

INFORMATION PAPER

Subject: FY 2013 Department of the Navy (DON) President's Budget Summary

1. Purpose. Provide a summary of the FY 2013 DON President's Budget.

a. Budget Overview.

- DON funding was reduced \$58.1 billion across the FYDP from the FY 2012 President's Budget baseline:

(\$B)	FY2013	FY2014	FY2015	FY2016	FY2017	FYDP
PB12	165.4	168.9	173.0	175.9	179.6	862.9
Initial Reduction	(0.9)	(0.9)	(0.5)	(0.8)	(0.9)	(4.0)
ALT. POM	(9.0)	(10.0)	(10.0)	(10.0)	(10.0)	(49.0)
OSD (RMD) Reduction:	0.3	(2.3)	(0.1)	(1.7)	(1.2)	(5.0)
PB13*	155.9	155.8	162.4	163.4	167.4	804.8
Delta PB12 to PB13*	(9.5)	(13.2)	(10.6)	(12.5)	(12.2)	(58.1)

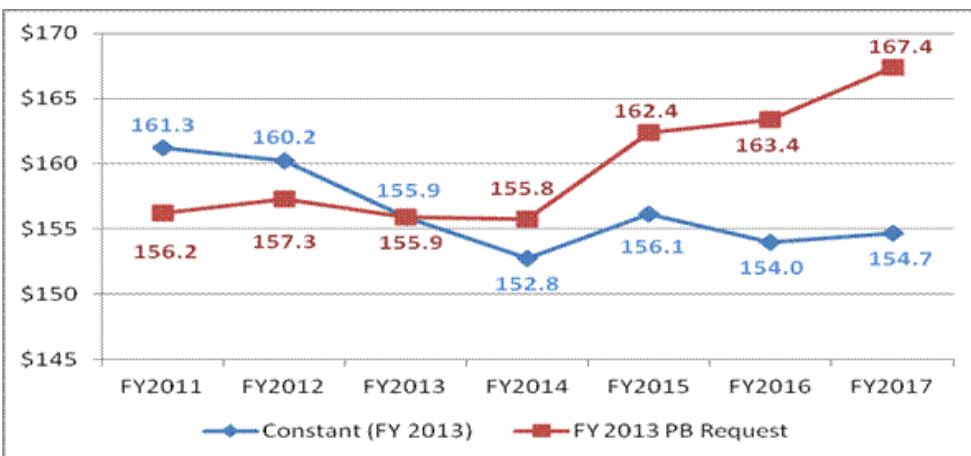
*Numbers may not add due to rounding

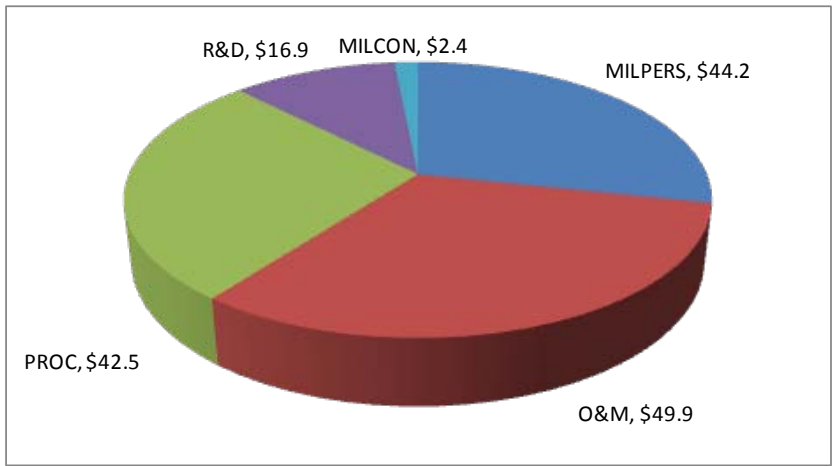
- FY 2013 baseline funding by major category:
 - Military Personnel: \$44.2 billion
 - Operation and Maintenance: \$49.9 billion
 - Procurement: \$42.5 billion
 - Research and Development: \$16.9 billion
 - Infrastructure: \$2.4 billion
 - FY 2013 personnel levels:
 - Navy Active End Strength: 322,700
 - Marine Corps Active End Strength: 182,100 (Base); 197,300 (w/OCO)
 - Civilian Personnel (Full Time Equivalents): 212,087
- #### b. Overseas Contingency Operations (OCO)
- \$14.2 billion funds incremental costs to sustain operations, manpower, equipment and infrastructure repair, as well as equipment replacement.
- #### c. FY2013 Budget Highlights
- 41 new construction ships over the FYDP (down from 57)
 - CVN 79 full funding commences in FY13 but spread over six years vice four.
 - Delayed shipbuilding construction of LHA-8 by one year.
 - Delayed shipbuilding construction of SSBN(X) by two years.
 - Delayed procurement of a VIRGINIA class submarine from FY 2014 to FY 2018.
 - Reduced LCS quantity by one in FY 2016 and one in FY 2017.
 - Moved one DDG from FY14 to FY16. Second FY16 ship and both FY17 ships will be FLT III (AMDR) capable.
 - 765 new aircraft over the FYDP (down from 842)
 - JSF reduced by 69 airframes over the FYDP to pay for concurrency and reduce need for future modifications.
 - Proposed second Multi-Year Procurement for the MV-22 over the FYDP.

- Reduced quantity of MQ-8B (VTUAV) over FYDP.
 - Increased funding \$811 million for fact-of-life changes for USS GERALD FORD (CVN 78), as well as critical R&D shortfalls.
 - Early drawdown of Marine Corps manpower will reduce the Marines by 4,800 in FY 2013 toward the reduction goal of 20,000 Marines over the FYDP.
 - Continued OCO-to-Base transfer.
 - Maintain battle force ship count of 284.
 - Ship depot maintenance funded to 80 percent in baseline funding, 100 percent with OCO.
 - Restore ship operations to support 51 underway days per quarter for deployed forces and 24 days per quarter for non-deployed forces in baseline funding.
 - Navy/Marine Corps flying hours budgeted at T-2.5/T-2.0 rating.
- d. Fiscal Balancing – Accommodating Budget Limits (-\$58.1 billion FYDP)
- OSD has categorized major efforts the Department undertook to balance within the fiscal top line established by The Budget Control Act of 2011 as follows: more disciplined use of resources, force structure, modernization, military, and other reductions.
 - More Disciplined Use of Resources (-\$5.7 billion FYDP)
 - Implementation of information technology (IT) initiatives such as consolidating data centers, greater use of enterprise software licensing agreements, and restricting the use of IT devices (i.e. cell phones, air cards).
 - Strategic Sourcing Reduction. The specific categories of contract spending that are being reduced are: Engineering and Technical Services; Program Management/Support Services/ Other ADP & Telecommunications Services; Other Professional Services; Logistics Support Services; Technology Studies; Systems Engineering Services; ADP Systems Development Services; Automated Information Systems Services; Other Management Support Services; and Defense Studies.
 - USMC early release at 90 days and reductions to special duty pay.
 - Elimination of duplicate overhead and program management functions of the Commander Navy Installations Command (CNIC) and Naval Facilities Engineering Command (NAVFAC).
 - Force Structure (-\$6.5 billion FYDP)
 - Decommission seven Ticonderoga class cruisers and two dock landing ships (LSDs) across the FYDP, resulting in reduced fleet operating costs and procurement/installation of combat systems, as well as terminating the associated modernizations.
 - Acceleration of USMC 20,000 end strength reduction from FY15 to FY13 and ending in FY16.
 - Disestablishment of Reserve Airborne Early Warning Squadron 77 (VAW-77)
 - Modernization (-\$24.5 billion FYDP)
 - Delay SSBN (X) development, commencing with construction of first hull in 2021 vice 2019 while continuing to support US/UK joint development of the common missile compartment.
 - Terminate the Medium-Range Maritime Unmanned Aerial System procurement, partially mitigating the risk by the demonstrated in-theater capability of the MQ-8B and follow-on MQ-8C.

- Terminate the Joint Air-to-Ground Missile (JAGM) investment. The DON will mitigate some of the risk by the continued development of the Small Diameter Bomb Increment II and continuing procurement of Hellfire.
- Decrease in aviation quantities for several aircraft such as F-35B/C, C-40A, KC-130J, P-8A, MV-22B, MH-60R, and E-2D
- Decrease in ship construction quantities for the Joint High Speed Vessel (JHSV), delay in the recapitalization of the LSD(X), shifting of one DDG 51 from FY 2014 to FY 2016, the delay in the construction of one SSN from FY 2014 to FY 2018, and the delay in SSBN(X) development. Additionally T-AGOS was reduced by one and TAO(X) was reduced by three.
- Military (-\$12.5 billion FYDP)
 - Reduced military compensation
- Other Reductions (-\$8.9 billion FYDP)
 - Adherence to Executive Order 13589, Promoting Efficient Spending, by reducing travel and printing by at least 20 percent below FY 2010 levels for the FY 2013 President’s Budget. To achieve these savings, the Department will use teleconferencing, web-conferencing, local training and internet training in place of travel, and greater utilization of electronic media to reduce financial and environmental waste associated with printing and reproduction.
 - Reduced civilian compensation
 - Transfers and adjusted pricing

e. Funding Charts (\$B)





Accommodating Budget Limits Department of the Navy			
By Category	FY 2013		FYDP
	More Disciplined Use of Resources	-0.8	-5.7
Force Structure	-1.6	-6.5	
Modernization	-4.6	-24.5	
Military	-1.5	-12.5	
Other Reductions	-1.1	-8.9	
Total	-9.5	-58.1	
By Appropriation			
	FY 2013	FYDP	
Procurement	-6.3	-32.0	
Military Personnel	-2.8	-17.9	
R&D	-1.1	-2.3	
Operation and Maintenance	0.5	-2.6	
Military Construction/Family Housing	<u>0.1</u>	<u>-3.3</u>	
Total	-9.5	-58.1	

Accommodating Budget Limits Department of Defense			
By Category	FY 2013		FYDP
	More Disciplined Use of Resources	-10.0	-61.0
Force Structure	-9.0	-53.0	
Modernization	-18.0	-76.0	
Military	-2.0	-29.0	
Other Reductions	<u>-6.0</u>	<u>-40.0</u>	
Total	-45.0	-259.0	
By Appropriation			
	FY 2013	FYDP	
Procurement	-18.0	-94.0	
Military Personnel	-11.0	-69.0	
R&D	-6.0	-17.0	
Operation and Maintenance	-6.0	-60.0	
Military Construction/Family Housing	<u>-5.0</u>	<u>-19.0</u>	
Total	-46.0	-259.0	

f. Shipbuilding Plan

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FYDP
CVN 21	-	1	-	-	-	-	1
SSN 774	2	2	1	2	2	2	9
DDG 51	1	2	1	2	2	2	9
LCS	4	4	4	4	2	2	16
LPD 17	1	-	-	-	-	-	0
LHA (R)	-	-	-	-	-	1	1
T-ATF	-	-	-	-	2	-	2
MLP/AFSB	1	-	1	-	-	-	1
JHSV	2	1	-	-	-	-	1
T-AO(X)	-	-	-	-	1	-	1
New Construction Total	11	10	7	8	9	7	41
LCAC SLEP	4	2	4	4	4	4	18
Oceanographic Ships	1	-	-	-	-	-	0
Ship to Shore Connector	-	1*	-	2	5	5	13
Moored Training Ships	-	-	-	1	-	1	2
CVN RCOH	-	1	-	-	1	-	2

*Funded in RDT&E

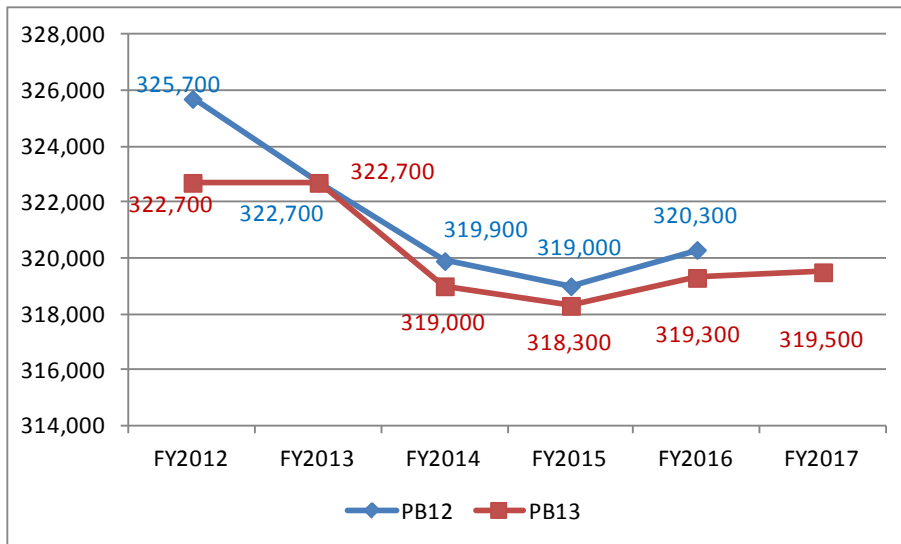
g. Aircraft Plan

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FYDP
Fixed Wing							
F-35B (STOVL JSF)	6	6	6	6	9	14	41
F-35C (CV JSF)	7	4	4	6	9	14	37
F/A-18E/F	28	26	13	-	-	-	39
EA-18G	12	12	-	-	-	-	12
E-2D AHE	5	5	5	7	6	7	30
P-8A (MMA)	11	13	17	20	20	13	83
C-40A	-	-	-	-	-	1	1
KC-130J (USMC)	1	0	2	2	2	2	8
Rotary Wing							
AH-1Z/UH-1Y*	31	28	27	27	26	31	139
CH-53K	-	-	-	-	2	2	4
MV-22B	30	17	18	19	19	18	91
MH-60R	24	19	19	31	38	-	107
MH-60S	18	18	18	8	-	-	44
UAV							
MQ-8 (VTUAV)	12	6	7	7	8	6	34
BAMS UAS	0	0	3	4	4	5	16
STUAS	0	5	5	5	0	0	15
Training							
T-6A/B (JPATS)	36	33	31	0	0	0	64
Total Major Aircraft Programs	221	192	175	142	143	113	765

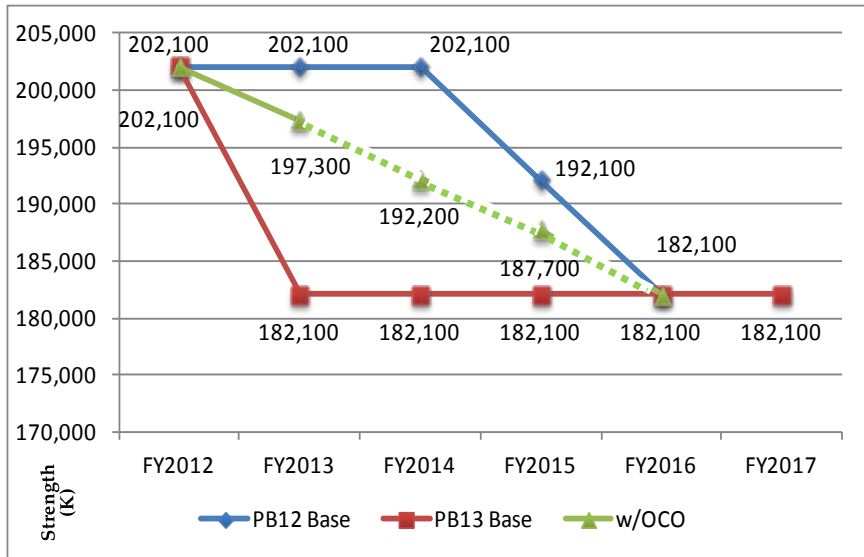
*Includes Overseas Contingency Operations request of one AH-1 in FY 2013

h. Active Military Personnel

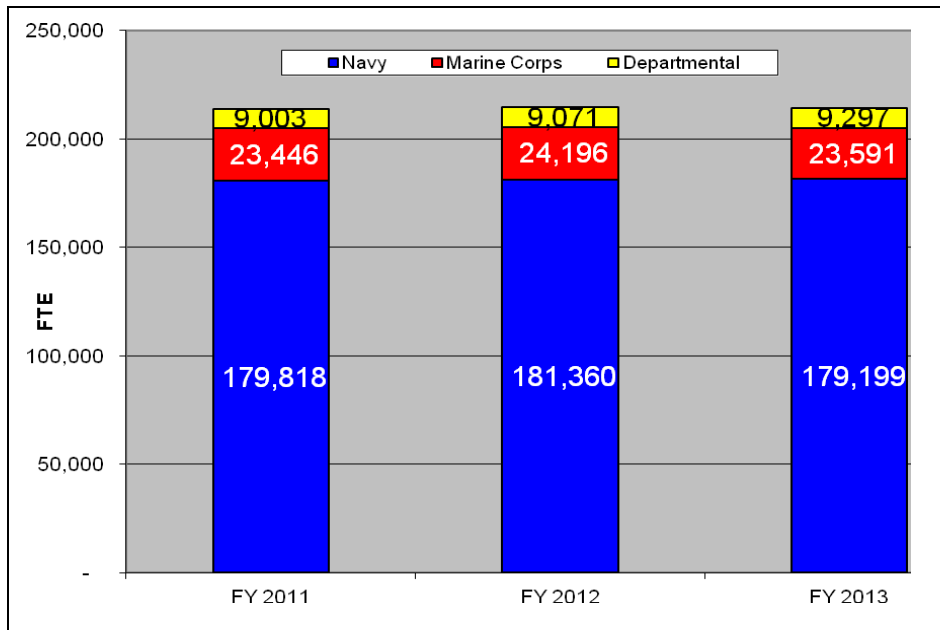
Navy



Marine Corps



i. Civilian Personnel



j. OCO

Department of Navy OCO Budget			
	FY 2011	FY 2012	FY 2013
<i>(In Millions of Dollars)</i>	Actual	OCO	OCO
Military Personnel, Navy	1,248	1,248	875
Health Accrual, Navy	26	-	-
Reserve Personnel, Navy	49	44	39
Operation and Maintenance, Navy	8,527	7,518	5,880
Operation and Maintenance, Navy Reserve	88	74	56
Aircraft Procurement, Navy	600	481	165
Procurement Ammunition, Navy and Marine Corps	188	135	152
Other Procurement, Navy	405	236	99
Weapons Procurement, Navy	91	41	24
Research, Development, Test and Evaluation, Navy	215	48	53
Military Construction, Navy	-	190	-
USN Subtotal	11,437	10,016	7,342
Military Personnel, Marine Corps	638	659	1,621
Health Accrual, Marine Corps	-	-	65
Reserve Personnel, Marine Corps	21	23	25
Operation and Maintenance, Marine Corps	4,463	3,538	4,066
Operation and Maintenance, Marine Corps Reserve	29	36	25
Procurement, Marine Corps	1,946	1,234	944
Procurement Ammunition, Navy and Marine Corps	492	182	134
Research, Development, Test and Evaluation, Navy	41	6	7
USMC Subtotal	7,630	5,678	6,888
DON Grand Total - Supplemental	19,067	15,693	14,230