



## Department of the Navy FY 2021 President's Budget

# National Defense Strategy

## Guides DoD to support the National Security Strategy in order to:

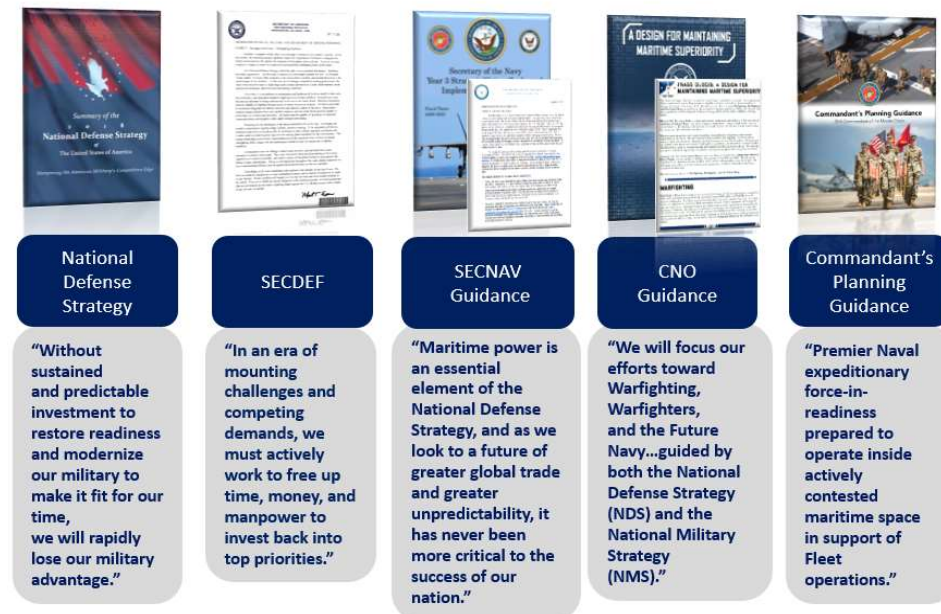
- Defend the homeland
- Remain the preeminent military power in the world
- Ensure the balances of power in key regions remain in our favor
- Advance an international order that is most conducive to security and prosperity

## Prioritizes DoD investments to compete, deter, and win

## Sustains American influence through three lines of effort:

- Build a more lethal, resilient, agile, and ready force
- Strengthen alliances and attract new partners
- Reform for greater performance and affordability

### Strategic Guidance: Great Power Competition



**NDS – Our Guidepost for Resource Decisions**

# Aligning to NDS for Great Power Competition

## **FY 2017 – FY 2018: Readiness and Recovery**

- Additional appropriations for near-term readiness, “must-pay” bills, and force structure gaps

## **FY 2019 – FY 2020: Modernization and Lethality**

- Key down payments on lethality, turning to great power competition, and continuing full spectrum readiness
- Priority on innovation and modernization to strengthen competitive advantage across all warfighting domains

## **FY 2021: All Domain Dominance**

- Prioritizes nuclear deterrence recapitalization to ensure on time delivery of COLUMBIA
- Continues to strengthen military readiness delivering a force ready now and in the future
- Delivers a more lethal force through investments in modernization and advanced critical technologies
- Focuses on enablers and dominance across the spectrum of rivalry: Sea, Air, Land, Cyber, Space, Assured C2, Battle Space Awareness, Integrated Fires
- Prioritized capable capacity over less capable legacy platforms to pace a rapidly changing threat

## Prioritize NDS Investment

- Resources COLUMBIA SSBN for on-track delivery
- Enables Distributed Maritime Operations across the Spectrum of Competition
- Impose cost with distributed, lethal & sustainable Naval Expeditionary Forces

## Modernize All Domain Lethality

- Increases lethality through leading edge tech development and modernized platforms
- Procures 8 Battle Force Ships
- Procures 121 total Aircraft
- Continues to develop and expand unmanned capacity

## Ready, All Domain Maritime Force For Long-Term Competition & Warfighting

## Enhance Competitive Capabilities

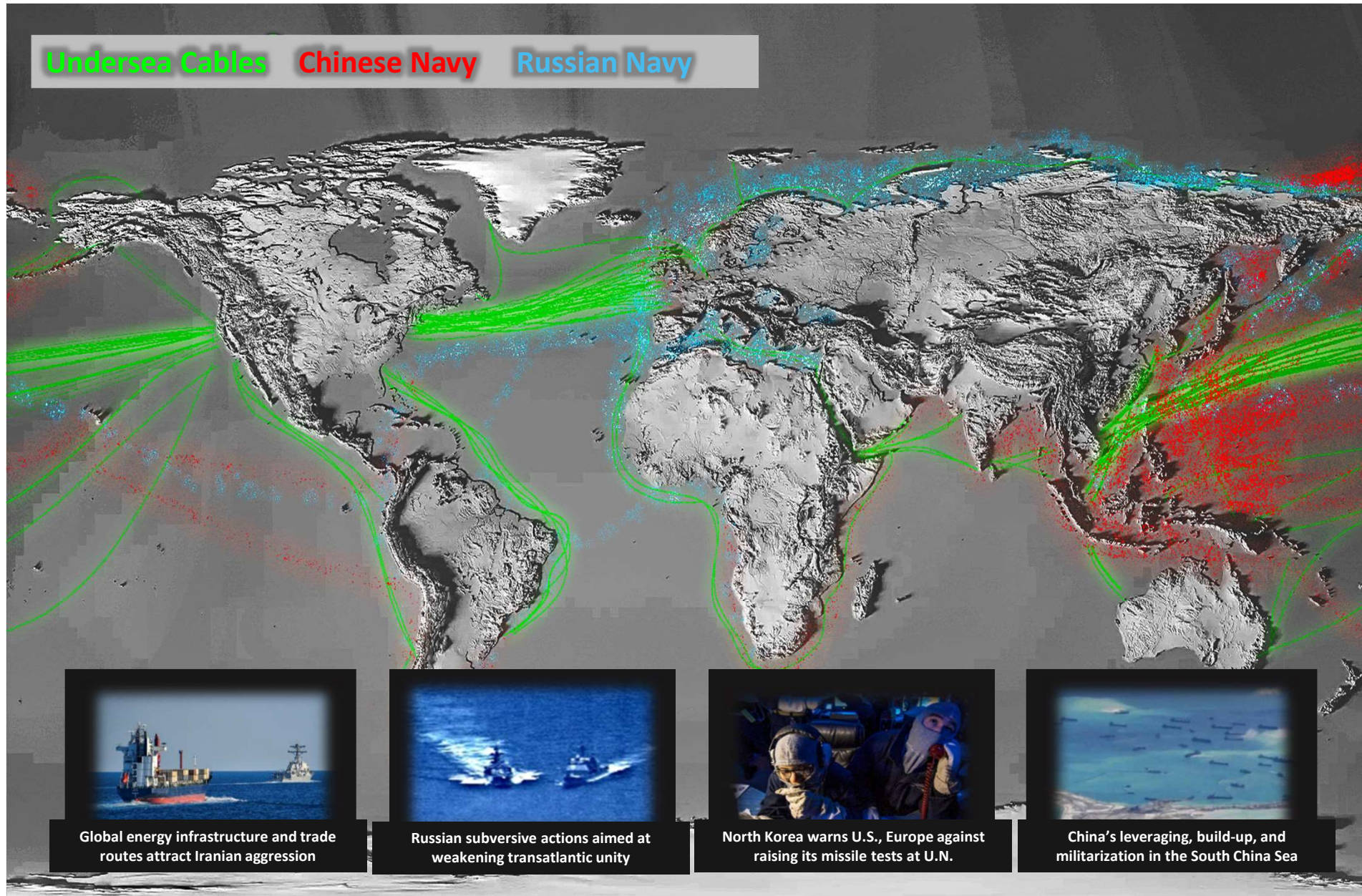
- Advances the development of Long Range Hypersonic Strike capability:
  - Conventional Prompt Strike
  - SM-6 BLK 1B
- Advance Competitive edge: Additive Manufacturing, Applied AI
- Naval Education and Information Management Strategies

## Sustain the Force and Improve Quality of Life

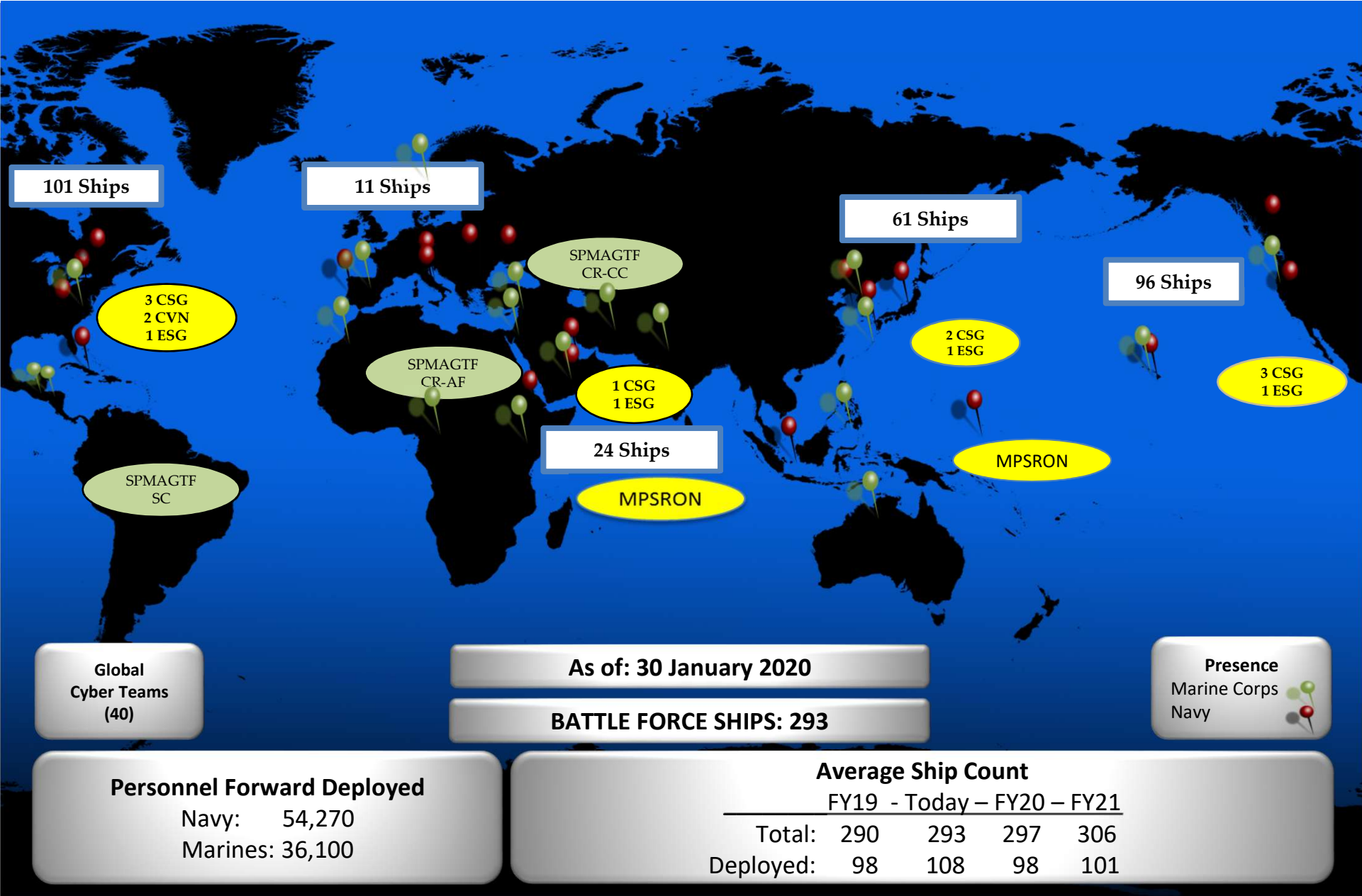
- Aligns manpower to force structure.
- USMC manpower reduction reinvests in modernization and increased lethality
- Focuses on improved shipyard predictability and optimized performance
- Prioritizes critical shore investments to increase Fleet Readiness



# Security and Operational Environment



# Operational Context





# FY 2021 Department of the Navy Request

**DON Total \$B** **\$207.1**

Base \$194.1

Overseas Contingency Operations (OCO) for Base \$4.3

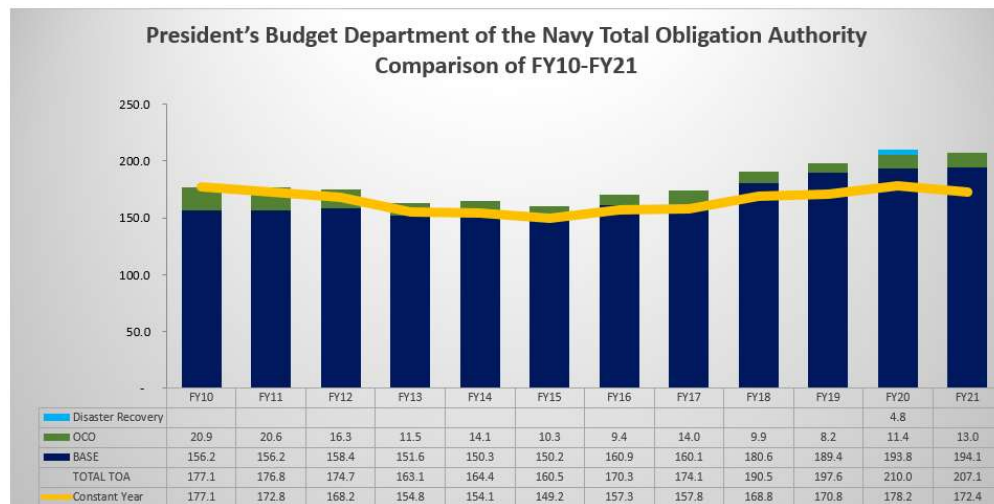
Overseas Contingency Operations (OCO) \$8.7

**Navy Breakout (Base + OCO) \$161.0**

**USMC Breakout (Base + OCO) \$46.0**

**FY 2021 DON budget request is relatively flat with no real growth compared to FY 2020 enacted appropriation (without emergency disaster relief)**

Numbers may not add due to rounding



FY10-19 Actuals, FY20 Enacted, FY21 President's Budget. FY20 Enacted includes \$4.8B in Natural Disaster Recovery

**Sustainable, Predictable, Adequate, And Timely Budgets Necessary For Long-term Competition**

## Identifying Efficiencies Through Data-Driven Processes

**DON implements NDS guidance to achieve greater performance and affordability within the defense program**

- Conducted a **Zero-Based Budget (ZBB)** review designed to ensure alignment of goals and resources; ensure full value of every taxpayer dollar, increase transparency, and provide accountability in our resource allocation process
- Implemented **Performance-to-Plan (P2P)** reviews that provided a fleet-focused and data-driven approach that is accelerating improved readiness outcomes
- Conducted **Wholeness Balance Reviews (WBR)** in which fact of life, wholeness and other capabilities/capacity improvement issues are optimized in the best possible balance

## Reform Categories

### **Divestment of Legacy Systems & Programs (DIV)**

- Early Retirement of less Capable Platforms: 4 Littoral Combat Ships, 1 Dock Landing Ship
- Reduction of USMC systems and programs no longer supporting future modernization: Air Defense Radar, Mine Resistant Ambush Protected Vehicle, Amphibious Assault Vehicles

### **Weapons System Acquisition Process (WSAP)**

- Aviation Multi-Year Procurement & Unit Cost Savings

### **Business System Improvements (BSI)**

- Navy Maritime Maintenance Enterprise Solution

### **Policy Reform (PR)**

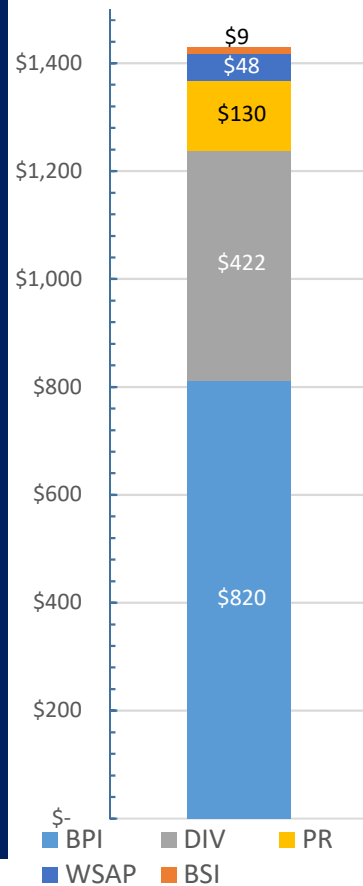
- USMC Rotational Forces; End-Strength Reduction; Naval Sustainment System

### **Business Process Improvements (BPI)**

- Execution Reviews; Carrier Aircraft Inertial Navigation System II; Ready Relevant Learning

**\$1.4B FY 2021**  
**Savings Applied to**  
**Readiness Recovery and**  
**Increased Lethality in**  
**Support of NDS Objectives**

FY 2021 Reform \$M

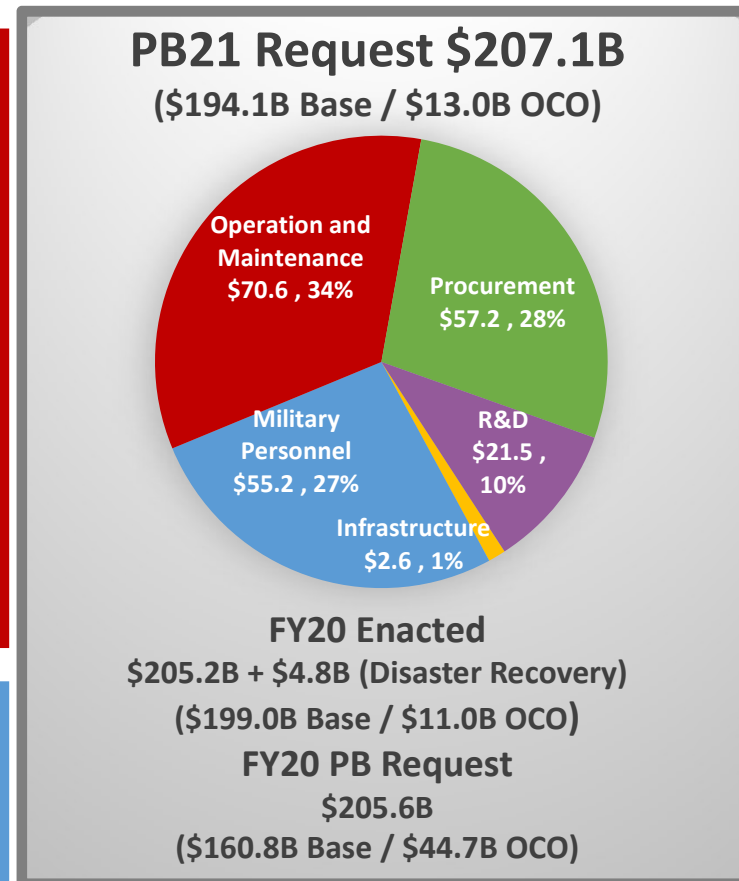


Numbers may not add due to rounding



# PB21 Request Summary by Appropriation Group

	<u>FY20 Enacted</u>	<u>PB21</u>	<u>Delta</u>
<b>O&amp;M Total</b>	<b>\$ 68.0</b>	<b>\$ 70.6</b>	<b>\$ 2.6</b>
Ship Ops & Preposit.	\$ 18.7	\$ 19.3	\$ 0.6
Aviation Ops / Exped'ry	\$ 15.0	\$ 16.0	\$ 1.0
Base Ops & Support	\$ 13.4	\$ 12.8	\$ (0.6)
Combat/Weapons Spt.	\$ 9.3	\$ 10.1	\$ 0.8
Service Wide Support	\$ 4.9	\$ 5.6	\$ 0.6
Training and Education	\$ 3.0	\$ 3.3	\$ 0.3
Mobilization	\$ 1.9	\$ 1.7	\$ (0.1)
Reserve O&M	\$ 1.4	\$ 1.4	\$ -
Environmental Restor.	\$ 0.4	\$ 0.3	\$ (0.1)
Navy 35% Marine Corps 31%			



	<u>FY20 Enacted</u>	<u>PB21</u>	<u>Delta</u>
<b>Procurement Total</b>	<b>\$ 62.4</b>	<b>\$ 57.2</b>	<b>\$ (5.1)</b>
Ships	\$ 24.0	\$ 19.9	\$ (4.1)
Aircraft	\$ 19.7	\$ 17.2	\$ (2.5)
Weapons	\$ 4.1	\$ 4.9	\$ 0.8
Marine Corps	\$ 3.0	\$ 3.0	\$ (0.0)
Ammunition	\$ 1.0	\$ 1.0	\$ (0.1)
Other Procurement	\$ 10.5	\$ 11.3	\$ 0.8
Navy 29% Marine Corps 25%			

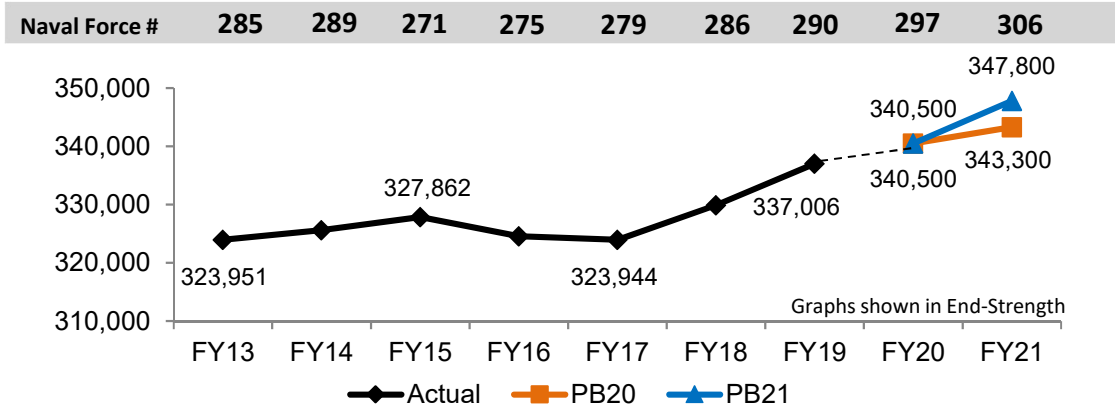
	<u>FY20 Enacted</u>	<u>PB21</u>	<u>Delta</u>
<b>MILPERS</b>	<b>\$ 51.9</b>	<b>\$ 55.2</b>	<b>\$ 3.3</b>
Pay & Allowances	\$ 25.2	\$ 26.0	\$ 0.8
Housing Allowance	\$ 8.5	\$ 9.1	\$ 0.6
Retired Pay/TSP	\$ 7.1	\$ 8.3	\$ 1.2
Health Accrual	\$ 2.4	\$ 2.6	\$ 0.2
Reserve Personnel	\$ 3.2	\$ 3.4	\$ 0.2
Subsistence	\$ 2.1	\$ 2.1	\$ 0.1
PCS	\$ 1.3	\$ 1.4	\$ 0.1
Special & Hazard Pay	\$ 2.0	\$ 2.1	\$ 0.1
Other	\$ 0.2	\$ 0.1	\$ (0.0)
Navy 24% Marine Corps 37%			

	<u>FY20 Enacted</u>	<u>PB21</u>	<u>Delta</u>
<b>Infrastructure</b>	<b>\$ 7.1</b>	<b>\$ 2.6</b>	<b>\$ (4.5)</b>
MILCON	\$ 6.5	\$ 2.1	\$ (4.4)
BRAC	\$ 0.2	\$ 0.1	\$ (0.1)
Family Housing	\$ 0.4	\$ 0.4	\$ -
Navy 1% Marine Corps 2%			

	<u>FY20 Enacted</u>	<u>PB21</u>	<u>Delta</u>
<b>R&amp;D</b>	<b>\$ 20.4</b>	<b>\$ 21.5</b>	<b>\$ 1.0</b>
Adv Compon't Dev	\$ 5.4	\$ 6.6	\$ 1.2
Adv Tech Dev	\$ 0.8	\$ 0.8	\$ (0.0)
Applied Research	\$ 1.2	\$ 1.0	\$ (0.2)
Basic Research	\$ 0.7	\$ 0.6	\$ (0.0)
Management Supt	\$ 1.1	\$ 1.0	\$ (0.1)
Ops Systems Dev	\$ 5.2	\$ 5.3	\$ 0.1
Software Pilot Progs	\$ -	\$ 0.0	\$ 0.0
Syst Dev & Demo	\$ 6.1	\$ 6.3	\$ 0.2
Navy 12% Marine Corps 6%			

Percentages of each Service's PB21 request applied to appropriation group: Navy \$158.8B, Secretariat \$2.2B, USMC \$46.1B. Numbers may not add due to rounding.

# Military Personnel: Navy



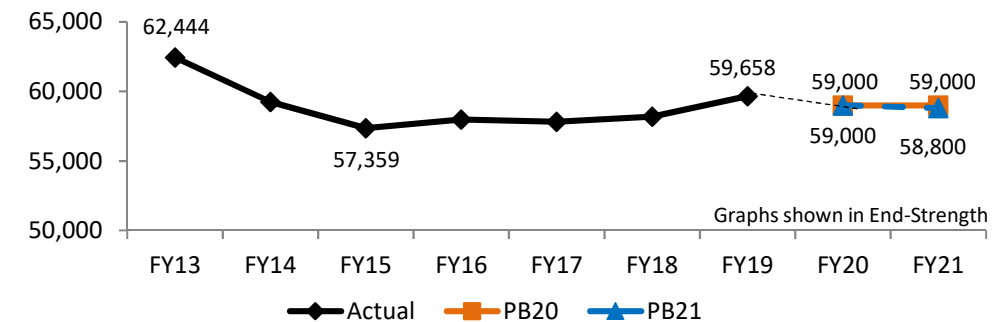
Active Base Funding (\$B)	FY19	PB20	FY20 Enacted	PB21
Total Active	30.1	31.8	31.7	33.9
Pay, Allowances and Benefits	29.1	30.8	30.8	32.8
Permanent Change of Station Travel	0.9	0.9	0.9	1.0
Other Military Personnel Costs	0.1	0.1	0.1	0.1

## Mans The Naval Force, Takes Care Of Sailors, Sustains Quality Of Navy Military Personnel

- Aligns manpower to force structure increases
- Sustains Sailor 2025 and key Personnel System Transformation objectives
- Resources new Naval Education Strategy
- Reduces gaps at sea and improves on expertise and experience
- Improves quality of life for Sailors and families including 3% pay raise

## Reserve Component Remains Steady

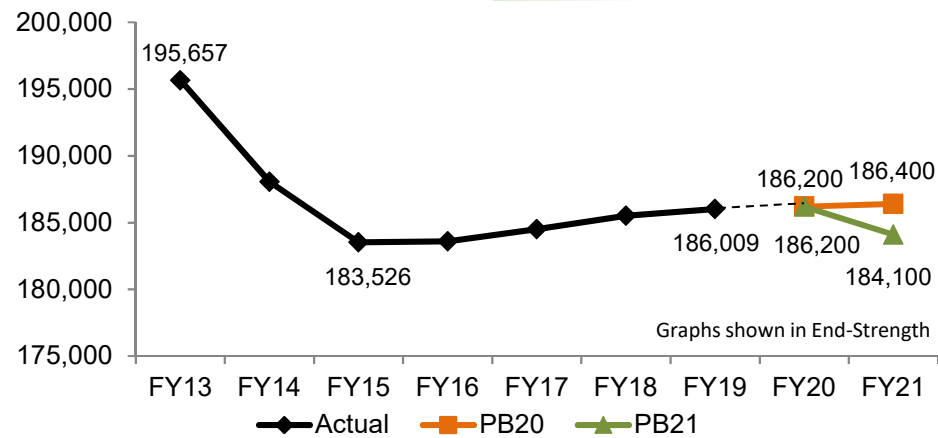
- Prioritizes operational support toward increased lethality
- Restores focus on strategic depth
- Increases prior service accession mission
- Meets required manpower to force structure changes



Reserve Base Funding (\$B)	FY19	PB20	FY20 Enacted	PB21
Total Reserve	2.0	2.1	2.1	2.2
Selected Reserve	0.7	0.8	0.8	0.8
Mob/School/Special Training	0.2	0.2	0.2	0.2
Administration and Support	1.1	1.1	1.1	1.1
Health Profession Scholarship	0.1	0.1	0.1	0.1

Numbers may not add due to rounding

# Military Personnel: Marine Corps



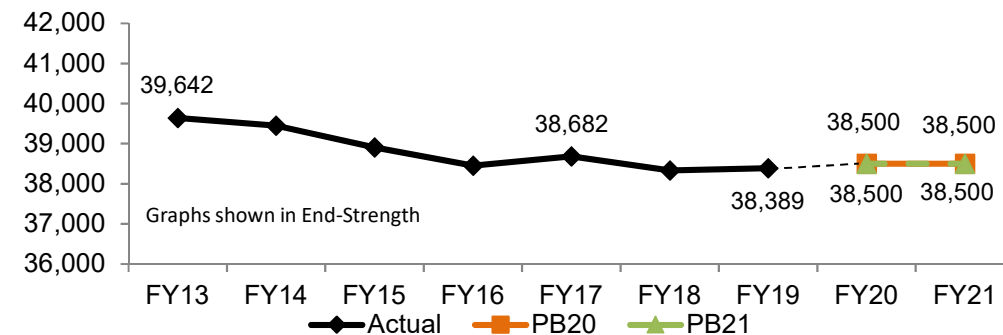
Active Base Funding (\$B)	FY19	PB20	FY20 Enacted	PB21
Total Active	13.6	14.2	14.1	14.8
Pay, Allowances and Benefits	13.1	13.7	13.6	14.4
Permanent Change of Station Travel	0.4	0.4	0.4	0.4
Other Military Personnel Costs	0.0	0.1	0.0	0.0

## Delivers A Ready Relevant Force of Elite Warriors

- Maintains a 1:2 Deployment-to-Dwell Force in the aggregate
- Modernize the Force as prescribed by NDS and sustain readiness of the current Force
- Manpower reduction reinvests in modernization and increased lethality
- Improves quality of life for Marines and families including 3% pay raise

## Reserve Component: Critical Element Of The Total Force

- Supports Reserve Component (RC) Force of 38.5K
- RC utilization in support of USMC Global Force Management
- “Ready-Relevant-Responsive Force” operating seamlessly in Total Force



Reserve Base Funding (\$B)	FY19	PB20	FY20 Enacted	PB21
Total Reserve	0.8	0.8	0.8	0.9
Selected Reserve	0.4	0.5	0.5	0.5
Mob/School/Special Training	0.1	0.1	0.1	0.1
Administration and Support	0.3	0.3	0.3	0.3
Platoon Leader Class	0.0	0.0	0.0	0.0

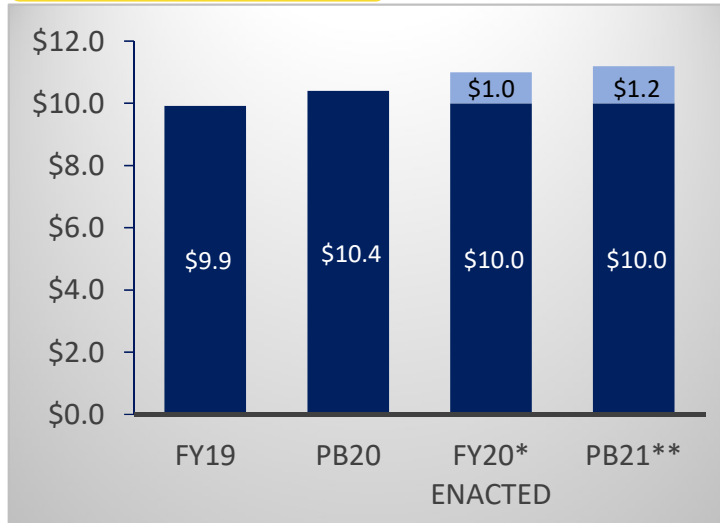
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# Ship Depot & Ship Operations

Graphs shown in \$ billions

## Ship Depot Maintenance



## Improves High-End Readiness

- Focuses on improved shipyard predictability and optimized performance
- Sustains public shipyards industrial base to improve output performance
- Capitalize on the use of new budget pilot and contracting strategy

\*FY20 includes \$1B for OPN pilot program.

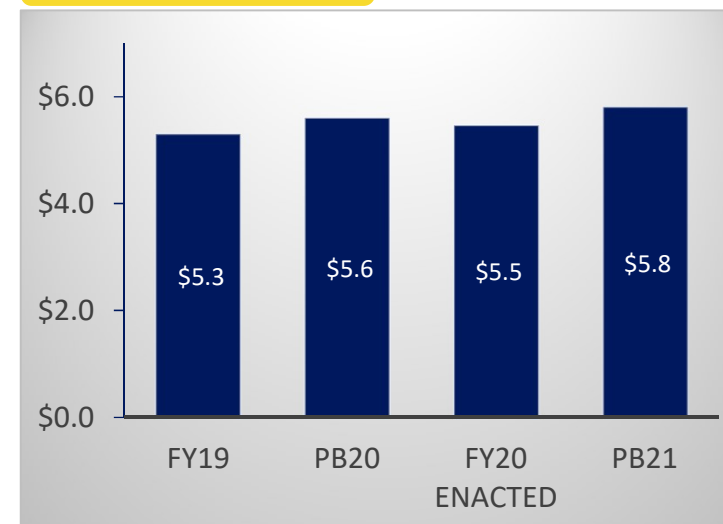
\*\*FY21 includes \$1.2B for OPN pilot program.

Enhancing  
Warfighter  
Readiness

## Agile and Ready

- Resources battle force ships to achieve Fleet operations of 58 days/qtr deployed and 24 days underway while non-deployed
- Maintains readiness for every AOR
- Prioritizes preparedness for war
- Strengthens partnerships through operations and cooperative exercises

## Ship Operations



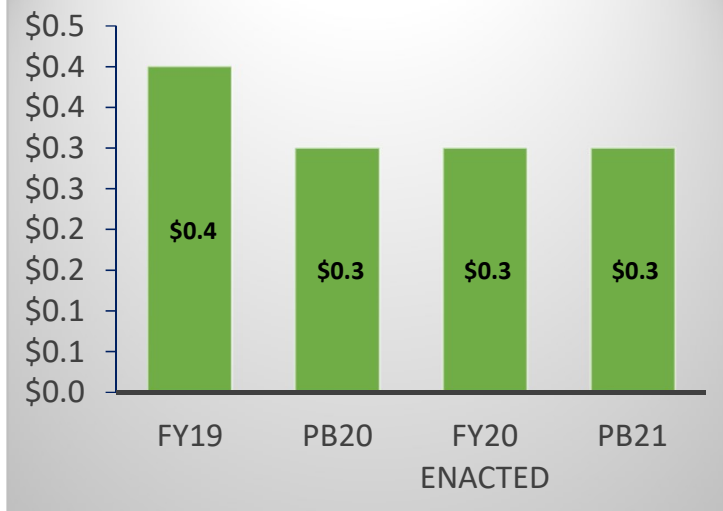
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# Marine Corps Expeditionary Equipment & Readiness

Graphs shown in \$ billions

## Marine Corps Expeditionary Equip.

Modernize Key Capabilities



## Modernize Key Capabilities

- Optimize readiness metrics and reporting to achieve 80% serviceability of our reportable expeditionary equipment
- Divests of legacy or surge capabilities that do not meet future requirements in accordance with the National Defense Strategy

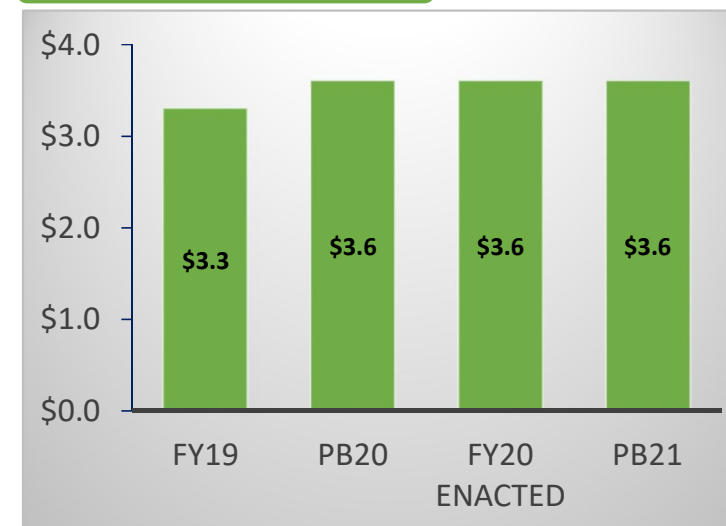
Ready  
Combat  
Forces and  
Equipment

## Build a More Lethal Force

- Sustains training and readiness funding for Fleet Marine Forces in alignment with our strategy
- Grow Cyberspace Activities for Marine Forces Cyber Command
- Field logistics modernization across the logistics IT portfolio

## Marine Corps Readiness

Operating Forces



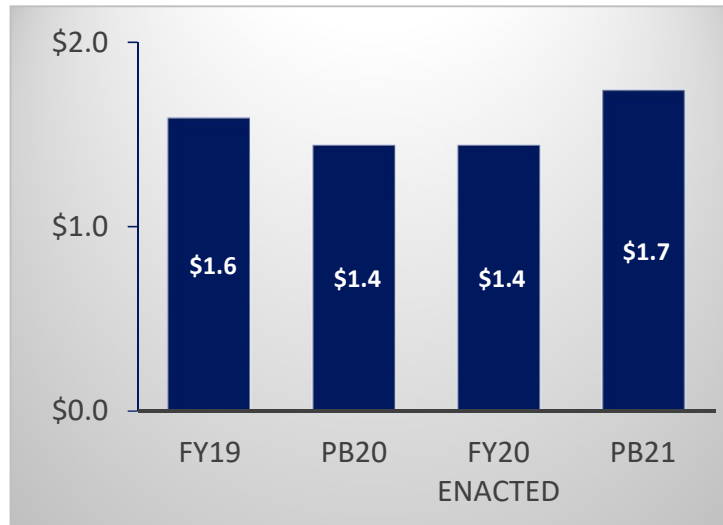
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# Aircraft Depot & Air Operations

Graphs shown in \$ billions

## Aircraft Depot Maintenance



## Improve High-End Readiness

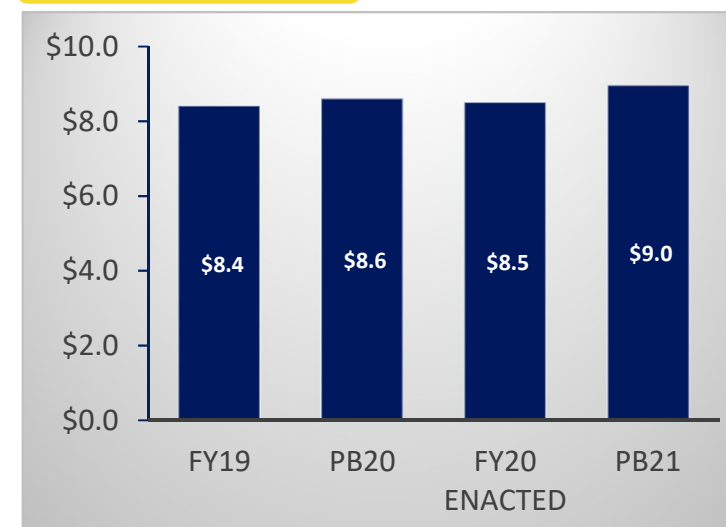
- Increased depot maintenance funding rates to continue capacity growth
- Funds infrastructure and equipment improvements
- Depot Readiness Initiatives to increase mission capable aircraft

**Continued  
Improvement And  
Sustainment Of Critical  
Aviation Platforms**

## Agile and Ready

- Funds prioritized to ensure the availability of tactical aircraft
- Resources prioritized to address key performance drivers necessary to sustain our growing mission capable rates
- Increases investments in training ranges to ensure proficiency in executing the high-end fight

## Air Operations



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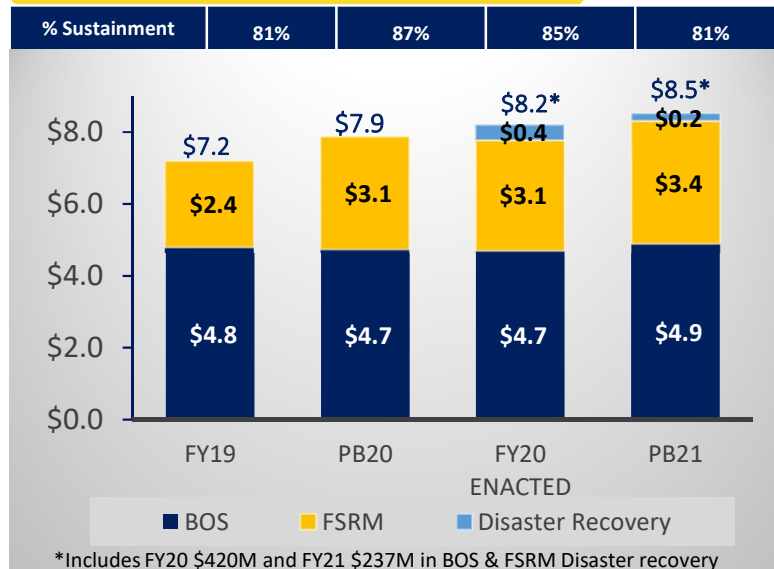


# Installations & Facilities

## Navy: Installation & Facilities Support

Navy 81% of Facility Sustainment Model for FY21

Graphs shown in \$ billions



## Prioritizes Critical Shore Investments to Increase Fleet Readiness

- Maintains only critical components of facilities to sustain mission readiness
- Resources Disaster Recovery
- Increases in key base support including physical security enhancements and child care facilities

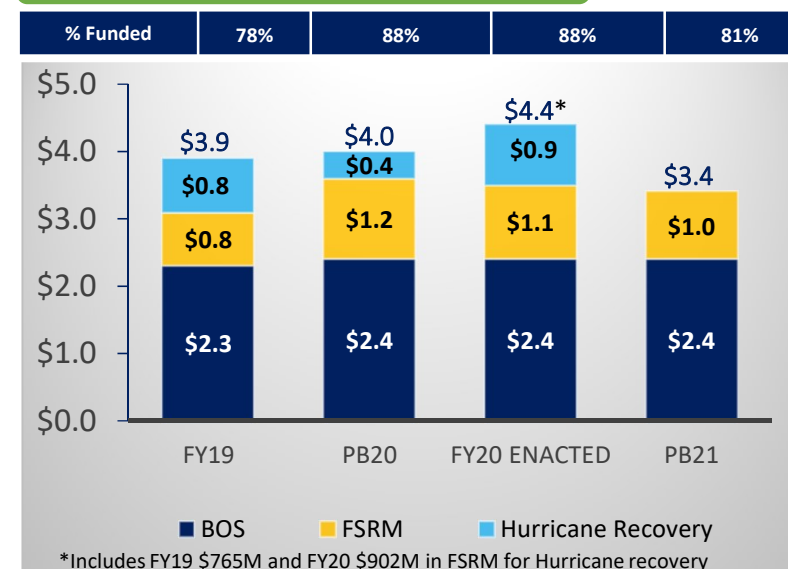
Readiness through Infrastructure

## Force Generation Enablers

- Implements Infrastructure Reset Strategy optimizing infrastructure footprint
- Resources hurricane recovery at multiple critical locations

## USMC: Installation & Facilities Support

USMC 81% of Facility Sustainment Model for FY21



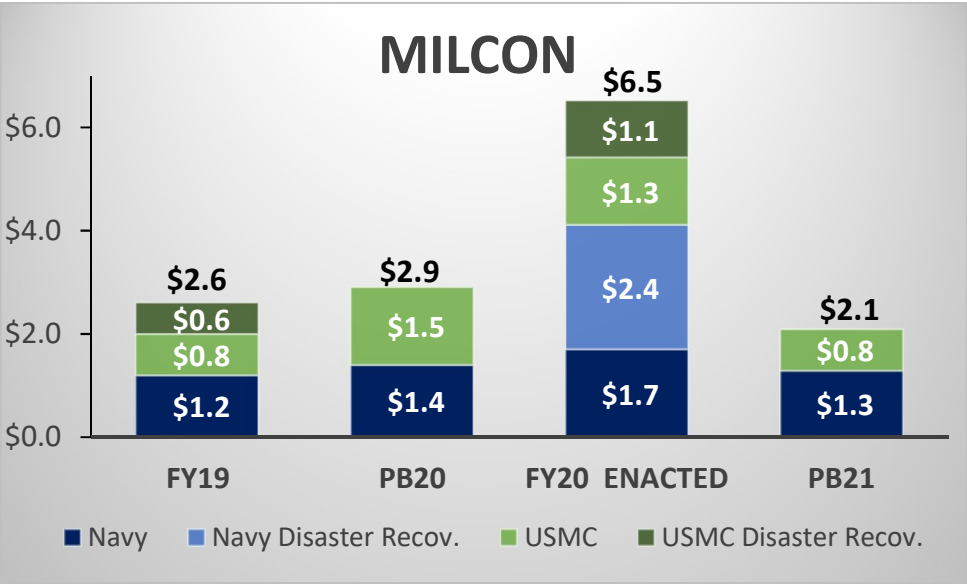
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# Military Construction & Family Housing Programs

Graphs shown in \$ billions

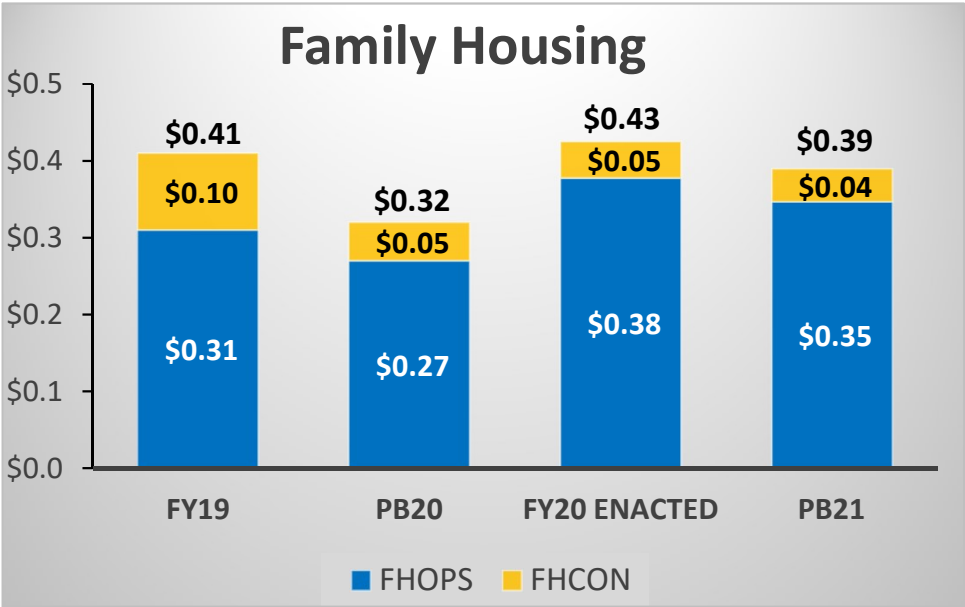


## Maximizes Warfighting Capability

FY21 MILCON Projects by Major Categories	\$ M	# of Projects
New Platform/Mission Support	\$ 489	8
European Deterrence Initiative	\$ 59	2
Guam (DPRI)	\$ 482	10
Naval Shipyards	\$ 160	1
Reserves	\$ 65	2
Replace Aging Infrastructure	\$ 640	9
Planning and Design	\$ 180	N/A
Unspecified Minor Construction	\$ 42	N/A

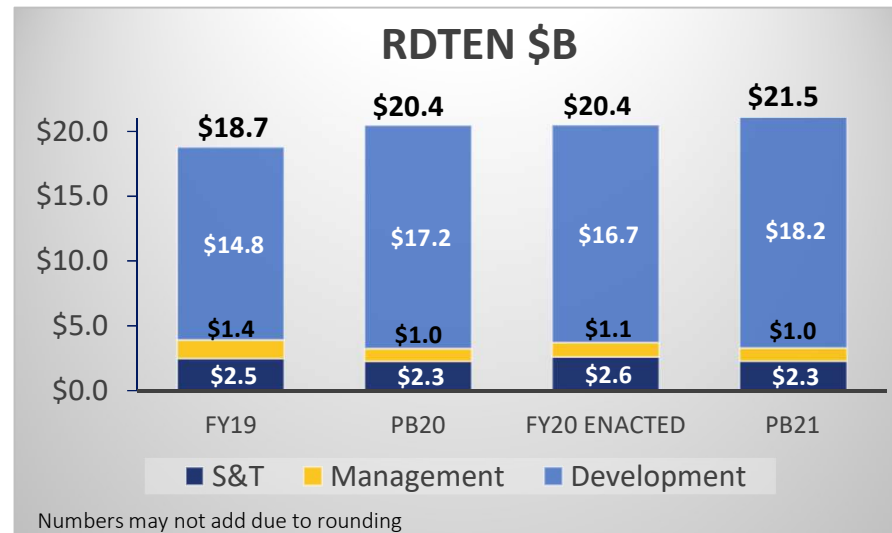
## Focuses on Targeted Investments

- Revitalizes and modernizes current family housing
- Resources family housing privatization oversight
- Resources construction, project planning and design, operation and maintenance, recapitalization, and leasing



Numbers may not add due to rounding.

# Enhanced Competitive Capabilities: Development



## Better Capability Through Innovation

- Investments in Long Range Hypersonic Strike capability: Conventional Prompt Strike & SM-6 BLK 1B
- Maritime Strike Tomahawk
- Ground Based Anti-Ship Missile (GBASM)
- Ground Based Air Defense (GBAD)
- Navy Laser Family of Systems (NLFoS) provide near term ship-based High Energy Laser weapons capability
- Expands offensive and defensive cyber operations

Major Systems (\$M)	FY20			
	FY19	PB20	Enacted	PB21
<b>Shipbuilding</b>				
Columbia Class	\$ 718	\$533	\$541	\$ 397
Ford Class Carrier	\$ 298	\$287	\$271	\$ 216
DDG 1000	\$ 137	\$111	\$111	\$ 208
Small Surface Combatant FFG (X)	\$ 120	\$ 59	\$ 59	\$ 82
Future Large Surface Combatant (LSC)	\$ 8	\$ 71	\$ 24	\$ 46
Common Hull Aux. Multi-Mission Platform (CHAMP)	\$ 17	\$ 8	\$ 8	\$ 13
Future Amphibious Ship	\$ -	\$ -	\$ -	\$ 30
Future Logistics Ship	\$ -	\$ -	\$ -	\$ 30
<b>Aviation &amp; Weapons</b>				
Joint Strike Fighter (F-35C)	\$ 279	\$385	\$356	\$ 414
Joint Strike Fighter (F-35B)	\$ 287	\$425	\$393	\$ 380
Next Generation Jammer (NGJ INC I&II)	\$ 518	\$635	\$583	\$ 648
Conventional Prompt Strike (CPS)	\$ 11	\$593	\$512	\$1,008
SM-6 Blk 1B	\$ 27	\$117	\$ 78	\$ 232
Maritime Strike Tomahawk	\$ 169	\$228	\$193	\$ 125
CH-53K King Stallion Development	\$ 384	\$517	\$507	\$ 406
Presidential Helicopter VH-92A	\$ 237	\$187	\$176	\$ 99
Ground Based Anti-Ship Missile (GBASM)	\$ -	\$ 59	\$ 43	\$ 64
Ground-Based Air Defense (GBAD)	\$ 72	\$ 50	\$ 65	\$ 131
<b>Vehicles/Vessels</b>				
Amphibious Combat Vehicle	\$ 64	\$ 77	\$ 50	\$ 42
Ground/Air Task Oriented Radar (G/ATOR)	\$ 43	\$ 24	\$ 24	\$ 22
Long Range Unmanned Surface Vessel (LRUSV)	\$ -	\$ 11	\$ 1	\$ 30
<b>Other</b>				
Navy Laser Family of Systems (NLFoS)	\$ 167	\$101	\$101	\$ 68
Additive Manufacturing	\$ 26	\$ 27	\$ 29	\$ 25

**Increases Lethality Through Leading Edge Tech Development And Modernized Platforms**

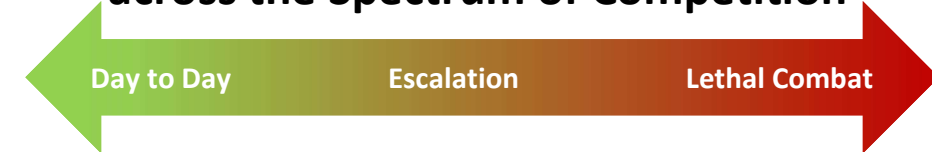


# Prioritize NDS Investment: Information Warfare

Major Programs (\$M)	FY19	PB20	FY20 Enacted	PB21
Spans Multiple Appropriations				
<b>Assured Command &amp; Control</b>				
Satellite Communications Systems	\$ 692	\$ 677	\$ 710	\$ 784
Enterprise Networks	\$ 820	\$ 767	\$ 787	\$ 951
Command & Control Systems	\$ 605	\$ 627	\$ 607	\$ 555
Maritime Operation Centers	\$ 179	\$ 157	\$ 164	\$ 170
<b>Battlespace Awareness</b>				
ISR Sensors/Processor Development	\$ 281	\$ 342	\$ 357	\$ 280
Resilient Precision Navi. & Timing Sys.	\$ 236	\$ 217	\$ 254	\$ 227
Meteorology & Oceanography	\$ 146	\$ 156	\$ 148	\$ 175
<b>Integrated Fires</b>				
Electronic Warfare Systems	\$ 571	\$ 608	\$ 519	\$ 606
Counter C4ISR Systems	\$ 278	\$ 274	\$ 255	\$ 318
Tactical Data Link Systems	\$ 119	\$ 136	\$ 133	\$ 194
<b>Cyber</b>				
Cybersecurity	\$ 770	\$ 800	\$ 835	\$ 829
Cyber Operations	\$ 247	\$ 213	\$ 214	\$ 222
Cyber Mission Forces	\$ 246	\$ 407	\$ 369	\$ 481
MARFORCYBER	\$ 101	\$ 91	\$ 82	\$ 83



## Enables Distributed Maritime Operations across the Spectrum of Competition



- Improves lethality through advanced IW capabilities
- Lays foundation for the Naval Tactical Grid
- Continues Enterprise Network Modernization path
- Advances Counter C4ISR for GPC
- Expands Consolidated Afloat Network & Enterprise Services (CANES) to additional ship types and the MOCs
- Improves ability to maneuver across electromagnetic spectrum
- Fields Surface Electronic Warfare Improvement (SEWIP) Blocks 2 & 3
- Increases funding to equip Marine Corps Cyber Forces and conduct full-spectrum cyber operations
- Advances our Digital Modernization to include AI/Machine Learning, Cloud computing, and Big Data



# Shipbuilding & Unmanned Procurement Plan

Charts shown in quantity

Battle Force Ships (SCN)	FY19	PB20	FY20 Enacted	PB21
Columbia Class Submarine (SSBN 826)	AP	AP	AP	1
Ford Class Aircraft Carrier (CVN 78)	0	1	1	0
Virginia Class Submarine (SSN 774)	2	3	2	1
Arleigh Burke Class Destroyer (DDG 51)	3	3	3	2
Freedom/Independence Class Littoral Combat Ship (LCS 1/2)	3	0	0	0
Guided Missile Frigate (FFG (X))	0	1	1	1
America Class Amphibious Assault Ship (LHA 6)	AP	0	*	0
San Antonio Class Amphibious Transport Dock (LPD 17) (Flight II)	AP	AP	*	1
Lewis B. Puller Class Expeditionary Sea Base (ESB 3)	1	0	0	0
Spearhead Class Expeditionary Fast Transport (EPF 1)	1	0	1	0
John Lewis Class Fleet Replenishment Oiler (T-AO 205)	2	2	2	0
Navajo Class Towing, Salvage, and Rescue Ship (T-ATS 6)	1	2	2	2
<b>New Construction Total</b>	<b>13</b>	<b>12</b>	<b>12</b>	<b>8</b>

\* Congressionally added incremental funding in FY20

Other Construction (SCN)	FY19	PB20	FY20 Enacted	PB21
LCAC SLEP	0	0	0	3
Ship to Shore Connector	8	0	1	0
LCU 1700	2	4	4	5
Nimitz Class Aircraft Carrier (CVN 68) RCOH	AP	1	1	0
<b>Other Construction Total</b>	<b>10</b>	<b>5</b>	<b>6</b>	<b>8</b>

Unmanned (RDTE,N)	FY19	PB20	FY20 Enacted	PB21
Medium Unmanned Surface Vehicle	1	0	0	0
Large Unmanned Surface Vessel	0	2	2	2
Extra Large Unmanned Undersea Vehicle (XLUUV)	5	0	0	0
<b>Unmanned Total</b>	<b>6</b>	<b>2</b>	<b>2</b>	<b>2</b>



## PB21 Shipbuilding Investments

- Focuses on more capable, ready, and lethal force
- Continues to develop and expand unmanned capacity
- Restores CVN 75 refueling and associated airwing
- USN/USMC Integrated Naval Force Structure Assessment (INFSA) will further shape future fleet size and composition

**Prioritizes Increased Lethality, Modernization, And Capable Capacity  
To Deliver Ready Combat Forces**

# Aviation Procurement Plan

Charts shown in quantity



## PB21 Aviation Investments

- FY20 completes procurement of P-8A and F-5
- Maturing CH-53K production and maintaining F/A-18, F-35, E-2D, KC-130J, V-22, VH-92 and the TH-73A
- Continuing the development of unmanned systems

Fixed Wing	FY19	PB20	FY20 Enacted	PB21
FA-18E/F (NAVY)	24	24	24	24
F-35C (JSF CV) (NAVY)	11	10	10	11
F-35C (JSF CV) (USMC)	4	10	10	10
F-35B (JSF STOVL) (USMC)	22	10	16	10
P-8A (MMA) (NAVY)	10	6	9	0
E-2D AHE (NAVY)	6	4	6	4
KC-130J (USMC)	2	3	3	5
F-5 (Navy)	0	11	11	0
F-5 (USMC)	0	11	11	0
UC-12W (USMC)	0	0	1	0

Rotary Wing	FY19	PB20	FY20 Enacted	PB21
CH-53K (HLR) (USMC)	8	6	6	7
CMV-22 (COD) (NAVY)	11	10	10	6
MV-22B (USMC)	2	0	4	3
TH-73A (NAVY)	0	24	24	27
TH-73A (USMC)	0	8	8	9
VH-92A (USMC)	6	6	6	5

Unmanned	FY19	PB20	FY20 Enacted	PB21
MQ-4C (NAVY)	3	2	2	0
MQ-25 (NAVY)*	0	0	0	0
MQ-9A (USMC)	0	3	2	0

\* Funded in R&D, First procurement in FY23

**Focused On Building A Robust Technologically Advanced Fleet**



## Audit Report Areas



Navy General Fund



USMC General Fund



Navy Working Capital Fund

## Continued Second Year of Full Financial Statement Audit

- **Continued the positive trajectory started in FY 2018:** 120 resolved deficiencies, including material weakness in real property.
- **FY 2019 added focus areas:** budget execution, legal and environmental liabilities, reimbursable activity, and contract authority.
- **Audit Increases Readiness:**
  - Results ensure focused efforts on improving operation controls and data transparency (i.e. better informed decisions)
  - Exposes current risks; gets ahead of future challenges
  - Identifies improvements in internal controls for critical programs like cybersecurity and supply management.
- **No Quick-Fixes:** DON remains committed to making progress by conducting wall-to-wall inventory, addressing root-causes, modernizing/consolidating accounting systems, and increasing scope of audit areas.

### Priorities for FY 2020:

**Working Capital Fund Inventory – Contractor-Held Property – Contingent Legal Liabilities  
Environmental & Disposal Liabilities – USMC Audit Scope Limitations – Real Property – Utilities**

*“Together with the United States Marine Corps, our Navy is the bedrock of **Integrated American Naval Power**, a force capable of fulfilling the mandate of the NDS and NMS. We will remain steadfast in our alliances and partnerships, which remain indispensable in any future fight. We will apply time, effort, and resources to grow naval power and think differently to find every competitive advantage.”*

*--Admiral M.M. Gilday, Chief of Naval Operations*



*“Future naval force development and employment will include new capabilities that will ensure that the **Navy-Marine Corps Team** cannot be excluded from any region in advancing or protecting our national interests or those of our allies. Marines will focus on exploiting positional advantage and defending key maritime terrain that enables persistent sea control and denial operations forward”*

*--General D.H. Berger, Commandant of the Marine Corps*

*“Maritime power is an essential element of the National Defense Strategy, and as we look to a future of greater global trade and greater unpredictability, it has never been more critical to the success of our Nation.”* --Hon. Thomas B. Modly, Secretary of the Navy (Acting)