

# The *BOTTOM LINE*

## Fiscal Year 2019 Department of the Navy Budget Submission

The Fiscal Year 2019 (FY19) budget submission of \$194.1B is an increase of \$12.6B (7%) from the FY18 budget request (base+OCO). This budget addresses the third step of Secretary Mattis' funding priorities. The first step began on February 2017 with our Request for Additional Appropriations to address immediate warfighting needs. The second followed closely in May 2017 with our FY18 request which, when enacted, will contain \$181.4B in funds to address the multiple 'holes' or programmatic deficits caused by the BCA and the numerous hard choices made by the Department between current and future readiness.

The FY19 budget request was also informed by two strategic documents: the National Security Strategy (NSS) and the National Defense Strategy (NDS). There are four vital national interests in the NSS: Protect the Homeland, the American People, and American Way of Life; Promote American Prosperity; Preserve Peace through Strength; and Advance American Influence. The NDS directs the Department to “*Compete, Deter, Win*” alongside our allies and partners to prevail in conflict and preserve peace through strength. The strategic approach of the NDS has three distinct lines of effort: Rebuild military readiness as we build a more lethal Joint Force; to Strengthen alliances as we attract new partners; and, to reform the Department's business practices for greater performance and affordability. The DON component of the NDS will be addressed through the Secretary of the Navy's priorities of “People, Capabilities, and Processes”; the Navy's plan known as the “Navy the Nation Needs”; and, the USMC Operating Concept which will generate the “Force of Choice”.

### Highlights

- The budget provides for a deployable battle force of 299 ships in FY19. This level of operational funding supports 11 aircraft carriers and 33 large amphibious ships that serve as the foundation upon which our carrier & amphibious ready groups are based.
  - In FY19, 11 battle force ships will be delivered: 2 Nuclear Attack Submarines (SSN), 4 Littoral Combat Ships (LCS), 1 Expeditionary Fast Transports (EPF), 1 Expeditionary Sea Base, 1 Amphibious Assault Ship (LHA), and 2 Destroyers (DDG). One battle force ship, a SSN, will be retired.
- Ship procurement funds 10 new-construction battle force ships in FY19 (3 DDG, 2 SSN, 1 LCS, 1 ESB, 2 T-AO, and 1 T-ATS) and 54 ships across the Future Years Defense Plan (FYDP).
- Aircraft procurement funds 120 airframes (fixed wing, rotary wing, unmanned) in FY19 (24 F/A 18E/F, 20 F-35B, 9 F-35C, 10 P-8A, 4 E-2D, 2 C-40A, 2 KC-130J, 25 AH-1Z, 8 CH-53K, 7 MV-22/CMV-22B, 6 VH-92A, and 3 MQ-4) and 655 airframes across the FYDP.
- Military basic pay increased by 2.6%.
- Key readiness programs are funded: Air Depot Maintenance (max executable/92% requirement); Flying Hours (max executable/95% requirement, deployed T-rating 2.0); Ship Depot Maintenance (max executable/96% requirement); Ship Operations (100% requirement, 58 days/quarter deployed & 24 days/quarter non-deployed); Marine Corps ground equipment (82% of projected maintenance); and facilities sustainment to 80% (Navy and Marine Corps) of sustainment model.
- Research & Development is vital to provide for future technologies that support innovative capabilities in shipbuilding (*Columbia* class), aviation (JSF), weapons (NextGen Jammer), unmanned, family of lasers, digital warfare, and ground equipment. Technology enablers that allow DON to stay ahead of adversaries as their technological capabilities also advance.
- Military Construction funds 49 projects including: 19 new platform/mission, 8 restore warfighting readiness, 5 European Deterrence Initiative, 4 Guam, 4 naval shipyards, 4 safety, 3 replace aging infrastructure, and 2 Navy/Marine Corps reserves.
- Internal processes and programs were reviewed to achieve reform and funding savings over \$5B (FYDP). Reform efforts focus on improving organizational effectiveness; eliminating, restructuring, or merging activities; and workforce management.

### Key Messages

- The lack of stable and predictable funding contributes to the erosion of our military advantage.
- Budget supports the NDS tenets of *Compete, Deter, and Win*.
- The pillars of the “Navy the Nation Needs” and the Marine Corps “Force of Choice” are readiness, capability, capacity, manning, networks, and operating concepts.
- The Department balances hard choices against the pillars to ensure balanced and scalable investments.
- A more experienced, better trained, and capable workforce supports additional force structure and improved readiness.
- Fully committed to the audit effort and transforming our business culture by adopting strong internal controls consistent with industry standards.

### Facts & Figures

- The FY19 total budget of \$194.1B provides (& delta from FY18PB request+emergency budget amendment):
  - \$50.2B for Military Personnel (+\$2.1B)
  - \$63.4B for Operation & Maintenance (+\$0.8B)
  - \$58.5B for Procurement (+\$8.0B)
  - \$18.6B for Research and Development (+\$0.8B)
  - \$3.4B for Infrastructure (+\$0.9B)
  - 335,400 Active Navy end strength (+7,500 ES)
  - 186,100 Active Marine Corps end strength (+1,100 ES)
  - 212,195 Civilian full-time equivalents (+3,187 FTE)

<http://www.finance.hq.navy.mil/fmb/PB/books.htm>