

**DEPARTMENT OF DEFENSE
INFORMATION PAPER**

SERVICE/AGENCY: U. S. NAVY

SUBJECT: Revised FY 2017 Unfunded Priorities List

DATE: 5 January 2017

REQUEST: Does the Navy intend to update the FY 2017 UPL based on the recent 355-ship FSA?

RESPONSE: The Navy does not intend to submit a revised FY 2017 Unfunded Priorities List (UPL) until we engage further with the new Administration on potential changes in the defense strategy and priorities.

The 2016 Force Structure Assessment (FSA) established the need for greater ship capacity in order to address the ever-evolving and increasingly complex threats the Navy is required to counter in the global maritime commons. However, any unfunded priority list includes items beyond shipbuilding that address the most critical unfunded warfighter requirements.

The Navy continues to track unfunded requirements as we execute FY 2017 under a continuing resolution through April 2017. Below is a list of executable FY 2017 unfunded items, adding emergent needs to our February 2016 UPL based on current operations and FY 2016 closeout. The greatest challenges continue to be recovering readiness and restoring aviation and weapons capacity. Without additional funding, FY 2017 is projected to have a significant shortfall in afloat readiness, some of which will carry over and further pressurize future years.

As for shipbuilding, any program increases that build towards an objective force of 355 ships, would reduce operational risk in warfighting scenarios, support the vital industrial base, and likely result in economic order quantity (EOQ) savings. For example, an additional Amphibious Landing Dock Ship (LPD-17) in FY 2017 is executable and would accelerate reaching the amphibious warfare ship requirement of 38 ships included in the 2016 FSA. An additional LPD would provide increased ability to embark, transport control, insert, sustain and extract elements of a Marine Air Ground Task Force (MAGTF) and supporting forces by helicopters, tilt rotor aircraft, landing craft, and amphibious vehicles.

Should resources become available in FY 2017 beyond our FY 2017 President's Budget (PB-17) submission, the Navy recommends mitigating the risk of shortfalls in readiness and capacity by funding the following unfunded items. These items will enhance our ability to maintain maritime superiority, strengthen naval power at and from the sea, and build towards the larger Navy the nation needs in order to meet the demands of the rapidly changing global security environment. The Navy continues to assess the future needs beyond FY 2017 in developing our FY 2018 President's Budget.

Item	Unfunded Item Description	Appropriation	TY\$M	Category
1	** Ship Depot Maintenance	OMN	647	Afloat Readiness
2	** Air Operations / Flying Hours	OMN	504	
3	Information Warfare / Other Support (1C6C)	OMN	355	
4	** Ship Operations	OMN	339	
5	Waterfront Equipment, Service Craft, Boat Procurement	OMN/OPN	68	
6	Service Craft Maintenance and Overhaul	OMN	53	
7	Sealift Support Readiness	OMN	32	
8	** Full Scale Aerial Targets (FSAT) (QF-16) (+5 targets)	RDTE	26	2,034
9	** High Speed Maneuverable Surface Target (HSMST) (+56 targets)	OPN	10	
10	** F/A-18E/F Increase to procurement (0 to 24)	APN	2,320	
11	P-8 Procurement Increase (6 a/c) Funds POR to 117 (11 to 17 FY 17)	APN	1,200	
12	** F-35C (4 to 6)	APN	270	
13	** C-40A (Reserve's personnel and cargo aircraft) (0 to 2)	APN	207	
14	Tomahawk Land Attack Missiles (TLAM) (100 to 196)	WPN	154	
15	** Joint Direct Attack Munitions (JDAM) Components	PANMC	88	
16	SM-6 Blk 1A increase QTY to Max Production Rate of 125 per Year	WPN	75	
17	** LCS Over-the-Horizon Missile (LCS 3 and LCS 5)	WPN/OPN	43	
18	** AIM-9X Sidewinder Missiles Blk II (+75 missiles) (152 to 227)	WPN	33	453
19	RAM Blk II (90 to 120)	WPN	24	
20	Laser Maverick Procurement (+224)	WPN	20	
21	** MK-54 Mod 0 Lightweight Torpedoes (+23 torpedoes) (114 to 137)	WPN	16	
22	LPD-17 (0 to 1) Increase Program of Record from 12 to 13	SCN	1,830	
23	T-AO(X) increase (from 0 to 1) (Commences Serial Program)	SCN	547	Warfighting/SCN
24	** 3rd DDG in FY16 Incremental Cost for AMDR	SCN	433	
25	EPF (Expeditionary Fast Transport) (0 to 1)	SCN	256	
26	** Ship to Shore Connector (SSC) (+3 craft to MSR) (2 to 5)	SCN	190	
27	** T-ATS(X) (+1 Ship) (from 0 to 1)	SCN	75	
28	Advance Procurement for an additional Expeditionary Sea Base (ESB)	SCN	68	
29	** LCU 1700 (+1 Craft)	SCN	34	
30	** CANES Acceleration (LPD 19 and DDG 73)	OPN	53	Warfighting/Cyber
31	C10F UON Sharkcage Defensive Cyber for WPN ACAT programs	OPN/OMN	22	
32	METOC IT Services	OMN	12	
33	Windows XP Eradication for 10 ships (Completes remaining ships)	OPN/OMN	11	
34	SONET Infrastructure for Guam (N2/NG)	OPN	8	
35	NCTAMS Outfitting - Supports P-193 NCTAMSLANT	OMN/OPN	8	
36	Quonset Point Investment to facilitate construction of 3 SSNs per year	MILCON / OPN	255	
37	** CG Modernization Shortfall	OMN	160	Warfighting/Capacity
38	** DDG BMD / NIFC-CA Modernization (+1 system to sustain 3 installs per year/FYDP)	OPN	65	
39	** Submarine Warfare Federated Tactical Systems (SWFTS) for SSNs (+2 Sets) (6 to 8)	OPN	49	
40	EPF Adaptive Force Pkgs (6) (UAV mission sys., ISR packages, small boat missions)	OMN	35	
41	** SSEE Inc. F (+3 Systems) and Paragon/Graywing (+3 Systems)	OPN	43	
42	** SEWIP Blk III (+1 system)	OPN	23	
43	** Submarine Towed Arrays (+4 TB-29X and +4 TB-34X Arrays)	OPN	22	
44	** Surveillance Towed Array Sensor System (SURTASS) Array	OPN	10	
45	** PCS Funding (Restores 15,000 PCS moves reduced due to BBA limits)	MPN	156	
46	CG Modernization MPN Shortfall	MPN	81	
47	Individual Accounts (Transient Bilets) Shortfall	MPN	43	Manpower
48	Officer Funding Shortfall	MPN	33	
49	Manpower / Personnel Management System IT Modernization	OMN / OPN	40	
50	** Condition Based Maintenance (CBM) for Critical Building Systems (ST to 90%)	OMN	398	
51	** Fleet priority Restoration and Modernization (RM) special projects	OMN	262	Shore Readiness
52	** Shore Support (Physical Security Equipment and Environmental Restoration)	OMN/OPN	68	
53	** System Remediation and process deficiencies in support of auditability	OMN	44	
54	** Critical Aviation and Test Facility Upgrades (range and test facility hangars)	RDTE	12	
55	** R-SUPPLY System Enhancements in support of auditability	OMN	10	
56	** Training Ranges - Barking Sands Tactical Underwater Range Recap	OMN	9	
57	MILCON Cost to Complete (Prior Year)	MCN	101	
58	** Chambers Field Ammunition Magazines (NAS Norfolk P-495)	MCN	35	150
59	Future Projects Planning and Design	MCN	14	

Item	Items Above Potentially Added in HAC/SAC FY17 Conference (TY\$M)	Appropriation	FY17	Category
1	** F/A-18E/F Increase to procurement (12 a/c)	APN	979	Warfighting/APN
2	** C-40A (+2 Aircraft) (Reserve's personnel and cargo aircraft)	APN	207	
3	** 3rd DDG in FY16 Incremental Cost for AMDR	SCN	433	Warfighting/Capacity
4	** CG Modernization Shortfall	OMN	160	

**Denotes Items on Navy's February 2016 Unfunded Priorities List; Changes Since February Submission are Detailed in Included Item Descriptions

Fiscal Year 2017 Unfunded List Descriptions

The following describes executable FY 2017 unfunded items as of December 2016, adding emergent needs to our February 2016 Unfunded Priorities List (UPL) based on current operations and FY 2016 closeout. For reference, the asterisked items (***) in the above list were included on the Navy's February 2016 UPL. Four items were removed from the February 2016 UPL submission: two military construction projects that were not authorized in the FY 2017 National Defense Authorization Act (thus, unexecutable); the CG modernization partial ship-set that was procured in FY 2016; and the Radio Frequency (RF) Kill Chain Enhancements (+99 Counter Electronic Attack Block II kits) due to changes in the procurement profile reducing the requirement in FY 2017.

The "Afloat Readiness" line 16 in the February 2016 UPL has been broken out into separate ship depot maintenance, air operations/flying hours, and ship operations lines 1, 2 and 4 respectively in this revised list. Afloat Readiness shortfalls now total to \$2.0B, which includes \$260M for USMC aviation readiness.

1. Ship Depot Maintenance

Increases ship depot maintenance funding to match the requirement, thereby eliminating missed or reduced maintenance availabilities. Ensures required maintenance availabilities are funded in order to meet ship repair, ship modernization and Combatant Commander (COCOM) force-generation requirements.

2. Air Operations / Flying Hours

Provides funding to maintain squadron readiness at levels necessary to meet COCOM requirements. Prevents readiness degradation and supports fleet training wholeness and increased numbers of ready-basic-aircraft.

3. Information Warfare / Other Support

Reduces Fleet readiness shortfalls across all disciplines of the Information Warfare Community (Cyberspace operations, Electronic Warfare, Intelligence, Battlespace Awareness, and Assured Command and Control (C2)). Provides funding necessary to achieve information technology cyber-security and funds expeditionary forces' equipment maintenance at levels sufficient for continued operation.

4. Ship Operations

Funding will lower the number of open surface ship casualty reports and reduce back-orders of spare parts and consumables necessary to support shipboard organizational level maintenance.

5. Waterfront Equipment, Service Craft, Boat Procurement

Recapitalizes waterfront equipment reaching the end of its usable service life that is required to provide ship berthing and docking services at worldwide naval installations.

6. Service Craft Maintenance and Overhaul

Provides funding necessary to perform required maintenance and overhaul of existing service craft.