



DEPARTMENT OF THE NAVY FY 2007 PRESIDENT'S BUDGET

PROVIDING THE RIGHT FORCE FOR THE NATION TODAY...
WHILE PREPARING FOR THE UNCERTAINTIES OF TOMORROW

6 February 2006

Rear Admiral Stan Bozin
Director, Office of Budget

Our budget resources are aligned to support both present responsibilities and future capabilities.

Providing the Right Force for the Nation Today...

- Sustaining Current Readiness
- Building the Fleet of the Future
- Developing 21st Century Leaders

...While Preparing for the Uncertainties of Tomorrow

- Changing the Way We Fight
- Improving Infrastructure & Business Practices
- Shaping Our 21st Century Manpower

We are postured worldwide, providing the right force for the Nation.

Navy

- 93 ships deployed (33% of total)
 - ROOSEVELT CSG – Arabian Gulf
 - REAGAN CSG – Philippine Sea
 - NASSAU ESG – Indian Ocean
 - TARAWA ESG – Pacific Ocean
- 135 ships underway (48% of total)
- 357,692 active strength
- 37,454 on deployment
 - In CENTCOM 21,226
- 4,959 activated reservists



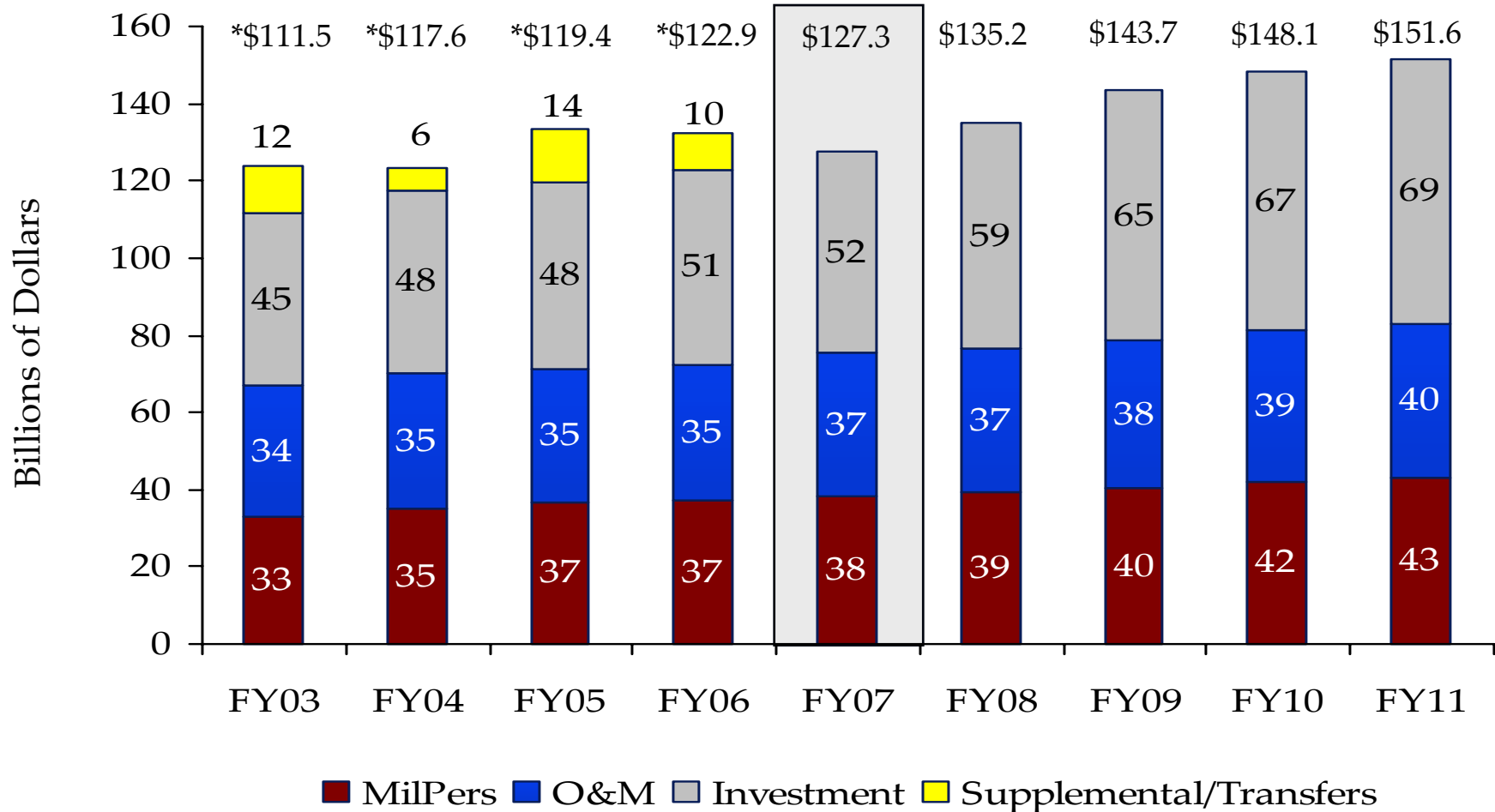
**Navy-Marine Corps Team
Forward deployed and ready**

Marine Corps

- Second Marine Expeditionary Force (II MEF) finalizing redeployment from Iraq AOR, I MEF in the process of relieving II MEF - 27,465
- III MEF assisting in the Pakistan earthquake relief efforts (235), also have forces in Afghanistan (1,084)
 - In CENTCOM 29,411
- 179,366 active strength
- 7,121 activated reservists



The FY 2007 DON budget shows a continued increase in investment projected over the Future Years Defense Plan. Supplementals continue to relieve pressure on the baseline budget.



*Totals do not include supplemental costs.

The FY 2007 budget is up in every title except Research & Development with respect to the FY 2006 baseline. Procurement is up, especially in ships and aircraft as we recapitalize the fleet.

MilPers +\$1.4B

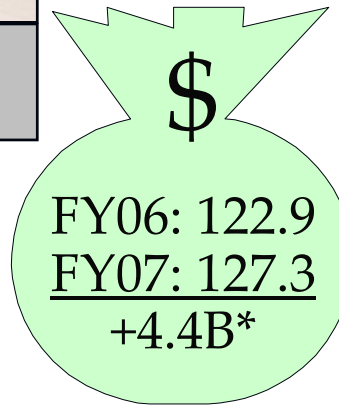
Basic Pays	+\$1,161M
Housing Allowance	+\$898M
Health Accrual	+\$217M
Special Pays	+\$67M
Reduced Strength	-\$972M

Navy Strength 352,700 to 340,700
Marine Corps 175,000 Baseline

Procurement +\$2.2B

Aircraft (+31)	+\$1.2B
Ships (+1)	+\$1.7B
EFV (+15)	+\$0.2B

Transforming Investment



R&D -\$1.8B

DD(X)	-\$323M
LCS	-\$255M
VXX	-\$239M
JSF	-\$232M
JTRS	-\$167M
Adv. Hawkeye	-\$117M
MMA	+\$182M
UCAV	+\$239M

Acquisition Maturation

O&M +\$2.1B

Price Growth	+\$900M
Fuel Prices	+\$780M
Weapons Support	+\$140M
Marine Corps Support	+\$90M

Rotational deployed presence

MILCON +\$0.5B

BRAC 2005	+\$443M
Family Housing	+\$127M
MILCON	+\$18M

Achieving Efficiencies via BRAC

*FY06 Total Obligational Authority (w/o Supp) to FY07 President's Budget

The FY 2007 budget supports a renewed increase in the overall force count, even as new platforms feature a significant capability increase over legacy ships. In addition, the Fleet Response Plan produces greater availability from ship force structure.

	FY05	FY06	FY07	Δ FY06 to FY07
Aircraft Carriers	12	12	11	-1
Fleet Ballistic Missile Submarines	14	14	14	-
Guided Missile (SSGN) Submarines	4	4	4	-
Surface Combatants	99	102	106	+4
Nuclear Attack Submarines	54	55	52	-3
Amphibious Warfare Ships	34	33	34	+1
Combat Logistics Ships	30	30	32	+2
Mine Warfare Ships	17	16	14	-2
Support Ships	17	17	18	+1
Total	281	283	285	+2

Transitioning to a More Capable Force

- Battle force count up from the low point in FY05
- New platforms feature tremendous capability increase over legacy ships
- Deployment/surge practices produce greater availability from ship force structure

Inacts/Activations in FY07:

- 1 CV
- 4 SSN 688
- 3 LPD-4
- 2 MHC
- 1 LHA
- 1 T-AO
- + 4 LPD-17
- + 3 T-AKE
- + 3 DDG-51
- + 1 LHD
- + 1 SSN 774
- + 1 LCS
- + 1 T-AGOS

The FY 2007 budget supports the continued development of more capable and efficient technologies while managing our costs, striking the balance between delivering today's Force and preparing for tomorrow's uncertainties.

	FY05	FY06	FY07	Δ FY06 to FY07
Total Aircraft Inventory				
Active Navy and Marine Forces	3,318	3,403	3,415	12
Reserve Navy and Marine Forces	408	390	373	-17
Total	3,726	3,793	3,788	-5

Transitioning to a More Capable Force

- F/A-18 E/F: 40% increase in combat radius, 50% increase in endurance, 25% greater weapons payload, and 5 times more survivable than F/A-18C
- Helos: Converging to 2 highly common Navy platforms
- V-22: 2 times the speed, 3 times the payload, and 6 times the range compared to the CH-46E
- MMA: 25% higher availability rate, 30% faster, and 33% higher altitude capability than the P-3

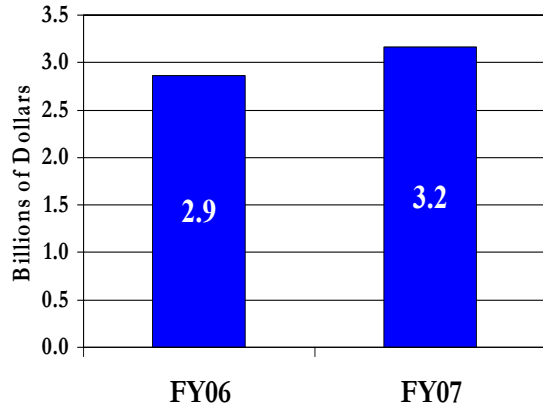
Changes by Type Model Series in FY07:

- 30 F/A-18A/C/D } → +29 F/A-18E/F
- 28 S-3B }
- 1 SH-60B } → +39 MH-60 R/S
- 8 UH-3H }
- 1 MH-53E }
- 3 HH-1N } → +8 AH-1Z/UH-1Y
- 2 UH-1N }
- 3 AH-1W }
- 21 CH-46E → +14 MV-22B
- 2 VP-3A → +1 C-37B
- 10 F-5E → +10 F-5N
- 2 KC-130F → +5 KC-130J/R
- 6 Trainers → +16 T-45C
- 2 AV-8B } → Future Platforms
- 2 CH-53E }
- 6 EA-6B }

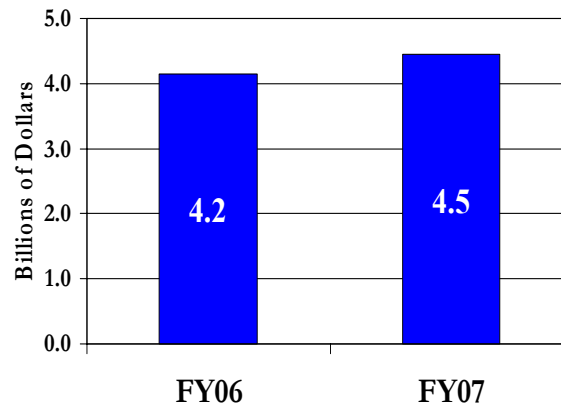


To deliver the right force today, the budget supports operation and maintenance accounts, ensuring that we are able to meet readiness, training, and infrastructure requirements. The impact of rising fiscal pressures within the operation and maintenance accounts will increase risk.

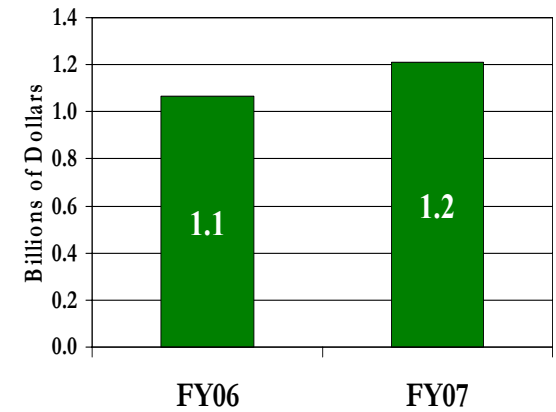
Ship Operations



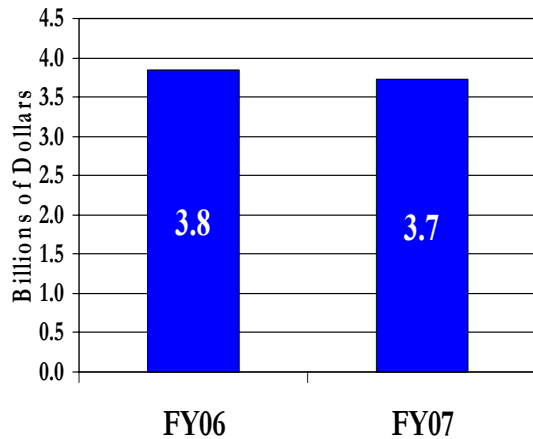
Flying Hour Operations



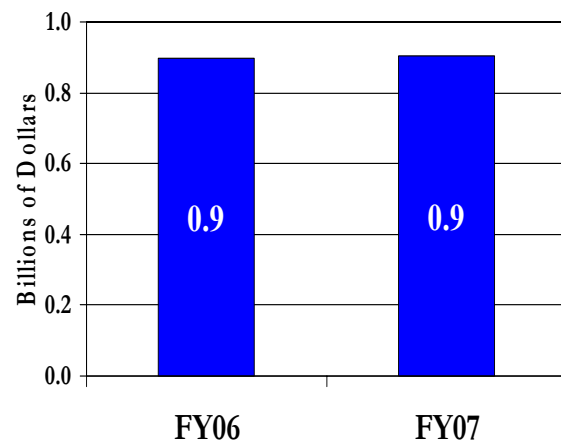
Marine Corps Operations



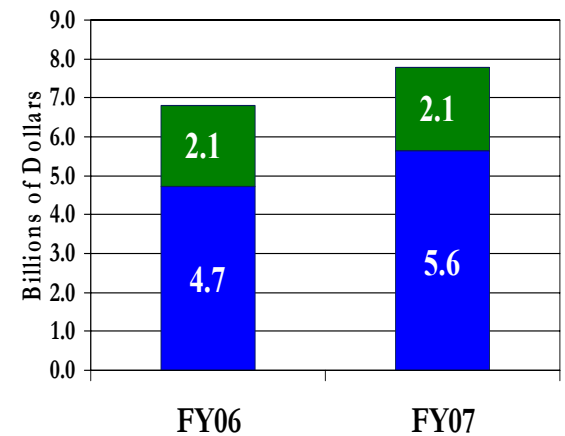
Ship Depot Maintenance



Aircraft Depot Maintenance



Base Support



The following new capabilities, funded in the operation and maintenance accounts of the FY 2007 budget, are representative of new joint capabilities and forces outlined in the 2006 Quadrennial Defense Review.

Marine Corps Special Operations Command

- Enhances interoperability and provides greater flexibility and increased capability to fight the war on terror.

Riverine Capability

- Fills a critical capability gap and provides additional opportunities to enhance partner-nation capabilities and capacity.

Expeditionary Security Force

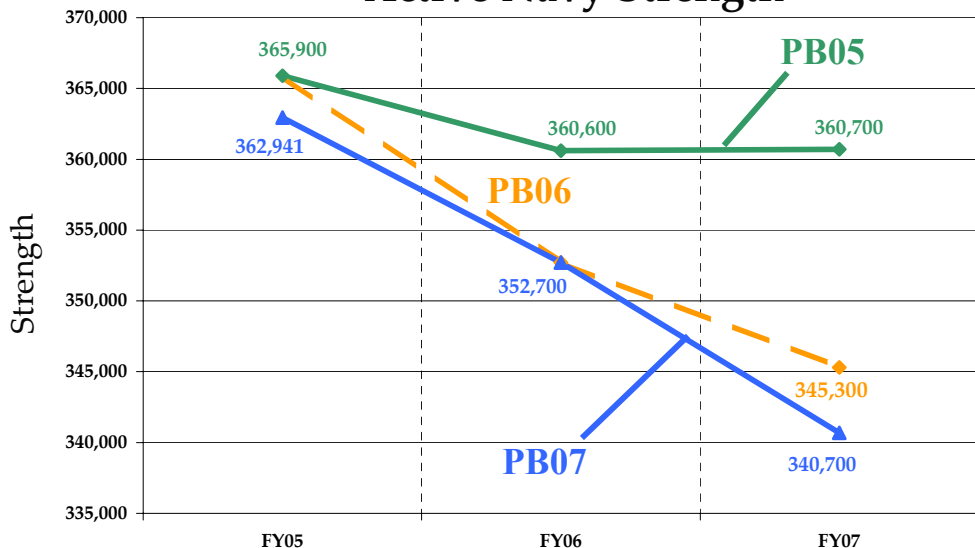
- Provides the ability for the Navy to jointly source current Army and Marine Corps security missions, as well as increases the effectiveness of maritime interdiction operations.

National Maritime Intelligence Integration Center

- Increases maritime domain awareness through improved integration with interagency and international partners.

Our people are our strength. We continue to increase performance efficiency through targeted manpower reductions, but total manpower costs continue to rise.

Active Navy Strength



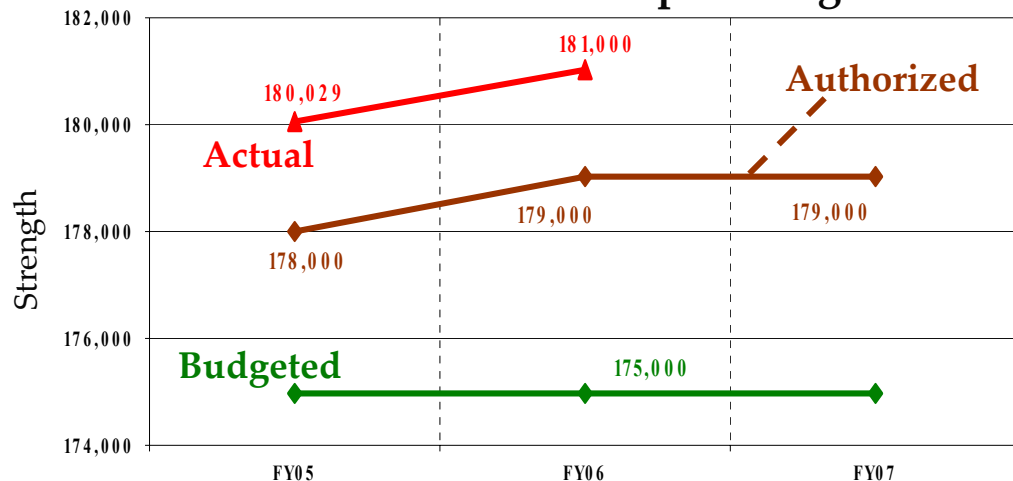
Transforming the Force

- Improved training & development processes
- Decommission older manpower intensive platforms
- Increased technology
- More efficient infrastructure manning
- Active/Reserve integration

Properly Priced and Sized for the Future

- Increase the warfighting force
 - Military to civilian conversions
- Strong retention and effective recruiting
- Additional strength, as authorized in 2006, will be funded through supplemental requests as necessary
- 2.2% basic pay raise, plus targeted pay

Active Marine Corps Strength



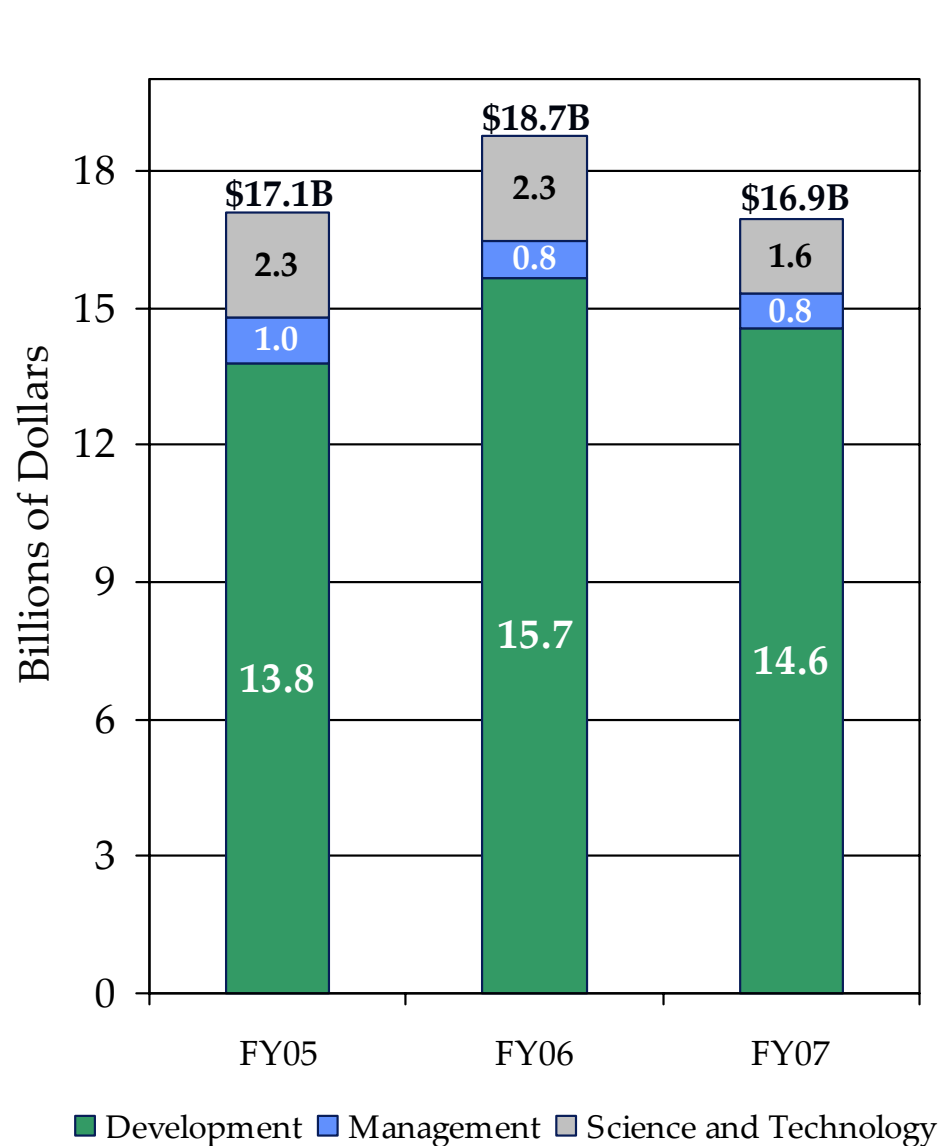
The DON is driving towards stability in new ship construction. Across the FYDP the ship count is slightly higher than in last year's budget (51 versus 48).

SHIPS	FY06	FY07	FY08	FY09	FY10	FY11	FY07-11
CVN 21	-	-	1	-	-	-	1
SSN 774	1	1	1	1	1	1	5
DD(X)	-	1 2	1 0	1	1	1	5
CG(X)	-	-	-	-	-	1	1
LCS	1 3	2	3	5 6	5 6	5 6	23
LPD 17	1	1 0	0 1	-	-	-	1
LHA(R)	-	1	-	-	1	-	2
T-AKE	1	1	1	0 1	0 1	0 1	5
T-AOE(X)	-	-	-	1 0	1 0	2 0	0
MPF(F)	-	-	-	1 0	1 0	2 0	0
MPF Aviation	-	-	-	-	-	0 1	1
MPF LMSR	-	-	-	-	0 1	0 1	2
MPF MLP	-	-	-	0 1	-	0 1	2
Intratheater Connectors	-	-	-	1	1	1	3
New Construction	6	7	7	11	12	14	51
Sea-Shore Connectors	-	-	-	-	1	4	5
SSBN ERO	1	1	1	1	1	1	5
SSN ERO	-	1 0	1	-	-	-	1
RCOH	1	-	-	-	1	-	1

Our aviation recapitalization program remains on track with a procurement quantity increase of 23 percent over the FY 2006 program. The strong ramp continues in the FYDP both to transform capabilities and reduce platform age.

AIRCRAFT	FY06	FY07	FY08	FY09	FY10	FY11	FY07-11
JSF	-	-	10 8	32	36	33	109
F/A-18E/F	38	30	24	20	22	14	110
EA-18G	4	12	18	22	20	14 10	82
MV-22	9	14	19	30 31	35	38 37	136
AH-1Z/UH-1Y	10	18	21 19	21 23	22 23	23	106
MH-60S	26	26 18	26 20	26	17 26	15 26	116
MH-60R	12	25	25	30 31	30 32	31	144
E-2C	2	2	-	-	-	-	2
E-2D	-	-	*4	4	4	4	16
CH-53X	-	-	-	-	*2	*2	4
MMA	-	-	*4	-	6	8	18
ACS	-	*1 0	*1 0	1 0	4 0	5 0	0
C-40	-	1 0	2 0	1 5	1	1	7
C-37	-	-	-	-	-	1	1
T-45	6	12	-	-	-	-	12
JPATS	0 3	24 21	48	48	48	48	213
KC-130J	12 5	0 4	0 4	-	-	-	8
VH-71	*5	-	*3	4	3	4	14
BAMS UAV	-	-	-	-	-	4	4
VTUAV	*3 *5	3 4	5 7	7 11	11	11 10	43
MC VUAV	*2 0	1 0	2 0	3 0	-	-	0
F-5N	9	5	-	-	-	-	5
TOTAL	134	165	203	257	269	256	1,150
* Funded in RDTEN							

In FY 2007, research and development investment reflects the maturing of programs and their transition to production.



Critical Aviation Programs

Major Systems: (\$M)	FY05	FY06	FY07
Joint Strike Fighter	2,084	2,269	2,031
MMA	471	950	1,132
VH-71	536	922	683
Advanced Hawkeye	542	614	498
EA-18G	347	394	372
CH-53X	99	268	363
UCAV	-	-	239
DD(X)	1,120	1,068	794
LCS	451	574	320
Virginia Class SSN	157	176	170
CVN 21	350	303	309
C4I	773	1,075	1,005
EFV	239	250	188

Critical Shipbuilding Programs

Munitions and missiles are being procured to support DON requirements. These programs are stable and mature.

Quantity Procured	FY06	FY07	FY08	FY09	FY10	FY11
Precision Guided						
TACTOM	408	350	421	366	377	363
JSOW	420	397	421	504	521	546
JDAM	3,400	3,400	1,500	1,500	1,500	1,500
LGBs	2,601	2,272	2,129	2177	-	-
Other Munitions						
Trident II	-	-	12	24	24	24
AMRAAM	85	150	140	150	150	150
AIM-9X	159	174	107	120	114	122
Standard Missile	75	75	75	90	100	105
RAM	90	90	90	90	90	90
ESSM	116	108	108	108	21	-

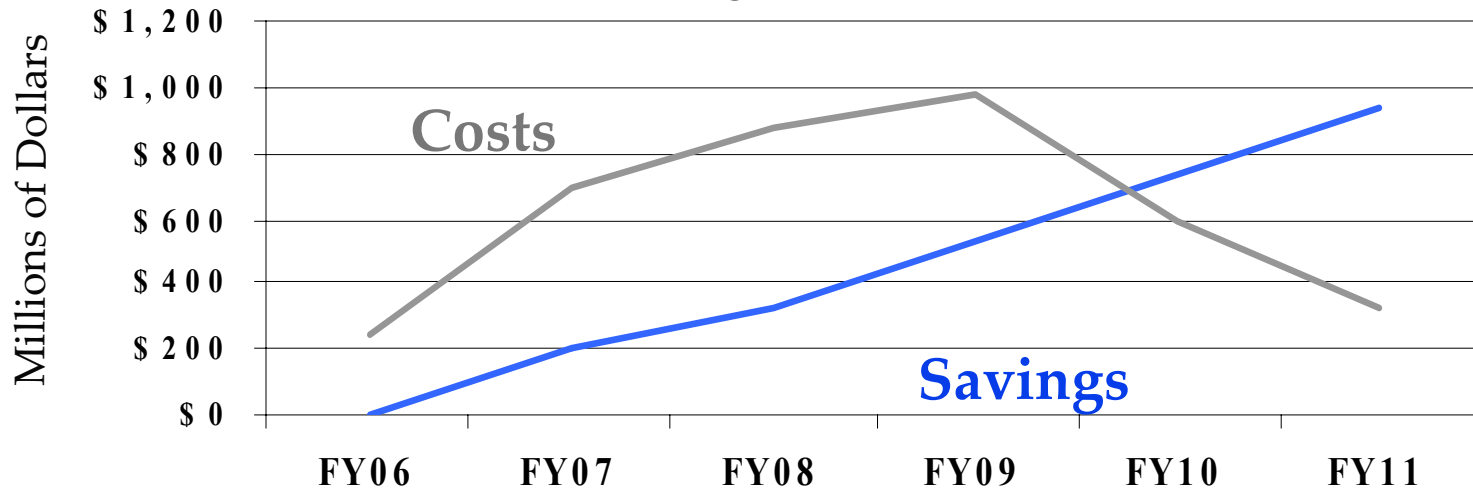
The Marine Corps makes its initial procurement of the Expeditionary Fighting Vehicle in FY 2007. Procurement of HMMWVs are based on peacetime usage; significant funding has been provided from supplemental appropriations for HMMWVs for GWOT.

Quantity Procured	FY06	FY07	FY08	FY09	FY10	FY11
EFV	-	15	17	26	42	100
HIMARS	18	6	-	-	-	-
Joint LW 155	75	34	47	-	-	-
HMMWV	2,763	851	596	1,211	1,143	1,095

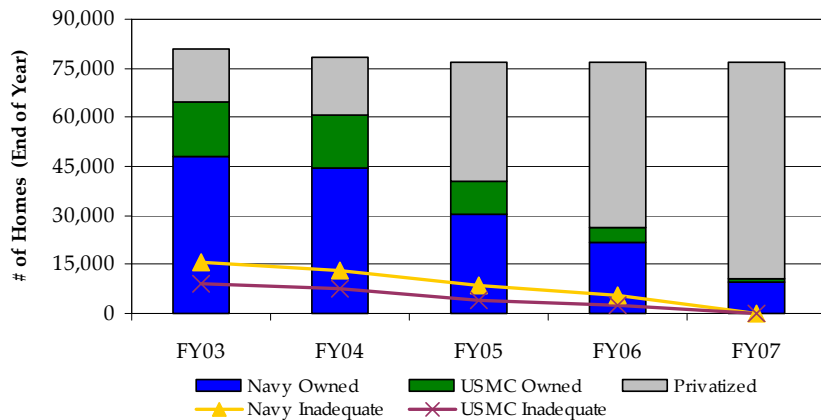


The DoD strategy for family housing reflects a transition to a greater use of privatization. Within the FYDP, costs of implementing the 2005 BRAC exceed savings by \$1B. In FY 2010, annual savings exceed annual costs, and the Department begins to see a positive return on investment.

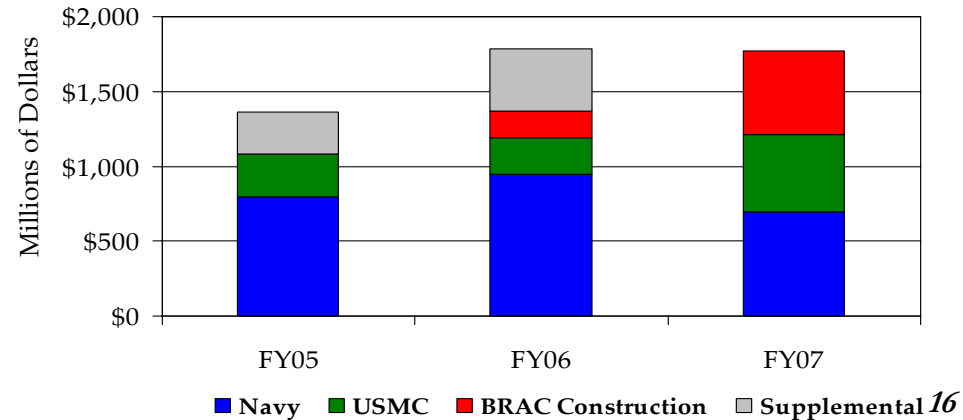
Base Realignment and Closure



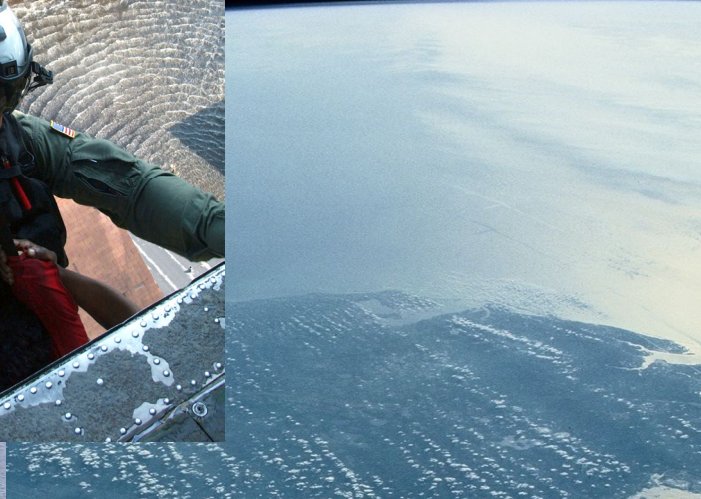
Family Housing



Military Construction



Providing the Right Force for the Nation Today...



...While Preparing for the Uncertainties of Tomorrow