



**Bloomberg Government**

**Fiscal 2023**

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# **US Navy- Marine Corps**

**Budget and Contracting**

**Bloomberg Government** provides data-driven insight into the Department of Defense's spending. The Navy is a major entity within the FY23 defense budget – our expert team of analysts help contractors understand the business development landscape from congressional budget decisions to agency priorities and initiatives. BGOV tracks where the money is going so that business development teams can leverage the full picture when making strategic decisions.

## FY22 Navy Lookback

### FY22 Combined Navy & Marine Corps Contracting

- + Total combined contract obligations for the Navy and Marine Corps rebounded to \$131 billion, up 11.4% from fiscal 2021
- + Marine Corps spending was up 24.4% to \$6.9 billion, fueled by 30% growth in facilities & construction market
- + Navy purchases of the F-35 Lightning Joint Strike Fighter and related components nearly doubled to \$15.8 billion
- + Navy spending in Asia/Pacific region doubled from fiscal 2018 – fiscal 2022
- + Navy small business spending was up 8.3% year-over-year, hit record \$19.5 billion
- + Despite the year-over-year rebound, overall contract spending was still more than \$25 billion less than the \$157 billion peak in fiscal 2020

### Contract Obligations by Market

- + 13 of 19 Navy category management markets grew a combined \$14 billion from fiscal 2021 to fiscal 2022. Top billion-dollar growth markets include:
  - Sustainment supplies & equipment, up 36% to \$14.3 billion
  - Electronic & communication equipment, up 23.5% to \$8 billion
  - Transportation & logistics services, up 14.2% to \$3.3 billion
  - R&D, up 14% to \$10.8 billion
  - Professional services, up 5.3% to \$10.8 billion
  - Industrial products and services, up 13.6% to \$2 billion
  - IT declined 0.8% to \$8 billion
- + Foreign military sales of the F-35 Lightning Joint Strike Fighter shot up to \$13 billion from a net \$2.5 billion de-obligation in fiscal 2021
- + BGOV's base operations and logistics market was up 5.3% to \$3.5 billion

### Marine Corps

- + Contract spending hit \$6.9 billion in fiscal 2022, the highest annual total since fiscal 2012
- + 11 of 19 category management markets grew \$1.5 billion; 8 markets declined by \$121 million
- + Top markets include facilities & construction, up 30% to \$1.7 billion; professional services, up 10% to \$1.1 billion
- + IT was 1.9% to \$974 million

### FY23 Navy & Marine Corps Final Appropriations Summary

- + Final appropriations for the three biggest procurement-related funding groups—Operations & Maintenance, Procurement, and R&D—total \$165 billion, up 12.5% from fiscal 2022 enacted levels
- + Marine Corps appropriations hit \$13.9 billion, up 5.3% year-over-year
- + Navy growth is led by R&D, up 17.5% to \$26 billion
- + R&D makes up 15% of the three Navy fund groups, O&M accounts for 44% and procurement 41%
- + Marine Corps procurement is up 18.6% to \$3.7 billion, O&M up just 1.3%
- + DOD inflation estimates may not fully capture industry-specific price fluctuations

## Top Sellers

### Navy

Top sellers to the Navy in fiscal 2022 include:

- + **Lockheed Martin**—\$23.8 billion (F-35 Lightning Joint Strike Fighter)
- + **General Dynamics**—\$14.8 billion (Virginia-class fast attack submarine, Columbia-class ballistic missile submarines, amphibious ship replacement, Aegis destroyer)
- + **Raytheon Technologies**—\$13.2 billion (F-35 Lightning Joint Strike Fighter propulsion systems, AN/SPY-6 radars)
- + **Huntington Ingalls Industries**—\$5.6 billion (USS Enterprise CVN-80 aircraft carrier, DD-51 USS Arleigh Burke destroyer, USS John C. Stennis CVN 74 overhaul)
- + **Northrop Grumman**—\$4.2 billion (E-2D Advanced Hawkeye aircraft, Triton uncrewed aircraft)

# Navy & Marine Corps Appropriations Big Picture

Navy Programs (in billions)	Navy Final Bill Fiscal 2023	Fiscal 2022 Navy Enacted
O&M *	\$69.9	\$64
RDT&E	\$26	\$22.1
Procurement**	\$68.9	\$60.4

Navy Category	Change
O&M	9.2%
RDT&E	17.5%
Procurement	14.1%

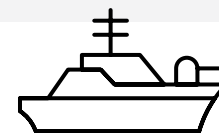
\* Figures include Navy, Navy Reserve, and Navy Environmental Restoration

\*\* Figures include Aircraft, Weapons, Ammunition, Shipbuilding, Other

Marine Corps Programs (in billions)	MC Final Bill Fiscal 2023	Fiscal 2022 MC Enacted
O&M *	\$10.2	\$10.1
RDT&E	-	-
Procurement	\$3.7	\$3.1

USMC Category	Change
O&M	1.3%
RDT&E	-
Procurement	18.6%

\* Figures include Marine Corps, Marine Corps Reserve



## Featured Opportunities

### 1. Information Warfare Research Project:

The Naval Information Warfare Center Atlantic and Pacific offices are seeking consortium-managed proposals for information warfare-focused satellite, radio, cyber and broadband technologies in a contract program estimated by Bloomberg Government at \$500 million–\$1 billion.

### 2. Uncrewed Surface Vehicle Family of Systems:

Pending on-ramp to the Naval Sea Systems Command's \$1 billion indefinite delivery contract for uncrewed surface vehicles used for communications, intelligence, navigation, logistics.

### 3. Recompete of Post Deployment System Support (PDSS):

The Marine Corps is readying the recompete of CACI's 2019 PDSS contract for services supporting the Global Combat Support System, worth as much as \$250 million.

### 4. Strategic & Spectrum Missions Advanced Resilient Trusted Systems (S2MARTS):

Consortium-managed integrated microelectronic systems prototyping for the development of technologies focused on the internet of things, 5G/6G, artificial intelligence, quantum computing, electronic warfare. As much as \$100 million in awards predicted for up to nine regional industrial hubs/networks.

## What's Ahead

- + **Force posture closely tailored to changing security environment:** Pivot away from counterterrorism toward peer-to-peer competition, particularly in Indo-Pacific region (China, North Korea); Europe (NATO support for Ukraine-related infrastructure, logistics, weapons, training)
- + **Force integration:** Forward positioning; allied collaboration & base modernization; joint training and maneuvers; secure sea lanes; foreign military sales and support
- + **Integrated deterrence:** Fast, hardened, sensor- and AI-enhanced global networks; fleet upgrades (submarines, surface ships, missiles); C5ISR; Project Overmatch (JADC2); Marine Innovation Unit (MIU)
- + **Weapons modernization:** Long-range precision fires; directed energy/hard kill/soft kill defensive systems; uncrewed vehicles; resilient supply chains; legacy platform divestment
- + **Platform investments:** Hypersonics; space-based capabilities; uncrewed refueling; long-range precision missiles; next-generation undersea, surface and aircraft platforms
- + **Crisis response:** Modernized Marine Corps
- + **Shipyard modernization**
- + **Enduring advantages:** Housing, health care, education & training, safety & morale, childcare for Navy and Marine Corps personnel

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