

# The BOTTOM LINE

## Fiscal Year 2018 Department of the Navy Budget Submission

The Fiscal Year 2018 (FY18) baseline budget submission of \$171.5B for the Department of the Navy (DON) is an increase of \$12.6B (7%) from the FY17 enacted budget (\$158.9B). The initial guidance from Secretary of Defense Mattis is clear: In FY17 fund readiness first, in FY18 restore program balance, and build capacity/improve lethality in FY19 and beyond. It is not an indictment of readiness over procurement, but a realization that our priority must be first and foremost to ensure our ability to fight today. The budget reflects more than a reset of readiness, it begins the “Journey to Wholeness.”

The FY18 request for overseas contingency operations (OCO) of \$8.5B continues to fund the incremental costs to sustain ongoing operational commitments, equipment/infrastructure repair, manpower, as well as equipment replacement.

### Highlights

- The budget provides for a deployable battle force of 292 ships in FY18. This level of operational funding supports 11 aircraft carriers and 32 large amphibious ships that serve as the foundation upon which our carrier and amphibious ready groups are based.
  - Thirteen battle force ships will be delivered in FY18: 2 Nuclear Attack Submarines (SSN), 4 Littoral Combat Ships (LCS), 2 Expeditionary Fast Transports (EPF), 1 Expeditionary Sea Base, 1 Amphibious Transport Dock (LPD), 2 Destroyers (DDG) and 1 Zumwalt Class Destroyer (DDG 1000).
  - Two battle force ships will be retired: 1 Nuclear Attack Submarines (SSN) and the Afloat Forward Staging Base (Interim).
- Ship procurement funds 8 new-construction ships in FY18 (1 CVN, 2 SSN, 2 DDG, 1 LCS/FFX, 1 T-ATS, and 1 T-AO 205, and 41 ships across the Future Years Defense Plan (FYDP).
- Aircraft procurement funds 91 airframes in FY18 and 477 airframes across the FYDP.
  - Major aviation procurement in FY 2018 includes: 24 F-35B/C, 14 F/A-18E/F, 5 E-2D, 7 P-8A, 2 KC-130J, 22 AH-1Z, 4 CH-53K, 6 CMV-22, 4 RQ-21, and 3 MQ-4C.
- Military basic pay increased by 2.0%, while civilian pay increased by 1.9%.
- Key readiness programs are funded: ship depot maintenance 100% of projected maintenance; ship ops 58 days/quarter deployed & 24 days/quarter non-deployed; aircraft depot maintenance 89% of projected maintenance; flying hours deployed T-rating of 2.0; Marine Corps ground equipment to 79% of projected maintenance; and facilities sustainment to 78% (Navy) and 75% (Marine Corps) of sustainment model.
- Research & Development is vital to provide for future technologies that support innovative capabilities in shipbuilding (*Columbia* class, Carrier replacement), aviation (JSF, Executive Helo), weapons (NextGen Jammer), lasers, and ground equipment. Technology enablers allow the DON to stay ahead of adversaries as their technological capabilities also advance.
- Key investments in cyber resiliency include continued investment in core afloat (CANES) and ashore (NGEN) networks, increased network situational awareness as well as investments in aviation and shipboard systems resiliency.
- Responsible military spending remains a focus in this budget. Savings reflect better buying power for acquisition programs, improved business operations reducing overhead, information technology improvements, and personnel reductions for Major Headquarters Activities and restructurings.

### Key Messages

- Sustain global demand for Naval Forces
- Continue readiness reset
- Recapitalize and modernize Naval forces
- Address the competitive operational environment
  - Fund high end fight and game changing capabilities
  - Restore and increase modernization programs
  - Retain counterterrorism/counter insurgency competencies
- Improve Cyber resiliency
- Focus on Responsible Military Spending

### Facts & Figures

- \$3.26B provided in FY17 (OCO) for RAA.
- The FY18 baseline budget of \$171.5B provides (& delta from FY17 Enacted):
  - \$47.6B for Military Personnel (+\$2.0B)
  - \$54.5B for Operation and Maintenance (+\$9.1B)
  - \$49.5B for Procurement (+\$0.7B)
  - \$17.7B for Research and Development (+\$0.5B)
  - \$2.2B for Infrastructure (+\$0.3B)
  - 327,900 Active Navy end strength (+1,500 ES)
  - 185,000 Active Marine Corps end strength (+574 ES)
  - 209,008 Civilian full-time equivalents (+3,782 FTE)
- The FY18 OCO request is \$8.5B

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

FYDP totals are Pre-Decisional