Guidance

Evolving and Existing

Operational Context

Challenges

Today and beyond

Resourcing to Support
Guidance – Evolving and Existing

Protect the Homeland
• Maintain a safe, secure and effective nuclear deterrent
• Fight terrorism through counter-terrorism/irregular warfare operations
• Defend the homeland and provide support to civil authorities
• Counter weapons of mass destruction

Build Security Globally
• Provide a stabilizing presence across the globe
• Conduct stability and counterinsurgency operations
• Conduct humanitarian, disaster relief and other operations

Project Power and Win Decisively
• Deter and defeat aggression
• Project power despite anti-access/area denial challenges
• Operate effectively in space and cyberspace
Naval Strategic Guidance

• **Strengthen naval power**
  - Deter aggression and, if deterrence fails, fight and win our Nation’s wars.

• **Sustain forward presence**
  - Project power into critical regions quickly; reassure allies and partners; deter aggressors; and respond to crises rapidly.

• **Emphasize alliances and partnerships**
  - Expand our extensive network of alliances, partnerships, and coalitions for strategic advantage.

• **Assure global access**
  - Thwart efforts to lock U.S. out of important regions; and enable freedom of action in all domains (sea, air, land, space, cyberspace, EM spectrum).

• **Rebalance to Indo-Asia-Pacific**
  - Align naval posture to support the increasing importance of the region to our economic and security interests.

• **Build Navy and Marine Corps of the future**
  - Maintain combat readiness and improve our warfighting advantages.

A resource informed strategy
Executing the Guidance – the Navy and Marine Corps Today

Personnel
- Sailors forward deployed: 77,825
- Marines forward deployed: 35,200

Average Ship count
- Total: 275 / 292
- Deployed: 100 / 100

Presence
- Marine Corps: 77,825 forward deployed as of 02 May 2017
- Navy: 35,200 forward deployed as of 02 May 2017

Regions:
- Russia
- Ukraine
- Syria
- Iran
- North Korea
- China
- ISIL
- Boko Haram
- Libya
- China
- North Korea
- Iran
- Syria
- Taliban
- AQAP
- Spratly Islands
- Subi Reef
- Piracy
- Cyber Attacks
- Refugees
- Libya
- Pirates
- Al-Shabab
- ISIL
- Syria
- Iran
- North Korea
- ISIL
- Boko Haram
- Libya
Resourcing Calculus

Fleet Size vs Deployed Ships / Avg. Deployment Length

Fleet Size

Globally Deployed Ships

Average Deployment Length

Smaller Fleet – Wearing out Faster
Resource Oversubscription
Ship Operational Trends

**CY 13 – Operational Employment**

- EISENHOWER CSG SURGE DEPLOYMENT CENTCOM
- CO NIKELI WARNING EUCOM
- CO SAMAYAN PACOM

**CY 14 – Operational Employment**

- HOPPER - STOUT (SHD) EXTENSION CENTCOM / EUOM
- NEW YORK DEPLOYMENT AFROCOM

**CY 15 – Operational Employment**

- BUSH TRUAN CSG / BOXER BATAAN ARG TURNOVER
- MAIN ISLAND ARG DEPLOYMENT
- IWO JIMA ARG DEPLOYMENT

**CY 16 – Operational Employment**

- BUSH CSG DEPLOYMENT
- TRUAN - BOYISHIRE / BOXER RTHP

*Planned deployments historically address 45% of COCOM demand

![Deployed days at sea](image)

Planned Deployments

Deployed days at sea

5%
Aviation Spares
Impact of reductions to enabling accounts

Includes USN/USMC Data w/o CNATRA

Average % funded

Non-Deployed FMC

Deployed FMC

Goal

READINESS IMPACT YEAR

FUNDING DATA SOURCE: HISTORICAL ACTUALS FROM FY00-FY16; PB17 (FY17); BES-18 (FY18-23)
REQMT DATA SOURCE: OPNAV N41 ASSESSED REQUIREMENT (FY00-FY23)
FMC DATA SOURCE: DECKPLATE

AVG % FUNDED LINE REPRESENTS ROLLING 3 YR AVG
(E.G., FY10 = FUNDED (FY08+09+10)/ REQUIREMENT (FY08+09+10)
### Budget Environment

<table>
<thead>
<tr>
<th>TY $ B Base</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCO Funding</td>
<td>16.4</td>
<td>11.5</td>
<td>14.2</td>
<td>10.3</td>
<td>9.4</td>
<td>11.1</td>
<td>8.5</td>
</tr>
</tbody>
</table>

- 3.3 RAA
- 14.4

#### Graph:
- **Strategy/Budget aligned** line
- **Enacted** line
- **BCA** line
- **PB18** line

The table and graph above depict the budget environment from FY12 to FY18, showing the budgeting scenarios for OCO funding with different budgeting strategies and enacted budgets.
SECDEF Budget Guidance

• **Improve Warfighting Readiness** – FY17
  o Currently being addressed

• **Achieve Program Balance by Addressing Pressing Shortfalls** – PB18
  o Conduct an accelerated budget review
  o Rebuild readiness, and fill holes

• **Build Capacity and Improve Lethality** - PB19
  o Development of a new force size construct
  o Enhance the force against high end competitors and emerging threats
  o Ambitious reform agenda to take advantage of effectiveness and efficiencies
## Summary by Appropriation Group
### FY 2018 DON Base Budget

### O&M: $54.6B
- Ship Ops & Maint: $14.4
- Aviation Ops & Maint: $10.2
- Base Ops & Support: $7.2
- Marine Corps O&M: $7.2
- Combat/Weapons Support: $7.1
- Service Wide Support: $4.0
- Training and Education: $1.9
- Reserve O&M: $1.1
- Environmental Restoration: $0.3
- Mobilization: $1.2

Navy: 33%  Marine Corps: 27%

### Procurement: $49.5B
- Ships: $19.9
- Aircraft: $15.1
- Weapons: $3.4
- Marine Corps: $2.1
- Ammunition: $0.8
- Other Navy Procurement: $8.3

Navy: 32%  Marine Corps: 9%

### MilPers: $47.6B
- Basic Pays: $19.8
- Housing Allowance: $8.1
- Retired Pay Accrual: $5.6
- Health Accrual: $2.6
- Reserve Personnel: $2.8
- Subsistence: $2.3
- Allowances: $1.1
- Special Pays: $1.2
- Other: $4.1

Navy: 22%  Marine Corps: 57%

### R&D: $17.7B
- Basic Research: $0.6
- Applied Research: $0.9
- Advance Tech Dev: $0.7
- Adv Component Dev: $4.2
- System Dev & Demo: $6.4
- Management Support: $0.9
- Ops Systems Dev: $4.0

Navy: 12%  Marine Corps: 4%

---

= The percentage of each Service’s total budget applied to each appropriation group

Numbers may not add due to rounding
Ship Readiness

Ship Depot Maintenance
100% of projected maintenance funded

Ship Operations
58 days/qtr deployed
24 days/qtr non-deployed
Aviation Readiness

Aircraft Depot Maintenance
89% of projected maintenance funded

Flying Hour Operations
Deployed T-Rating
Navy 2.0 / Marine Corps 2.0

Flying Hours
BASE 1A1A & 1A2A + OCO

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>T- Rating Navy</td>
<td>2.74</td>
<td>2.51</td>
</tr>
<tr>
<td>T- Rating Marine Corps</td>
<td>2.54</td>
<td>2.24</td>
</tr>
<tr>
<td>FHP to max executable</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

$0.0 $3.0 $6.0 $9.0
$0.0 $3.0 $6.0 $9.0
$0.0 $3.0 $6.0 $9.0
$0.0 $3.0 $6.0 $9.0
$0.0 $3.0 $6.0 $9.0

FY16 FY17 FY18

$1.1 $1.2 $1.4
$0.1 $0.1 $0.2
$1.0 $1.1 $1.2

$7.0 $7.5 $8.6
$1.3 $1.3 $0.4
$5.7 $6.2 $8.2
Marine Corps Ground Equip

79% of projected maintenance funded

Marine Corps Readiness

Operating Forces

FY16 FY17 FY18

MC BASE OCO

FY16 FY17 FY18

$2.4 $2.8 $3.0

$0.43 $0.38 $0.36

$0.20 $0.23 $0.31

$0.23 $0.15 $0.05

$0.0 $0.4 $0.8 $1.2 $1.6 $2.0 $2.4 $2.8

$1.72 $1.42 $2.03

$0.72 $1.35 $0.95

$0.0 $0.4 $0.8 $1.2 $1.6 $2.0 $2.4 $2.8

MC BASE

OCO
Shore Readiness

Facilities Support
Navy 78% of facility sustainment model

<table>
<thead>
<tr>
<th>Year</th>
<th>Navy</th>
<th>USMC</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16</td>
<td>$6.9B</td>
<td>$3.0B</td>
</tr>
<tr>
<td>FY17</td>
<td>$6.3B</td>
<td>$3.2B</td>
</tr>
<tr>
<td>FY18</td>
<td>$6.7B</td>
<td>$3.1B</td>
</tr>
</tbody>
</table>

Facilities Support
USMC 75% of facility sustainment model

<table>
<thead>
<tr>
<th>Year</th>
<th>Navy</th>
<th>USMC</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16</td>
<td>$4.50</td>
<td>$2.02</td>
</tr>
<tr>
<td>FY17</td>
<td>$4.30</td>
<td>$2.38</td>
</tr>
<tr>
<td>FY18</td>
<td>$4.40</td>
<td>$2.31</td>
</tr>
</tbody>
</table>

Navy

<table>
<thead>
<tr>
<th>Year</th>
<th>Shore Readiness</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16</td>
<td>85%</td>
</tr>
<tr>
<td>FY17</td>
<td>70%</td>
</tr>
<tr>
<td>FY18</td>
<td>78%</td>
</tr>
</tbody>
</table>

Marine Corps

<table>
<thead>
<tr>
<th>Year</th>
<th>Shore Readiness</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16</td>
<td>84%</td>
</tr>
<tr>
<td>FY17</td>
<td>70%</td>
</tr>
<tr>
<td>FY18</td>
<td>75%</td>
</tr>
</tbody>
</table>
Military Personnel - Navy

Active and Reserve Personnel Strength

- CG/LSD manning complies with NDAA
- Funds manpower Total Ownership Cost end strength to eliminate gaps at sea
- Implements Sailor 2025 manpower efficiencies and transformation
- Adds manpower for
  - LCS Blue and Gold Crew strategy
  - JSF Initial Operating Capability
  - Expeditionary Staging Base 4
  - Navy billets supporting Marine Corps growth
Military Personnel – Marine Corps

Active Personnel Strength
- Supports a 185K active force
- Improves capability and capacity to allow commanders the ability to fight in all five operations domains while maintaining effective command and control
- Enables the development of vital warfighting capabilities allowing five critical tasks necessary to build a 5th Generation Marine Corps
- 1:2 deployment-to-dwell ratio

Reserve Personnel Strength
- Supports an 38.5K reserve force
- Supports each COCOM by providing forces focused on regional security cooperation, crisis response, and crisis prevention activities, as well as support to combat operations
- Maintains a 'Ready-Relevant-Responsive' force capable of augmenting and operating as a part of the Total Force to fulfill Service rotational and emergent requirements

Graphs showing the comparison of Active and Reserve Personnel Strength from FY 16 to FY 18.
## Civilian Personnel

<table>
<thead>
<tr>
<th>FTE</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marine Corps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Navy</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Highlights

- **Ship Maintenance:** Growth to address maintenance schedule and backlogs.

- **NWCF:** FTE added at NAWC for JSF and unmanned systems; FRCs for airframe maintenance backlogs from increased flight hours in CENTCOM; *Columbia*; cyber; and tactical support.

- **Installation Security:** Guards are being added to combat increased risk at multiple bases and facilities.

- **Headquarters:** 25 percent reduction to be achieved through a mix of FTE and contractor support reductions.

### Total — Department of the Navy

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>By Appropriation/Fund</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operation and Maintenance</td>
<td>117,451</td>
<td>119,163</td>
<td>121,835</td>
</tr>
<tr>
<td>Other (FHOPS/RDTEN/BRC)</td>
<td>1,401</td>
<td>1,626</td>
<td>1,841</td>
</tr>
<tr>
<td>Working Capital Funds</td>
<td>84,983</td>
<td>84,437</td>
<td>85,332</td>
</tr>
</tbody>
</table>
# Shipbuilding Procurement

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Columbia-class Submarine</td>
<td>AP</td>
<td>AP</td>
</tr>
<tr>
<td>CVN 78 class</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>SSN 774</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>DDG 51</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>LCS</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>FFX</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>LHA(R)</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>LPD 17</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>LX(R)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>T-ATS</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>T-AO 205 (formerly T-AO(X))</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>T-AGOS (X)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>New Construction Total QTY</strong></td>
<td><strong>9</strong></td>
<td><strong>8</strong></td>
</tr>
<tr>
<td>LCAC SLEP</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Ship-to-Shore Connector</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>LCU 1700</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Moored Training Ships</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>CVN RCOH</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Other Construction Total QTY</strong></td>
<td><strong>6</strong></td>
<td><strong>4</strong></td>
</tr>
<tr>
<td><strong>Total Shipbuilding QTY</strong></td>
<td><strong>15</strong></td>
<td><strong>12</strong></td>
</tr>
</tbody>
</table>
## Aircraft Procurement

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed Wing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F-35C (CV)</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>F-35B (STOVL)</td>
<td>18</td>
<td>20</td>
</tr>
<tr>
<td>FA-18E/F*</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>E-2D AHE</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>P-8A (MMA)</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>C-40A (USN)</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>KC-130J</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Rotary Wing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CH-53K (HLR)</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>MV-22B* / CMV-22B**</td>
<td>19</td>
<td>6</td>
</tr>
<tr>
<td>AH-1Z</td>
<td>26</td>
<td>22</td>
</tr>
<tr>
<td>VH-92A</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>UAV</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MQ-4 Triton</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>MQ-8C Firescout</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>RQ-21A Blackjack*</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>124</td>
<td>91</td>
</tr>
</tbody>
</table>

*FY 2017 includes 2 F/A-18, 1 MV-22B and 4 RQ-21 in OCO*
## Weapons Procurement

<table>
<thead>
<tr>
<th>Ship Weapons</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>TACTOM*</td>
<td>196</td>
<td>100</td>
</tr>
<tr>
<td>TACTOM RECERT</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SM6*</td>
<td>125</td>
<td>125</td>
</tr>
<tr>
<td>RAM</td>
<td>120</td>
<td>60</td>
</tr>
<tr>
<td>ESSM*</td>
<td>75</td>
<td>31</td>
</tr>
<tr>
<td>MK 48 HWT</td>
<td>11</td>
<td>17</td>
</tr>
<tr>
<td>MK 48 HWT MODS</td>
<td>73</td>
<td>79</td>
</tr>
<tr>
<td>MK 54 LWT MODS</td>
<td>144</td>
<td>144</td>
</tr>
<tr>
<td>HARPOON Blk II+ MODS</td>
<td>0</td>
<td>54</td>
</tr>
<tr>
<td>SOPGM</td>
<td>24</td>
<td>19</td>
</tr>
<tr>
<td>LCS OTH</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>LCS SSMM</td>
<td>24</td>
<td>110</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Aircraft Weapons</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIM-9X</td>
<td>152</td>
<td>185</td>
</tr>
<tr>
<td>AMRAAM</td>
<td>163</td>
<td>120</td>
</tr>
<tr>
<td>AARGM</td>
<td>253</td>
<td>251</td>
</tr>
<tr>
<td>LRASM</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>JAGM</td>
<td>96</td>
<td>0</td>
</tr>
<tr>
<td>HELLFIRE*</td>
<td>100</td>
<td>110</td>
</tr>
<tr>
<td>LASER MAVERICK*</td>
<td>174</td>
<td>45</td>
</tr>
<tr>
<td>SDB II</td>
<td>0</td>
<td>90</td>
</tr>
</tbody>
</table>

*Includes OCO
Other Warfighting Accounts

OPN Capability Enhancements
- CYBER/C4I Equipment Upgrades
- Submarine and Underwater Capabilities
- CG/DDG/LCS Modernizations
- Naval Shipyard Modernization
- Reactors Support/Classified Programs
- Spares and Repair Parts

PMC Capability Enhancements
- Joint Light Tactical Vehicle (JLTV)
- Ground/Air Task Oriented Radar (G/ATOR)
- Amphibious Combat Vehicle (ACV)
- High Mobility Artillery Rocket Sys. (HIMARS)

PANMC Capability Enhancements
- General Purpose Bombs
- Ammunitions
- Airborne Rockets

Numbers may not add due to rounding - includes OCO
Technology Enablers (R&D)

RDTEN

Numbers may not add due to rounding
### FY18 MILCON Projects

<table>
<thead>
<tr>
<th>Major Categories</th>
<th>$ M</th>
<th># of Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Platform/Mission Support</td>
<td>293</td>
<td>9</td>
</tr>
<tr>
<td>Guam</td>
<td>247</td>
<td>4</td>
</tr>
<tr>
<td>Replace Inadequate Infrastructure</td>
<td>208</td>
<td>5</td>
</tr>
<tr>
<td>Utility Infrastructure Upgrades</td>
<td>148</td>
<td>2</td>
</tr>
<tr>
<td>Naval Shipyards</td>
<td>135</td>
<td>2</td>
</tr>
<tr>
<td>Safety, Security, Environmental</td>
<td>121</td>
<td>2</td>
</tr>
<tr>
<td>Ordnance Recapitalization</td>
<td>89</td>
<td>3</td>
</tr>
<tr>
<td>COCOM Support</td>
<td>73</td>
<td>3</td>
</tr>
<tr>
<td>Land Acquisition</td>
<td>60</td>
<td>1</td>
</tr>
<tr>
<td>Reserves</td>
<td>59</td>
<td>4</td>
</tr>
<tr>
<td>Planning and Design</td>
<td>223</td>
<td>N/A</td>
</tr>
<tr>
<td>Unspecified Minor Construction</td>
<td>25</td>
<td>N/A</td>
</tr>
<tr>
<td>OCO/ERI</td>
<td>19</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### MILCON Spending by Fiscal Year

- **FY16**: $754M
- **FY17**: $580M
- **FY18**: $765M

- **Navy**
- **Marine Corps**
- **OCO**

### FAMILY HOUSING Spending by Fiscal Year

- **FY16**: $366M
- **FY17**: $395M
- **FY18**: $412M

- **OPS**
- **CON**
For more Information

Fully searchable justification material available at: