Personnel	5.3
Military Personnel	0.1
Fuel Price Changes	-9.3
General Purchase Inflation	33.0
Productivity Initiatives and Other Efficiencies:	**20.3**
Industrial Control System (ICS) cyber security, Automated Meter Initiative (AMI) sustainment, and Smart Grid implementation	-1.7
Energy Major Maintenance Repair Program (eMMRP) investment	22.0
Program Changes:	**-63.1**
Workload Changes	-89.6
Increase in End Strength as effects of hiring freeze diminish	12.4
Increase in costs due to change in foreign currency budget exchange rates	14.0
Other Changes:	**51.9**
Increase to Facilities Sustainment Program	32.1
Increase in Restoration and Modernization funding for critical utility projects	13.8
Increase in Employer's share of Federal Employees Retirement System (FERS) contributions	4.1
Increase in Federal Employees Compensation Act (FECA) costs	1.4
Increase in DFAS accounting costs based on actual number of transactions	0.5
FY 2016 Estimate:	**3,186.0**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

		FY 2014		FY 2015		FY 2016	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**13**	**$7.769**	**13**	**$8.554**	**19**	**$16.896**
	- Vehicles	2	$0.773	6	$1.740	5	$1.792
	- Material Handling	6	$4.914	6	$6.314	11	$13.479
	- Installation Security	0	$0.000	0	$0.000	0	$0.000
	- Quality Control/Testing	0	$0.000	0	$0.000	0	$0.000
	- Medical Equipment	0	$0.000	0	$0.000	0	$0.000
	- Machinery	0	$0.000	0	$0.000	0	$0.000
	- Support Equipment	5	$2.082	1	$0.500	3	$1.625
2	**ADPE and Telecom Equipment >= $.250M**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Computer Hardware (Production)	0	$0.000	0	$0.000	0	$0.000
	- Computer Hardware (Network)	0	$0.000	0	$0.000	0	$0.000
	- Computer Software (Operating)	0	$0.000	0	$0.000	0	$0.000
	- Telecommunications	0	$0.000	0	$0.000	0	$0.000
	- Other Support Equipment	0	$0.000	0	$0.000	0	$0.000
3	**Software Development >= $.250M**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Internally Developed	0	$0.000	0	$0.000	0	$0.000
	- Externally Developed	0	$0.000	0	$0.000	0	$0.000
4	**Minor Construction (>= $.250M and <= $2.000M)**	**14**	**$8.785**	**15**	**$8.131**	**20**	**$12.357**
	- Replacement Capability	4	$2.644	4	$1.788	6	$4.135
	- New Construction	9	$5.741	11	$6.343	11	$6.822
	- Environmental Capability	1	$0.400	0	$0.000	3	$1.400
	Grand Total	**27**	**$16.554**	**28**	**$16.685**	**39**	**$29.253**
	Total Capital Outlays		**$16.205**		**$16.566**		**$16.869**
	Total Depreciation Expense		**$16.062**		**$16.184**		**$16.262**

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Base Support	#001 - Non-ADP Equipment						Facilities Engineering Commands		
	FY 2014			FY 2015			FY 2016		
Non-ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Vehicles	2	$387	$773	6	$290	$1,740	5	$358	$1,792
Material Handling	6	$819	$4,914	6	$1,052	$6,314	11	$1,225	$13,479
Installation Security	0		$0	0		$0	0		$0
Quality Control/ Testing	0		$0	0		$0	0		$0
Medical Equipment	0		$0	0		$0	0		$0
Machinery	0		$0	0		$0	0		$0
Support Equipment	5	$416	$2,082	1	$500	$500	3	$542	$1,625
Total	13	$598	$7,769	13	$658	$8,554	19	$889	$16,896

Justification:

As the Department of the Navy's provider of public works support and services, the Facilities Engineering Commands (FECs) depend heavily on Civil Engineering Support Equipment (CESE) to accomplish its mission. In the broadest sense, CESE encompasses automotive vehicles, construction equipment, railway equipment, fire-fighting equipment, and mobile weight handling equipment. Investments in Industrial Plant Equipment (IPE), to include items such as metal lathes and other heavy shop machinery may also be required to accomplish shop fabrications at the FECs.

Requested CESE and IPE will replace over-aged, deteriorated, or obsolete inventory covering the full range of public works functions, e.g., utilities and maintenance. All budgeted CESE and IPE have been determined to meet activity allowances and replacement economic criteria. All requested replacements are in support of public works workload. The age of existing equipment frequently contributes to downtime and deteriorating output. In particular, inventories of large equipment such as crawling cranes and/or truck cranes have critical safety lift requirements to meet workload needs. Operational delays for repair or safety downtimes are offset by leasing where and when available. However, leasing equipment frequently ranges from 30% to 60% higher in cost per hour than in-house equipment. Replacements provide for more efficient and safe operations. Additionally, replacements offer the latest technology in public works support capabilities.

The timing of placement of these new assets into operation varies depending on the size, complexity, vendor availability, and shipping. Generally, equipment cost avoidance begins within 30-60 days from receipt of item.

Each FEC has conducted a comprehensive review of equipment inventories and determined an optimal economic approach to containing costs as well as maintaining minimum interruption to services. Proposed investments are essential to this strategy. If the proposed equipment is not purchased, substantial opportunity to provide safe and reliable services at the least cost to the Navy will be lost.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				FEBRUARY 2015					
Department of the Navy/ Base Support	#004 - Minor Construction ($250K - $750K)						Facilities Engineering Commands		
	FY 2014			FY 2015			FY 2016		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	4	$661	$2,644	4	$447	$1,788	6	$689	$4,135
New Construction	9	$638	$5,741	11	$577	$6,343	11	$620	$6,822
Environmental Capability	1	$400	$400	0	$0	$0	3	$467	$1,400
Total	14	$628	$8,785	15	$542	$8,131	20	$618	$12,357

Justification:

FEC minor construction projects represent the full range of public works facilities requirements for transportation, utilities, storage and maintenance. The proposed projects are limited to and strictly controlled by the Capital Investment Program (CIP) thresholds. None of the projects in this budget exceed current MILCON thresholds. Budgeted projects are for construction, expansion, or improvement of a complete and useable building, structure, or other real property.

Each FEC has conducted a comprehensive business review of its facilities needs and determined an optimal economic approach to cost containment, while ensuring that health and safety requirements are met and minimizing service interruptions. The proposed project priorities are determined by economic analyses which are based on cost effective payback solutions which produce the fastest return on investment. Generally, FEC projects have a payback on the initial investment of 5 years or less. Completion of health/safety and environmental compliance projects will provide for cost avoidance resulting from elimination of potential hazmat situations.

The proposed budget is essential to providing planned cost control and service reliability of the FEC plant account. If proposed projects are not approved, substantial opportunity to provide safe, environmentally compliant, and effective services at the least cost to the Navy will be lost.

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2014	**1**	**Non ADP**		**$8.459**	**$7.769**	**-$0.690**	
			Vehicles	$1.383	$0.773	-$0.610	Project cancellation
			Material Handling	$5.496	$4.914	-$0.582	Project funding change due to emergent request in minor construction
			Support Equipment	$1.580	$2.082	$0.502	Requirement to update/modify equipment
	2	**ADP**		**$0.000**	**$0.000**	**$0.000**	
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$8.656**	**$8.785**	**$0.129**	
			Replacement	$2.895	$2.644	-$0.251	Project cancellation
			New Construction	$4.681	$5.741	$1.060	Emergent request
			Environmental Capability	$1.080	$0.400	-$0.680	Project cancellation
TOTAL FY 2014 CIP Program				**$17.115**	**$16.554**	**-$0.561**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2015	**1**	**Non ADP**		**$8.015**	**$8.554**	**$0.539**	
			Material Handling	$5.775	$6.314	$0.539	Pricing estimate updates
	2	**ADP**		**$0.000**	**$0.000**	**$0.000**	
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$7.478**	**$8.131**	**$0.653**	
			Replacement	$0.658	$1.788	$1.130	Emergent request to upgrade a 22 year old Potable Water distribution (FEC EURAFSWA).
			New Construction	$6.820	$6.343	-$0.477	Realignment to higher priority project
TOTAL FY 2015 CIP Program				**$15.493**	**$16.685**	**$1.192**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2016	**1**	**Non ADP**		**$0.000**	**$16.896**	**$0.000**	
			Vehicles	$0.000	$1.792		
			Material Handling	$0.000	$13.479		
			Support Equipment	$0.000	$1.625		
	2	**ADP**		**$0.000**	**$0.000**	**$0.000**	
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$0.000**	**$12.357**	**$0.000**	
			Replacement	$0.000	$4.135		
			New Construction	$0.000	$6.822		
			Environmental Capability	$0.000	$1.400		
TOTAL FY 2016 CIP Program				**$0.000**	**$29.253**	**$0.000**	

CARRYOVER RECONCILIATION
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
Part 1			
1. Net Carry-In	223.4	240.1	284.0
2. Revenue	3,168.8	3,107.7	3,097.2
3. New Orders	3,185.5	3,151.6	3,081.1
4. Exclusions:			
Foreign Military Sales	0.6	0.3	0.3
Base Realignment and Closure	0.1	9.9	10.1
Other Federal Department and Agencies	27.3	24.5	12.8
Non-Federal and Others	339.5	278.4	293.8
Institutional Major Range & Test Facility Base	-	-	-
OUSD(C) Approved Carryover Waiver	-	-	-
5. Orders for Carryover Calculation	2,818.0	2,838.5	2,764.0
6. Weighted Average Outlay Rate	70.7%	70.6%	70.5%
7. Carryover Rate	29.3%	29.4%	29.5%
8. Allowable Carryover	826.5	835.7	815.9
Allowable Carryover(First Year)	825.5	834.9	814.0
Allowable Carryover (Second Year Procurement-funded Orders)	1.0	0.8	1.9
Part II			
9. Balance of Customer Order at Year End	240.1	284.0	267.9
10. Work-in-progress	-	-	-
11. Exclusions:			
Foreign Military Sales	0.1	0.2	0.2
Base Realignment and Closure	0.1	0.1	0.1
Other Federal Department and Agencies	13.3	14.1	5.0
Non-Federal and Others	47.5	38.0	30.3
Institutional Major Range & Test Facility Base	-	-	-
OUSD(C) Approved Carryover Waiver	-	-	-
12. Calculated Actuals Carryover	179.2	231.7	232.2

Some totals may not add due to rounding.

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10. EXWC

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NARRATIVE
DEPARTMENT OF THE NAVY
BASE SUPPORT
NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER (EXWC)
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Mission Statement / Overview:

The Naval Facilities Engineering and Expeditionary Warfare Center (EXWC) is a Navy-wide technical center, delivering quality products and services in:

- Energy and Utilities
- Amphibious and Expeditionary Systems
- Environment
- Shore, Ocean, and Waterfront Facilities

As a member of the Naval Facilities Engineering Command (NAVFAC), EXWC provides worldwide support services to the Navy, Marine Corps and other Department of Defense (DOD) agencies. These support services provide solutions to problems through engineering; design; construction; consultation; test and evaluation; technology demonstration; implementation, and program management support. In accomplishing these services the center leverages technology to enhance customer effectiveness and efficiency. EXWC uses existing technology where possible, identifies and adapts breakthrough technology when appropriate, and performs technology development when required.

EXWC is the principal Navy provider of specialized engineering services and products for shore and offshore facilities, energy and utilities, environmental support, and amphibious and expeditionary systems. The work performed is accomplished by mobilizing the proper mix of personnel expertise and other technological resources to address customer requirements. The Center provides a synergism of expertise and practical experience to solve field activity and fleet needs. As such, the center supports a very broad range of Navy and Marine Corps customers with focus on delivering quality products and services.

The energy and utilities mission focuses on the Navy's ashore establishment energy program. Efforts focus on utilities and energy management, conservation systems, data management, technology transfer, utilities control systems, utility systems engineering, and thermal and power plant engineering.

The amphibious and expeditionary mission involves developing and providing support and enhancement to Naval Construction Battalions and Marine Corp advanced base construction and operations, amphibious force operations, and Marine Corps combat engineer operations. Efforts focus on amphibious systems, combat engineer systems, expedient facilities, and logistics engineering.

NARRATIVE
DEPARTMENT OF THE NAVY
BASE SUPPORT
NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER (EXWC)
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

The environmental mission entails planning, reviewing, and analyzing Navy-wide functions, and assembling and deploying customized technology to meet the environmental requirements of the naval shore establishment. Efforts focus on environmental restoration, compliance, data management, technology transfer, waste management, pollution prevention, indoor air management, and oil spill program.

The ocean facilities mission is to develop, implement, and improve the Navy's capabilities for the design, construction, maintenance, and repair of fixed ocean facilities. Efforts focus on marine geotechniques, anchor systems, ocean structures, ocean construction, undersea warfare, underwater cable facilities, hyperbaric facilities, mooring systems, magnetic silencing facilities, underwater inspection, ocean construction equipment inventory, coastal facilities, and pipeline integrity assessment.

The shore facilities mission is to provide innovative engineering solutions, designs, technological tools and field services to support a viable naval shore establishment. Efforts focus on waterfront facilities, aviation facilities, physical security, ordnance facilities, materials and coatings, computer aided design, facilities life cycle management, base survivability electronics thermal and power plant engineering.

The command continues to be dual funded, with NWCF and appropriated (mission-funded) efforts remaining separate and distinct. The above overview, reflects the NWCF operations.

Activity Group Composition:

EXWC Headquarters	Port Hueneme, CA.
East Coast Detachment	Navy Yard, Washington, DC.

Significant Changes since the FY 2015 President's Budget:

There are no significant changes in the activity group or composition since the FY 2015 President's Budget.

NARRATIVE
DEPARTMENT OF THE NAVY
BASE SUPPORT
NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER (EXWC)
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Financial Profile:

Revenue/Expense/Operating Results ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Orders	$68.3	$76.3	$81.2
Revenue	$73.1	$80.4	$85.4
Expense	$74.5	$80.5	$84.9
Operating Results	($1.5)	($0.1)	$0.6
Other Changes Affecting NOR	$0.0	$0.0	$0.0
Net Operating Results (NOR)	($1.5)	($0.1)	$0.6
Prior Year AOR	$1.0	($0.5)	($0.6)
Other Changes Affecting AOR	$0.0	$0.0	$0.0
Accumulated Operating Results (AOR)	($0.5)	($0.6)	$0.0

Some totals may not add due to rounding.

Orders, Revenue and Expense:
Revenue and expenses are expected to remain fairly constant through the budget period, and is consistent with known customer requirements. Reimbursable orders are based on projected customer requirements.

Collections/Disbursements/Outlays ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Collections	$67.5	$79.6	$83.9
Disbursements	$81.4	$81.0	$85.0
Outlays	$14.0	$1.3	$1.1

Some totals may not add due to rounding.

Net Outlays are projected to remain relatively stable from FY 2015 to FY 2016.

NARRATIVE
DEPARTMENT OF THE NAVY
BASE SUPPORT
NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER (EXWC)
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Workload:

Direct Labor Hours (000):	**FY 2014**	**FY 2015**	**FY 2016**
Current Estimate	484.0	483.6	515.1

Direct Labor Hours:

Direct labor hours reflect demand for the EXWC specialized engineering services. Each year, customer demand and required services are estimated and reviewed to ensure the command is correctly resourcing and leveraging engineering expertise needed to provide the right mix of engineering services and to maintain the correct level of organic capability to meet recurring customer demand.

Performance Indicators: The primary performance indicator is unit cost, which represents the average cost of delivering goods and services to customers.

Unit Cost:	**FY 2014**	**FY 2015**	**FY 2016**
Total Stabilized Cost ($Millions)	$54.4	$53.8	$56.0
Workload (DLHs) (000)	484	484	515
Unit cost (per DLH)	$112.31	$111.26	$108.78

Stabilized / Composite Rates:	**FY 2014**	**FY 2015**	**FY 2016**
Stabilized Rate	$97.37	$97.10	$113.70
Change from Prior Year		-0.28%	17.09%
Composite Rate Change		0.71%	11.20%

The Stabilized Rate consists of direct labor and applied overhead. Unique direct non-labor costs are billed on a reimbursable basis to the customer. The composite rate change incorporates both the stabilized costs and the reimbursable costs. The FY 2016 rate increase reflects a shift in contracts from reimbursable to direct cite.

NARRATIVE
DEPARTMENT OF THE NAVY
BASE SUPPORT
NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER (EXWC)
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Staffing:

Civilian/Military ES & Workyears:	**FY 2014**	**FY 2015**	**FY 2016**
Civilian End Strength	349	389	398
Civilian Workyears (straight time)	373	382	393
Military End Strength	3	3	3
Military Workyears	3	3	3

Civilian Personnel: Civilian end strength and work years remain stable through the budget years and are based on workload requirements.

Military Personnel: Military end strength and work years remain stable through the budget years.

Capital Investment Program (CIP):

The EXWC does not have a CIP request.

Carryover Compliance ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Net Carry-In	$37.9	$33.1	$29.0
Allowable Carryover	$33.0	$29.2	$29.8
Calculated Actual Carryover	$30.8	$27.1	$24.0
Delta (Actual-Allowable): Above Ceiling (+)/Below Ceiling (-)	($2.2)	($2.1)	($5.8)

Some totals may not add due to rounding.

Budgeted carryover is within the allowable ceiling target amount.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
BASE SUPPORT
NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER (EXWC)
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
Revenue:			
Gross Sales			
Operations	73.0	80.4	85.4
Capital Surcharges	0.0	0.0	0.0
Depreciation	0.0	0.0	0.0
Other Income			
Total Income	73.1	80.4	85.4
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.4	0.4	0.4
Civilian Personnel Compensation & Benefits	50.4	51.8	54.2
Travel and Transportation of Personnel	3.9	4.4	4.6
Material & Supplies (Internal Operations)	1.6	2.1	2.1
Equipment	2.8	1.0	0.9
Other Purchases from NWCF	0.7	2.0	1.9
Transportation of Things	0.3	0.3	0.3
Depreciation - Capital	0.0	0.0	0.0
Printing and Reproduction	0.0	0.0	0.0
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication, Utilities & Misc Charges	0.4	0.6	0.6
Other Purchased Services	14.0	17.8	19.8
Total Expenses	74.5	80.5	84.9
Work in Process Adjustment	0.0	0.0	0.0
Comp Work for Activity Retention Adjustment	0.0	0.0	0.0
Cost of Goods Sold	74.5	80.5	84.9
Operating Result	-1.5	-0.1	0.6
Adjustments Affecting NOR	0.0	0.0	0.0
Capital Surcharges	0.0	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Other Changes Affecting NOR (All Others)	0.0	0.0	0.0
Net Operating Result	-1.5	-0.1	0.6
PY AOR	1.0	-0.5	-0.6
TOTAL AOR	-0.5	-0.6	0.0
Non-Recoverable Adjustments impacting AOR	0.0	0.0	0.0
AOR for budget purposes	-0.5	-0.6	0.0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
BASE SUPPORT
NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER (EXWC)
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
1. New Orders	68.3	76.3	81.2
a. Orders from DoD Components:	64.3	69.9	74.8
Department of the Navy	53.4	66.2	70.9
O & M, Navy	27.6	47.9	52.5
O & M, Marine Corps	1.0	0.8	0.8
O & M, Navy Reserve	0.1	0.0	0.0
O & M, Marine Corp Reserve	0.0	0.0	0.0
Aircraft Procurement, Navy	0.0	0.0	0.0
Weapons Procurement, Navy	0.0	0.0	0.0
Ammunition Procurement, Navy/MC	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	0.1	0.0	0.0
Other Procurement, Navy	4.7	2.8	2.8
Procurement, Marine Corps	0.5	0.0	0.0
Family Housing, Navy/MC	0.0	0.0	0.0
Research, Dev., Test, & Eval., Navy	12.3	13.6	13.8
Military Construction, Navy	7.4	0.1	0.1
National Defense Sealift Fund	0.0	0.0	0.0
Other Navy Appropriations	0.0	0.3	0.3
Other Marine Corps Appropriations	0.0	0.7	0.7
Department of the Army	3.2	0.6	0.6
Army Operation & Maintenance	1.9	0.4	0.4
Army Res, Dev, Test, Eval	1.3	0.2	0.2
Army Procurement	0.0	0.0	0.0
Army Other	0.0	0.0	0.0
Department of the Air Force	2.4	0.6	0.8
Air Force Operation & Maintenance	0.4	0.0	0.0
Air Force Res, Dev, Test, Eval	1.9	0.6	0.8
Air Force Procurement	0.1	0.0	0.0
Air Force Other	0.0	0.0	0.0
DOD Appropriation Accounts	5.3	2.4	2.4
Base Closure & Realignment	0.8	0.0	0.0
Operation & Maintenance Accounts	0.6	0.0	0.0
Res, Dev, Test & Eval Accounts	3.9	2.4	2.4
Procurement Accounts	0.0	0.0	0.0
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	0.0	0.0	0.0
b. Orders from other Fund Activity Groups	2.5	4.5	4.5
c. Total DoD	66.8	74.4	79.3
d. Other Orders:	1.4	2.0	2.0
Other Federal Agencies	0.6	0.5	0.5
Foreign Military Sales	0.3	0.0	0.0
Non Federal Agencies	0.6	1.5	1.5
2. Carry-In Orders	37.9	33.1	29.0
3. Total Gross Orders	106.2	109.5	110.3
a. Funded Carry-Over before Exclusions	33.1	29.0	24.8
4. Revenue(-)	73.1	80.4	85.4
5. End of Year Work-In-Process (-)	0.0	0.0	0.0
6. FMS, BRAC, Other Federal, Non-Federal orders, and Inst. MRTFB (-)	2.3	1.9	0.8
7. Funded Carryover	30.8	27.1	24.0

Note: Line 5 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
BASE SUPPORT - NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	Costs
FY 2014 Estimated Actuals	**74.5**
FY 2015 President's Budget:	**87.0**
Estimated Impact in FY 2015 of Actual FY 2014 Experience:	**0.0**
Pricing Adjustments:	**0.1**
Civilian Personnel	0.1
Program Changes:	**-8.0**
Workload Changes	-2.6
Material & Supply	-2.7
Other Travel & Transportation	1.1
Other Contracts	-3.8
Other Changes:	**1.5**
Increase in Anticipated Customer Workload	1.5
FY 2015 Current Estimate:	**80.5**

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
BASE SUPPORT - NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	Costs
FY 2015 Current Estimate:	**80.5**
Pricing Adjustments:	**0.8**
Annualization of Prior Year Pay Raises	**0.1**
Civilian Personnel	0.1
Military Personnel	0.0
FY 2016 Pay Raise	**0.4**
Civilian Personnel	0.4
Military Personnel	0.0
Fuel Price Changes	0.0
General Purchase Inflation	0.2
Other Price Changes	**0.1**
Other Contracts	0.1
Productivity Initiatives and Other Efficiencies:	**1.7**
Industrial Control System (ICS) cyber security, Automated Meter Initiative (AMI) sustainment, and Smart Grid implementation	1.7
Program Changes:	**1.4**
Other Travel & Transportation	0.2
Material and Supplies	-0.1
Other Contracts	-0.1
Increase in Anticipated Customer Workload	1.5
Other Changes:	**0.3**
Increased Share of Federal Employees Retirement System (FERS)	0.3
FY 2016 Estimate:	**84.8**

CARRYOVER RECONCILIATION
DEPARTMENT OF THE NAVY
BASE SUPPORT
NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER (EXWC)
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
Part 1			
1. Net Carry-In	37.9	33.1	29.0
2. Revenue	73.1	80.4	85.4
3. New Orders	68.3	76.3	81.2
4. Exclusions:			
Foreign Military Sales	0.3	0.0	0.0
Base Realignment and Closure	0.8	0.0	0.0
Other Federal Department and Agencies	0.6	0.5	0.5
Non-Federal and Others	0.6	1.5	1.5
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
5. Orders for Carryover Calculation	66.0	74.4	79.3
6. Weighted Average Outlay Rate	51.2%	63.3%	63.7%
7. Carryover Rate	48.8%	36.7%	36.3%
8. Allowable Carryover	33.0	29.2	29.8
Allowable Carryover(First Year)	32.2	27.3	28.8
Allowable Carryover (Second Year Procurement-funded Orders)	0.8	1.9	1.0
Part II			
9. Balance of Customer Order at Year End	33.1	29.0	24.8
10. Work-in-progress	0.0	0.0	0.0
11. Exclusions:			
Foreign Military Sales	0.2	0.0	0.0
Base Realignment and Closure	1.5	0.8	0.4
Other Federal Department and Agencies	0.3	0.1	0.2
Non-Federal and Others	0.3	1.1	0.1
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
12. Calculated Actuals Carryover	30.8	27.1	24.0

Some totals may not add due to rounding.

TAB #11 GOES HERE

11. Navy Supply Management

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NARRATIVE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT – NAVY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Mission Statement/Overview:

The mission of Navy Supply Management is to perform inventory management functions resulting in the sale of aviation and shipboard components, and ship's store stock and consumables to a wide variety of customers. Supply Management ensures the right material is provided where it matters, when it matters, and at the right cost is vital to equipping and sustaining Navy and Marine Corps warfighting units. Other major customers include Department of the Navy (DON) shore activities, Army, Air Force, Defense Agencies, other government agencies and foreign governments. Supply Management also provides strong sailor and family support through contracting, resale, transportation, food service, and other quality of life programs. Costs related to supplying this material to customers are recouped through stabilized rate recovery elements such as prior year gains and losses, inventory maintenance, repair costs including attrition, and local elements. Navy Supply Management is divided into six Budget Projects (BP) in order to organize the financial operations of the fund.

	Budget Project
Wholesale	
Aviation Consumables	BP34
Ship Reparables and Consumables	BP81
Aviation Reparables	BP85
Retail	
Ship's Store	BP21
General Consumables	BP28
Operations	
Operations and Reimbursables	BP91

Activity Group Composition:

Navy Working Capital Fund Supply Management (NWCF-SM) activity group is comprised of:
Naval Supply Systems Command Weapon Systems Support (NAVSUP WSS):
- NAVSUP WSS Mechanicsburg, PA
- NAVSUP WSS Philadelphia, PA

NAVSUP Global Logistics Support:
- NAVSUP Fleet Logistics Center, San Diego, CA
- NAVSUP Fleet Logistics Center, Jacksonville, FL
- NAVSUP Fleet Logistics Center, Norfolk, VA
- NAVSUP Fleet Logistics Center, Pearl Harbor, HI
- NAVSUP Fleet Logistics Center, Puget Sound, WA
- NAVSUP Fleet Logistics Center, Yokosuka, JP
- NAVSUP Fleet Logistics Center, Sigonella, IT

NAVSUP Business Systems Center, Mechanicsburg, PA

NARRATIVE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT – NAVY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Significant Changes Since the FY 2015 President's Budget:
The following significant changes have occurred since the FY 2015 President's Budget:

Cost Reductions
Naval Supply Systems Command's (NAVSUP's) FY 2016 budget estimates reflect the impact of Navy Enterprise Resource Planning (ERP) implementation, including legacy Information Technology (IT) system retirement and inventory savings. The impact of these initiatives on customer pricing is a reduction of $101.7 million in FY 2014, $139.7 million in FY 2015, and $139.7 million in FY 2016. In addition, ERP effectiveness facilitates budget estimate reductions for material obligations by $76.0 million in FY 2014 and FY 2015.

Consumable Item Transfer (CIT)
In accordance with the Financial Management Regulation (FMR), all services may request from Defense Logistics Agency (DLA) reimbursement for the value of inventory due-in from procurement at the time of each transfer. In FY 2014, Navy collected $84.3 million from DLA. The Navy plans to collect $97.9 million in FY 2015 and $7.4 million in FY 2016.

Financial Profile:

Revenue/Expense/Operating Results ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Net Revenue	$6,120.0	$6,403.8	$6,429.9
Expense	$6,035.0	$6,378.6	$6,506.1
Operating Results	$85.0	$25.3	($76.2)
Less Capital Surcharge	$3.9	$1.8	$1.4
Net Operating Results (NOR)	$88.9	$27.1	($74.8)
Prior Year AOR	$84.2	$173.1	$74.8
Other Changes Affecting AOR	$0.0	($125.4)	$0.0
Accumulated Operating Results (AOR)	$173.1	$74.8	$0.0

Note: Amounts may not add due to rounding

NARRATIVE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT – NAVY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Revenue and Expense: Revenue increases in FY 2015 are driven by anticipated Aviation Procurement Navy (APN-6) spares sales. These buyout sales support operational aircraft and improve aviation readiness. Expense changes are consistent with revenue adjustments. Growth in FY 2016 expense is driven by an increase in wholesale Cost of Goods Sold (COGS). This growth is offset by lower Cost Recovery Rates (CRRs) causing revenue to remain consistent with FY 2015. The $125.4 million adjustment to AOR in FY 2015 is to maintain operating cash associated with budgetary resources required for projected outlays.

Obligation Authority ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Wholesale	$4,400.7	$3,994.4	$4,311.6
Retail	$717.5	$768.5	$783.5
Operating	$1,172.4	$1,265.8	$1,296.1
CIP	$3.7	$5.0	$5.0
Total	$6,294.3	$6,033.7	$6,396.3

Note: Amounts may not add due to rounding

Wholesale: FY 2014 obligation authority (OA) is reduced by $144.9 million from FY 2015 President's Budget due to contracting reductions. FY 2015 obligations reflect significant reductions driven by reduced sales for F414 Depot Components and decreases in Aviation Depot Level Repairable (AVDLR) recurring demand sales base. The FY 2016 obligation authority increase reflects anticipated workload increases driven by an increase in demand.

Retail: No significant changes in obligations are forecasted from FY 2014 to FY2016.

Operating: No significant changes in obligations are forecasted from FY 2014 to FY 2016.

Collections/Disbursement/Outlays ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Collections	$6,133.7	$6,405.2	$6,406.7
Disbursements	$6,409.8	$6,598.8	$6,404.8
Transfers (CIT Reimbursement)	$84.3	$97.9	$7.4
Outlays (Incorporates CIT)	$191.8	$95.7	($9.4)

Note: Amounts may not add due to rounding.

As a primary consideration of this budget, NAVSUP has carefully balanced concerns of cash balances, impacts of potential changes to customer rates, and customer support effectiveness. Current net outlay projections reflect changes in workload and updated operating estimates.

NARRATIVE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT – NAVY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Sales:

Gross Sales ($Millions):	FY 2014	FY 2015	FY 2016
Wholesale	$5,047.8	$5,429.4	$5,444.8
Retail	$845.7	$772.7	$787.7
Total	$5,893.5	$6,202.1	$6,232.5

Note: Amounts may not add due to rounding.

Wholesale & Retail: Sales are tied to customer funding and NAVSUP Weapon Systems Support's ability to fill orders.

Metrics: Metrics provide information on the scope of work performed by Navy Supply Management.

	FY 2014	FY 2015	FY 2016
Items Managed	363,593	357,816	361,441
Requisitions Received	447,864	453,179	435,809
Receipts	592,708	559,966	585,419
Issues	856,427	855,669	829,939
Contracts Executed	25,331	24,281	27,751

Undelivered Orders ($Millions): Undelivered orders (UDOs) represent contracts or orders for goods in which a liability has not yet accrued. The accrual of the liability creates an outlay requirement.

	FY 2014	FY 2015	FY 2016
Undelivered Orders	$5,645.6	$5,080.6	$5,072.0

War Reserve Material (WRM): WRM funding supports the procurement, replenishment, reconstitution, stock and contracted asset availability guarantee of consumable and reparable items deemed necessary for war reserve. No obligation authority is anticipated during this budget cycle.

NARRATIVE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT – NAVY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Performance Indicators: Performance indicators establish the expected level of performance for Supply Management.

	FY 2014	FY 2015	FY 2016
Customer Wait Time (CWT) in days	15.4	15.0	15.0
Ship Operating Time w/C3/C4 CASREP			
Deployed	35%	25%	25%
Non-deployed	31%	28%	28%
Aircraft Non Mission Capable Supply			
Deployed	6%	10%	10%
Non-Deployed	7%	10%	10%
Supply Material Availability	81%	85%	85%

Unit Cost: Unit cost provides cost per unit sold based on total cost and the total anticipated number of sales. Unit cost can change in the year of execution.

Unit Cost:	FY 2014	FY 2015	FY 2016
Wholesale	$1.059	$0.931	$0.993
Retail	$0.848	$1.001	$1.001

Composite Rates:	FY 2014	FY 2015	FY 2016
Annual Price Change (APC)*	-0.106%	1.250%	3.483%
Composite Cost Recovery Rate (CRR)	14.863%	16.172%	15.901%

*FY 2016 rate computation reflects individual price change per unit sold.

Staffing:

Civilian/Military ES & Workyears:	FY 2014	FY 2015	FY 2016
Civilian End Strength	6,599	6,946	6,946
Civilian Workyears (straight time)	6,459	6,807	6,941
Military End Strength	364	364	364
Military Workyears	364	364	364

NARRATIVE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT – NAVY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015

Civilian Personnel: FTEs were adjusted in FY 2014 to reflect actual execution. The increase of Full Time Equivalents (FTEs) from FY 2014 to FY 2015 is primarily attributed to the following areas: Supply Management Materiel and Technical Support and functional transfer from Performance Management Assessment Program (PPMAP). FTE increases from FY 2015 to FY 2016 are based on workload demand and are reflected in NAVSUP's hiring plan.

Military Personnel: No change.

Capital Investment Program (CIP) ($Millions): The Capital Investment Program sustains NAVSUP in mission achievement by reinvesting in plant equipment and facilities. Included in the capital budget are the following types of assets: automated data processing equipment (ADPE); non-ADPE equipment; and minor construction.

	FY 2014	FY 2015	FY 2016
Equipment, Non-ADPE / Telecom	$1.4	$2.2	$2.2
Equipment, ADPE / Telecom	$0.9	$0.9	$0.9
Software Development	$0.0	$0.0	$0.0
Minor Construction	$1.4	$1.9	$1.9
Total	$3.7	$5.0	$5.0

Note: Amounts may not add due to rounding.

REVENUE AND EXPENSE SUMMARY
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
Revenue:			
Gross Sales			
Operations	5,889.8	6,197.1	6,227.5
Capital Surcharge	(4.0)	(1.8)	(1.4)
Depreciation	7.6	6.8	6.4
Total Gross Sales	5,893.5	6,202.1	6,232.5
Other Income	364.2	396.6	403.3
Refunds/Discounts (Credit Sales)	(137.7)	(194.9)	(206.0)
TOTAL INCOME	6,120.0	6,403.8	6,429.9
Expenses:			
Cost of Material Sold from Inventory	4,855.0	5,105.9	5,203.6
Salaries and Wages:			
Military Personnel	30.3	30.6	30.6
Civilian Personnel	532.3	570.8	594.2
Travel & Transportation of Personnel	8.5	12.3	12.5
Materials & Supplies	21.9	25.3	25.7
Equipment	9.9	8.6	8.7
Other Purchases from Revolving Funds	218.8	237.7	237.1
Transportation of Things	127.9	161.1	163.7
Depreciation - Capital	7.6	6.8	6.4
Printing and Reproduction	8.2	9.1	9.2
Advisory and Assistance Services	16.3	12.8	13.0
Rent, Communication, Utilities & Misc	31.5	31.0	31.5
Other Purchased Services	166.7	166.7	170.0
TOTAL EXPENSES	6,035.0	6,378.6	6,506.1
Operating Result	84.9	25.3	(76.2)
Less Capital Surcharge reservation	(4.0)	(1.8)	(1.4)
Plus Appro Affecting NOR/AOR	0.0	0.0	0.0
Plus Other Changes Affecting NOR	0.0	0.0	0.0
Net Operating Result	88.9	27.1	(74.8)
Prior Year AOR	84.2	173.1	74.8
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Result	173.1	200.2	0.0
Non-Recoverable Adjustments impacting AOR*	0.0	(125.4)	0.0
AOR for budget purposes	173.1	74.8	0.0

*Reflects adjustments to AOR to maintain operating cash associated with budgetary resources required for projected outlays

SOURCES OF NEW ORDERS AND REVENUE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	FY 2014	FY 2015	FY 2016
1. New Orders			
a. Orders from DoD Components:			
Dept. of Navy			
Military Personnel, M.C.	-	-	-
O&M Marine Corps	6.3	6.7	6.5
Reserve Personnel, M.C.	-	-	-
Procurement, M.C.	5.7	6.0	5.9
Military Construction, Navy	-	-	-
RDT & E, Navy	6.5	6.9	6.7
Reserve Personnel, Navy	-	-	-
Military Personnel, Navy	-	-	-
Aircraft Procurement, Navy	640.4	961.4	923.8
Weapons Procurement, Navy	6.5	3.0	2.3
Shipbuilding & Conv. Navy	21.5	30.7	30.7
O&M, Navy	4,161.7	4,104.1	4,003.6
O&M, Navy Reserve	72.1	71.1	69.4
Other Procurement, Navy	43.9	84.4	83.7
Navy Working Capital Fund	302.4	298.3	291.0
	5,267.0	5,572.5	5,423.5
Orders from other DoD Components			
Army	5.5	5.8	5.7
Air Force	250.1	264.6	257.5
Other DoD	28.7	30.3	29.5
	284.3	300.7	292.7
b. Orders from other Fund Business Areas:			
Distribution Depots, Navy	-	-	-
Logistics Support, Navy	-	-	-
	-	-	-
c. Total DoD	5,551.3	5,873.3	5,716.2
d. Other Orders:			
Other Federal Agencies	15.2	16.1	15.7
Trust Fund	-	-	-
Non-Federal Agencies *	136.5	131.2	132.3
Foreign Military Sales (FMS)	94.5	100.0	97.3
	246.2	247.3	245.3
Total New Orders	5,797.5	6,120.6	5,961.5
2. Carry-In Orders	1,986.3	1,890.3	1,808.8
3. Total Gross Orders	7,783.8	8,010.9	7,770.3
4. Carry-Out Orders (-)	1,890.3	1,808.8	1,537.7
5. Gross Sales	5,893.5	6,202.1	6,232.5
Reimbursable Orders (BP 91)	364.2	396.6	403.3
6. Credit (-)	137.7	194.9	206.0
7. Net Sales	6,120.0	6,403.8	6,429.9

* Non-federal agencies line includes cash sales

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

		FY 2014		FY 2015		FY 2016	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**0**	**$1.415**	**0**	**$2.200**	**0**	**$2.200**
	- Vehicles	0	$0.488	0	$1.000	0	$1.000
	- Material Handling	0	$0.928	0	$1.200	0	$1.200
	- Installation Security	0	$0.000	0	$0.000	0	$0.000
	- Quality Control/Testing	0	$0.000	0	$0.000	0	$0.000
	- Medical Equipment	0	$0.000	0	$0.000	0	$0.000
	- Machinery	0	$0.000	0	$0.000	0	$0.000
	- Support Equipment	0	$0.000	0	$0.000	0	$0.000
2	**ADPE and Telecom Equipment >= $.250M**	**0**	**$0.899**	**0**	**$0.900**	**0**	**$0.900**
	- Computer Hardware (Production)	0	$0.899	0	$0.900	0	$0.900
	- Computer Hardware (Network)	0	$0.000	0	$0.000	0	$0.000
	- Computer Software (Operating)	0	$0.000	0	$0.000	0	$0.000
	- Telecommunications	0	$0.000	0	$0.000	0	$0.000
	- Other Support Equipment	0	$0.000	0	$0.000	0	$0.000
3	**Software Development >= $.250M**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Internally Developed	0	$0.000	0	$0.000	0	$0.000
	- Externally Developed	0	$0.000	0	$0.000	0	$0.000
4	**Minor Construction (>= $.250M and <= $2.000M)**	**0**	**$1.363**	**0**	**$1.900**	**0**	**$1.900**
	- Replacement Capability	0	$1.363	0	$1.900	0	$1.900
	- New Construction	0	$0.000	0	$0.000	0	$0.000
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
	Grand Total	**0**	**$3.677**	**0**	**$5.000**	**0**	**$5.000**
	Total Capital Outlays		**$1.719**		**$5.105**		**$5.050**
	Total Depreciation Expense		**$7.599**		**$6.822**		**$6.421**

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				February 2015					
Department of the Navy/ Supply	#001 - Non-ADP Equipment						Supply Management - Navy		
	FY 2014			FY 2015			FY 2016		
Non-ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Vehicles	0		$488	0		$1,200	0		$1,200
Material Handling	0		$928	0		$1,000	0		$1,000
Installation Security	0		$0	0		$0	0		$0
Quality Control/ Testing	0		$0	0		$0	0		$0
Medical Equipment	0		$0	0		$0	0		$0
Machinery	0		$0	0		$0	0		$0
Support Equipment	0		$0	0		$0	0		$0
Total	0		$1,415	0		$2,200	0		$2,200

Justification:

This program funds the procurement of new/initial outfitting and replacement of Material Handling Equipment (MHE) and Automated Material Handling Systems (AMHS) to satisfy operational requirements within the Navy Supply System. Replacement MHE is for over aged non-repairable equipment used in material handling operations at various activities. With a large inventory of equipment at the various Fleet Logistics Centers (FLCs) there will always be units eligible for replacement through procurement. Supply readiness and logistical support are dependent upon the availability of reliable MHE. Replacement of non-repairable equipment with new and more efficient models will reduce costs attributed to repair/overhaul, downtime and maintenance. New equipment will enhance productivity and enable users to meet handling and logistics requirements in an efficient and effective manner.

Naval Supply Systems Command (NAVSUP) is also responsible for replacing and maintaining aging Civil Engineering Support Equipment (CESE) necessary for fuel depot operations throughout the Navy. This equipment is required to maintain and improve the working conditions and assist NAVSUP operations employees. Safety, reliability, maintenance cost and customer support are directly impacted by age and condition of this equipment.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				February 2015					
Department of the Navy/ Supply	#002 - ADP Equipment						Supply Management - Navy		
	FY 2014			FY 2015			FY 2016		
ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)	0		$899	0		$900	0		$900
Computer Hardware (Network)	0		$0	0		$0	0		$0
Computer Software (Operating System)	0		$0	0		$0	0		$0
Telecommunications	0		$0	0		$0	0		$0
Other Support Equipment	0		$0	0		$0	0		$0
Total	0		$899	0		$900	0		$900

Justification:

NAVSUP Business Systems Center (BSC) - Funds provide support to the BSC Legacy/Non-Navy/Marine Corps Intranet (NMCI) Network Plan. As part of the plan, NAVSUP BSC is upgrading its NETWARCOM approved legacy network, which will replace obsolete non-NMCI ADP equipment to provide an environment for client/server development. Upgrading and standardizing hardware infrastructure will allow NAVSUP BSC to use the network to deploy the latest legacy/non-NMCI software products. As NAVSUP moves forward with reducing system and Information Technology (IT) costs and improving business processes, a critical area identified for analysis is allowancing. In order to optimize the allowance systems and align with key Enterprise efforts such as Navy ERP and Single Supply Baseline (SSB), NAVSUP will be streamlining current Readiness Suite and Re-Engineering Maritime Allowance Development (ReMAD) systems via merging the associated databases, standardizing data validations rules and leveraging synergies resulting from combining the platforms. This effort will position NAVSUP to respond to future Enterprise integration/transition requirements.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2016 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				February 2015					
Department of the Navy/ Supply	#004 - Minor Construction ($250K - $750K)						Supply Management - Navy		
	FY 2014			FY 2015			FY 2016		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	0		$1,363	0		$1,900	0		$1,900
New Construction	0		$0	0		$0	0		$0
Environmental Capability	0		$0	0		$0	0		$0
Total	0		$1,363	0		$1,900	0		$1,900

Justification:

Minor Construction: NAVSUP is responsible for minor construction portion of Real Property Maintenance (RPM) of facilities occupied and operated. These NWCF Supply Management projects are necessary to maintain and improve the working conditions for NAVSUP claimancy employees. Projects include Minor Construction requirements of facilities as well as Quality of Life and correction of Safety deficiencies. Minor Construction funding requested supports the overall RPM objectives of the NAVFAC recommended spending limits. Economic analysis are not performed since Minor Construction funding limits keep investment percentage to such a small percentage of the total facility value. Cost savings if identified are provided as part of the project documentation developed. Each minor construction project must be less that $750,000. No minor construction project exceeds the current MILCON threshold.

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2014	**1**	**Non ADP**		**$2.200**	**$1.415**	**-$0.785**	Administrative realignment to/from another capability
			Vehicles	$1.200	$0.488	-$0.712	
			Material Handling	$1.000	$0.928	-$0.072	
	2	**ADP**		**$0.899**	**$0.899**	**$0.000**	
			Computer Hardware (Production)	$0.899	$0.899	$0.000	
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$1.900**	**$1.363**	**-$0.537**	1 project decreased
			Replacement	$1.900	$1.363	-$0.537	
TOTAL FY 2014 CIP Program				**$4.999**	**$3.677**	**-$1.322**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2015	**1**	**Non ADP**		**$2.200**	**$2.200**	**$0.000**	
			Vehicles	$1.200	$1.200	$0.000	
			Material Handling	$1.000	$1.000	$0.000	
	2	**ADP**		**$0.900**	**$0.900**	**$0.000**	
			Computer Hardware (Production)	$0.900	$0.900	$0.000	
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$1.900**	**$1.900**	**$0.000**	
			Replacement	$1.900	$1.900	$0.000	
TOTAL FY 2015 CIP Program				**$5.000**	**$5.000**	**$0.000**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2016	**1**	**Non ADP**		**$2.200**	**$2.200**	**$0.000**	
			Vehicles	$1.200	$1.200		
			Material Handling	$1.000	$1.000		
	2	**ADP**		**$0.900**	**$0.900**	**$0.000**	
			Computer Hardware (Production)	$0.900	$0.900		
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$1.900**	**$1.900**	**$0.000**	
			Replacement	$1.900	$1.900		
TOTAL FY 2016 CIP Program				**$5.000**	**$5.000**	**$0.000**	

SUPPLY MANAGEMENT SUMMARY
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
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FEBRUARY 2015
(DOLLARS IN MILLIONS)
FY 2014

DIVISION		NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	TOTAL OBLIGATIONS	VARIABILITY TARGET	TARGET TOTAL	CAPITAL IMPROVEMENT PROGRAM	CREDIT SALES
BP21										
	Approved	67.8	67.8	68.5	0.0	68.5	0.0	68.5	0.0	0.0
	Request	63.4	63.4	66.9	0.0	66.9	0.0	66.9	0.0	0.0
	Delta	(4.3)	(4.3)	(1.6)	0.0	(1.6)	0.0	(1.6)	0.0	0.0
BP28										
	Approved	971.4	971.4	971.4	0.0	971.4	0.0	971.4	0.0	4.9
	Request	782.2	782.2	650.7	0.0	650.7	0.0	650.7	0.0	0.0
	Delta	(189.2)	(189.2)	(320.7)	0.0	(320.7)	0.0	(320.7)	0.0	(4.9)
BP34										
	Approved	224.1	219.7	175.8	0.0	175.8	31.9	207.7	0.0	0.6
	Request	190.0	211.7	119.3	0.0	119.3	31.9	151.2	0.0	0.3
	Delta	(34.1)	(8.0)	(56.4)	0.0	(56.4)	0.0	(56.4)	0.0	(0.3)
BP81										
	Approved	983.2	1,033.4	903.0	0.0	903.0	72.2	975.2	0.0	10.0
	Request	1,025.3	1,021.5	949.6	0.0	949.6	72.2	1,021.7	0.0	10.1
	Delta	42.1	(11.9)	46.6	0.0	46.6	0.0	46.6	0.0	0.1
			** *REPAIR->*	349.5						
BP85										
	Approved	3,619.6	3,756.6	3,469.2	0.0	3,469.2	339.3	3,808.5	0.0	63.7
	Request	3,584.5	3,676.9	3,331.8	0.0	3,331.8	339.3	3,671.0	0.0	127.3
	Delta	(35.1)	(79.7)	(137.4)	0.0	(137.4)	0.0	(137.4)	0.0	63.6
			** *REPAIR->*	2,411.8						
BP91										
	Approved	0.0	419.6	1,297.9	0.0	1,297.9	0.0	1,297.9	5.0	0.0
	Request	0.0	364.2	1,172.4	0.0	1,172.4	0.0	1,172.4	3.6	0.0
	Delta	0.0	(55.3)	(125.5)	0.0	(125.5)	0.0	(125.5)	(1.4)	0.0
Close out accounting adjustment		0.0	0.0	(79.8)	0.0	(79.8)	0.0	(79.8)	0.0	0.0
	Approved	5,866.1	6,468.4	6,885.8	0.0	6,885.8	443.3	7,329.1	5.0	79.2
	Request	5,645.5	6,120.0	6,210.8	0.0	6,210.8	443.3	6,654.2	3.6	137.7
	Delta	(220.6)	(348.4)	(674.9)	0.0	(674.9)	0.0	(674.9)	(1.4)	58.6

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DIVISION		NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	TOTAL OBLIGATIONS	VARIABILITY TARGET	TARGET TOTAL	CAPITAL IMPROVEMENT PROGRAM	CREDIT SALES
BP21										
	Approved	66.4	66.4	67.1	0.0	67.1	0.0	67.1	0.0	0.0
	Request	67.8	67.8	68.5	0.0	68.5	0.0	68.5	0.0	0.0
	Delta	1.4	1.4	1.4	0.0	1.4	0.0	1.4	0.0	0.0
BP28										
	Approved	990.8	990.8	990.8	0.0	990.8	0.0	990.8	0.0	4.9
	Request	700.0	700.0	700.0	0.0	700.0	0.0	700.0	0.0	4.9
	Delta	(290.8)	(290.8)	(290.8)	0.0	(290.8)	0.0	(290.8)	0.0	0.0
BP34										
	Approved	235.2	236.5	159.3	0.0	159.3	31.9	191.1	0.0	0.6
	Request	183.7	204.6	126.3	0.0	126.3	31.9	158.2	0.0	0.2
	Delta	(51.5)	(31.9)	(33.0)	0.0	(33.0)	0.0	(33.0)	0.0	(0.4)
BP81										
	Approved	1,077.1	1,077.1	811.3	0.0	811.3	72.2	883.4	0.0	10.0
	Request	1,020.8	1,075.6	799.5	0.0	799.5	72.2	871.7	0.0	10.0
	Delta	(56.3)	(1.5)	(11.8)	0.0	(11.8)	0.0	(11.8)	0.0	0.0
			*** REPAIR->*	377.8						
BP85										
	Approved	3,730.1	4,151.9	3,160.0	0.0	3,160.0	339.3	3,499.2	0.0	69.1
	Request	3,910.3	3,959.2	3,068.6	0.0	3,068.6	339.3	3,407.9	0.0	179.8
	Delta	180.1	(192.7)	(91.4)	0.0	(91.4)	0.0	(91.4)	0.0	110.7
			*** REPAIR->*	2,305.8						
BP91										
	Approved	0.0	423.5	1,325.8	0.0	1,325.8	0.0	1,325.8	5.0	0.0
	Request	0.0	396.6	1,265.8	0.0	1,265.8	0.0	1,265.8	5.0	0.0
	Delta	0.0	(26.9)	(60.0)	0.0	(60.0)	0.0	(60.0)	0.0	0.0
TOTAL										
	Approved	6,099.6	6,946.1	6,514.2	0.0	6,514.2	443.3	6,957.5	5.0	84.6
	Request	5,882.6	6,403.8	6,028.7	0.0	6,028.7	443.3	6,472.1	5.0	194.9
	Delta	(217.0)	(542.3)	(485.5)	0.0	(485.5)	0.0	(485.5)	0.0	110.3

SUPPLY MANAGEMENT SUMMARY
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FY 2016

DIVISION		NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	TOTAL OBLIGATIONS	VARIABILITY TARGET	TARGET TOTAL	CAPITAL IMPROVEMENT PROGRAM	CREDIT SALES
BP21										
	Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Request	68.8	68.8	69.5	0.0	69.5	0.0	69.5	0.0	0.0
	Delta	68.8	68.8	69.5	0.0	69.5	0.0	69.5	0.0	0.0
BP28										
	Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Request	714.0	714.0	714.0	0.0	714.0	0.0	714.0	0.0	4.9
	Delta	714.0	714.0	714.0	0.0	714.0	0.0	714.0	0.0	4.9
BP34										
	Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Request	223.7	223.7	139.6	0.0	139.6	31.9	171.5	0.0	0.2
	Delta	223.7	223.7	139.6	0.0	139.6	31.9	171.5	0.0	0.2
BP81										
	Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Request	1,070.5	1,070.5	909.3	0.0	909.3	72.2	981.5	0.0	10.0
	Delta	1,070.5	1,070.5	909.3	0.0	909.3	72.2	981.5	0.0	10.0
			** *REPAIR->*	400.8						
BP85										
	Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Request	3,902.3	3,949.5	3,262.7	0.0	3,262.7	339.3	3,602.0	0.0	190.9
	Delta	3,902.3	3,949.5	3,262.7	0.0	3,262.7	339.3	3,602.0	0.0	190.9
			** *REPAIR->*	2,407.3						
BP91										
	Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Request	0.0	403.3	1,296.1	0.0	1,296.1	0.0	1,296.1	5.0	0.0
	Delta	0.0	403.3	1,296.1	0.0	1,296.1	0.0	1,296.1	5.0	0.0
TOTAL										
	Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Request	5,979.4	6,429.9	6,391.3	0.0	6,391.3	443.3	6,834.6	5.0	206.0
	Delta	5,979.4	6,429.9	6,391.3	0.0	6,391.3	443.3	6,834.6	5.0	206.0

OPERATING REQUIREMENTS BY WEAPON SYSTEM
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BP 34
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Weapon System	NMCS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	Total
F/A-18 / EA-18G	8.2 / 8.3	28.318	0.000	7.504	35.822
AV-8B / T-45	15.2 / 5.0	0.661	0.000	0.079	0.740
EA-6B	6.8	0.000	0.000	0.492	0.492
V-22	7.7	8.174	0.000	6.850	15.024
P-3	6.6	0.320	0.000	0.470	0.790
C-130	8.2	0.000	0.000	0.022	0.022
P-8	8.3	11.917	0.000	1.359	13.276
E-2 / C-2	8.1 / 7.0	10.982	0.000	1.397	12.379
Common Systems	n/a	3.135	0.000	2.461	5.596
Aircraft Engines	n/a	0.000	0.000	2.342	2.342
Aviation Support Systems	n/a	0.000	0.000	7.608	7.608
H-1	13.4	4.144	0.000	3.741	7.885
H-46	n/a	0.000	0.000	0.083	0.083
H-53	9.9	0.000	0.000	0.296	0.296
H-60	5.2	11.682	0.000	2.018	13.700
VTUAV	n/a	1.152	0.000	0.159	1.311
Multi-application	n/a	0.000	0.000	6.564	6.564
Efficiencies/Self Financing		(1.802)	0.000	0.000	(1.802)
Full PBL		0.000	0.000	(0.221)	(0.221)
Logistics Engineering Change Proposals		0.000	0.000	1.201	1.201
ERP Inventory Reduction		0.000	0.000	(3.776)	(3.776)
Total		78.683	0.000	40.648	119.331

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
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SUPPLY MANAGEMENT - NAVY
BP 34
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Weapon System	NMCS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	Total
F/A-18 / EA-18G	8.2 / 8.3	9.090	0.000	10.825	19.915
AV-8B / T-45	15.2 / 5.0	0.675	0.000	0.115	0.790
EA-6B	6.8	0.000	0.000	0.709	0.709
V-22	7.7	9.451	0.000	9.882	19.333
P-3	6.6	0.024	0.000	0.678	0.702
C-130	8.2	0.452	0.000	0.032	0.484
P-8	8.3	5.539	0.000	1.961	7.500
E-2 / C-2	8.1 / 7.0	4.840	0.000	2.016	6.856
Common Systems	n/a	2.308	0.000	3.550	5.858
Aircraft Engines	n/a	0.000	0.000	3.378	3.378
Aviation Support Systems	n/a	0.000	0.000	10.975	10.975
H-1	13.4	12.433	0.000	5.396	17.829
H-46	n/a	0.000	0.000	0.120	0.120
H-53	9.9	0.000	0.000	0.427	0.427
H-60	5.2	16.196	0.000	2.911	19.107
VTUAV	n/a	0.000	0.000	0.229	0.229
Multi-application	n/a	0.000	0.000	9.633	9.633
Efficiencies/Self Financing		(1.203)	0.000	0.000	(1.203)
Full PBL		0.000	0.000	6.100	6.100
Logistics Engineering Change Proposals		0.000	0.000	1.300	1.300
ERP Inventory Reduction		0.000	0.000	(3.776)	(3.776)
Total		59.805	0.000	66.459	126.264

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
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SUPPLY MANAGEMENT - NAVY
BP 34
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Weapon System	NMCS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	Total
F/A-18 / EA-18G	8.2 / 8.3	8.905	0.000	15.002	23.907
AV-8B / T-45	15.2 / 5.0	0.689	0.000	0.159	0.848
EA-6B	6.8	0.000	0.000	0.983	0.983
V-22	7.7	1.829	0.000	13.695	15.524
P-3	6.6	0.024	0.000	0.939	0.963
C-130	8.2	0.000	0.000	0.044	0.044
P-8	8.3	3.510	0.000	2.717	6.227
E-2 / C-2	8.1 / 7.0	12.152	0.000	2.794	14.946
Common Systems	n/a	1.804	0.000	4.919	6.723
Aircraft Engines	n/a	0.000	0.000	4.682	4.682
Aviation Support Systems	n/a	0.000	0.000	15.210	15.210
H-1	13.4	3.731	0.000	7.479	11.210
H-46	n/a	0.000	0.000	0.166	0.166
H-53	9.9	0.000	0.000	0.592	0.592
H-60	5.2	13.246	0.000	4.034	17.280
VTUAV	n/a	0.000	0.000	0.317	0.317
Multi-application	n/a	0.000	0.000	13.241	13.241
Efficiencies/Self Financing		(0.697)	0.000	0.000	(0.697)
Full PBL		0.000	0.000	6.100	6.100
Logistics Engineering Change Proposals		0.000	0.000	1.300	1.300
Total		45.193	0.000	94.373	139.566

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

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BP 81
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Weapon System Name	Basic Replen	Outfitting	Special Programs	Rework	Total
AMPHIBIOUS	7.725	4.306	0.883	6.954	19.868
NUCLEAR	94.313	8.900	12.840	5.292	121.345
SUBSAFE LI/ASDS/DSSP	63.414	0.504	9.719	14.102	87.739
EXPEDITIONARY	7.535	0.257	8.354	0.650	16.796
COMMON ELECTRIC	44.221	18.203	35.624	33.590	131.638
COMMON HM&E	61.378	5.319	41.942	29.664	138.303
CRUDES	2.270	30.013	53.933	109.506	195.722
LITTORAL	3.781	1.209	0.000	7.105	12.095
SUBMARINE	4.531	4.483	52.632	64.611	126.257
CVN	11.109	0.133	7.951	9.877	29.070
FULL PBL	16.348	0.000	0.000	68.118	84.466
ERP INVENTORY REDUCTION	(13.718)	0.000	0.000	0.000	(13.718)
Total	302.907	73.327	223.878	349.469	949.581

Platform	FY14 POTF *
AIRCRAFT CARRIERS	81%
AMPHIBIOUS WARFARE	54%
COMBAT LOGISTICS SHIPS	100%
MINE WARFARE SHIPS	47%
SUBMARINES	96%
SURFACE COMBATANTS	49%
MISCELLANEOUS	75%
ACROSS ALL PLATFORMS	66%

* POTF (Percentage of Time Free) is an accepted Department of Defense readiness metric and is used in assessing ship and submarine readiness vice NMCS (aviation metric). It measures the percentage of operating time free of mission-degrading casualties for active ships in all fleets (i.e. the percentage of operating time that a platform has no C3/C4 casualty reports (CASREPs). POTF is measured by platform. There is no means of obtaining POTF data at the Weapon System level.

FY14 POTF is based on actuals.

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Weapon System Name	Basic Replen	Outfitting	Special Programs	Rework	Total
AMPHIBIOUS	3.361	4.814	0.883	10.281	19.339
NUCLEAR	96.969	9.079	18.152	7.700	131.900
SUBSAFE LI/ASDS/DSSP	50.621	0.504	11.175	14.700	77.000
EXPEDITIONARY	1.237	0.000	5.276	2.768	9.281
COMMON ELECTRIC	2.159	27.063	31.625	42.704	103.551
COMMON HM&E	0.876	6.405	37.365	26.295	70.941
CRUDES	3.173	23.162	32.299	99.851	158.485
LITTORAL	1.280	0.960	0.379	8.007	10.626
SUBMARINE	0.937	3.132	41.599	64.056	109.724
CVN	1.695	0.841	1.397	9.687	13.620
FULL PBL	17.055	0.000	0.000	91.703	108.758
ERP INVENTORY REDUCTION	(13.718)	0.000	0.000	0.000	(13.718)
Total	165.645	75.960	180.150	377.752	799.507

Platform	FY15 POTF *
AIRCRAFT CARRIERS	81%
AMPHIBIOUS WARFARE	54%
COMBAT LOGISTICS SHIPS	100%
MINE WARFARE SHIPS	47%
SUBMARINES	96%
SURFACE COMBATANTS	49%
MISCELLANEOUS	75%
ACROSS ALL PLATFORMS	66%

* POTF (Percentage of Time Free) is an accepted Department of Defense readiness metric and is used in assessing ship and submarine readiness vice NMCS (aviation metric). It measures the percentage of operating time free of mission-degrading casualties for active ships in all fleets (i.e. the percentage of operating time that a platform has no C3/C4 casualty reports (CASREPs). POTF is measured by platform. There is no means of obtaining POTF data at the Weapon System level.

FY15 POTF projections are carried forward from FY14.

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Weapon System Name	Basic Replen	Outfitting	Special Programs	Rework	Total
AMPHIBIOUS	3.860	4.293	1.207	10.985	20.345
NUCLEAR	101.717	9.260	13.723	7.700	132.400
SUBSAFE LI/ASDS/DSSP	50.233	0.504	12.663	14.700	78.100
EXPEDITIONARY	1.543		14.686	2.957	19.186
COMMON ELECTRIC	8.659	21.854	31.133	45.628	107.274
COMMON HM&E	17.237	5.511	25.835	28.095	76.678
CRUDES	43.596	26.019	21.285	106.690	197.590
LITTORAL	4.298	3.032	0.000	8.555	15.885
SUBMARINE	20.045	3.205	24.023	68.442	115.715
CVN	14.389	1.753	0.000	10.351	26.493
FULL PBL	23.008	0.000	0.000	96.658	119.666
Total	288.585	75.431	144.555	400.761	909.332

Platform	FY16 POTF *
AIRCRAFT CARRIERS	81%
AMPHIBIOUS WARFARE	54%
COMBAT LOGISTICS SHIPS	100%
MINE WARFARE SHIPS	47%
SUBMARINES	96%
SURFACE COMBATANTS	49%
MISCELLANEOUS	75%
ACROSS ALL PLATFORMS	66%

* POTF (Percentage of Time Free) is an accepted Department of Defense readiness metric and is used in assessing ship and submarine readiness vice NMCS (aviation metric). It measures the percentage of operating time free of mission-degrading casualties for active ships in all fleets (i.e. the percentage of operating time that a platform has no C3/C4 casualty reports (CASREPs). POTF is measured by platform. There is no means of obtaining POTF data at the Weapon System level.

FY16 POTF projections are carried forward from FY14.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
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Weapon System	NMCS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	Repair	Total
F/A-18 / EA-18G	8.2 / 8.3	198.326	15.783	43.213	336.913	594.234
AV-8B / T-45	15.2 / 5.0	4.604	0.000	1.175	19.164	24.942
EA-6B	6.8	0.000	0.000	8.055	41.611	49.665
VTUAV	n/a	7.847	0.000	0.000	0.798	8.645
V-22	7.7	56.355	0.000	7.915	113.809	178.078
C-130	8.2	0.000	0.000	2.143	4.744	6.887
P-3	8.6	2.229	0.000	6.213	42.007	50.450
P-8	8.3	81.991	0.000	0.000	0.000	81.991
E-2 / C-2	8.1 / 7.0	74.984	37.484	10.570	49.773	172.811
Common Systems	n/a	21.821	0.000	8.106	55.701	85.628
Aircraft Engines	n/a	0.000	0.000	20.199	129.531	149.731
Aviation Support Systems	n/a	0.000	0.000	1.770	27.122	28.892
H-1	13.4	27.647	21.266	7.756	120.935	177.605
H-46	n/a	0.000	0.000	2.257	3.650	5.907
H-53	9.9	0.000	13.600	16.633	108.417	138.650
H-60	5.2	262.503	0.000	4.489	79.170	346.163
Multi-application	n/a	0.000	0.000	75.650	314.666	390.316
Efficiencies/Self Financing		(148.682)	0.000	0.000	0.000	(148.682)
Carcass Losses		0.000	0.000	18.000	0.000	18.000
Full PBL		0.000	0.000	67.136	974.563	1041.699
LECP Investment/Savings		0.000	0.000	(0.598)	(10.739)	(11.337)
ERP Inventory Reduction		0.000	0.000	(58.506)	0.000	(58.506)
Total		589.625	88.133	242.175	2,411.835	3,331.768

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

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Weapon System	NMCS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	Repair	Total
F/A-18 / EA-18G	8.2 / 8.3	83.562	131.695	41.587	302.743	559.587
AV-8B / T-45	15.2 / 5.0	5.039	0.000	0.702	14.483	20.223
EA-6B	6.8	0.000	0.000	7.546	39.571	47.117
VTUAV	n/a	0.000	0.000	0.000	2.164	2.164
V-22	7.7	76.532	0.000	6.403	121.562	204.497
C-130	8.2	3.093	0.000	1.719	4.511	9.323
P-3	8.6	0.180	0.000	6.963	39.948	47.091
P-8	8.3	54.814	0.000	0.000	0.000	54.814
E-2 / C-2	8.1 / 7.0	35.362	37.979	7.628	37.824	118.792
Common Systems	n/a	16.951	0.000	5.159	52.971	75.081
Aircraft Engines	n/a	0.000	12.250	19.724	123.182	155.156
Aviation Support Systems	n/a	0.000	0.000	2.516	25.792	28.308
H-1	13.4	89.423	18.733	7.664	61.641	177.461
H-46	n/a	0.000	0.000	2.076	3.230	5.306
H-53	9.9	0.000	0.000	15.712	142.650	158.362
H-60	5.2	137.875	0.000	4.086	35.875	177.837
Multi-application	n/a	0.000	0.000	69.723	271.711	341.434
Efficiencies/Self Financing		(155.498)	0.000	0.000	0.000	(155.498)
Carcass Losses		0.000	0.000	18.000	0.000	18.000
Full PBL		0.000	0.000	42.071	1037.059	1079.130
LECP Investment/Savings		0.000	0.000	14.088	(11.165)	2.923
ERP Inventory Reduction		0.000	0.000	(58.506)	0.000	(58.506)
Total		347.333	200.657	214.861	2,305.752	3,068.603

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

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Weapon System	NMCS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	Repair	Total
F/A-18 / EA-18G	8.2 / 8.3	76.611	133.688	65.307	329.469	605.075
AV-8B / T-45	15.2 / 5.0	5.359	0.000	1.106	14.498	20.963
EA-6B	6.8	0.000	0.000	11.899	39.612	51.511
VTUAV	n/a	0.000	0.000	0.000	2.166	2.166
V-22	7.7	12.191	0.000	10.097	121.687	143.975
C-130	8.2	0.000	0.000	2.761	4.517	7.278
P-3	8.6	0.188	0.000	10.980	39.989	51.157
P-8	8.3	26.640	0.000	0.000	61.285	87.925
E-2 / C-2	8.1 / 7.0	101.266	33.843	17.329	37.864	190.301
Common Systems	n/a	13.765	0.000	8.135	53.025	74.926
Aircraft Engines	n/a	0.000	0.000	31.102	123.309	154.412
Aviation Support Systems	n/a	0.000	0.000	3.968	25.819	29.786
H-1	13.4	27.848	0.000	12.085	61.704	101.637
H-46	n/a	0.000	0.000	3.274	3.234	6.508
H-53	9.9	0.000	0.000	24.776	142.787	167.563
H-60	5.2	118.772	0.000	6.443	35.912	161.127
Multi-application	n/a	0.000	0.000	112.680	275.380	388.060
Efficiencies/Self Financing		(68.099)	0.000	0.000	0.000	(68.099)
Carcass Losses		0.000	0.000	18.000	0.000	18.000
Full PBL		0.000	0.000	14.300	1,046.964	1,061.264
LECP Investment/Savings		0.000	0.000	19.103	(11.925)	7.178
Total		314.540	167.531	373.346	2,407.296	3,262.713

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

INVENTORY STATUS
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	Total	Mobilization	Operating	Other
1. INVENTORY BOP	56,110.563	0.000	28,560.400	27,550.163
2. BOP INVENTORY ADJUSTMENTS	175.454	0.000	4,324.723	(4,149.269)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	4,225.763	(4,225.763)
B. PRICE CHANGE AMOUNT (memo)	175.454	0.000	98.960	76.494
C. INVENTORY RECLASSIFIED AND REPRICED	56,286.017	0.000	32,885.123	23,400.894
3. RECEIPTS AT STANDARD	3,249.195	0.000	3,130.435	118.760
4. SALES AT STANDARD	5,893.476	0.000	5,893.476	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	1,655.759	0.000	1,705.887	(50.128)
B. RETURNS FROM CUSTOMERS FOR CREDIT	137.740	0.000	132.327	5.413
C. RETURNS FROM CUSTOMERS, NO CREDIT	14,373.595	0.000	6,691.956	7,681.639
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(2,410.001)	0.000	0.000	(2,410.001)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(678.220)	0.000	(374.375)	(303.845)
G. OTHER (listed in Section 9)	(13,229.615)	0.000	(10,760.225)	(2,469.390)
H. TOTAL ADJUSTMENTS	(150.742)	0.000	(2,604.430)	2,453.688
6. INVENTORY EOP	53,490.994	0.000	27,517.652	25,973.342
7. INVENTORY EOP (REVALUED)	33,212.681	0.000	18,219.995	14,992.686
A. APPROVED ACQUISITION OBJECTIVE (memo)				12,475.980
B. ECONOMIC RETENTION (memo)				1,348.016
C. CONTINGENCY RETENTION (memo)				1,128.442
D. POTENTIAL DOD REUTILIZATION (memo)				40.250
8. INVENTORY ON ORDER EOP (memo)	2,211.647	0.000	2,177.620	34.027
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(1,811.436)	0.000	(1,892.578)	81.142
Strata Transfers	0.000	0.000	2,550.532	(2,550.532)
Net/Standard Difference	(11,418.179)	0.000	(11,418.179)	0.000
Total	(13,229.615)	0.000	(10,760.225)	(2,469.390)

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	Total	Mobilization	Operating	Other
1. INVENTORY BOP	53,490.994	0.000	27,517.652	25,973.342
2. BOP INVENTORY ADJUSTMENTS	665.083	0.000	4,580.330	(3,915.247)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	4,236.213	(4,236.213)
B. PRICE CHANGE AMOUNT (memo)	665.083	0.000	344.117	320.966
C. INVENTORY RECLASSIFIED AND REPRICED	54,156.077	0.000	32,097.982	22,058.095
3. RECEIPTS AT STANDARD	3,141.369	0.000	3,132.821	8.548
4. SALES AT STANDARD	6,202.133	0.000	6,202.133	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(19.601)	0.000	43.947	(63.548)
B. RETURNS FROM CUSTOMERS FOR CREDIT	194.892	0.000	9.318	185.574
C. RETURNS FROM CUSTOMERS, NO CREDIT	18,439.403	0.000	9,691.553	8,747.850
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(3,103.365)	0.000	0.000	(3,103.365)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(73.612)	0.000	(73.612)	0.000
G. OTHER (listed in Section 9)	(12,256.340)	0.000	(10,607.644)	(1,648.696)
H. TOTAL ADJUSTMENTS	3,181.376	0.000	(936.438)	4,117.815
6. INVENTORY EOP	54,276.690	0.000	28,092.232	26,184.458
7. INVENTORY EOP (REVALUED)	32,277.096	0.000	17,436.094	14,841.002
A. APPROVED ACQUISITION OBJECTIVE (memo)				12,364.154
B. ECONOMIC RETENTION (memo)				1,318.141
C. CONTINGENCY RETENTION (memo)				1,119.005
D. POTENTIAL DOD REUTILIZATION (memo)				39.702
8. INVENTORY ON ORDER EOP (memo)	2,017.959	0.000	2,015.977	1.982
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(65.555)	0.000	(60.386)	(5.169)
Strata Transfers	0.000	0.000	1,643.527	(1,643.527)
Net/Standard Difference	(12,190.785)	0.000	(12,190.785)	0.000
Total	(12,256.340)	0.000	(10,607.644)	(1,648.696)

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	Total	Mobilization	Operating	Other
1. INVENTORY BOP	54,276.690	0.000	28,092.232	26,184.458
2. BOP INVENTORY ADJUSTMENTS	1,861.802	0.000	5,664.048	(3,802.246)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	4,202.264	(4,202.264)
B. PRICE CHANGE AMOUNT (memo)	1,861.802	0.000	1,461.784	400.018
C. INVENTORY RECLASSIFIED AND REPRICED	56,138.492	0.000	35,807.839	23,006.693
3. RECEIPTS AT STANDARD	3,069.070	0.000	3,136.003	(66.933)
4. SALES AT STANDARD	6,232.539	0.000	6,232.539	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(19.991)	0.000	44.827	(64.818)
B. RETURNS FROM CUSTOMERS FOR CREDIT	205.956	0.000	142.879	63.077
C. RETURNS FROM CUSTOMERS, NO CREDIT	17,661.933	0.000	9,546.294	8,115.639
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(3,161.692)	0.000	0.000	(3,161.692)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(121.561)	0.000	(121.561)	0.000
G. OTHER (listed in Section 9)	(11,964.058)	0.000	(11,483.230)	(480.828)
H. TOTAL ADJUSTMENTS	2,600.587	0.000	(1,870.791)	4,471.378
6. INVENTORY EOP	55,575.610	0.000	28,788.953	26,786.657
7. INVENTORY EOP (REVALUED)	33,349.030	0.000	18,397.263	14,951.767
A. APPROVED ACQUISITION OBJECTIVE (memo)				12,467.264
B. ECONOMIC RETENTION (memo)				1,315.718
C. CONTINGENCY RETENTION (memo)				1,128.951
D. POTENTIAL DOD REUTILIZATION (memo)				39.834
8. INVENTORY ON ORDER EOP (memo)	2,075.112	0.000	2,072.225	2.887
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(78.016)	0.000	(75.514)	(2.502)
Strata Transfers	0.000	0.000	478.326	(478.326)
Net/Standard Difference	(11,886.042)	0.000	(11,886.042)	0.000
Total	(11,964.058)	0.000	(11,483.230)	(480.828)

TAB #12 GOES HERE

12. Marine Corps Supply

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NARRATIVE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT – MARINE CORPS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
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Mission Statement/Overview:

The Marine Corps, Supply Management Activity Group (MC SMAG) performs inventory management functions that result in the sale of consumable and reparable items to support Department of Defense (DoD), federal, and non-federal war fighting weapon systems supply needs. Costs related to providing such inventory (material) support to customers are recouped through the application of stabilized rates that include recovery for cost elements such as oversight/inventory management and cost required to stock, store, receive, and issue such assets. MC SMAG is divided into four Budget Projects to organize the financial operation of the fund.

	Budget Project
Wholesale	
Depot Level Reparables	**BP84**
Retail	
Consumable Retail Centrally Managed/Direct Support Stock Control	**BP28**
Fuel	**BP38**
Operations	
Cost of Operations	**BP91**

Activity Group Composition:

The Navy Working Capital Fund-Marine Corps (NWCF-MC), SMAG is comprised of:

Weapon System Management Center, Marine Corps Logistics Command, Albany, GA
Direct Support Stock Control, Marine Corps Logistics Base, Albany, GA
Direct Support Stock Control, Marine Corps Logistics Base, Barstow, CA
Direct Support Stock Control, Marine Corps Base, Quantico, VA
Business Logistics Support Department, Marine Corps Base Camp Lejeune, NC
Consolidated Material and Service Center, Marine Corps Base Camp Pendleton, CA

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Significant Changes Since the FY 2015 President's Budget:
MC SMAG's Wholesale and Retail operations are expected to trend downward in FY 2015 and FY 2016 for gross sales and obligations, based on current operating tempo resulting in a reduced demand and sales forecast provided by customer feedback.

Transition to General Services Administration Concept of Operation
The Marine Corps has transitioned many of its supply operations functions to the General Services Administration (GSA) via the Fourth Party Logistics (4PL) process. This process aims to preserve all capabilities previously provided by the Marine Corps while utilizing GSA's knowledge and expertise in supply management. Once fully implemented, the transition will reduce MC SMAG's future retail Obligation Authority (OA) requirement.

The Consolidated Material and Service Center at Camp Pendleton is the only remaining Marine Corps service site that has not completed the transition to GSA. This site provides hardware products such as safety gloves, goggles, and boots, materials used for loading and off-loading aircraft, office and mess hall supplies, tools, and hazardous waste management. Full transition was expected to be implemented by the end of FY 2014. However, the transition process has encountered some delays and is now expected to be completed early FY 2016. As a result of this delay, the FY 2015 and FY 2016 budget requests additional retail OA in order to ensure that services can continue until the transition is finalized.

End to End Automated Information System (AIS) strategy
The MC SMAG business strategy includes continuing work on the employment of contributing functions and processes which are expected to lead to the ultimate goal of selecting an end to end (E2E) Automated Information System (AIS) that will incorporate all DoD outlined requirements. In addition, the MC SMAG will be in a better position to support audit efforts according to the criteria of the Financial Improvement and Audit Readiness (FIAR) Plan.

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Financial Profile:

Revenue/Expense/Operating Results ($Millions):	FY 2014	FY 2015	FY 2016
Net Revenue	$119.3	$122.2	$118.2
Expense	$125.7	$122.6	$110.8
Operating Results	($6.4)	($0.4)	$7.4
Less Capital Surcharge	$0.0	$0.0	$0.0
Net Operating Results (NOR)	($6.4)	($0.4)	$7.4
Prior Year AOR	($0.6)	($7.0)	($7.4)
Other Changes Affecting AOR	$0.0	$0.0	$0.0
Accumulated Operating Results (AOR)	($7.0)	($7.4)	$0.0

Note: Amounts may not add due to rounding.

Revenue and Expenses: Annual revenue and expenses decrease from FY 2015 to FY 2016 based on projected demand from the operating forces. This is the result of the planned decline in the Marine Corps' total end strength, the right sizing of Authorized Acquisition Objectives (AAOs), Tables of Equipment (T/Es), and associated decreases in operating tempo.

Operating Results: Net Operating Result is stable across the budget years based on projected demand patterns from our customers. The net result is a balanced budget that achieves a zero AOR in FY 2016.

Obligations:

Obligation Authority ($Millions):	FY 2014	FY 2015	FY 2016
Wholesale	$73.5	$78.0	$78.1
Less Customer Returns	$3.5	$5.5	$4.2
Provisioning	$0.1	$0.0	$0.0
Retail	$33.8	$35.3	$32.0
Total	$107.5	$113.3	$110.0

Note: Amounts may not add due to rounding.

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Wholesale: OA supports the acquisition and repair of reparable spare parts as well as the cost of operating the MC SMAG wholesale enterprise. OA decreases in FY 2015 and remains stable in FY 2016. The FY 2015 decrease is the result of a decline in the demand for secondary reparable parts needed to support the repair and replenishment of inventory for major weapon systems such as Amphibious Assault Vehicle (AAV), Light Armored Vehicle (LAV), and various radars.

Retail: OA for retail operations remains consistent from FY 2014 through FY 2016 and includes required OA to continue Consolidated Material and Service Center services during the transition from the Marine Corps to General Services Administration (GSA).

Collections/Disbursement/Outlays ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Collections	$121.0	$117.3	$111.4
Disbursements	$102.7	$115.2	$109.4
Outlays	($18.4)	($2.1)	($2.0)

Note: Amounts may not add due to rounding.

Collections: Collections fluctuate across the budget years, but are expected to decrease from FY 2015 to FY 2016 based on revenue projections.

Disbursements: In FY 2014 disbursements reflect actual expenditures supporting the operating forces for material and supplies and DLA transportation costs. Disbursements in FY 2015 increase due to anticipated receipt of on order items and completion/receipt of assets. FY 2016 disbursements are projected to decrease commensurate with anticipated demand.

Sales:

Gross Sales ($Millions):	**FY 2014**	**FY 2015**	**FY 2016**
Wholesale	$82.1	$92.4	$90.4
Retail	$40.6	$35.3	$32.0
Provisioning	$0.1	$0.0	$0.0
Total (less Provisioning)	$122.7	$127.7	$122.3

Note: Amounts may not add due to rounding.

Wholesale: Gross sales decrease from FY 2015 to FY 2016 due to anticipated reductions in the sales base.

Retail: Sales are expected to decline driven by reduced demand from the operating forces.

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SUPPLY MANAGEMENT – MARINE CORPS
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Metrics	**FY 2014**	**FY 2015**	**FY 2016**
Items Managed	4,790	4,790	4,927
Requisitions Received	3,503	3,503	3,615
Receipts	1,322	1,314	1,114
Issues	4,663	4,607	4,211
Contracts Executed	83	83	86

Undelivered Orders: Undelivered orders represent contracts or orders for goods for which a liability has not yet accrued. The accrual of the liability creates an outlay requirement.

	FY 2014	**FY 2015**	**FY 2016**
Undelivered Orders ($Millions)	$120.1	$121.9	$121.4

War Reserve Material (WRM): WRM funding supports the procurement, replenishment, reconstitution, stock and contracted asset availability guarantee of consumable and reparable items deemed necessary for war reserve. No obligation authority or direct appropriations are required during this budget cycle.

Performance Indicators: In addition to core metrics such as net and accumulated operating results, Supply Chain Channel Performance measures the capacity of the supply chain to respond to customer demand.

	FY 2014	**FY 2015**	**FY 2016**
Supply Chain Channel Performance	85%	91%	84%
Report of Discrepancy Processing Time	21	23	24

Unit Cost: Unit Cost provides cost per unit sold based on total cost and the total anticipated number of sales. Unit cost can change in the year of execution.

Unit Cost:	**FY 2014**	**FY 2015**	**FY 2016**
Wholesale	$0.939	$0.904	$0.910
Retail	$0.832	$0.998	$1.000

NARRATIVE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT – MARINE CORPS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
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Composite Rates:	**FY 2014**	**FY 2015**	**FY 2016**
Annual Price Change (APC)	-2.91%	5.34%	5.21%
Composite Cost Recovery Rate (CRR)	15.59%	21.91%	27.89%

The cost categories within the CRR include civilian pay, distribution depot costs, transportation costs, other Department of Defense bills associated with supply operations, and costs to replace inventory losses. The FY 2016 CRR increases due to higher supplier costs coupled with reduced demand for Marine Corps managed assets. The Cost Recovery Rate (CRR) is tied to customer funding and Marine Corps Weapons Systems Support's ability to fill customer orders.

Staffing:

Civilian/Military End Strength & Work Years	**FY 2014**	**FY 2015**	**FY 2016**
Civilian End Strength	26	26	26
Civilian Work Years	21	26	26
Military End Strength	0	0	0
Military Work Years	0	0	0

Civilian staffing remains stable and provides continuous support.

Capital Investment Program (CIP) Budget Authority:
MC SMAG does not have a CIP budget request.

REVENUE AND EXPENSE SUMMARY
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
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(DOLLAR IN MILLIONS)

	FY2014	FY2015	FY2016
Revenue			
Gross Sales	122.7	127.7	122.3
Capital Surcharge	0.0	0.0	0.0
Depreciation	0.0	0.0	0.0
Major Construction Depreciation	0.0	0.0	0.0
Other Income	0.1	0.0	(0.0)
Refunds/Discounts (-)	(3.5)	(5.5)	(4.2)
Total Income:	119.3	122.2	118.2
Expenses			
Cost of Materiel Sold from Inventory	112.7	110.3	98.4
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.0	0.0	0.0
Civilian Personnel & Compensation & Benefits	2.0	2.5	2.6
Travel & Transportation of Personnel	0.0	0.1	0.1
Materials & Supplies (For internal Operations)	0.0	0.0	0.0
Equipment	0.0	0.0	0.0
Other Purchases from Revolving Funds	10.3	8.2	8.2
Transportation of Things	0.1	0.1	0.1
Depreciation - Capital	0.0	0.0	0.0
Printing and Reproduction	0.0	0.0	0.0
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication, Utilities, & Misc. Charges	0.0	0.0	0.0
Other Purchased Services	0.7	1.4	1.4
Total Expenses:	125.7	122.6	110.8
Operating Result:	(6.4)	(0.4)	7.4
Less Capital Surcharge Reservation	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR - *WRM*	0.0	0.0	0.0
Other Changes Affecting NOR/AOR	0.0	0.0	0.0
Navy Cash Recovery	0.0	0.0	0.0
Net Operating Result:	(6.4)	(0.4)	7.4
Other Changes Affecting AOR			
Prior Year AOR	(0.6)	(7.0)	(7.4)
AOR Redistribution	0.0	0.0	0.0
Cash Factor	0.0	0.0	0.0
Accumulated Operating Result:	(7.0)	(7.4)	0.0

SOURCES OF NEW ORDERS AND REVENUE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
FISCAL YEAR (FY) BUDGET ESTIMATES
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(DOLLARS IN MILLIONS)

Marine Corps/Supply Management

	FY2014	FY2015	FY2016
1. New Orders			
1a. Orders from DoD Components:			
Dept. Of Navy			
Military Personnel, Marine Corps	0.0	0.0	0.0
O & M, Marine Corps	98.8	67.8	80.3
O & M, Marine Corps Reserve	0.0	0.0	0.0
O & M, Navy	6.7	10.7	9.3
Procurement, Marine Corps	0.1	0.0	0.0
Other Services (O&M)			
Army	7.7	10.8	10.0
Air Force	0.4	0.2	0.2
All Other DOD	0.0	0.0	0.0
Subtotal	113.7	89.5	99.7
1b. Orders from other Fund Business Areas:			
Navy Supply Management	3.0	3.2	2.6
Marine Corps Depot Maintenance	9.7	13.9	13.4
Subtotal	12.7	17.2	16.0
1c. Total DoD	126.4	106.7	115.8
1d. Other Orders:			
Other Federal Agencies	5.2	5.3	5.2
Foreign Military Sales	1.9	0.8	0.8
Non Federal Agencies	0.0	0.1	0.0
Subtotal	7.1	6.2	6.1
1. Total New Orders	133.5	112.9	121.9
2. Carry-In Orders	21.4	32.1	17.3
3. Total Gross Orders:	154.9	145.0	139.2
4. Funded Carry-over:	32.1	17.3	16.9
5. Total Gross Sales:	122.7	127.7	122.3

FUEL DATA
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
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		----- PROCURED FROM DESC -----			----- PROCURED BY SERVICE -----			STABILIZED
FY	**PRODUCT**	**BARRELS**	**U/P**	**EXT COST**	**BARRELS**	**U/P**	**EXT COST**	**PRICE**
2014	Jet Fuel: JP-8	0.002	$152.040	$0.304	0.000	$0.000	0.000	$152.040
	Propane	0.000	$0.000	$0.000	0.001	$149.520	0.150	
	Natural Gas (CNG)	0.000	$0.00	$0.000	0.000	$0.000	0.000	
	TOTAL	0.002		$0.304	0.001		0.150	
2015	Jet Fuel: JP-8	0.002	$155.400	$0.311	0.000	0.000	0.000	$155.400
	Propane	0.000	$0.000	$0.000	0.002	149.520	0.260	
	Natural Gas (CNG)	0.000	$0.000	$0.000	0.001	81.060	0.000	
	TOTAL	0.002		$0.311	0.003		$0.260	
2016	Jet Fuel: JP-8	0.002	$144.060	$0.288	0.000	$0.000	$0.000	$144.060
	Propane	0.000	$0.000	$0.000	0.002	$149.520	$0.299	
	Natural Gas (CNG)	0.000	$0.000	$0.000	0.001	$81.060	$0.081	
	TOTAL	0.002		$0.288	0.003		$0.380	

DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
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(DOLLARS IN MILLIONS)

			Obligation Targets						
Business Division	Net Customer Orders	Net Sales	Operating	Mobilization	Direct Appn	Total Operating Obligations	Total Capital Obligations	Variability Target	Target Total
FY2014									
Request	130.030	119.262	107.454	0.000	0.000	107.454	0.000	45.445	152.899
FY2015									
Request	107.394	122.231	113.267	0.000	0.000	113.267	0.000	38.250	151.517
FY2016									
Request	117.725	118.162	110.020	0.000	0.000	110.020	0.000	35.675	145.695

DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
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(DOLLARS IN MILLIONS)
FY 2014

			Obligation Targets						
Business Division	Net Customer Orders	Net Sales	Operating	Mobilization	Direct Appn	Total Operating Obligations	Total Capital Obligations	Variability Target	Target Total
BP 28									
Request	51.204	40.095	33.457	0.000	0.000	33.457	0.000	21.145	54.602
BP 38									
Request	0.548	0.548	0.396	0.000	0.000	0.396	0.000	0.000	0.396
BP 84									
Request	78.278	78.619	60.601	0.000	0.000	60.601	0.000	24.300	84.901
BP 91									
Request	0.000	0.000	13.000	0.000	0.000	13.000	0.000	0.000	13.000
TOTAL									
Request	130.030	119.262	107.454	0.000	0.000	107.454	0.000	45.445	152.899

DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)
FY 2015

			Obligation Targets						
Business Division	Net Customer Orders	Net Sales	Operating	Mobilization	Direct Appn	Total Operating Obligations	Total Capital Obligations	Variability Target	Target Total
BP 28									
Request	23.528	34.762	34.678	0.000	0.000	34.678	0.000	20.000	54.678
BP 38									
Request	0.555	0.555	0.578	0.000	0.000	0.578	0.000	0.000	0.578
BP 84									
Request	83.311	86.914	65.736	0.000	0.000	65.736	0.000	18.250	83.986
BP 91									
Request	0.000	0.000	12.275	0.000	0.000	12.275	0.000	0.000	12.275
TOTAL									
Request	107.394	122.231	113.267	0.000	0.000	113.267	0.000	38.250	151.517

DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
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FY 2016

			Obligation Targets						
Business Division	Net Customer Orders	Net Sales	Operating	Mobilization	Direct Appn	Total Operating Obligations	Total Capital Obligations	Variability Target	Target Total
BP 28									
Request	31.594	31.599	31.381	0.000	0.000	31.381	0.000	20.000	51.381
BP 38									
Request	0.353	0.353	0.578	0.000	0.000	0.578	0.000	0.000	0.578
BP 84									
Request	85.778	86.210	65.736	0.000	0.000	65.736	0.000	15.675	81.411
BP 91									
Request	0.000	0.000	12.325	0.000	0.000	12.325	0.000	0.000	12.325
TOTAL									
Request	117.725	118.162	110.020	0.000	0.000	110.020	0.000	35.675	145.695

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
BP84 - WHOLESALE
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
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Weapon System	NMCRS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	Repair	Total
TOTAL ORDNANCE TANK AUTOMOTIVE	5.0	0.000	0.000	2.848	10.147	12.995
TOTAL GUIDED MISSILES AND EQUIPMENT	5.0	0.000	0.000	(0.268)	5.135	4.867
TOTAL COMMUNICATION AND ELECTRONICS	5.0	0.000	0.000	4.517	15.287	19.804
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	5.0	0.000	0.000	12.906	5.805	18.711
TOTAL GENERAL PROPERTY	5.0	0.083	0.000	1.389	2.752	4.224
Total		0.083	0.000	21.392	39.126	60.601

[1]Not Mission Capable Ready Supply (NMCRS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCRS is computed only for weapon systems. NMCRS is not computed for weapon system parts, such as engines.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
BP84 - WHOLESALE
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
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Weapon System	NMCS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	Repair	Total
TOTAL ORDNANCE TANK AUTOMOTIVE	5.0	0.000	0.000	6.095	20.100	26.195
TOTAL GUIDED MISSILES AND EQUIPMENT	5.0	0.000	0.000	0.005	0.700	0.705
TOTAL COMMUNICATION AND ELECTRONICS	5.0	0.000	0.000	14.000	18.100	32.100
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	5.0	0.000	0.000	6.424	0.112	6.536
TOTAL GENERAL PROPERTY	5.0	0.000	0.000	0.200	0.000	0.200
Total		0.000	0.000	26.724	39.012	65.736

[1]Not Mission Capable Ready Supply (NMCRS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCRS is computed only for weapon systems. NMCRS is not computed for weapon system parts, such as engines.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
BP84 - WHOLESALE
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
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Weapon System	NMCS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	Repair	Total
TOTAL ORDNANCE TANK AUTOMOTIVE	5.0	0.000	0.000	6.095	20.100	26.195
TOTAL GUIDED MISSILES AND EQUIPMENT	5.0	0.000	0.000	0.005	0.700	0.705
TOTAL COMMUNICATION AND ELECTRONICS	5.0	0.000	0.000	14.000	18.100	32.100
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	5.0	0.000	0.000	6.424	0.112	6.536
TOTAL GENERAL PROPERTY	5.0	0.000	0.000	0.200	0.000	0.200
Total		0.000	0.000	26.724	39.012	65.736

[1]Not Mission Capable Ready Supply (NMCRS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCRS is computed only for weapon systems. NMCRS is not computed for weapon system parts, such as engines.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
BP 28 - RETAIL
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
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FY 2014

Weapon System	NMCRS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	Repair	Total
TOTAL ORDNANCE TANK AUTOMOTIVE	0.0	0.000	0.000	(4.787)	0.000	(4.787)
TOTAL GUIDED MISSILES AND EQUIPMENT	0.0	0.000	0.000	(0.008)	0.000	(0.008)
TOTAL COMMUNICATION AND ELECTRONICS	0.0	0.000	0.000	(0.445)	0.000	(0.445)
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.0	0.000	0.000	0.123	0.000	0.123
TOTAL GENERAL PROPERTY	0.0	0.000	0.000	0.279	0.000	0.279
Total		0.000	0.000	-4.838	0.000	-4.838

[1]Not Mission Capable Ready Supply (NMCRS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCRS is computed only for weapon systems. NMCRS is not computed for weapon system parts, such as engines.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
BP 28 - RCM
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
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Weapon System	NMCS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	Repair	Total
TOTAL ORDNANCE TANK AUTOMOTIVE	0.0	0.000	0.000	0.651	0.000	0.651
TOTAL GUIDED MISSILES AND EQUIPMENT	0.0	0.000	0.000	0.252	0.000	0.252
TOTAL COMMUNICATION AND ELECTRONICS	0.0	0.000	0.000	0.082	0.000	0.082
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.0	0.000	0.000	0.110	0.000	0.110
TOTAL GENERAL PROPERTY	0.0	0.000	0.000	0.025	0.000	0.025
Total		0.000	0.000	1.120	0.000	1.120

[1]Not Mission Capable Ready Supply (NMCRS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCRS is computed only for weapon systems. NMCRS is not computed for weapon system parts, such as engines.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
BP 28 - RCM
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Weapon System	NMCS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	Repair	Total
TOTAL ORDNANCE TANK AUTOMOTIVE	0.0	0.000	0.000	0.651	0.000	0.651
TOTAL GUIDED MISSILES AND EQUIPMENT	0.0	0.000	0.000	0.242	0.000	0.242
TOTAL COMMUNICATION AND ELECTRONICS	0.0	0.000	0.000	0.082	0.000	0.082
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.0	0.000	0.000	0.110	0.000	0.110
TOTAL GENERAL PROPERTY	0.0	0.000	0.000	0.025	0.000	0.025
Total		0.000	0.000	1.110	0.000	1.110

[1]Not Mission Capable Ready Supply (NMCRS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCRS is computed only for weapon systems. NMCRS is not computed for weapon system parts, such as engines.

INVENTORY STATUS
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
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	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	1,325.280	54.601	1,266.523	4.156
2. BOP INVENTORY ADJUSTMENTS	0.020	0.001	(316.808)	316.827
A. RECLASSIFICATION CHANGE (memo)	(5.140)	(0.023)	(321.944)	316.827
B. PRICE CHANGE AMOUNT (memo)	5.160	0.024	5.136	0.000
C. INVENTORY RECLASSIFIED AND REPRICED	1,325.300	54.602	949.715	320.983
3. RECEIPTS AT STANDARD	89.800	0.000	89.714	0.086
4. SALES AT STANDARD	154.086	0.000	153.886	0.200
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	3.209	0.000	3.209	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT +	3.481	0.000	3.481	0.000
C. RETURNS FROM CUSTOMERS W/O CREDIT	435.961	0.000	435.934	0.027
D. RETURNS TO SUPPLIERS (-)	(84.834)	0.000	(84.834)	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(79.853)	0.000	(79.853)	0.000
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(91.694)	(11.476)	(81.221)	1.003
G. OTHER (list/explain)	(33.975)	(13.628)	(20.231)	(0.116)
H. TOTAL ADJUSTMENTS	152.295	(25.104)	176.485	0.914
6. INVENTORY EOP	1,413.309	29.498	1,062.028	321.783
7. INVENTORY EOP, REVALUED	1,262.266	28.738	952.758	280.770
A. ECONOMIC RETENTION (memo)				31.518
B. CONTINGENCY RETENTION (memo)				290.265
C. POTENTIAL DOD EXCESS (memo)				0.000
8. INVENTORY ON ORDER EOP (memo)	57.193	0.000	57.193	0.000

9. NARRATIVE:

Other adjustments (line 5g):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(23.646)	(13.628)	(9.995)	(0.023)
K3 Adjust	0.000	0.000	0.000	0.000
SIT Change	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	0.093	(0.093)
Total	(23.646)	(13.628)	(9.902)	(0.116)

INVENTORY STATUS
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
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			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	1,413.309	29.498	1,062.028	321.783
2. BOP INVENTORY ADJUSTMENTS	67.007	0.741	48.838	17.428
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	67.007	0.741	48.838	17.428
C. INVENTORY RECLASSIFIED AND REPRICED	1,480.316	30.239	1,110.866	339.211
3. RECEIPTS AT STANDARD	62.982	0.000	62.982	0.000
4. SALES AT STANDARD	127.705	0.000	127.705	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(2.358)	0.000	(2.358)	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT +	5.474	0.000	5.474	0.000
C. RETURNS FROM CUSTOMERS W/O CREDIT	231.565	0.000	231.565	0.000
D. RETURNS TO SUPPLIERS (-)	(73.341)	0.000	(6.021)	(67.320)
E. TRANSFERS TO PROP. DISPOSAL (-)	(44.920)	0.000	(16.525)	(28.395)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(74.034)	0.000	(49.034)	(25.000)
G. OTHER (list/explain)	(13.437)	0.000	(109.152)	95.715
H. TOTAL ADJUSTMENTS	28.949	0.000	53.949	(25.000)
6. INVENTORY EOP	1,444.542	30.239	1,100.092	314.211
7. INVENTORY EOP, REVALUED	1,225.887	29.118	938.585	258.184
A. ECONOMIC RETENTION (memo)				30.276
B. CONTINGENCY RETENTION (memo)				283.935
C. POTENTIAL DOD EXCESS (memo)				0.000
8. INVENTORY ON ORDER EOP (memo)	56.160	0.000	56.160	0.000

9. NARRATIVE:

Other adjustments (line 5f):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(13.437)	0.000	(13.437)	0.000
K3 Adjust	0.000	0.000	0.000	0.000
SIT Change	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	(95.715)	95.715
Total	(13.437)	0.000	(109.152)	95.715

INVENTORY STATUS
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)
FY 2016

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	1,444.542	30.239	1,100.092	314.211
2. BOP INVENTORY ADJUSTMENTS	24.382	0.583	18.285	5.514
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	24.382	0.583	18.285	5.514
C. INVENTORY RECLASSIFIED AND REPRICED	1,468.924	30.822	1,118.377	319.725
3. RECEIPTS AT STANDARD	43.005	0.000	43.005	0.000
4. SALES AT STANDARD	122.336	0.000	122.336	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(2.358)	0.000	(2.358)	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT +	4.174	0.000	4.174	0.000
C. RETURNS FROM CUSTOMERS W/O CREDIT	212.565	0.000	212.565	0.000
D. RETURNS TO SUPPLIERS (-)	(73.341)	0.000	(6.021)	(67.320)
E. TRANSFERS TO PROP. DISPOSAL (-)	(44.920)	0.000	(16.525)	(28.395)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(73.484)	0.000	(48.484)	(25.000)
G. OTHER (list/explain)	(12.912)	0.000	(108.627)	95.715
H. TOTAL ADJUSTMENTS	9.724	0.000	34.724	(25.000)
6. INVENTORY EOP	1,399.317	30.822	1,073.770	294.725
7. INVENTORY EOP, REVALUED	1,160.108	29.558	894.015	236.535
A. ECONOMIC RETENTION (memo)				28.020
B. CONTINGENCY RETENTION (memo)				266.705
C. POTENTIAL DOD EXCESS (memo)				0.000
8. INVENTORY ON ORDER EOP (memo)	71.892	0.000	71.892	0.000

9. NARRATIVE:

Other adjustments (line 5f):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(12.912)	0.000	(12.912)	0.000
K3 Adjust	0.000	0.000	0.000	0.000
SIT Change	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	(95.715)	95.715
Total	(12.912)	0.000	(108.627)	95.715

WAR RESERVE MATERIAL
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)
FY 2014

Stockpile Status			
	Total	WRM Protected	WRM Other
1. Inventory BOP	54.601	54.601	0.000
2. Price Change	0.001	0.001	0.000
3. Reclassification	54.602	54.602	0.000
Inventory Changes			
a. Receipts	0.000	0.000	0.000
(1). Purchases	0.000	0.000	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues	0.000	0.000	0.000
(1). Sales	0.000	0.000	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3). Disposals	0.000	0.000	0.000
c. Adjustments	-25.104	-25.104	0.000
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and losses	0.000	0.000	0.000
(3). Other	-25.104	-25.104	0.000
Inventory EOP	29.498	29.498	0.000
Stockpile Costs			
1. Storage	0.000	0.000	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	0.000	0.000	0.000
WRM Budget Request			
1. Obligations			
a. Additional WRM Investment	0.000	0.000	0.000
b. Replen./Repair WRM Reinvest.	0.000	0.000	0.000
c. Stock Rotation/Obsolescence	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	0.000	0.000	0.000

WAR RESERVE MATERIAL
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)
FY 2015

Stockpile Status			
	Total	WRM Protected	WRM Other
1. Inventory BOP	29.498	29.498	0.000
2. Price Change	0.741	0.741	0.000
3. Reclassification	30.239	30.239	0.000
Inventory Changes			
a. Receipts	0.000	0.000	0.000
(1). Purchases	0.000	0.000	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues	0.000	0.000	0.000
(1). Sales	0.000	0.000	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3). Disposals	0.000	0.000	0.000
c. Adjustments	-1.121	-1.121	0.000
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and losses	0.000	0.000	0.000
(3). Other	-1.121	-1.121	0.000
Inventory EOP	29.118	29.118	0.000
Stockpile Costs			
1. Storage	0.000	0.000	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	0.000	0.000	0.000
WRM Budget Request			
1. Obligations			
a. Additional WRM Investment	0.000	0.000	0.000
b. Replen./Repair WRM Reinvest.	0.000	0.000	0.000
c. Stock Rotation/Obsolescence	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	0.000	0.000	0.000

WAR RESERVE MATERIAL
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES
FEBRUARY 2015
(DOLLARS IN MILLIONS)
FY 2016

Stockpile Status			
	Total	WRM Protected	WRM Other
1. Inventory BOP	29.118	29.118	0.000
2. Price Change	0.583	0.583	0.000
3. Reclassification	29.701	29.701	0.000
Inventory Changes			
a. Receipts	0.000	0.000	0.000
(1). Purchases	0.000	0.000	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues	0.000	0.000	0.000
(1). Sales	0.000	0.000	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3). Disposals	0.000	0.000	0.000
c. Adjustments	-0.143	-0.143	0.000
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and losses	0.000	0.000	0.000
(3). Other	-0.143	-0.143	0.000
Inventory EOP	29.558	29.558	0.000
Stockpile Costs			
1. Storage	0.000	0.000	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	0.000	0.000	0.000
WRM Budget Request			
1. Obligations			
a. Additional WRM Investment	0.000	0.000	0.000
b. Replen./Repair WRM Reinvest.	0.000	0.000	0.000
c. Stock Rotation/Obsolescence	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	0.000	0.000	0.000

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13. 6% Depot Capital Investment

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DEPOT MAINTENANCE SIX PERCENT CAPITAL INVESTMENT PLAN
DEPARTMENT OF THE NAVY
FISCAL YEAR (FY) 2016 PRESIDENT'S BUDGET SUBMISSION
FEBRUARY 2015
(DOLLARS IN MILLIONS)

	REVENUE (Maintenance, Repair, Overhaul) 3 year average			BUDGETED CAPITAL (Modernization, Efficiency)		
	FY 11-13	FY 12-14	FY 13-15	FY 2014	FY 2015	FY 2016
	7,117.6	7,008.8	6,419.7			
	7,008.8	6,419.6	6,754.1			
	6,419.6	6,754.1	7,411.8			
Revenue (Avg)	6,848.7	6,727.5	6,861.9			
Working Capital Fund (Avg)	2,700.2	2,574.2	2,531.2			
Appropriations (Avg)	12,445.4	12,460.0	12,992.1			
Total Revenue (Avg)	15,145.6	15,034.2	15,523.3			
WCF Depot Maintenance Capital						
Facilities/ Work Environment				40.4	50.1	78.1
Equipment				51.3	45.1	52.6
Equipment (Non-Capital Investment Program)				9.7	10.4	10.2
Processes				0.0	2.0	2.0
Total WCF Investment				101.4	107.7	142.9
Appropriated Funding - List by Appropriation						
MILCON				102.4	26.1	90.3
Procurement				49.2	50.6	52.8
Operation & Maintenance				235.1	236.6	223.0
Total Appropriated Funding				386.7	313.3	366.1
Component Total				488.1	421.0	509.0
Minimum 6% Investment				410.9	403.7	411.7
Investment Over/Under Requirement				77.2	17.3	97.2
				7.1%	6.3%	7.4%

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