

Alert | Government Law & Policy



May 2026

US Navy FY 2027 Budget Request – Key Trends, Risks, and Implications

This is one in a series of GT Alerts examining the president’s FY 2027 budget request to Congress, breaking down the [president’s budget for the Department of War](#) (part 1). Part 2 focuses on the [U.S. Army’s FY 2027 budget request](#). This alert focuses on the proposed budget for the Department of the Navy.

Bottom Line Up Front

The Department of the Navy’s FY 2027 budget request represents a material expansion in both scale and ambition, reflecting a sustained effort to increase capacity across shipbuilding, aviation, and munitions while addressing readiness and industrial resilience. The request totals approximately \$377.5 billion, representing roughly 23% growth year-over-year, and is structured to enable both near-term operational readiness and long-term force modernization.

At the same time, like the overall Department of War budget request, the request introduces a more complex funding construct as compared with prior years by combining traditional discretionary spending with a notable share of proposed mandatory funding. As a result, while the budget signals significant opportunity across the defense industrial base, its ultimate execution will depend heavily on congressional action, including authorization, appropriations, and potential reconciliation legislation.

1. *Topline & Budget Structure*

The FY 2027 request presents one of the largest resource allocations to the Department of the Navy in recent history. At \$377.5 billion, the topline reflects a substantial increase relative to FY 2026 and is part of a broader expansion in the national defense budget.

A defining feature of the request is its bifurcated funding structure. Of the total amount, approximately \$338.7 billion is requested through discretionary appropriations, which follow the traditional annual congressional process. The remaining \$38.8 billion is proposed as mandatory funding, intended to be enacted through separate legislative mechanisms such as reconciliation. This structure mirrors the broader defense budget approach, in which a significant portion of growth is tied to non-discretionary mechanisms.

2. *Major Investment Priorities*

A. Shipbuilding & Maritime Industrial Base

Shipbuilding remains a central pillar of the FY 2027 request. The Navy seeks \$65.8 billion in shipbuilding funding, supporting the procurement of 34 vessels, including both combatant and auxiliary ships. This prioritization would support the Trump administration's [Maritime Action Plan](#) published in February 2026.

The planned acquisitions span a wide range of platforms, including ballistic missile submarines, attack submarines, surface combatants, amphibious ships, and logistics vessels. This mix reflects an effort to expand fleet capacity while addressing sustainment and logistics requirements necessary for distributed operations.

Beyond fleet expansion, the request emphasizes the maritime industrial base. Investments are designed not only to procure ships but also to strengthen shipyard throughput, supplier networks, and workforce capacity. This focus suggests recognition that production constraints have been a limiting factor in prior years. Accordingly, the FY 2027 proposal can be understood as both an acquisition plan and an industrial policy instrument aimed at increasing long-term production capacity.

B. Aviation Procurement

The budget also includes substantial investments in naval aviation, requesting approximately \$34.4 billion to procure 123 aircraft across fixed-wing, rotary-wing, and unmanned platforms.

These procurement levels represent a notable increase from prior years and are complemented by additional funding for sustainment, spare parts, and readiness improvements. The combination of procurement growth and sustainment investment indicates a shift toward not only expanding aviation capacity but also addressing readiness challenges that have affected operational availability in recent cycles.

C. Weapons & Munitions

The FY 2027 request would significantly increase funding for weapons procurement, allocating approximately \$22.6 billion toward munitions and missile systems.

This includes investments in a range of capabilities, from long-range strike systems to air and missile defense interceptors. The scale of the request reflects a broader shift toward rebuilding stockpiles and ensuring sustained operational capacity under high-consumption scenarios. Overall, the emphasis on munitions represents a continuation of a wider Department of War trend toward increasing depth of inventory alongside platform modernization.

D. Operations, Maintenance & Readiness

A substantial portion of the FY 2027 request is dedicated to readiness, with approximately \$150 billion allocated to Operations and Maintenance (O&M) accounts.

These resources are intended to improve platform availability, increase training throughput, and reduce maintenance backlogs. The Navy has set an objective of achieving roughly 80% surge readiness capacity, indicating a focus on ensuring that existing forces are combat-ready at higher levels than in prior years. This emphasis marks a continued effort to balance modernization investments with the restoration of current force readiness, rather than trading one priority against the other.

E. Personnel & Quality of Life

The budget also highlights investments in personnel, including health, training, and overall quality of life for sailors and Marines. These investments are framed as essential components of readiness, reinforcing the linkage between workforce stability and operational effectiveness. While smaller in scale relative to procurement and O&M accounts, these investments remain a consistent component of the Navy's broader readiness strategy.

F. Research & Development

The budget request of \$36.2 billion (including \$3.8 billion in mandatory funding) is for basic and applied scientific research, development, test and evaluation, including maintenance, rehabilitation, lease and operation of facilities and equipment. There are significant proposed increases in advanced component development and prototypes, as well as operational system development. The Navy is focused on a major modernization effort across the force, from strategic deterrence recapitalization to air and surface warfare posturing to counter emerging threats and to maintain our decisive edge.

3. *Strategic & Structural Themes*

Several overarching themes emerge from the FY 2027 request. First, the budget reflects a prioritization of the industrial base as a strategic enabler, rather than a secondary consideration. Investments in production capacity, supplier resilience, and workforce development are embedded across multiple accounts.

Second, the acquisition mix suggests an emphasis on force diversification, with procurement spanning both high-end platforms and lower-cost, distributed systems. This approach aims to support a more flexible and scalable operational model.

Third, the request attempts to maintain a balance between current readiness and future capability development, funding both O&M and procurement at elevated levels rather than sequencing them over time.

Finally, the Navy signals an intent to modernize acquisition practices, including the adoption of portfolio-based approaches and mechanisms designed to accelerate capability delivery.

4. Congressional Outlook & Budget Cycle Considerations

As with all of the president's budget submissions, the FY 2027 request represents the starting point for the congressional budget process, rather than a final outcome. The next phases include authorization through the National Defense Authorization Act, followed by appropriations legislation that provides budget authority.

Given the size of the request and the reliance on both discretionary and mandatory funding, congressional action will play a decisive role in shaping the final funding profile. In particular, elements tied to mandatory funding will require separate legislative action, which may introduce timing and scope uncertainties.

It is also common for Congress to adjust procurement quantities, funding levels, and program priorities during the authorization and appropriations process. As a result, stakeholders should anticipate potential changes to shipbuilding plans, aircraft procurement rates, and industrial base investments before final enactment.

5. Takeaways for Industry & Stakeholders

From an industry perspective, the Navy's FY 2027 request signals a period of potential opportunity, particularly for firms involved in shipbuilding, advanced manufacturing, and munitions production. The emphasis on industrial base expansion suggests increased demand not only for prime contractors but also for suppliers across the value chain.

For technology providers and non-traditional entrants, the focus on innovation, autonomy, and new acquisition approaches may create additional entry points, particularly in areas such as software, analytics, and advanced manufacturing processes.

At the same time, stakeholders should closely monitor the legislative process. The extent to which proposed funding, particularly mandatory funding, is enacted will directly impact program execution, contracting timelines, and overall market demand.

Conclusion

The Navy's FY 2027 budget request represents a significant expansion in resources directed toward maritime capability, industrial capacity, and readiness. It reflects a broad approach that integrates procurement, sustainment, and workforce considerations, while also introducing new funding mechanisms and acquisition approaches.

However, as with any budget request, the final shape of FY 2027 funding will be determined through the congressional process. Accordingly, while the proposal provides a clear signal of direction and intent, stakeholders should plan for continued evolution as the authorization and appropriations cycle progresses.

Authors

This GT Alert was prepared by:

- [Misha Lehrer](#) [˘] | +1 202.331.3188 | Misha.Lehrer@gtlaw.com
- [Daniel Sennott](#) | +1 202.331.3113 | Daniel.Sennott@gtlaw.com

[˘] *Not admitted to the practice of law.*

Abu Dhabi^ˆ. Albany. Amsterdam. Aspen. Atlanta. Austin. Berlin^ˆ. Boston. Charlotte. Chicago. Dallas. Delaware. Denver. Dubai^ˆ. Fort Lauderdale. Houston. Las Vegas. London^ˆ. Long Island. Los Angeles. Mexico City^ˆ. Miami. Milan^ˆ. Minneapolis. Munich^ˆ. New Jersey. New York. Northern Virginia. Orange County. Orlando. Philadelphia. Phoenix. Portland. Riyadh^ˆ. Sacramento. Salt Lake City. San Diego. San Francisco. São Paulo^ˆ. Seoul^ˆ. Shanghai. Silicon Valley. Singapore^ˆ. Tallahassee. Tampa. Tel Aviv^ˆ. Tokyo^ˆ. Warsaw^ˆ. Washington, D.C. West Palm Beach. Westchester County.

This Greenberg Traurig Alert is issued for informational purposes only and is not intended to be construed or used as general legal advice nor as a solicitation of any type. Please contact the author(s) or your Greenberg Traurig contact if you have questions regarding the currency of this information. The hiring of a lawyer is an important decision. Before you decide, ask for written information about the lawyer's legal qualifications and experience. Greenberg Traurig is a service mark and trade name of Greenberg Traurig, LLP and Greenberg Traurig, P.A. Greenberg Traurig's Abu Dhabi office is a branch of Greenberg Traurig, P.A., which is registered with the Abu Dhabi Global Market Registration Authority (Registration No. 29906) and licensed to carry out legal services and regulated as a DNFBP by the ADGM Financial Services Regulatory Authority. Greenberg Traurig's Berlin and Munich offices are operated by Greenberg Traurig Germany, LLP, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. Greenberg Traurig's Dubai office is operated by Greenberg Traurig Limited, a company registered in the Dubai International Financial Centre (Registration No. CL7238), regulated as a DNFBP by the Dubai Financial Services Authority and licensed by The Government of Dubai Legal Affairs Department. Operates as a separate UK registered legal entity. Greenberg Traurig's Mexico City office is operated by Greenberg Traurig, S.C., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. Greenberg Traurig's Milan office is operated by Greenberg Traurig Studio Legal Associato, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. Greenberg Traurig operates in the Kingdom of Saudi Arabia through Greenberg Traurig Khalid Al-Thebity Law Firm, a professional limited liability company, licensed to practice law by the Ministry of Justice. Greenberg Traurig's São Paulo office is operated by Greenberg Traurig Brazil Consultores em Direito Estrangeiro – Direito Estadunidense, incorporated in Brazil as a foreign legal consulting firm. Attorneys in the São Paulo office do not practice Brazilian law. Operates as Greenberg Traurig LLP Foreign Legal Consultant Office. Greenberg Traurig's Singapore office is operated by Greenberg Traurig Singapore LLP which is licensed as a foreign law practice in Singapore. Greenberg Traurig's Tel Aviv office is a branch of Greenberg Traurig, P.A., Florida, USA. Greenberg Traurig's Tokyo Office is operated by GT Tokyo Horitsu Jimusho and Greenberg Traurig Gaikokuhojimubengoshi Jimusho, affiliates of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. Greenberg Traurig's Warsaw office is operated by GREENBERG TRAUIG Nowakowska-Zimoch Wysokiński sp.k., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. Certain partners in GREENBERG TRAUIG Nowakowska-Zimoch Wysokiński sp.k. are also shareholders in Greenberg Traurig, P.A. Images in this advertisement do not depict Greenberg Traurig attorneys, clients, staff or facilities. No aspect of this advertisement has been approved by the Supreme Court of New Jersey. ©2026 Greenberg Traurig, LLP. All rights reserved.