

**Department of the Navy  
FY 2008 Budget  
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## SECTION I - INTRODUCTION

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### OVERVIEW

The Department of the Navy Fiscal Year 2008 budget is structured to meet the needs of the United States in the 21<sup>st</sup> century. The U. S. is threatened by terrorists, weapons proliferators, organized crime affiliates, drug traffickers, and cyber outlaws. While the enemies of yesterday were predictable, homogenous, hierarchical, and resistant to change, today's enemies are unpredictable, diverse, networked, and dynamic. These enemies do not operate on conventional battlefields, but thrive in the "gray area" where notions of crime and armed conflict overlap. Such changes in the strategic landscape result in more competitors for the United States and its friends, more complex contingencies for which the Joint Force must prepare, and a broader range of mission sets for the Department of the Navy (DON). The Navy and Marine Corps team will fight the Long War and prepare for future challenges.



Now in the fifth year of a long-term struggle against a committed ideological opponent, today's Navy and Marine Corps Team is focused on accomplishing its mission in the Global War on Terrorism (GWOT). The Long War demands patience, unshakeable resolve, U.S. interagency and international cooperation, and a mix of defensive and offensive capabilities. Like the Cold War, the Long War will be punctuated by spikes of intense activity. Additionally it will be conducted with the persistent threat of another 9/11-like terrorist attack against the United States. Yet, while maintaining a focus on defending our vital interests from asymmetric methods and capabilities, the United States must also maintain its dominance in conventional campaign capabilities needed to deter and defeat traditional threats from regional powers with robust conventional (and in some cases, nuclear) capabilities. It is against these overlapping challenges, current and future, that we have made decisions about where to develop new capabilities.

The Department of Defense (DOD) has promulgated three sets of guidance for the military departments in constructing FY 2008 budget submissions. The 2006 Quadrennial Defense Review (QDR), the Strategic Planning Guidance, and the GWOT Campaign Plan (CONPLAN 7500) delineated many consistent and clear requirements for the Joint force. The challenge of the FY 2008 budget has been balancing capabilities to support traditional and irregular warfare demands while

transforming a blue water Navy into one that can fight and win in the blue, green, and brown waters, and expanding the lethality of the Marine Corps.

QDR guidance and the resulting FY 2008 budget focused on two strategic imperatives. First, reorient to produce an integrated joint force more agile, rapidly deployable, and capable against a wider range of threats than today's challenges. This joint force requires increased irregular warfare capabilities and the ability to overmatch conventional threats. Second, the joint force must increase focus on shaping operations and building capability of international partners. Increasingly, our adversaries are capable of employing disruptive technology and sophisticated irregular warfare techniques against the U.S. and allied forces.

**Figure 1 - Reorienting to Meet 21<sup>st</sup> Century Challenges**

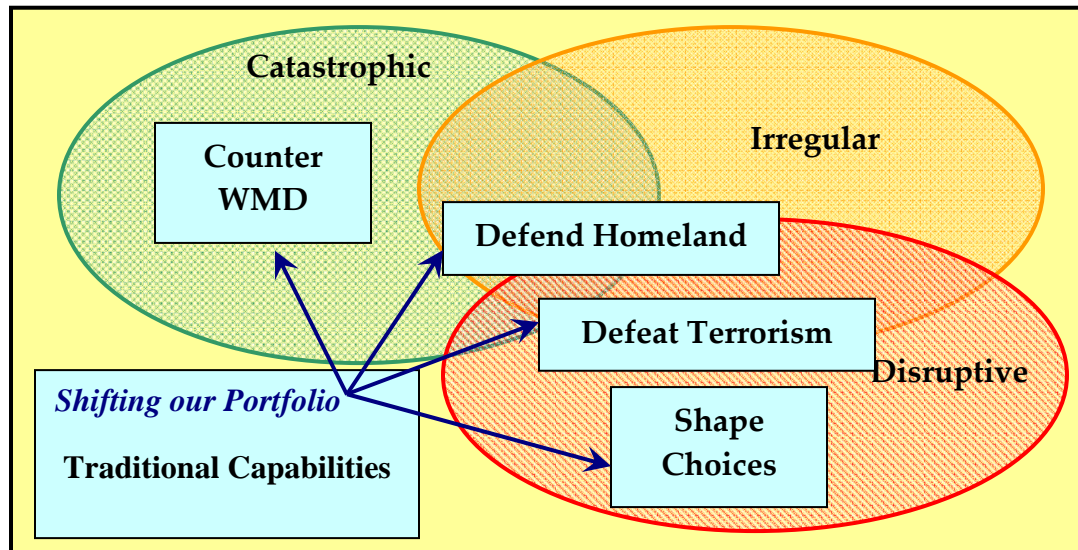


Figure 1 illustrates the four focus areas that have been delineated, as we transform from a traditional military force to a military capable of meeting 21<sup>st</sup> century security challenges: defeat terrorist extremism; defend the homeland in depth; shape the choices of countries at strategic crossroads; and prevent hostile states and non-state actors from acquiring or using weapons of mass destruction (WMD). This shift in focus challenges us to redefine our requirements and redistribute our limited resources. To accommodate these changes, we had to address and define acceptable levels of risk, and acknowledge certain trade-offs to achieve the overall goal.

Manpower adjustments were made to further align the DON's total force to mission objectives. Navy manpower is increased for the new Naval Expeditionary Combat Command (NECC) to meet growing GWOT requirements. This increase was more



than offset by a decrease in active manpower based on force structure reductions and civilian and/or contract labor substitutions, and we have pressurized the civilian and contractor service base. The Marine Corps' goal of a 1:2 deployment-to-dwell ratio leaves but two choices in terms of manpower: decrease the current requirements or increase the size of the Marine Corps. When analyzing the requirements on our force, we are acutely aware that we are in only the nascent stages of the Long War and current operations are the opening campaigns of a generational struggle. This assessment results in the undeniable requirement for additional forces. Implementing the 1:2 deployment-to-dwell ratio across the Marine Corps will entail a significant increase in personnel, units, equipment and the associated infrastructure, and will require a considerable increase in end strength/funding throughout the Future Years Defense Program (FYDP). As part of the President's plan, the Marine Corps will grow to 202,000 strength. This growth will occur in stages, the first of which will be building three new infantry battalions and elements of their supporting structure.

The men and women of the United States Navy and Marine Corps are deployed at sea and ashore around the globe. They are expected to fight and win the Long War on terror, remain prepared for large-scale conventional campaigns, help defend the homeland, and provide humanitarian assistance in the wake of natural disasters. We must give them—and their families—the best tools, systems, and weapons to ensure their success. As the 2006 QDR makes clear: “The complex strategic environment of the 21<sup>st</sup> Century demands greater integration of forces, organizations and processes, and closer synchronization of actions.”



The DON budget reflects a commitment to properly price and fund readiness to meet the demands of the Combatant Commanders (COCOM) in the near term. Funding the Fleet Response Plan (FRP) to 6+1 meets essential COCOM readiness and surge requirements. Additionally, we have funded deployed steaming days at 45 days per quarter, and non-deployed at 22 days per quarter in FY 2008, sufficient to meet baseline readiness needs, while fully supporting the GWOT.

The NECC and its combination of existing and new capabilities, will allow the DON to train and operate with partner nations. A volunteer global maritime network, which ties together the collective capabilities of free nations, is an element of our vision to extend the peace through an interconnected international community of

nations working together. Only through cooperation with partner nations can this large, diverse fleet effectively help prosecute the Long War.

The FY 2008 budget submission funds procurement of 67 ships and 1295 aircraft over the FYDP. New capabilities such as the F-35 Joint Strike Fighter (JSF), the MV-22B Osprey Tilt-rotor, and the P-8A Multi-mission Maritime Aircraft (MMA) comprise an increasing percentage of the aircraft procurement budget, although they are being procured in limited quantities. Reflecting this transition to production, our research and development budget decreases accordingly.

Focused investments in Maritime Domain Awareness (MDA) capabilities such as Automated Information System (AIS) receivers will give us better knowledge of the maritime environment to detect and interdict potential threats before they reach our shores. Continued investments in advanced technology such as the SM-6 standard missile and its associated Naval Integrated Fire Control – Counter Air (NIFC-CA) capabilities, the next-generation maritime surveillance aircraft and weapons to attack moving targets (dual-mode Joint Direct Attack Munition (JDAM) and Hellfire) pace the threat to ensure our conventional warfare advantage. The DON took calculated risk in funding solutions for these challenges, primarily in traditional warfare areas. For example, we cancelled the Advanced Deployable System (ADS), maintaining our reliance on non-distributed Antisubmarine warfare sensors.



building the force.

This budget delivers a proposal that rebalances, recapitalizes and sustains the force, stabilizes the long range shipbuilding plan, and continues to pursue aviation sustainment, recapitalization and modernization in anticipation of a new long range aviation procurement plan. In doing so we accepted risk by slowing transformation, aligning weapons procurement and inventory to minimum acceptable levels, and increasing reliance on joint interdependencies. The FY 2008 budget seeks a balance between the traditional, the irregular, and the transformational, while recapitalizing and

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## NAVAL POWER FOR A NEW ERA

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The Department of the Navy plays key roles in the GWOT, in shaping and stability operations (SSO) in Afghanistan, Iraq, and elsewhere throughout the maritime domain, and in homeland defense. Given the emergence of these missions, the Department's Budget implements a strategy that balances the enduring requirements for traditional naval capabilities integral to the conduct of conventional campaigns with those needed to squarely confront and influence the highly dynamic security environment of the 21<sup>st</sup> Century. The DON continues to promote the principles outlined in *Sea Power 21* in accomplishing our mission goals. Further, the Department has designed investments to effectively and efficiently organize, train, and equip the Navy and Marine Corps in support of the Joint Force, Joint Force commanders, and Joint Force component commanders.

There are unique capabilities that the Joint Force must develop that fall outside the rubric of conventional warfighting capabilities. However, this does not preclude overlap of capabilities or requirements between mission areas. To be sure, many elements, capabilities, and requirements associated with one mission area will also be relevant in another mission area. For example, some of the capabilities associated with homeland defense will also contribute to prosecuting the GWOT, providing global and transnational (and perhaps regional) deterrence, and may also help with executing conventional campaigns. The challenge addressed in this budget has been to determine where there is commonality and exclusivity across the range of military operations, and where efficiencies can be realized.

Navy has implemented a capabilities-based approach as it examines its contributions to the Joint Force. The Navy's budget incorporates objectives to achieve the following desired effects:

- Operations across the full maritime spectrum—open ocean, littoral, coastal, and internal waters—and influences events ashore.
- Unique maritime capabilities to support the Joint Force and interdependent capabilities as required by the Joint Force.
- Persistent forward presence for proactive shaping, disrupting and attacking terror networks, and posturing to be ready to conduct conventional campaigns.
- Support of the Joint Force in dissuading and deterring potential adversarial nation-states, and transnational threats.

- Deepened cooperation with the maritime forces of our strategic partners as well as emerging partner nations to enhance those nations' capability to provide for their own maritime security.
- Aligned shore infrastructure to provide effective support to the Fleet.
- Personnel who are properly educated and trained to develop a "Best Value" total Force organized and deployed to relieve stress on the Joint Force.

Non-traditional missions such as counter-terrorism, humanitarian affairs, disaster relief, counter-piracy, peace-keeping, and peace enforcement, are now considered integral to the Navy's mission. Homeland defense, GWOT and irregular warfare, conventional campaigns and global, transnational, and regional deterrence are separate but overlapping mission sets with some unique capabilities and requirements. Naval forces are uniquely situated to provide key SSO contributions in each mission area. This budget addresses the right capabilities for the Navy to execute these missions. In identifying and utilizing our unique capability for particular missions, as well as capitalizing on Joint interdependencies, the Navy will continue to organize around *Sea Power 21* and its pillars.

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## ***THE MARINE CORPS – TODAY AND TOMORROW***

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America's Marines are fully engaged in the fight for freedom around the globe. The Commandant of the Marine Corps, in his recently released *Commandant's Planning Guidance*, has made it clear: "Our Marines and Sailors in combat are our number one priority in all that we do. It is through their tremendous sacrifices and those of their fellow service men and women that we will ultimately prevail." It is also clear that today's combat, of both arms and ideas, will be neither short nor unique. The Long War will be a multi-faceted, generational struggle that will not be won in one battle, in one country, or by one method. The FY 2008 budget submission is intended to help support those at war today, while ensuring Marines are ready to serve the Nation tomorrow.

To meet these multiple responsibilities, the Marine Corps must simultaneously train, maintain, reconstitute, and modernize its forces, and the Commandant has charged Marines and Sailors at every level to focus the resources available, including time and effort, on accomplishing a number of important objectives:

- **Achieving victory in the Long War.** An uncertain and dangerous strategic environment places a premium on multipurpose adaptability and the synergistic ability to easily integrate the efforts of diverse partners. Both tactically flexible and strategically agile, no other military formation is more prepared to execute a full range of tasks than is the Marine Air-Ground Task Force (MAGTF) — the fundamental Marine fighting organization. While today's fight takes place in particular places and under certain conditions, tomorrow's will almost certainly require that different capabilities be used in different environments. By ensuring it remains organized, trained and equipped to serve anywhere, at any time, the Marine Corps can meet its charter to "be the most ready when the Nation is least ready."
- **Right-sizing the Corps to achieve a 1:2 deployment-to-dwell ratio.** Among our most precious resources are our individual Marines, and our institutions must continue to look after their well-being. To posture forces for the Long War and relieve the strain on those superb Americans who have volunteered to fight the Nation's battles, personnel policies, organizational constructs, and training support must shift to a "sustained rate of fire." Upon completing a reexamination of the Marine Corps' structure and manning, the President has approved an increase in end strength to 202,000 over the next five years. This additional end strength will achieve the desired 1:2 deployment-to-dwell ratio required to support the Long War. This shift also requires a reconsideration of past patterns of investment in capabilities once expected to be in low demand. Finally, complete appreciation of our ongoing commitment includes resources for recruiters, trainers, infrastructure, materiel, and equipment to support manning at a 1:2 deployment-to-dwell ratio, while also training intensely across the spectrum of warfare.
- **Providing our Nation with a naval force that is fully prepared for employment across the spectrum of conflict.** The Navy and Marine Corps team helps ensure the joint force has access to denied areas from great distances, even in the face of determined enemies and despite increasing diplomatic, political, and cultural challenges. Maintaining this powerful capability also equips the nation with unique forward-deployed combat forces, equally able to routinely engage new partners or to rapidly respond to crises across the intersection between sea and shore. The "Arc of Instability" is sure to dominate our future and is substantially a maritime domain. By exploiting the Navy's command of the sea, we remain ready to perform both immediate and extended operations "without a permission slip," even in austere environments, and with forces designed to efficiently scale up or down in size whenever necessary. By continuing to invest

in the incomparable flexibility of our naval forces, we will continue to provide joint force commanders with unique options to project, protect, and sustain power and influence.

- **Resetting for today, while modernizing for tomorrow.** It remains our responsibility to prudently manage what the Congress has provided so rapidly and generously. As careful stewards of the nation's resources who must remain ready to fight and win future battles, the Marine Corps continues to make difficult decisions. While prudently seeking funds to "reset" equipment that has been worn far beyond peacetime rates and often damaged or destroyed in battle, Marines remain prepared to bypass simple but short-sighted replacements of past platforms for some future weapons, while in other areas modernizing by the continued adaptation of proven types of technology. This approach will continue as requirements for protective, fire support, and mobility equipment are carefully assessed.
- **Improving the quality of life for Marines and Marine families.** Marines take care of their own. New ideas and emphasis are being placed on the needs of families serving in the Long War, and of those scarred by it. Whether deployed or preparing to deploy, uniformed or family member, wounded in body or beyond, in the active ranks or serving as citizens, the Marine Corps will remain committed to those who have committed themselves to the defense of the Nation.
- **Living up to a legacy of discipline and selfless service.** The war will continue to demand the honor, courage and commitment of the individual Marine. From professional preparation to individual appearance, the Corps is remembering its most critical task: transforming young men and women into warriors able to inherit and advance America's expectations of Marines.

With careful attention to these policies and programs, the Marine Corps is adapting to the needs of the Long War, a new war that demands new thinking and action from all of America. It will remain faithful to its enduring mission — to be ready to win both first battles and enduring engagements. Today, in one of a dozen countries, there is a Marine in the fight. A generation from now, there will also be Marines performing difficult and dangerous missions, in a different place, but for the same reasons. Our test is to provide the tools and training needed.



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## ***FOSTERING GLOBAL MARITIME PARTNERSHIPS***

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Safety and security of the “global maritime commons” are being challenged by a host of new threats and enemies that are transnational in scope and complex in nature. Terrorism, environmental attack, smuggling, the movement of weapons of mass destruction and illegal immigration are all difficult problems to solve. Additionally there is a rapid expansion of world markets. The world’s fleets carry 90 percent of global exports totaling nearly \$9 trillion and help employ 2 million people. The threat of piracy is a global problem because of its deepening ties to international criminal networks and the disruption of vital commerce.

All maritime nations are affected by these challenges and all must bear a hand in taking them on. While our FY 2008 budget supports meeting the challenge, the future of maritime security depends more than ever on international cooperation and understanding. There is no one nation that can provide a solution alone. A global maritime partnership is required that unites maritime forces, port operators, commercial shippers, and international, governmental and nongovernmental agencies to address mutual concerns. Ongoing discussions of a “1,000-ship navy” continue. The name itself captures the scope of the effort. The concept is not actually about having 1,000 international ships at sea. Rather, it is more about capabilities, such as speed, agility and adaptability. Membership in this navy is purely voluntary and has no legal or encumbering ties. It is a free-form, self-organizing network of maritime partners – good neighbors interested in using the power of the sea to unite, rather than to divide.

U. S. Pacific Fleet has taken a leadership role in fostering the concept of the 1,000-ship navy through hosting the Western Pacific Naval Symposium. It hosted the leaders of 18 Asia-Pacific navies in an open and collegial forum to discuss common issues and concerns, while sharing information and lessons learned. The symposium provided an opportunity to look for solutions to support the Asia-Pacific region, which accounts for a third of U. S. two-way trade. Additionally, half the world economy and nearly 60 percent of its population calls the Asia-Pacific region home.



We saw this idea of a global maritime partnership in action during international relief efforts in our own country after Hurricane Katrina struck. We also saw it most recently in the eastern Mediterranean, where nearly 170 ships representing 17

nations came together to evacuate their citizens from Lebanon during the Israeli-Hezbollah war.

Navies that have working relationships are better able to respond to disasters, provide humanitarian assistance, deter transnational criminal activity and respond to contingencies. Historically the Navy and Marine Corps have conducted global humanitarian relief efforts and they continue to do so. During the past year, the Navy and Marine Corps team has responded rapidly to humanitarian crises around the globe, including the earthquake relief efforts in Pakistan, medical assistance to Western Pacific Island and Southeast Asia residents, and evacuation of American citizens from Lebanon.

The U.S. Naval hospital ship, USNS *Mercy*, departed its San Diego homeport in April 2006 in support of a five-month humanitarian assistance mission to the Western Pacific and Southeast Asia. *Mercy's* medical crew and international partners helped treat thousands of patients throughout the region whether aboard ship, ashore at the local hospital or at medical civil action projects in remote areas. USSOUTHCOM has requested a deployment of USNS *Comfort*, the



Navy's other hospital ship, for a 100 day period in late spring-early summer of 2007. The deployments of USNS *Mercy* and USNS *Comfort* exemplify the United States' commitment to working together with our friends, partners, and the regional community, as well as providing training opportunities to prepare medical crews to respond in times of national or international disaster. Our FY 2008 budget continues support for this type of action.

The U.S. Embassy in Lebanon requested military assistance to help American citizens wishing to depart Lebanon in a secure and safe manner. U.S. Naval Forces Central Command responded, and on July 16, Task Force 59 moved to Cyprus to direct military efforts to provide support to the Embassy. That day, CH-53 helicopters assigned to the 24 Marine Expeditionary Unit, deployed as part of the *Iwo Jima* Expeditionary Strike Group and operating from Cyprus, moved the first group of American citizens from the U.S. Embassy in Beirut to Cyprus.





Over the next week, more than 12,700 American citizens departed Lebanon with U.S. military assistance. USS *Nashville* arrived on station July 20, and USS *Iwo Jima*, USS *Trenton*, and USS *Whidbey Island* arrived the following day. Ships of the *Iwo Jima* Strike Group transported passengers from Lebanon to safe haven in either Cyprus or Turkey six times, moving a total of more than 7,000 people.

USS *Gonzalez* and USS *Barry* escorted MSC-contracted commercial vessels as they transported American citizens eight times, and also escorted several foreign-contracted vessels that were carrying American citizens. 540 citizens from 18 other countries were also provided assistance in departing Lebanon by U.S. military. More than 14,800 American citizens have been assisted in departing Lebanon. The effort has involved 10 U.S. Navy ships and more than 5,900 service members afloat and ashore.

Our FY 2008 budget supports a forward posture and readiness for agile response. It positions us to play an integral role in global maritime security and humanitarian efforts, alongside other federal and international agencies. We continuously train for humanitarian assistance missions in order to respond rapidly and efficiently to such large-scale disasters, so that we can rapidly reduce the further loss of life and human suffering.

Our Naval capabilities are often demonstrated through participation with allies and other foreign countries, through joint and combined exercises, port visits, and exchange programs. As an example, last summer seven Pacific Rim nations, including Australia, Canada, Chile, Peru, Japan and the Republic of Korea, along with the United Kingdom, participated in Rim of the Pacific (RIMPAC) 2006, a major maritime exercise conducted in the waters off Hawaii.



Worldwide operational activities include drug interdiction, joint maneuvers, multinational training exercises, and humanitarian assistance. Operations may also include contingency operations, when called upon, such as in the Arabian Gulf, the Balkans, and Afghanistan/Northern Arabian Sea as part of Operation Enduring Freedom and Iraq as part of Operation Iraqi Freedom. On any given day, about one-third of our forces are deployed to locations around the world, ready to answer the Nation's call.

Figure 2 - Reflects Navy/Marine Corps operations as of 24 January 2007.

**Figure 2**

**Status of Navy/Marine Corps Forces**

**Navy**

- 85 ships deployed (31% of total)
  - STENNIS CSG – Pacific Ocean
  - EISENHOWER CSG – Indian Ocean
  - BATTAN ESG – Mediterranean Sea
  - BOXER ESG – Persian Gulf
- 104 ships underway (38% of total)
- 345,254 active strength
- 49,649 on deployment
- 5,007 activated reservists



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



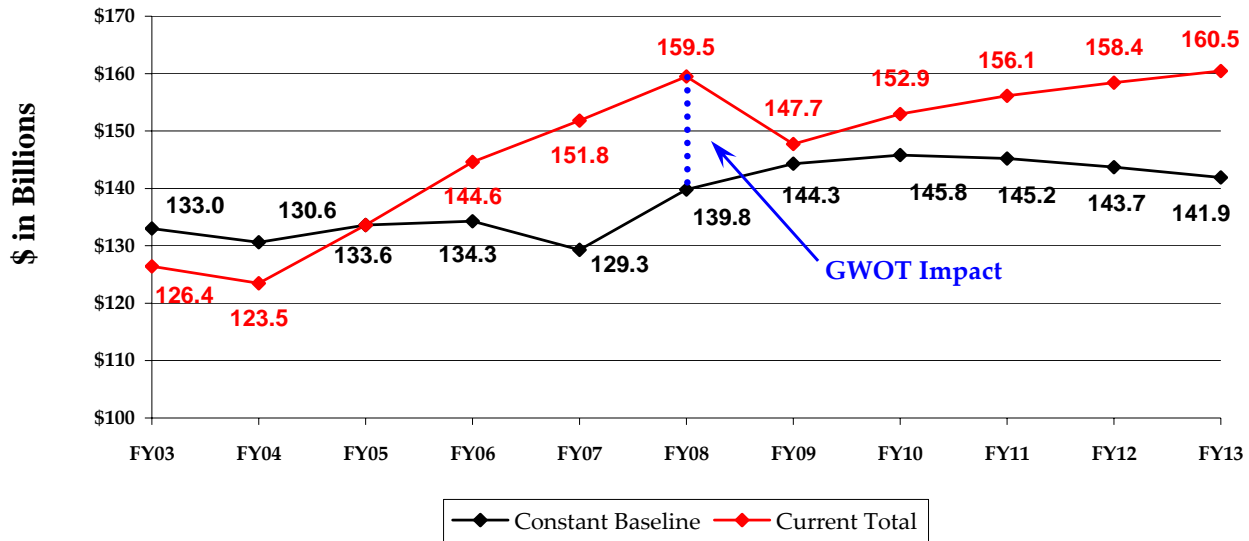
**Marine Corps**

- II MEF in the process of relieving I MEF
- 179,284 active strength
- 5,505 activated reservists
- 23,000 CENTCOM AOR

## RESOURCE TRENDS

The FY 2008 budget reflects a balance between keeping today's force ready and transforming for the future.

Figure 3 - Department of the Navy Topline FY 2003 - FY 2013

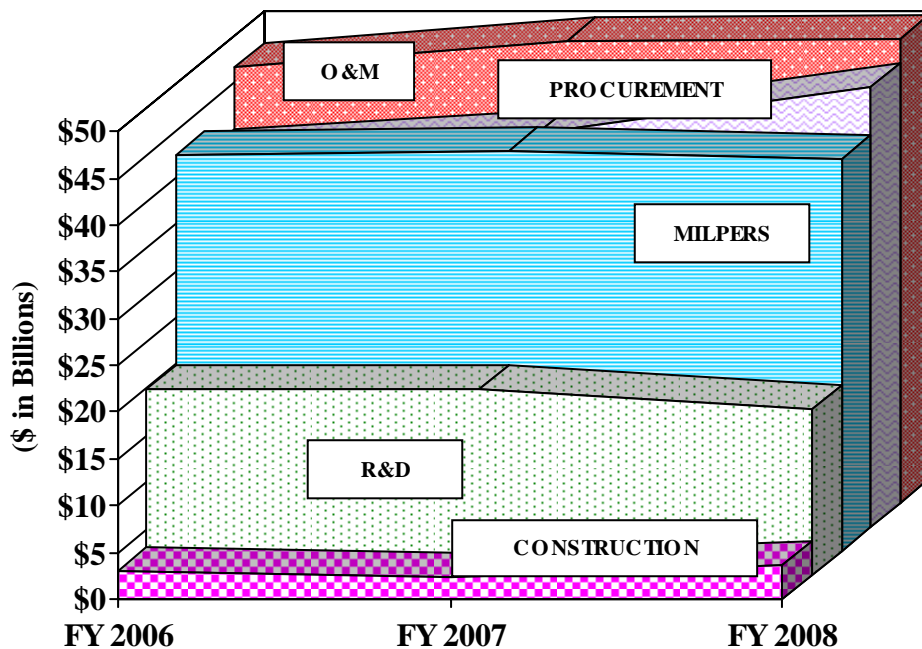


Note: Figure 3 reflects the current budget adjusted to facilitate year-to-year comparison. The red line reflects the budget in current year dollars (including supplemental/transfers/GWOT estimates through FY 2008), while the black line shows the baseline only (excluding GWOT and other emergency spending), with the effect of inflation eliminated between the years.

In total, the FY 2008 budget (including the FY 2008 GWOT estimate) increases by \$8.0 billion (5.25%) over FY 2007. Discounting for inflation, this equates to a real growth of 2.9 percent. The baseline funding between FY 2003 and FY 2007 was augmented by significant supplementals to ensure that the Department could accomplish its mission in Afghanistan, Iraq, and around the world. This budget includes \$20 billion to accommodate anticipated GWOT requirements in FY 2008. The baseline FY 2008 budget has been increased over FY 2007 baseline levels in order to support the Marine Corps' portion of the President's initiative to increase ground forces, continue to recapitalize our Department of the Navy, address depot maintenance requirements, and improve our facilities for the future. The budget will ensure the continued success of the all-volunteer force, support joint capabilities, and provide effective forces, ready for tasking. As we look beyond the current operations and to the future, the baseline budget reflects real growth through FY 2010, but then funding (in constant FY 2008 dollars) begins to decline in FY 2011-2013.

As shown in Figure 4, in constant dollars, Operation and Maintenance, Procurement, and Construction appropriations increase from FY 2007 to FY 2008. Procurement account increases reflect procurement of one LPD 17 and one CVN 21 and the procurement of one additional LCS, as well as an increase of 32 aircraft over FY 2007 levels. The Military Personnel appropriations and the Research, Development, Test, and Evaluation account decrease from FY 2007 to FY 2008. Decreases in Military Personnel are caused by Navy decreases in end strength, which offset increases in Marine Corps end strength levels. The R&D account decrease in FY 2008 reflects the maturation of major development programs, such as DDG-1000, as they transition into production.

**Figure 4 - Trendlines FY 2006 - FY 2008**



Note: Provided in FY 2008 constant dollars. Includes supplemental appropriations/transfers and FY 2008 GWOT Estimate.

Figure 5 displays individual Department of the Navy current dollar appropriation estimates for FY 2006 through FY 2008.

*Figure 5*

## **APPROPRIATION SUMMARY FY 2006 - FY 2008**

<i>(In Millions of Dollars)</i>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
Military Personnel, Navy	24,119	24,020	24,057
Military Personnel, Marine Corps	10,381	10,718	11,880
Reserve Personnel, Navy	1,794	1,833	1,868
Reserve Personnel, Marine Corps	527	554	610
Health Accrual, Navy	2,029	2,098	1,925
Health Accrual, Marine Corps	982	1,051	1,055
Health Accrual, Navy Reserve	292	287	266
Health Accrual, Marine Corps Reserve	137	145	142
Operation & Maintenance, Navy	35,445	38,279	38,761
Operation & Maintenance, Marine Corps	7,061	7,877	8,974
Operation & Maintenance, Navy Reserve	1,484	1,404	1,256
Operation & Maintenance, Marine Corps Reserve	322	270	277
Environmental Restoration, Navy	0	302	301
Aircraft Procurement, Navy	10,224	11,944	15,848
Weapons Procurement, Navy	2,800	2,905	3,336
Shipbuilding & Conversion, Navy	11,370	10,537	13,656
Other Procurement, Navy	5,837	6,071	6,264
Procurement, Marine Corps	5,452	7,595	5,461
Procurement of Ammunition, Navy & Marine Corps	1,185	1,052	1,351
Research, Development, Test & Evaluation, Navy	18,970	19,340	17,694
National Defense Sealift Fund	1,301	1,073	1,084
Military Construction, Navy & Marine Corps	1,499	1,568	2,262
Military Construction, Naval Reserve	141	36	59
Family Housing Construction, Navy & Marine Corps	197	42	310
Family Housing Operations, Navy & Marine Corps	676	500	371
Navy Working Capital Fund	118	116	14
Base Realignment and Closure V	252	161	734
<b>TOTAL</b>	<b>\$144,596</b>	<b>\$151,777</b>	<b>\$159,815</b>

Notes: Totals may not add due to rounding.

Includes Baseline, Title IX, FY 2007 Supplemental, and FY 2008 GWOT request.

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## ***SECTION II – PROSECUTING THE GLOBAL WAR ON TERRORISM***

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The Navy and Marine Corps team continues to answer our Nation's call, both in the Global War on Terrorism (GWOT) and in the establishment of stability and security in the world's trouble spots. From combat operations in Iraq and Afghanistan to humanitarian assistance and disaster relief throughout the world, the Department of the Navy has proven ready to meet any task and answer any challenge.

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### ***NAVY – GWOT ENGAGEMENT***

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Naval forces provide the bulk of the nation's worldwide rotational military presence and an increasing portion of the required support for ground units in Operations Enduring Freedom / Iraqi Freedom (OEF/OIF). These operations support our nation's interest by continuing deterrence intelligence, surveillance and reconnaissance missions, expanded maritime interception operations, and counter-piracy and counter-drug patrols. There are over 12,000 sailors ashore (including Individual Augmentees supporting ground forces in core mission areas and new capability areas) and 17,000 at sea in the U.S. Central Command region alone engaged in the GWOT.

In the past year, the Navy has taken command of the detainee mission in Guantanamo Bay, Cuba and at Camp Bucca, a high-security prison in Iraq. Additionally, a Navy Admiral has taken command of the GWOT-related Combined Joint Task Force Horn of Africa (CJTF HOA) in Djibouti. Our presence in the Horn of Africa, which is an impoverished part of the world that struggles with disease, drug running, human trafficking, smuggling and pockets of extremism, is a key to ensuring that terrorism doesn't gain a foothold in the region. CJTF HOA was initially formed in November 2002 as a seafaring force aimed at blocking terrorists fleeing Afghanistan from establishing a new safe haven. Soon after, the task force moved ashore and its mission morphed





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into a blend of military cooperation, military-to-military training and humanitarian assistance over a massive, eight-country region. The Navy is now engaged to help bring stability, security and hope to the region.

These missions are in addition to the on-going counter piracy operations off east Africa. The newly established Navy Expeditionary Combat Command (NECC) will help meet the irregular challenges of the 21<sup>st</sup> Century. It will serve as a functional command to organize, man, train, and equip forces that operate in an expeditionary environment. It will be the single advocate for all Navy Expeditionary Forces to include Explosive Ordnance Disposal (EOD), Naval Construction Force (NCF), Maritime Expeditionary Security Force (MESF, formerly Navy Coastal Warfare) and Navy Expeditionary Logistics Support Group (NAVELSG), and key new capabilities: Expeditionary Training Command (ETC), Expeditionary Combat Readiness Center (ECRC), Maritime Civil Affairs Group (MCAG) and Riverine Force. These forces will conduct Maritime Security Operations and Theater Security Cooperation and are capable of protecting critical infrastructure, securing the area for military operations or commerce, preventing the flow of contraband, enabling power projection operations, joint, bi-lateral or multi-lateral exercises, personnel exchanges, and humanitarian assistance. Whether extending a helping hand or finding, fixing, and finishing our enemies, we are redefining the limits and meaning of Sea Power in the 21<sup>st</sup> Century.

Our Navy continues to work in traditional and non-traditional ways with our global partners to preclude or forestall conflict. The Navy spearheads OEF by providing sovereign deck space from which to launch combat sorties into Afghanistan, continues to support ground operations in Iraq from the sea, in the air and on the land as part of OIF, and conducts deterrence operations in the Persian Gulf. The Navy also responds to humanitarian crisis, patrols for pirates and interacts with the developing navies around the world and supports counter-terrorism operations in the Philippines. Equally important as we fight the GWOT is that we maintain our strategic deterrence and global strike capabilities that remain vital to our nation's defense.

We continue to support the GWOT through naval combat forces that are capable and relevant to the missions assigned. Thousands of Marines and Navy personnel, both ground and shipboard, are engaged in the Central Command (CENTCOM) area of responsibility (AOR) supporting GWOT operations.



Marine Corps combat units have taken part in multiple combat operations and are now directly responsible for stability and security in Al Anbar province. Their expeditious and innovative pre-deployment combat skills training program, rapid modifications of combat equipment and their emphasis on cultural and language capabilities contributed to accomplishments in this region. Marines are currently executing multiple missions including: security, urban combat, nation building, counter-insurgency, command and control, and force protection. Hundreds of naval medical personnel are deployed to Iraq in support of Marine forces, as well as active and reserve Navy Seabees responsible for construction support. The Navy and Marine Corps continues to deploy forces into the CENTCOM AOR on a rotational basis. The DON is aggressively adapting our training, forces, and equipment to remain responsive to the changing threat.

As an example of non-traditional strategies, the Navy deployed USNS *Mercy* in 2006 for a five-month humanitarian mission in Southeast Asia. *Mercy* participated in theater security cooperation and medical assistance missions in partnership with non-governmental organizations, international military medical personnel and the host nations of the Philippines, Bangladesh, Indonesia and East Timor. During deployment, *Mercy* provided medical and dental services and conducted civic action programs that included a wide range of services including basic medical and dental evaluation, optometry screening and general surgery. *Mercy's* primary mission is to provide rapid, flexible and mobile acute medical and surgical services to support Marine Corps, Army and Air Force units deployed ashore and naval amphibious task forces and battle forces afloat. This mission had a demonstrable impact on public opinion in areas critical to the success of GWOT and led to the elimination of terrorist cells.



Under the National Security Presidential Directive (NSPD-41), we are continuing to cultivate relationships and develop capabilities to maximize the advantage that operating in the maritime domain brings to homeland security. Because more than 95 percent of the world's commerce moves by sea, protection of merchant shipping from potential terrorist networks is critical. United States naval forces are well trained to carry out the mission of deterring, delaying, and

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disrupting the movement of terrorists and terrorist-related material at sea. However, the United States cannot accomplish this monumental task alone. We



are broadening our relationship with the navies of international allies to prosecute the GWOT. We are expanding the Proliferation Security Initiative to other countries and working bilateral boarding initiatives in all hemispheres.

We are also integrating intelligence and command and control systems with other government agencies like the Department of Homeland Security to effectively evaluate the maritime environment and anything that could adversely influence the security, safety or economy of America and our allies. We continue to develop the Navy's role in the Maritime Domain Awareness concept, including ship tracking and surveillance, to identify threats as early and as distant from our borders as possible in order to determine the optimal course of action. We are working with the Department of Homeland Security to develop a comprehensive National Maritime Security Response Plan to address specific security threats and command and control relationships.

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## ***USMC – SUPPORTING THE LONG WAR***

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Our Marines and Sailors in combat are our number one priority. With this priority in mind, we will focus on the following over the next few years:

- Achieve victory in the Long War.
- Provide our Nation a naval force that is fully prepared for employment across the spectrum of conflict.
- Reset and modernize to "be most ready when the Nation is least ready."

America's Marines are fully engaged in the fight for freedom around the globe. Fundamental to this fight are our forward-deployed Marines and Sailors. It is through their tremendous sacrifices and those of their fellow servicemen and women that we will ultimately prevail.

Our commitment to the Long War is characterized by central campaigns in Iraq and Afghanistan as well as by diverse and sustained engagement around the globe. Though we fight overseas, make no mistake, this is a war in defense of

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our homeland. It is a multifaceted, generational struggle that will not be won in one battle, in one country, or by one method.

Most recently, the resourcefulness and versatility of our Marines have enabled our forces in Iraq to successively conduct major combat operations, transition to counterinsurgency operations, and engage in stability and security operations. Marines continue to succeed across the spectrum of conflict, often within the same deployment, within the same battle, and, frequently, within the same day. This adaptability is a core competency and trademark of our Corps, and must remain so for generations to come.

As discussed in the introduction, the Marine Corps will grow to an end strength of 202,000 to achieve the desired 1:2 deployment-to-dwell ratio. The initial growth will be funded in the supplemental to support 3 infantry battalions and their corresponding enablers. The identified battalions are the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> battalions of the 9<sup>th</sup> Marine regiment. They will be manned and equipped to the levels required to conduct current operations in the Central Command Area of Responsibility. While first producing an increased additional capability in theater, these three new battalions will eventually contribute to an increased deployment to dwell ratio which will relieve the operational tempo stress on Marines and their families. Funding to support these new battalions has been requested in the following areas:



- Military Construction: Requested MILCON funding will support permanent barracks and operations centers on existing Marine Corps installations and facilities on the east and west coasts. Funds will also provide furnishings for those facilities.
- Military Personnel: Military Personnel funding will provide for the pay and allowances, incentive pays, combat pays, and bonuses of these Marines. In addition, this 4,000 Marine increase (to 184,000 by the end of FY 2007) will contribute to attaining USMC end strength of 202,000 by FY 2011.

- Operation and Maintenance: Funding will provide for the appropriate training and exercises to prepare these Marines to deploy, including basic qualifications, initial home station training and culminating in the Mojave Viper pre-deployment training. Funding will also provide for increased recruiting and advertising activity required to attract quality young people into the Marine Corps. It will provide for recruit training activities. Finally, funds will cover the base operating support requirements of the additional units.
- Investment: Procurement, Marine Corps and Procurement Ammunition, Navy and Marine Corps funding will be used to acquire the equipment and ammunition required to bring these units to their full operational capability, including ammunition used in training and in contingency operations. The Research, Development, Test and Evaluation funds will be utilized to address evolving threats and to rapidly field materiel solutions to ensure the Corps' ability to meet the demands of today and the threats of tomorrow.

To maintain readiness we must reset for today and modernize for tomorrow. To meet the demands of the Long War, we must properly reset the force in order to simultaneously fight, train, and sustain our Corps. We have experienced equipment usage rates as much as seven times greater than peacetime rates, tremendously decreasing the projected lifespan of our gear. To support our Marines in combat, we have routinely drawn additional equipment from strategic stocks. These stocks need to be replenished so as to remain responsive to emerging threats.



Our concept of reset comprises several basic principles. First, we must ensure our Marines have the tools required to carry out current and projected mission against a resourceful enemy. Second, we must provide our Marines with the very best force protection available and must continuously research and field upgrades that further enhance survivability. Third, we must provide as comprehensive and realistic training as possible to ensure the efficacy of our fighting force and incorporate essential lessons learned for future operations. Finally, we must continue to modernize the force to take advantage of emerging

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technologies that will maintain our superiority against both current and future threats.

Examples of theater provided equipment include:

- Force Protection: Within the Counter-IED construct of Prevent/Predict, Detect, Neutralize, and Mitigate, equipment procured includes the Biometric Automated Toolset, the Family of Imaging Systems (Backscatter Van and Rapiscan), Man Transportable Robotic Systems, Counter Radio Controlled IED Electronic Warfare (CREW), up-armored vehicles, Mine Resistant Ambush Protected (MRAP) vehicles, and Enhanced Small Arms Protective Inserts.
- Intelligence: The adaptive, human-intensive counter-insurgency environment has generated the demand for a variety of specific tactical-level capabilities. These include Counterintelligence/Human Intelligence Equipment Program to enable "best practice" battlefield techniques developed by Commanders to address increasing requirements for CI/HUMINT operations, Tactical Concealed Video System to provide actionable intelligence for targeting and situational awareness, M22 BRITE to provide an encrypted, satellite communication system for use by deployed units in remote and austere locations, and the Communications Emitter Sensing and Attacking System to provide Marine Corps signal intelligence units a mobile platform with which to rapidly and cooperatively detect, disrupt, and deny threat communications.
- Logistics: The mission requirements of OIF and OEF require additional motor transport capabilities to ensure effective operations in the particular threat environment associated with the theater. These include new fire suppression systems, turret gunner restraint systems, vehicle intercom systems, a transparent armored gunner's shield, fuel fire protection, and systems to enable rapid debarkation for combat action. The environment also calls for additional engineering capabilities, to include bridge boat trailers, a mine roller system, ditch digging machines, a dust abatement system for landing zones, and additional generators for increased electrical power requirements. The Marine Corps has also procured additional medical capabilities for use in this environment, to include vehicle medical kits, hypothermia prevention systems (for helicopter

transport of wounded), panel-mounted first aid kits for aircraft, upgrades to medical stores, and additional training for medical personnel and Marines.

- Fire and Maneuver: The Marine Corps has developed a distributed operations capability to provide significantly enhanced combat power to the infantry units that are directly engaged with enemy forces on a daily basis in the OIF and OEF environments. Materiel capabilities procured to provide this enhanced capability comprise a suite of equipment for the individual rifleman that includes improved targeting, firepower, and personal protection. Capabilities procured for small units will provide additional crew served weapons, vehicles for enhanced mobility, and enhanced command and control equipment.

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## ***GWOT INVESTMENT***

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Ongoing Long War operations have had a significant impact on Navy and Marine Corps equipment. Expeditionary forces, including Seabees and Explosive Ordnance Disposal, and tactical aircraft are experiencing much higher than expected equipment wear-out. Resetting the force will refurbish or replace equipment which has been used more extensively than originally anticipated.

Past supplemental funding has mitigated some of the DON's costs, but it has been focused more on the "costs of war" (costs associated with personnel, personnel support, operations and transportation) vice resetting the force. Among the areas highlighted in the preceding sections are some of the investment needs for the Navy and Marine Corps. Figure 6 shows the major acquisitions quantities that are funded thru GWOT:



**Figure 6 - GWOT Funded - Major Acquisition Quantities**

	FY 2007 Title IX	FY 2007 Supplemental	FY 2008 GWOT
<b>Navy and Marine Corps Aircraft</b>			
V-22	1	-	3
EA-18G	-	6	-
F/A-18E/F	-	-	12
AH-1Z/UH-1Y	3	-	6
MH-60S	-	-	3
MH-60R	-	-	6
KC-130J	1	-	7
<b>Marine Corps Ground Equipment</b>			
HMMWV	3,320	386	273
LW155	-	-	12
MRAP	805	244	2
HIMARS	10	-	-
<b>Navy Ground Equipment</b>			
MRAP	-	176	255
HMMWV	540	273	254

**RESET**

Funds are required to reconstitute Navy/Marine Corps forces to capability levels existing before GWOT operations. It includes that which is necessary to restore units to a desired level of combat capability commensurate with the unit's future mission. Reset encompasses maintenance and supply activities that restore and enhance combat capability to unit and pre-positioned equipment that was destroyed, damaged, stressed, or worn out beyond economic repair due to combat operations. These maintenance and supply activities involve Depot (Sustainment) repairs/overhauls centrally managed to specified standards. Without requested funding, efforts to continue the ongoing fight, and simultaneously address the postwar need to maintain future warfighting readiness will not be achieved.

Major elements of the request include:

- Naval Aircraft: Funds are requested to replace aircraft lost in the OIF/OEF Theater of Operations (TOO) and to replace airframes stressed due to excessive use in GWOT operations. Additionally, funds are requested for modifications/upgrades to ensure capability is preserved or new required capabilities meet operational commanders' GWOT requirements.
- Marine Corps Ground Equipment: The Marine Corps requires funds to restore Marine Corps unit capability to pre-war levels or upgrade to a future capability required for continued GWOT operations. Requested items include Expandable Capacity HMMWVs, Enterprise Land Mobile Radio networks, G-Boss large area surveillance systems, and Mine Resistant Ambush Protected (MRAP) vehicles.
- Navy Ground Equipment: Reset funds requested provide critical construction and force protection equipment for the Naval Expeditionary Combat Command (NECC). NECC provides task-organized combat support and combat service support forces with sufficient capability and capacity to meet the requirements for major combat operations, the Global War on Terrorism (GWOT) and homeland defense.
- Weapons/Ammunition: Funds are requested to replace weapons expended during OIF/OEF. Additionally, funds are requested to replace unserviceable small arms and weapons.
- Depot Maintenance: Reset funds are requested for Aircraft, Ships and Support Equipment for maintenance performed at the depot level facility, to include cost to overhaul, clean, inspect, and maintain organic equipment to the required condition at the conclusion of the contingency operation or unit deployment.

The Navy total reset requirement is \$15.8 billion; the Marine Corps total reset requirement is \$13.7 billion. The FY 2007 Supplemental request includes \$2.2 billion of Navy reset requirements, and \$5.2 billion of Marine Corps reset requirements. The FY 2008 GWOT request includes \$2.1 billion of Navy reset



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requirements and \$1.7 billion of Marine Corps reset requirements. The remaining reset requirement after FY 2008 is \$10.7 billion for Navy and \$1.7 billion for Marine Corps. It should be noted that the reset requirement is dynamic and changes as conditions change.

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## ***FY 2007 DON SUPPLEMENTAL***

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The DON's FY 2007 Supplemental Submission supports the number one priority of the Department of Defense—prosecuting the GWOT. It builds upon our FY 2007 budget, which attempts to achieve the critical balance between maintaining current readiness, building a future Navy, and serving our people. The Navy remains first and foremost a warfighting, sea-going service and is deployed at the tip of the spear just as it has been for over 230 years. On a continual basis, approximately 40-50 percent of the fleet is conducting operations at sea and the pace of operations will not lessen in 2007. The aircraft carrier USS Stennis will soon join the USS Eisenhower in CENTCOM AOR to support and enhance the mission in Iraq and throughout the Middle East. The challenge for the Navy and Marine Corps today is to remain capable of conducting traditional naval missions while simultaneously enhancing our ability to conduct non-traditional missions in order to ensure that naval power and influence can be from the sea, across the littorals, and ashore, as required.

FY 2007 contingency operations include Operation Enduring Freedom (Afghanistan, the Horn of Africa, and related areas), and Operation Iraqi Freedom. In order to ensure adequate resources are available for GWOT operations early in the fiscal year, the Congress appropriated \$10.8 billion for DON until a full year supplemental is approved. Other funds necessary to support GWOT operations during FY 2007 are included in an additional supplemental appropriation request. The following figure represents the FY 2007 full year request (including Title IX).

**Figure 7 - FY 2007 Title IX and Supplemental**

Dollars in millions	Title IX	Supp Request	DON Request
Military Personnel, Navy (MPN)	143	692	835
Reserve Personnel, Navy (RPN)	0	73	73
Operation and Maintenance, Navy (O&MN)	1,615	5,945	7,560
Operation and Maintenance, Navy Reserve (O&MNR)	10	111	121
Aircraft Proct .	487	1,106	1,593
Procurement Ammunition, Navy and Marine Corps (PANMC)	0	75	75
Other Procurement, Navy (OPN)	320	847	1,167
Weapons Procurement, Navy (WPN)	109	172	281
Research, Development, Test and Evaluation, Navy (RDT&EN)	231	228	459
National Defense Sealift Fund (NDSF)	0	5	5
Navy Working Capital Fund (NWCF)	0	32	32
Military Construction, Navy & Marine Corps (MCN)	0	413	413
<b>USN Total Subtotal</b>	<b>2,915</b>	<b>9,699</b>	<b>12,614</b>
Military Personnel, Marine Corps (MPMC)	146	1,387	1,533
Reserve Personnel, Marine Corps (RPMC)	15	0	15
Operation and Maintenance, Marine Corps (O&MMC)	2,689	1,402	4,091
Operation and Maintenance, Marine Corps Reserve (O&MMCR)	48	14	62
Procurement, Marine Corps (PMC)	4,898	1,806	6,704
Procurement Ammunition, Navy and Marine Corps (PANMC)	128	85	213
Research, Development, Test and Evaluation, Navy (RDT&EN)	0	232	232
<b>USMC Subtotal</b>	<b>7,924</b>	<b>4,926</b>	<b>12,850</b>
<b>DON Total - Supplemental</b>	<b>10,840</b>	<b>14,623</b>	<b>25,464</b>

Note: Totals may not add due to rounding.

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## ***FY 2008 GWOT REQUEST***

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While global contingencies are uncertain, the DON's FY 2008 GWOT request maintains the strategy of winning the GWOT. The challenge that remains for the Navy and Marine Corps is to remain capable of conducting traditional naval missions while simultaneously enhancing our ability to conduct non-traditional missions in order to ensure that naval power and influence can be from the sea, across the littorals, and ashore, as required.

FY 2008 contingency operations continue to include Operation Enduring Freedom (Afghanistan, the Horn of Africa, and related areas), and Operation Iraqi Freedom (with a reduced OPTEMPO from FY 2007). The following table represents funds requested for FY 2008 budget specifically for War Related Contingency Operations.

The following figure represents the FY 2008 full year request.

**Figure 8 - FY 2008 GWOT Request**

Dollars in Millions	FY08 Request
Military Personnel, Navy (MPN)	\$752
Reserve Personnel, Navy (RPN)	\$70
Operation and Maintenance, Navy (O&MN)	\$5,427
Operation and Maintenance, Navy Reserve (O&MNR)	\$68
Aircraft Procurement, Navy (APN)	\$3,100
Procurement Ammunition, Navy and Marine Corps (PANMC)	\$70
Other Procurement, Navy (OPN)	\$793
Weapons Procurement, Navy (WPN)	\$252
Research, Development, Test and Evaluation, Navy (RDT&EN)	\$618
National Defense Sealift Fund (NDSF)	\$5
Family Housing Operations (FHOPS)	\$12
Military Construction, Navy & Marine Corps (MCN)	\$157
<b>USN Subtotal</b>	<b>\$11,324</b>
Military Personnel, Marine Corps (MPMC)	\$1,602
Reserve Personnel, Marine Corps (RPMC)	\$15
Operation and Maintenance, Marine Corps (O&MMC)	\$4,013
Operation and Maintenance, Marine Corps Reserve (O&MMCR)	\$68
Procurement, Marine Corps (PMC)	\$2,462
Procurement Ammunition, Navy and Marine Corps (PANMC)	\$522
<b>USMC Subtotal</b>	<b>\$8,682</b>
<b>GWOT Total</b>	<b>\$20,006</b>

Note: Totals may not add due to rounding.

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## ***SECTION III - BUILDING A FLEET FOR THE FUTURE***

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The Department of the Navy is dedicated to procuring a fleet that is both affordable and meets 21<sup>st</sup> century national security requirements, as outlined in the 2006 Quadrennial Defense Review. Force structure requirements were developed and validated through joint campaign and mission level analysis, optimized through innovative sourcing initiatives (Fleet Response Plan (FRP) and forward basing) that increase platform operational availability, and balanced with industrial base requirements.

In the future our Naval forces will remain sea based, with global speed and persistence provided by forward deployed forces and supplemented by rapidly deployable forces through the FRP. To maximize return on investment, the Navy and Marine Corps that fights the GWOT and executes Maritime Security Operations will be complementary to the Navy required to fight and win in any Major Combat Operation (MCO). This capabilities-based, threat-oriented force can be disaggregated and distributed world wide to support Combatant Commander GWOT demands. The resulting distributed and netted force, working in conjunction with our joint and maritime partners, will provide both actionable intelligence through persistent Maritime Domain Awareness, and the ability to take action where and when the threat is identified. The same force can be rapidly aggregated to provide the strength needed to defeat any potential adversary in an MCO. The warships represented in the 313-ship shipbuilding plan will sustain operations in forward areas longer, be able to respond more quickly to emerging contingencies, and generate more sorties and simultaneous attacks against greater numbers of multiple targets and with greater effect than our current fleet.

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### ***SHIP PROGRAMS***

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#### ***Surface Programs***

The Department's FY 2008 budget continues the shift to next generation warships and will provide the platforms needed to complete future mission objectives. The surface ships that make up tomorrow's Navy will be more capable than ever before to meet the multiple challenges the Navy faces.

The next generation of aircraft carrier, the *Ford* Class or CVN-21, will be the future centerpiece of the carrier strike group and a major contributor to the future Expeditionary Strike Group as envisioned in *Sea Power 21*. CVN-21 has a major role in Sea Shield, projecting Navy combat power anywhere in the world. The ship's command centers combine the power of FORCEnet and the flexible open systems architecture to support multiple missions, including special and joint warfare missions and integrated strike planning. Taking advantage of the *Nimitz* Class hull form, the *Ford* Class will feature an array of advanced technologies designed to improve warfighting capabilities and allow significant manpower reductions. It will have a new electrical generation and distribution system, an electromagnetic aircraft launching system, a new advanced arresting gear, a new/enlarged flight deck, weapons and material handling improvements, and a smaller crew and air wing (by at least 1000). The budget provides funding for construction of the lead ship, the *USS Gerald R. Ford* (CVN-78), in both FY 2008 and FY 2009 and advance procurement funding for CVN-79 in both years.



The DDG 1000 program, formerly the DD(X) program, is the next generation of multi-mission surface combatants tailored for land attack and littoral dominance, with capabilities designed to defeat current and projected threats. As a critical component of *Sea Power 21*, DDG 1000 will provide credible forward presence while operating independently or as an integral part of naval, joint, or combined expeditionary forces. Armed with an array of land attack weapons, DDG 1000 will provide offensive, distributed, and precision firepower at long ranges in support of forces ashore. The FY 2008 budget provides the second increment of funding required to complete the two FY 2007 lead ships.

Another critical component of *Sea Power 21* is the Littoral Combat Ship (LCS). LCS is envisioned to be a fast, agile, stealthy, relatively small and affordable surface combatant capable of operating against anti-access, asymmetric threats in the littorals. LCS uses architectures and interfaces that permit tailoring tactical capabilities to various LCS missions. These mission module packages are easily interchangeable as operational conditions warrant. The primary mission areas of LCS are small boat prosecution, mine counter measures, shallow water anti-submarine warfare, intelligence, surveillance, and reconnaissance. Secondary missions include homeland defense, maritime interception, and special operation forces support. It will operate in environments where it is impractical to employ larger multi-mission ships. Construction of both LCS designs is in progress. The

Department budgeted for three more LCSs in FY 2008. Procurement of two mission module packages is also planned in FY 2008.

The Guided Missile Cruiser (CG-47) modernization program (CG Mod) supports modernization of the AEGIS cruisers, commencing with the older Baseline 2 and 3 ships. The CG Mod program delivers rapid introduction of critical new warfighting capabilities by providing enhanced air dominance and C4I capabilities, an improved gun weapon system and force protection systems, and a commercial off-the-shelf (COTS) computing architecture. Hull, Mechanical and Electrical upgrades will also contribute to extending the mission service life of the cruisers to 35 years. The first CG Mod maintenance availability, CG 52, occurs in FY 2008. The FY 2008 budget also funds the procurement of the equipment for the FY 2010 modernizations.

The Guided Missile Destroyer (DDG-51) Modernization program is a significant, integrated advancement in class combat and HM&E Systems. This investment enables core modernization of DDG combat systems to pace the 2020 threat environment and extend the useful service life of the ships. Enhancements added to the program are included in the areas of air dominance, force protection, C4I, and mission life extension upgrades. The FY 2008 budget includes funding for the long lead-time procurements for the backfit modernization of two DDGs in FY 2010.

In FY 2008 the budget provides full funding for LPD-25, the ninth ship of the LPD-17 class. It also includes the second increment of funding needed to complete the Landing Helicopter Assault Replacement Ship (LHA(R)).

The budget provides for procurement of one Auxiliary Cargo and Ammunition Ship (T-AKE) in the National Defense Sealift Fund (NDSF). This will be the eleventh ship of the class dedicated to the Combat Logistics Force. The NDSF budget also continues funding for the development of future sea basing ships. The Maritime Prepositioning Force (Future) (MPF(F)) squadron of ships, a central part of the Sea Base operational concept, leverages current designs and production lines where possible, such as T-AKE variant ships, modified Large, Medium Speed Roll-On/Roll-Off (LMSR) ships and LHA(R) ships. MPF(F) new construction commences in FY 2009 and includes one T-AKE variant and one Mobile Landing Platform (MLP). MPF(F) ships will be interoperable with current and planned Landing Craft Air Cushion (LCAC) craft and Joint High Speed Vessels (inratheater connectors).





The LCAC modernization program continues with a service life extension for five craft in FY 2008. The budget request also includes RDT&E,N funding in FY 2008 for transformational Sea Base to Shore, intratheater, and intertheater connectors to support Seabasing.

The budget also provides advance procurement funds in FY 2008 for the *USS Theodore Roosevelt* (CVN 71) Refueling Complex Overhaul which will commence in FY 2010.

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### Submarine Programs

The Navy continues the effort to modernize the fleet of SSN, SSGN, and SSBN submarines. *Virginia* class fast attack submarines have joined the existing fleet of SSN-688 and *Seawolf* class ships to covertly project power throughout the world's oceans. Construction of the *Virginia* class continues to be performed under a teaming arrangement between General Dynamics Electric Boat and Northrop Grumman Newport News Shipbuilding Company. FY 2008 funds the fifth of five *Virginia* class submarines under a multi-year procurement contract awarded in January 2004. A follow-on multi-year procurement will be pursued to continue construction of the class beginning in FY 2009. Of note, the proposed contract would increase the *Virginia* class build rate to two submarines per year beginning in FY 2012. The joint Navy and DARPA "Tango Bravo" initiative to investigate and remove technical barriers to future submarine design continues in the FY 2008 budget. This budget also annually funds an SSBN Engineered Refueling Overhaul for a *Trident* Class submarine throughout the FYDP.



The Figure 9 on the following page displays shipbuilding quantities for FY 2007 to FY 2013.



**Figure 9 - Shipbuilding Programs\***

	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY08-13</b>
<b>CVN 21</b>	-	1	-	-	-	1	-	2
<b>SSN 774</b>	1	1	1	1	1	2	2	8
<b>CG(X)</b>	-	-	-	-	1	-	1	2
<b>DDG 1000</b>	2	-	1	1	1	1	1	5
<b>LCS</b>	2	3	6	6	6	6	5	32
<b>LPD 17</b>	-	1	-	-	-	-	-	1
<b>LHA(R)</b>	1	-	-	-	-	-	-	-
<b>T-AKE**</b>	1	1	1*	1*	1*	-	-	4
<b>MPF Aviation</b>	-	-	-	1	-	-	1	2
<b>MPF LMSR</b>	-	-	-	1	1	1	-	3
<b>MPF MLP</b>	-	-	1	-	1	-	1	3
<b>T-ATF</b>	-	-	-	-	-	-	1	1
<b>JCC(X)</b>	-	-	-	-	-	1	-	1
<b>JHSV</b>	-	-	1	1	1	-	-	3
<b>New Construction</b>	<b>7</b>	<b>7</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>12</b>	<b>12</b>	<b>67</b>
<b>CVN RCOH</b>	-	-	-	1	-	-	1	2
<b>SSBN ERO</b>	1	1	1	1	1	1	1	6

\*Does not include Title IX, FY 2007 Supplemental or FY 2008 GWOT request.

\*\*MPF program

### *Ship Weapons and Sensor Programs*

The Tactical Tomahawk missile provides a premier attack capability against long range, medium range, and tactical targets on land and can be launched from both surface ships and submarines. The Tomahawk program continues full rate production in FY 2008, the last year of its multi-year procurement and the first year of procurement for the Torpedo-Tube Launch (TTL) variant. By improving command and control systems, the Navy will maximize the flexibility and responsiveness inherent in the Tactical Tomahawk Weapons System.

The Standard Missile (SM) program replaces ineffective, obsolete inventories with the more capable SM-2 Block IIIB and SM-6 Extended Range Active Missile (ERAM). The first SM-6 missiles will be procured in FY 2009. The SM-6 and its associated Naval Integrated Fire Control – Counter Air (NIFC-CA), developed to provide defense for Sea Shield and enable Sea Basing and Sea Striking, will provide the capability to use the missile at its maximum kinematic range. Investments in advanced technology such as the SM-6 and its associated NIFC-CA capabilities pace the threat to ensure our conventional warfare advantage.

The Rolling Airframe Missile (RAM) is a high firepower, low cost, lightweight ship self-defense system designed to engage anti-ship cruise missiles and asymmetric threats. Block 1 adds the capability of infrared all-the-way guidance while maintaining the original dual-mode passive Radio Frequency/Infrared (RF/IR) guidance (Block 0). The Evolved SEA SPARROW Missile (ESSM) is an international cooperative effort to design, develop, test, and produce a new and improved version of the SPARROW missile (RIM-7P) with the kinematical performance to defeat current and projected threats that possess low altitude, high velocity and maneuverability characteristics beyond the engagement capabilities of the RIM-7P. ESSM provides self-defense battlespace and firepower against faster, lower, smaller, more maneuverable anti-ship cruise missiles.



Naval Surface Fire Support (NSFS) is an integral part of Sea Strike, which will project dominant, long range, decisive and precise offensive power against key enemy targets using a wide array of means, including NSFS, in support of joint conventional and special operations forces. The Marine Corps identified its NSFS requirements in *Operational Maneuver From The Sea* (OMFTS) along with its implementing concept Ship-to-Objective Maneuver (STOM). These documents rely on commencing operations from over-the-horizon (OTH), expanding the battle space and leveraging landing forces use of speed and flexibility to achieve tactical and operational surprise as they project power against deep inland objectives. To support OMFTS and STOM, fire support systems must be immediate, responsive and accurate, by incorporating high volume suppression and neutralization fires in support of the landing force in all weather conditions and under continuous sustained operations.

Several land attack research and development efforts critical to future littoral warfare continue in FY 2008, including an Extended Range Munition (ERM), the 5"/62 gun, the Advanced Gun System (AGS), the Naval Fire Control System (NFCS), and the Distributed Common Ground System (DCGS). ERM can fire at targets beyond 41nm compared to 13nm with today's conventional munitions and guns. The AGS will provide a modular, electric motor driven gun (no hydraulics) with an automated magazine handling system and will be capable of engaging targets ashore using the Long Range Land Attack Projectile (LRLAP) at ranges greater than 62nm. The NFCS and DCGS will use existing fire control infrastructure to serve as the nerve center for surface land attack by automating shipboard land attack battle

management duties, incorporating improved land attack weapons systems, and utilizing battlefield digitization.

As discussed in the Overview, the Navy took calculated risk in ASW sensor capability by cancelling the Advanced Deployable System (ADS). This decision was based on the robust funding and quantities of non-distributed ASW sensors, both current systems operating in the fleet and planned sensors and upgrades programmed in the FYDP.

**Figure 10 –Major Ship Weapons Quantities\***

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Tactical Tomahawk	355	394	265	257	281	278	266
Standard Missile	75	75	80	90	105	142	150
RAM	90	90	90	90	90	90	90
ESSM	100	85	86	88	0	0	0
Lightweight Torpedoes	133	133	280	297	252	271	257
Heavyweight Torpedoes	103	84	84	84	84	84	84
Trident II	0	12	24	24	24	24	0

\*Does not include Title IX, FY 2007 Supplemental or FY 2008 GWOT request.

## AVIATION PROGRAMS

### Aircraft Programs

Navy and Marine Corps aviation continues to be at the forefront of our Nation's defense. The FY 2008 budget supports the Department with the best balance of naval aviation requirements. The Navy's Aircraft Procurement Plan continues to decrease the average age of the aircraft inventory. From a high above 20 years in the 1990's, the average age decreases again, from 18 years in 2006 to 17.9 years in 2008. Based on the current FYDP procurement plan, the average age will decrease to 14.6 years by 2013. Multi-year procurement contracts for F/A-18E/F, EA-18G, MH-60R/S, MV-22B, and KC-130J have enabled the Department to realize significant savings and stretch available procurement funds. Development funding continues for F-35, V-22, P-8A, E-2D, CH-53K, and the VH-71.

The Lightning II Joint Strike Fighter (F-35) program will develop and field a family of aircraft that meets the needs of the Navy, Marine Corps, Air Force and our allies, with optimum commonality among the variants to



minimize life cycle costs. The F-35 is the next generation of strike fighters, with improved stealth and countermeasures. It incorporates the latest available technology for advanced avionics, data links and adverse weather precision targeting; it has increased range with internal fuel and includes superior weaponry over existing aircraft. This highly supportable, affordable, state of the art aircraft commands and maintains global air superiority. DON procurement begins in FY 2008 with the Marine Corps Short Takeoff and Vertical Landing (STOVL) variant.



The Super Hornet (F/A-18) E/F leads Naval aviation in the fighter/attack role. The F/A-18 E/F is receiving upgraded capabilities, to include new/enhanced weapon systems and avionics. An Advanced Crew Station, Automatic Carrier Landing System and upgrades to current Global Positioning Systems/Inertial Navigation Systems will allow the aircraft to meet precision strike/precision approach requirements. The EA-18G Growler, which replaces the EA-6B, will assume the role for Airborne Electronic Attack, support all operational requirements and fully integrate itself into all strike packages.

The Osprey MV-22B Tilt Rotor is the Marine Corps' number one aviation acquisition priority and will begin a multi-year procurement program with the Air Force in FY 2008. The joint program will procure MV and CV variants to support each of the service's requirements. The MV-22 will provide the Marine Corps the amphibious/vertical assault requirement needed for the Global War on Terrorism and will begin deployment in FY 2007.

The UH-1Y/AH-1Z aircraft fulfills the Marine Corps attack and utility helicopter missions. The FY 2008 budget supports the UH-1Y new build strategy; the AH-1Z will continue to be rebuilt. These aircraft will have 85% commonality and will provide airborne command and control, armed escort, armed reconnaissance, search and rescue, medical evacuation, close air support, anti-armor operations and anti-air warfare.

The Department supports the multi-year procurement of both the Seahawk MH-60R and Knighthawk MH-60S helicopters, which are part of a joint contract with the Army's UH-60M Blackhawk. The MH-60R/S are also part of multi-year procurement contracts for their common cockpits. The MH-60R will replace the aging SH-60B and SH-60F helicopters, whose primary mission areas are undersea warfare and surface warfare. This platform will have numerous capability

improvements including Airborne Low Frequency Sonar, Multi-Mode Radar, Electronic Support Measures, and Forward Looking Infra-Red Sensor. The MH-60S will maintain the forward deployed fleet through rapid airborne delivery of materials and personnel as well as support of amphibious operations through search and rescue coverage. The primary roles of this aircraft are vertical replenishment, transfer of cargo, passengers and mail, and vertical onboard delivery. Armed Helo and Organic Airborne Mine Countermeasures are new primary mission areas and will be added as block upgrades.

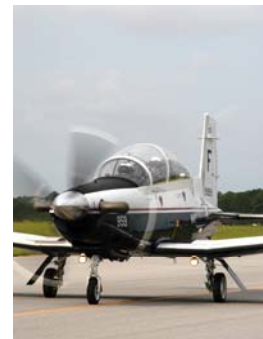


The Super Stallion CH-53E is the only maritized heavy-lift helicopter. A robust RDT&E,N program in FY 2008 will improve the current platform to support the Marine Air-Ground Task Force for the 21<sup>st</sup> century joint environment. The CH-53K will provide improvements in performance and capability. The first flight for this upgraded capability will be in FY 2009 and the first procurement is planned for FY 2013.

Sustainment of the P-3 Orion fleet remains a priority of the Department as the only long range Maritime Surveillance aircraft. The ability to perform Under Sea Warfare, Surface Warfare and Intelligence, Surveillance and Reconnaissance (ISR) missions make it critical to the battle group. The P-8A Multi-mission Maritime Aircraft (MMA) will replace the P-3, and will achieve IOC in FY 2013. MMA will have increased capabilities over the P-3 to address emerging technologies and irregular threats.

The KC-130J is replacing the aging KC-130F/R fleet and will be assuming the common roles of tactical in-flight refueling and assault support transport aircraft. In the tactical transport mode, it is capable of conventional or aerial delivery of personnel and cargo. The KC-130J is equipped to refuel low-speed helicopters and high-speed jet aircraft, and can service two aircraft simultaneously. Procurement of the V-22 will further increase the need for this in-flight refueling capability.

The Department continues to work with the Air Force on several joint endeavors. The T-6B Texan II, recently upgraded from the T-6A, will replace the Navy's primary flight trainer for entry level naval student pilots. This Joint Primary Aircraft Training System (JPATS) replaces the Navy T-34 and Air Force T-37 primary flight training platforms. The T-6B, with its upgraded avionics,





communications and navigation systems, is planned for all future Navy JPATS procurements.

RDT&E,N initiatives support both traditional and irregular warfare demands in several aviation programs. The Advanced Hawkeye will have Cooperative Engagement Capability to modernize the E-2C weapon systems and also provide effective surveillance and battle management to theatre operations. Tactical Aircraft Directed Infrared Countermeasures (TADIRCM) continues to develop to provide the warfighter protection against surface and air-to-air missiles. Assault DIRCM will support rotary wing aircraft, while Strike DIRCM will protect fixed wing aircraft.

The VH-71 Executive Helicopter, which replaces the current VH-3D and VH-60N Executive Helicopters, continues R&D efforts in FY 2008. The aircraft is being developed in two increments. Increment I will provide required survivability, communication, and navigation capabilities as well as improved aircraft performance and executive accommodations. Increment II will incorporate additional required enhancements for full capability, including upgraded engines and drive-train. Increment II is rephased in the FY 2008 President's Budget submission to provide additional time for design work. The Initial Operational Capability (IOC) for Increment I, which is funded in RDT&E,N, is scheduled for FY 2010.

Research and Development for Aerial Common Sensor remains funded as the follow-on to the EP-3E Signals Intelligence (SIGINT) platform. Connecting multi-service platforms and ground stations for ISR will be the focus of these transformational platforms as they migrate into the Joint Airborne SIGINT Architecture.

The FY 2008 budget supports CONPLAN 7500 and the QDR by providing a persistent ISR capability through developing, acquiring, and fielding transformational Unmanned Aerial Vehicle (UAV) technologies. The Vertical Take Off and Landing Tactical UAV (VTUAV) can accomplish missions including over-the-horizon tactical reconnaissance, classification, targeting, laser designation, and battle management. The VTUAV launches and recovers vertically and can operate from air capable ships such as the LCS, as well as confined area land bases. The Broad Area Maritime Surveillance (BAMS) UAV is an adjunct to the Multi-Mission Maritime Aircraft (MMA)/P-3 and will play a significant role in the Sea Shield and FORCEnet pillars of *Sea Power 21*. Its on-station time and range enables unmatched awareness of the maritime battlespace by sustaining the common operational picture for Surface Warfare (SUW) and the GWOT.

The Small Tactical UAS (STUAS) is a new program in FY 2008 that will fill ISR capability shortfalls identified in the GWOT and currently supported by costly service contracts. STUAS has a planned IOC of FY 2010 and will be used to complement other high demand, low density (HDLD) manned and unmanned platforms. STUAS will be available to operate from ship/shore scenarios where those HDLD assets may not be available to ship or other Navy unit commanders. The budget also includes funding for a Navy Unmanned Combat Aerial System (UCAS) program to conduct a carrier demonstration of a low observable UCAS platform. The Marine Corps Tactical Unmanned Aerial System (MCTUAS) is a new program in FY 2008 that will be procured through the Army's Shadow program. The resulting system will provide Marine Tier III UAS capability to the MAGTF commander, while replacing the legacy Pioneer UAS. It will be interoperable, compatible, and maintainable with Army Shadow units.



**Figure 11 - Aircraft Programs\***

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY08-13
JSF	-	6	8	18	19	40	42	133
F/A-18E/F	34	24	20	24	19	21	-	108
EA-18G	8	18	22	18	8	2	-	68
MV-22B	13	21	30	30	30	30	30	171
AH-1Z/UH-1Y	8	20	25	28	28	24	24	149
MH-60S	18	18	18	18	18	18	18	108
MH-60R	25	27	31	28	28	25	27	166
E-2C	2	-	-	-	-	-	-	-
E-2D AHE	-	3	3	3	4	4	4	21
CH-53K (HLR)	-	-	-	-	-	-	6	6
P-8A (MMA)	-	-	-	6	8	10	13	37
C-40A	-	-	1	-	1	1	1	4
T-45C	12	-	-	-	-	-	-	-
T-6A/B(JPATS)	20	44	44	44	43	43	22	240
KC-130J	2	4	2	2	2	2	2	14
VH-71	-	-	4	3	4	4	4	19
BAMS UAS	-	-	-	-	4	4	4	12
MQ-8B (VTUAV)	4	3	5	6	6	9	10	39
F-5E	5	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>151**</b>	<b>188</b>	<b>213</b>	<b>228</b>	<b>222</b>	<b>237</b>	<b>207</b>	<b>1,295</b>

*Funded in RD TEN*

\*Does not include Title IX, FY 2007 Supplemental or FY 2008 GWOT request.

\*\*Includes one special programs aircraft added by Congress.

### ***Aircraft Weapons Programs***

Aircraft weapons arm the warfighter with lethal, interoperable, and cost effective weapons systems. The AIM-9X (Sidewinder) missile is a “launch-and-leave” air combat munition that uses passive Infrared (IR) energy for acquisition and tracking of enemy aircraft. The continued procurement of the AIM-9X in FY 2008 enables the Department to maintain air superiority in the short-range air-to-air missile arena through the missile’s ability to counter current and emerging countermeasures. The AIM-9X complements the Advanced Medium Range Air-to-Air Missile (AMRAAM), a next-generation, all-weather, all-environment radar-guided missile that is designed to counter existing air vehicle threats having advanced electronic attack capabilities operating at high or low altitude. The AMRAAM program is

transitioning to the Phase IV missile, which will include an enhanced data link and improved electronic protection, kinematics, and High Off-Boresight capability. The Joint Standoff Weapon (JSOW) is a 1,000-pound-class, air-to-ground weapon, which carries several different lethal packages. JSOW procurement in FY 2008 and beyond focuses on the “unitary” variant, which carries the Broach Lethal Package warhead system and provides a unique autonomous capability to engage and destroy a variety of point targets vulnerable to blast and fragmentation kill mechanisms. The Joint Direct Attack Munition is a low-cost guidance set designed to give general-purpose bombs adverse weather capability with increased accuracy. The FY 2008 budget incorporates a strategy of making incremental changes to existing JDAM and laser guided bomb inventories to address the warfighter issues of flexibility and a land moving target capability shortfall.

**Figure 12 - Major Aviation Weapons Quantities\***

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
JSOW	390	421	504	521	541	530	552
AIM-9X	174	184	205	202	200	220	221
JDAM	3,400	1,145	850	850	500	0	0
AMRAAM	128	79	97	99	90	91	94

\*Does not include Title IX, FY 2007 Supplemental or FY 2008 GWOT request.

<u>Also refer to Appendix B for more information:</u>	<u>Table</u>
Aircraft Procurement, Navy	B-10
Weapons Procurement, Navy	B-11
Procurement of Ammunition, Navy and Marine Corps	B-15
Research, Development, Test and Evaluation, Navy	B-16

## MINE WARFARE



The Organic Airborne Mine Countermeasures (OAMCM) program continues development of five systems for the Littoral Combat Ship (LCS) Mine Warfare (MIW) Mission Package.

Currently, the AN/AQS-20A Mine Hunting Sonar (IOC of FY 2007) is completing integration testing on the MH-60S and will be available to support the inaugural LCS deployment in FY 2008. The other OAMCM systems in the LCS MIW Mission Package include the Airborne Laser Mine Detection System (ALMDS) (IOC of FY 2011), Organic Airborne and Surface Influence Sweep system (OASIS) (IOC of FY 2008), Airborne Mine Neutralization System (AMNS) (IOC of FY 2009) and Rapid Airborne Mine Clearance System (RAMICS) (IOC of FY 2010). Additionally, the OAMCM program provides funding for integration and testing of each MIW system on the MH-60S through a common console interface. These vital systems will provide the fleet with a flexible, organic mine warfare capability.

The FY 2008 budget continues to support the Coastal Battlefield Reconnaissance and Analysis (COBRA) system, the Intelligence, Surveillance, Reconnaissance/Targeting (ISR/T) part of the Assault Breaching System (ABS). The COBRA system will be a modular payload architecture and integrated with the MQ-8B Fire Scout Vertical Takeoff and Landing Unmanned Aerial Vehicle (VTUAV) and will serve as the detection mission module within the LCS MIW Mission Package.



**Also refer to Appendix B for more information:**

Weapons Procurement, Navy  
 Other Procurement, Navy  
 Procurement, Marine Corps

**Table**

B-11  
 B-13  
 B-14

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## **C4I PROGRAMS**

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The Navy's Command, Control, Communication, Computers, and Intelligence (C4I) roadmap continues to center on four key elements:

- Connectivity;
- Common tactical picture;
- "Sensor-to-Shooter" data flow;
- Information/command and control warfare.

The cornerstone of the roadmap is the continued development of FORCEnet in the FY 2008 budget. FORCEnet provides the architecture to integrate sensors, networks, decision aids, and weapons into an adaptive human control maritime system necessary to achieve dominance across all warfare spectrums.

Information Technology for the 21<sup>st</sup> Century (IT-21) efforts continue in the FY 2008 budget. IT-21 is another key integration architecture and provides the common backbone for C4I systems to be linked afloat and to the internet. The networks integrate afloat tactical operations and tactical support applications with enhanced satellite systems and ashore networks. FY 2008 funding continues to provide Integrated Shipboard Network Systems (Increment 1) procurement and installation to achieve a Full Operational Capability (FOC) for all platforms by FY 2013. IT-21 connectivity is critical because it provides the managed bandwidth for timely transmission of information. The Satellite Communications Systems program continues expansion of available bandwidth to the war fighter.

Undersea FORCEnet Satellite Communications (SATCOM) FY 2008 funding provides the Internet Protocol (IP) connectivity between Anti-Submarine Warfare (ASW) platforms to conduct collaborative ASW. Connecting the platforms for collaborative ASW enables sharing of time critical queuing, classification, and targeting data, provides a means for precluding blue-on-blue engagement, and ensures rapid positioning of ASW platforms into the best attack posture to prosecute the threat submarine.

The FY 2008 budget also reflects the procurement of the Airborne Automated Digital Network System (aADNS) to provide High Frequency Internet Protocol (HFIP) capability as the primary transfer path for Internet Protocol (IP) data and Automatic Identification System (AIS) data on and off the E-2C platform. HFIP connectivity through aADNS provides exceptional expansion into additional IP data

communications paths spanning future SATCOM capabilities to include Multifunction Information Distribution System–Joint (MIDSJ), Airborne, Maritime, Fixed Joint Tactical Radio System (AMF JTRS), Common Data Links (CDL), and others. The aADNS network also enables future expansion of open architecture applications, key in providing advanced capabilities to meet war fighter needs. This is the first step towards the Global Information Grid-Tactical Edge Network (GIG-TEN) concept.

The FY 2008 RDT&E, N budget for JTRS reflects the transfer of \$566 million of Army and Air Force resources to the Navy, which has been designated as the lead Service for the JTRS program. The designation of Navy as lead DoD Component follows the realignment of FY 2007 funding to Navy via the FY 2007 Defense Appropriations Act. The Navy also provides comptroller, contracting, and legal support, public affairs activities and IT services funded in the O&M, Navy appropriation.

Advanced Narrowband System/Mobile User Objective Systems (ANS/MUOS) development and procurement funding continues in the FY 2008 budget, supporting Initial Operational Capability (IOC) in FY 2010 and FOC in FY 2014. ANS/MUOS will provide the DoD’s Ultra High Frequency satellite communication capability for the 21<sup>st</sup> century. FY 2008 funding will continue the development of Advanced Extremely High Frequency (AEHF) terminals that support Air Force’s Advanced Wideband System satellite program to meet an IOC in FY 2012 and FOC in FY 2015. Finally, FY 2008 procurement funding continues for the following C4I systems:

- Common Data Link - Navy
- Maritime Cryptologic Systems for the 21<sup>st</sup> Century
- Mission Critical Secure Voice (SV-21) Inter-working Function
- SV-21 crypto to support the Gateway transfer for SATCOM transmission

FY 2008 funding also continues to provide cryptologic equipment and secure communications equipment for Navy ships, shore sites, aircraft, Marine Corps and Coast Guard.

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## ***MARINE CORPS GROUND EQUIPMENT***

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The Marine Corps’ FY 2008 request focuses on efforts to develop more irregular capability and capacity as directed by the Strategic Planning Guidance (SPG) and CONPLAN 7500 while taking risk in conventional capacity. Included in the request are several new programs designed to organize, train and equip the force for

irregular warfare operations. Many of these efforts came at the expense of our projected investment and training strategies.

In order to best equip proposed end strength increases, the Marine Corps has a phased approach across Fiscal Years 2008-2011 that is synchronized with increases in personnel. We will conduct the necessary analysis in order to procure high demand and long lead time items early in the process. While the vast majority of required equipment will be the procurement of additional existing weapon systems, when it makes sense, we will procure next generation equipment to keep pace with technological improvements.

The Marine Corps' strategic decision with regard to ground mobility is one of transition while maintaining the ability to conduct a single, two-Marine Expeditionary Brigade (MEB) forcible entry operation. The procurement strategy for the Expeditionary Fighting Vehicle (EFV), the Marine Corps' only ACAT-I program, has been modified since the President's Budget to start pilot production of vehicles in FY 2007 and pause in FY 2008 while reliability developmental and operational testing completes. The approved acquisition objective of the EFV has been reduced by 43%, while the baseline has been increased for irregular platforms of the future, such as Light Armored Vehicle – Personnel variant (LAV(P)), Joint Light Tactical Vehicle (JLTV) and the Internally Transportable Vehicle (ITV). Investments in these new platforms give the Combatant Commanders versatile and scalable mobility options optimized for irregular warfare, resulting in a better balance of irregular and conventional capabilities. The divestiture from traditional capabilities also included the discontinuation of the High Mobility Multi-purpose Wheeled Vehicle (HMMWV). The decreases in EFV and HMMWV together demonstrate the commitment of the Marine Corps to take risk in traditional capability and capacity while transitioning to a more irregular warfare posture.

Compliance with the Strategic Planning Guidance was considered in the funding profiles for multiple Intelligence and Command and Control capabilities within the budget to include Control Intelligence/Human Intelligence (CI/HUMINT), Joint Combat Identification Evaluation Team and Marine Air Ground Task Force C2 Systems Application.

Significant but acceptable levels of risk were taken with respect to air defense and fire measures in this budget. Both the Complementary Low Altitude Weapons System (CLAWS) and AN/TPS-59 Highly Expeditionary Long-Range Air Surveillance Radar (HELRASR) programs were discontinued. Separation from these traditional methods of air defense enables investment in such future systems as

Ground/Air Task Oriented Radar (G/ATOR). Additionally, the Expeditionary Fire Support System and High Mobility Artillery Rocket System (HIMARS) received program reductions despite their capacity to support irregular warfare operations.

The joint Army/MC multiyear procurement contract for the Lightweight 155 mm Towed Howitzer ends in 2008, when the Marine Corps acquisition objective is complete.

**Figure 13 - Major MC Ground Equipment Procurement Quantities\***

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
HMMWV	851	0	0	0	0	0	0
JLTV	0	0	61	465	789	1030	1032
EFV	0	0	0	15	36	48	51
LW155	34	47	0	0	0	0	0
LAV-P	0	0	113	22	54	73	78
HIMARS	6	0	0	0	0	0	0

\*Does not include Title IX, FY 2007 Supplemental or FY 2008 GWOT request.

**Also refer to Appendix B for more information:**

Procurement, Marine Corps

Procurement of Ammunition, Navy and Marine Corps

Research, Development, Test and Evaluation, Navy

**Table**

B-14

B-15

B-16



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## RESEARCH AND DEVELOPMENT SUPPORT

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### *Processes for Innovation*

FY 2008 Research and Development funding continues to support Sea Trial. Sea Trial is the Department's process for integration of emergent concepts and technologies, leading to continuous improvements in warfighting effectiveness and a sustained commitment to innovation. Sea Trial, led by the Naval Warfare Development Center, continuously surveys the changing frontier of technology and identifies candidates with the greatest potential to provide dramatic increases in warfighting capability. The resulting process aligns emergent technologies to deliver next-generation equipment.

Following the warfighters' lead, supporting centers for concept development propose innovative operational concepts to address emergent conditions. A primary goal of Sea Trial is to more fully integrate the technological and conceptual centers of excellence in the Systems Commands and elsewhere, along with testing and evaluation centers, so that their combined efforts result in significant advancements in deployed combat capability. Working closely with the Fleet, technology development centers, Systems Commands, warfare centers, and academic resources, NWDC will continue to align wargaming, experimentation, and exercise events so that they optimally support the development of transformational concepts and technologies.

The FY 2008 budget continues to support Marine Corps Warfighting Laboratory operational improvement efforts, investigating new and potentially valuable technologies, and evaluating their impact on how the Marine Corps organizes, equips, and trains to fight in the future. This includes improvements to:

- Command post systems
- Command and control shared data environments
- Landing force technologies
- Defeat of improvised explosive devices
- Assault vehicles.

In addition, the budget continues to finance non-lethal weapons research and development, a program for which the Marine Corps serves as the executive agent.

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## *Science and Technology*

The FY 2008 budget requests \$1.7 billion for a Science & Technology (S&T) portfolio, which will maintain the program at the requested FY 2007 level. The S&T budget focuses on three areas or capabilities: Future Naval Capabilities, Innovative Naval Prototypes and Discovery and Invention (Basic and Applied Science). S&T programs emphasize integrating basic research with applied science and technology, promoting the effective and expeditious transition of discovery and invention into real-world applications. Moreover, “transition” has become of utmost importance, as the success of S&T is not measured simply by the basic science it supports, but also by the active and successful transition of that science to supporting America’s Sailors and Marines in the field. Discovery and invention as well as exploitation and deployment of advanced technologies for the nation’s Naval warfighters are supported in the Science and Technology budget.

The S&T budget – in particular the technology development budget activity – remains organized by Future Naval Capabilities (FNC). The FNC program represents the requirements driven, delivery oriented portion of the Navy’s S&T investment. FNC Enabling Capabilities (ECs) draw upon technologies that can be developed, matured and delivered to acquisition programs within a 3 to 5 year period. FNC technologies are linked to acquisition programs through Technology Transition Agreements, which are managed by Integrated Product Teams (IPTs). FNC IPTs are specifically chartered to ensure FNC technologies are engineered and integrated into acquisition systems scheduled for delivery to the Fleet/Force. FNC investments are competitively selected to focus on the Navy’s highest priority S&T requirements and are fully integrated with Navy and Marine warfighting requirements and budget-development processes.

The FY 2008 budget request continues funding for:

- Electro-magnetic railgun prototype
- New concepts for persistent, netted, littoral anti-submarine warfare
- Sea-basing technologies
- Naval tactical utilization of space

Innovative Naval prototypes represent revolutionary “game changers” for future naval warfare.

Finally, S&T funding continues to improve the Department’s ability to detect, defeat and destroy the Improvised Explosive Device (IED) threat at range and speed. Long-term basic and applied research addresses the foundations of current and future IED threats. Sensor, chemistry, physics, material, and electronic warfare

expertise are integrated in research to counter each step in the enemy's engagement sequence. Most importantly, this long-term initiative explores fundamental scientific phenomena, creating a community of scholars across the human behavioral and social sciences with physical science and technology, to render IEDs ineffective or unviable weapons of choice.

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### *Management and Support*

Research, Development, Test, and Evaluation Management Support funds:

- Research and development installations
- Efforts required for general research and development use
- Operation of the Navy's test range sites and facilities
- Dedicated research and development aircraft and ship operations
- Target and threat simulator development efforts

Sixty-seven percent of Management and Support funding, or about \$535 million in FY 2008, supports the Major Range and Test Facilities Base, necessary to conduct independent test and evaluation assessments for all Navy ship, submarine, aircraft, weapons, combat systems, and other development, acquisition, and operational system improvements.

The remaining categories of research are platform-related and have been discussed as applicable in the previous sections. Figure 14 provides Research, Development, Test and Evaluation, Navy summary data at the budget activity level and highlights major systems efforts.

**Figure 14 – DON Major RDT&E Programs\***

Dollars in Millions	FY 2006	FY 2007	FY 2008
C4I	\$1,026	\$1,793	\$1,824
Joint Strike Fighter	\$2,187	\$2,164	\$1,707
MMA	\$927	\$1,127	\$880
JTRS	\$162	\$795	\$854
Advanced Hawkeye	\$598	\$496	\$809
DDG-1000	\$1,052	\$808	\$503
CH-53K	\$252	\$350	\$417
Expeditionary Fighting Vehicle (EFV)	\$244	\$342	\$288
EA-18G	\$380	\$372	\$273
VH-71	\$898	\$630	\$271
CVN-21	\$301	\$308	\$232
Virginia Class SSN	\$169	\$201	\$224
Littoral Combat Ship (LCS)	\$584	\$329	\$218
Unmanned Aerial Vehicle (UAV)	\$115	\$145	\$167
Unmanned Combat Aerial Vehicle (UCAV)	-	\$100	\$162
V-22	\$192	\$267	\$118
MPF Family	\$58	\$86	\$68

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

**Also refer to Appendix B for more information:**

Research, Development, Test and Evaluation, Navy  
National Defense Sealift Fund

**Table**

B-16  
B-17

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## **SECTION IV – SUSTAINING COMBAT READINESS**

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As the United States continues to wage the Global War on Terrorism (GWOT), the Navy and Marine Corps team must implement a strategy that balances the enduring requirements for traditional naval capabilities with those needed to squarely confront and influence the highly dynamic security environment of the 21<sup>st</sup> Century. From the establishment of stability and security in Afghanistan, Iraq, and elsewhere throughout the world, to humanitarian relief efforts, the Navy and Marine Corps team has demonstrated its readiness to mobilize for any task and answer any challenge.

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### **READINESS**

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Operational readiness is the catalyst that brings Naval power to bear whenever it is needed. Our budget supports requirements for our carrier strike groups (CSGs), expeditionary strike groups (ESGs), and Marine Expeditionary Forces to execute the National Military Strategy and respond to persistent or emerging threats.

The security environment today has also created new demands for Navy forces. This demand includes response to the GWOT, support for security, stabilization, transition and reconstruction operations, and support for homeland security. To meet this demand, the Navy has undertaken several initiatives. As an example, we have identified the requirements for an improved expeditionary capability to more effectively meet changing global challenges. The Navy Expeditionary Combat Command (NECC) was established to fill the seams between the application of traditional combat power and the more flexible roles required of the Navy today. The adaptive force packaging associated with NECC will ensure the right resources are applied in a variety of environments in support of Navy, Joint and Combined Arms operations.

Seabee skill sets are in great demand both now and into the foreseeable future. In this budget, the Naval Construction Force was realigned by adding a new active Construction Regiment and a Naval Mobile Construction Battalion. These units in conjunction with our Reserve Component will provide the Total Force solution to meet the increased demand signals for Seabee Forces in support of GWOT, COCOM Theater Engagement Plans, humanitarian, and disaster response/recovery operations.

Mojave Viper is the Marine Corps' premier pre-deployment training, designed to enhance the realism of training in order to improve unit and individual Marine efficiency and mission. Mojave Viper, located aboard the Marine Air-Ground Task Force Training Command in 29 Palms, California, is essential to the Corps' training transformation to counter the irregular threat. This training prepares Marines for the challenges they will face during their deployment, including instruction in Combined Arms Training, Urban Warfare Training, Unit Specific Training, and strategies to counter combat stress and enhance the readiness of Marines leaving for the field. The Mojave Viper program also includes the Foreign Military Advisor Training Program, designed to prepare Marines who will serve as military advisors to foreign units. The FY 2008 budget request funds Mojave Viper, supporting both Strategic Planning Guidance (SPG) and CONPLAN 7500.

Our focus continues to be providing ready Navy forces, from individual units to strike groups, that are forward deployed and capable of providing a substantial surge force. The readiness for this capability is enabled by the Fleet Response Plan



(FRP) which supports the National Military Strategy. The FRP provides adaptable, flexible and sustainable Naval forces necessary not only to fight the Global War on Terror, but also to support the needs of the combatant commanders to maintain a global forward presence or provide for any other evolving national defense requirements. The budget

request includes resources in the operating accounts to maintain readiness to allow the Navy to surge up to six CSGs within 30 days and one additional CSG within 90 days for tasking in a national emergency ("6+1").

Our top readiness priority is ensuring that forces are fully trained and ready to deploy and are fully supported while deployed. The budget reflects the best balance of resources to achieve this priority. The Navy will closely manage the readiness accounts to ensure the Navy can fulfill all existing war-fighting requirements.

The shift of operational costs for the Norfolk and Portsmouth Naval Shipyards from Navy Working Capital Fund (NWCF) to Mission Funding (MF) has been accomplished. A vital component of the Navy's Regional Maintenance Plan which integrates depot and intermediate level maintenance facilities in a geographical region under one command, mission funding Naval Shipyards will increase Shipyard operational flexibility and responsiveness to address variations in workload demands. Under mission funding, Navy can move resources between

projects within a shipyard as well as between shipyard facilities, achieving greater efficiencies and faster response time to support our 6+1 Fleet Readiness Plan. This flexibility can help smooth out the shipyard peaks and valleys in its ship maintenance workload, such as responding to unscheduled availabilities quickly and efficiently by sharing workers among shipyards and intermediate facilities.

The role of the Navy and Marine Corps on the world stage is evident throughout the budget. From contributions to multilateral operations under United Nations/NATO auspices to cooperative agreements with allied Navies, international engagement efforts cross the entire spectrum of the Department's missions and activities. Our Naval capabilities are often demonstrated through participation with allies and other foreign countries, through joint and combined exercises, port visits, and exchange programs. As an example, this summer seven Pacific Rim nations, including Australia, Canada, Chile, Peru, Japan and the Republic of Korea, along with the United Kingdom, participated in Rim of the Pacific (RIMPAC) 2006, a major maritime exercise conducted in the waters off Hawaii.

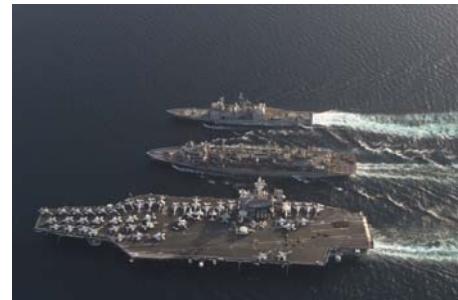
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## SHIP OPERATIONS

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### *Battle Force Ships*

The budget provides for a deployable battle force of 286 ships in FY 2008 as shown in Figure 15. This level will support 11 aircraft carriers and 32 amphibious ships as the base on which our carrier and expeditionary strike groups form for deployment. The Navy continues to meet global challenges as significant changes occur with nuclear and conventional aircraft carriers. The USS *George Washington* is scheduled to relocate to Japan in FY 2008 and replace the USS *Kitty Hawk*, scheduled to be decommissioned in FY 2008. The PCU *George HW Bush* will be commissioned in the fall of 2008. During this transition period the Department of the Navy will maintain readiness levels as prescribed in the surge capabilities of the Fleet Response Plan (6+1).



In FY 2008, eleven battle force ships will be commissioned: three Guided Missile Destroyers (DDG), three Littoral Combat Ships (LCS), one Nuclear Attack Submarine (SSN), one Amphibious Assault Ship (LHD), one Amphibious Transport



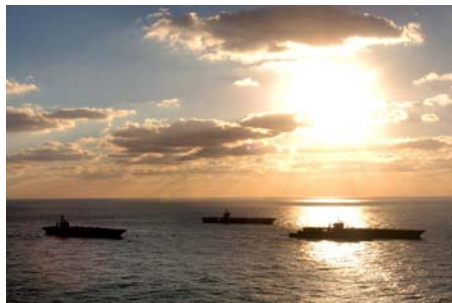
Dock Ship (LPD), and two Dry-Cargo Ammunition Ships (T-AKE). Four battle force ships will be decommissioned: one Nuclear Attack Submarine (SSN), one Amphibious Transport Dock Ship (LPD), and two Auxiliary Fleet Support Ships (T-AFS).

**Figure 15 – DON Battle Force Ships**

	FY 2006	FY 2007	FY 2008
Aircraft Carriers	12	11	11
Fleet Ballistic Missile Submarines	14	14	14
Guided Missile (SSGN) Submarines	4	4	4
Surface Combatants	101	105	111
Nuclear Attack Submarines	54	52	52
Amphibious Warfare Ships	33	31	32
Combat Logistics Ships	30	31	31
Mine Warfare Ships	16	14	14
Support Ships	16	17	17
<b>Battle Force Ships</b>	<b>280</b>	<b>279</b>	<b>286</b>

### *Active Forces*

The Department is determined to ensure the full readiness of the carrier strike groups (CSGs) and expeditionary strike groups (ESGs) that have been instrumental in the prosecution of the Global War on Terrorism.



For FY 2008, deployed ship operations are budgeted to maintain highly ready forces, prepared to operate jointly to perform the full-spectrum of military activities, and to meet forward deployed commitments in support of the National Military Strategy. The FY 2008 budget request supports the Fleet Response Plan (FRP),

enabling ships to surge and reconstitute rapidly. The Department is now ready to provide six CSGs within the first 30 days of a potential conflict and one additional carrier group within the next 90 days. The Department of the Navy will support these goals and respond to global challenges while budgeting for peace time offsets and planning for 45 underway days per quarter of the active operational tempo (OPTEMPO) for deployed forces and 22 underway days per quarter for non-

deployed forces as required. The FY 2007 President's Budget request funded steaming days for deployed forces at 36 days per quarter, which assumed unacceptable risks to readiness. To mitigate these risks the FY 2008 budget increases steaming days for deployed forces to 45 days per quarter. The deployed steaming days goal remains at 51 days per quarter, which meets the peacetime requirements of Combatant Commanders. The FY 2008 GWOT request contains funding for deployed forces to meet this goal.

The budget reduces non-deployed steaming days from 24 in FY 2007 to 22 in FY 2008 in anticipation of improved training methods and an increased reliance on simulation exercises. Non-deployed OPTEMPO provides primarily for the training of Fleet units when not deployed, including participation in individual unit training exercises, multi-unit exercises, joint exercises, sustainment training, and various other training exercises. The extension of the training period under FRP allows for a reduction in non-deployed OPTEMPO while maintaining a combat ready and rapidly deployable force.

### ***Reserve Forces***

The Navy Reserve will complete the transfer of Mine Countermeasure (MCM) forces to the active component in FY 2009. This transfer supports the forward deployment of MCM ships as part of the Fleet Response Plan (FRP). Nine Navy Reserve Frigates (FFGs) remain in the Battle Force to support fleet operations and exercises under the operational control of Commander, Fleet Forces Command.

***Figure 16 – Significant Navy Reserve Force Factors***

	FY 2006	FY 2007	FY 2008
Surface Combatants	9	9	9
Mine Warfare	5	4	2
<b>Reserve Battle Force Ships*</b>	<b>14</b>	<b>13</b>	<b>11</b>
<b><u>Steaming Days Per Quarter</u></b>			
Surface Combatants	18	18	18
Mine Warfare	18	18	18

\* Also included in Figure 15

## Mobilization

Providing rapid response to contingencies is an ever increasing need. The Navy's Mobilization forces, displayed in Figure 17, are resourced to provide this needed capability throughout the world. The preposition ship squadrons are forward deployed in key ocean areas to provide the initial military equipment and supplies for a contingency. The prepositioned response is followed by the surge ships, which are maintained in a Reduced Operating Status (ROS) from four to thirty days. The number of days indicates the time from ship activation until the ship is available for tasking. Only ROS-4 and ROS-5 ships are considered in the surge capacity in Figure 17.

**Figure 17 – Strategic Sealift**

	FY 2006	FY 2007	FY 2008
<b><u>Prepositioning Ships:</u></b>			
Maritime Prepo Ships (O&M,N)	16	16	16
USPACOM Ammo Prepo (O&M,N)	1	1	1
Army Prepo Ships (O&M,A)	10	10	6
Air Force Prepo Ships (O&M,AF)	4	4	4
DLA Prepo Ships (DWCF)	2	1	1
<b><u>Surge Ships:</u></b>			
Aviation Logistics Support (NDSF)	2	2	2
Hospital Ships (NDSF)	2	2	2
Fast Sealift Ships (NDSF)	8	8	8
Ready Reserve Force Ships (NDSF)	48	44	44
Large Medium-Speed RORO Ships (NDSF)	11	11	11
Prepositioning Capacity (millions of square feet)	5.7	5.7	4.0
Surge Capacity (millions of square feet)	9.0	9.0	9.0
Total Sealift Capacity (millions of square feet)	14.7	14.7	13.0

Each of three Maritime Prepositioning Ships (MPS) squadrons supports a Marine Expeditionary Brigade for 30 days. Operating costs of prepositioning ships and exercise costs for surge ships are reimbursed to the National Defense Sealift Fund (NDSF) by the operations account of the requiring Defense component, as noted parenthetically in Figure 17. The biennial exercise costs of the hospital ships and aviation maintenance ships are reimbursed out of the DON operation and maintenance appropriations, which also fund the daily operating costs of the Maritime Prepositioning Ships (MPS).

The Army no longer has a requirement for four of the ten Prepositioned Large Medium Speed RO/RO (LMSR) ships. Starting in FY 2008 these ships will be returned to Navy to be maintained in a reduced operating status (ROS) and resourced in the National Defense Sealift Fund. The status change of the four LMSR ships reduces prepositioned capacity by 1.7 million square feet. These ships are not counted towards the surge capacity due to their 30-day ROS. The Army LMSR ships will remain in a ROS status to support future contingencies.

The Defense Logistics Agency (DLA) prepositioning ships are Offshore Petroleum Distribution System (OPDS) ships. DLA is moving away from having organic ships dedicated to this requirement and is substituting a contracted system. DLA used to have four ships for the OPDS requirement: 2 in prepositioning for DLA, one in ROS-5 and one in RRF-10 (both at MARAD).

The eight Fast Sealift Ships (FSS) and eleven Navy LMSRs are maintained in a four-day ROS and provide the initial surge sealift capacity required to transport combat forces from CONUS to an area of operations to satisfy warfighting requirements.

Two hospital ships, the USNS *Mercy* and the USNS *Comfort*, are maintained in a five-day ROS and provide the initial surge hospital capability to support warfighting, humanitarian efforts, and Operations Other Than War. Readiness training for each of the two naval hospital ships occurs alternately every two years. In FY 2007, the USNS *Mercy* will be activated for a 25-day mission biennial fleet exercise to test its mobilization readiness. As a part of its Global War on Terrorism strategy, the Navy deployed the USNS *Mercy* hospital ship to Southwest Asia during FY 2006. This deployment was a joint civil-military operation to provide valuable humanitarian assistance (direct medical services and preventive medical care) to medically underserved communities throughout the region. A humanitarian mission for the USNS *Comfort* is also planned in FY 2007.



The Ready Reserve Force (RRF) budget is based upon the conclusions of the 2005 Mobility Capabilities Study (MCS) and subsequent requirements review and determination by Navy and USTRANSCOM. The study and review indicated required readiness levels for the RRF ships. The funding level meets required readiness and allows the ships to activate in time to deliver cargo to a given area of operations and satisfy Combatant Commanders' critical warfighting requirements. Further joint review by Navy and USTRANSCOM indicated that 11 lower priority

ships could be downgraded to the National Defense Reserve Fleet (NDRF) by the end of FY 2006. An additional six ships were determined to be downgraded to the NDRF across FY 2008 through FY 2010. These reductions increase risk starting in FY 2007 by creating a 300,000 sq ft RO/RO and 90,000 barrel petroleum capacity shortfall. This follow-on ship capacity risk does not change the surge capacity in Figure 17. The risk is addressed with a cost saving approach to initiate a shipping contingency contract to qualified ship operating companies. The companies will provide the RO/RO capacity shortfall upon demand with set readiness requirements. A similar contingency contract program to be administered by Military Sealift Command (MSC), will provide the required tanker capacity to replace the three RRF T-1 tankers currently sited in Japan.

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### *Ship Maintenance*

The Department's FY 2008 ship maintenance budget reflects all four of its public shipyards as mission funded in Operation and Maintenance. This initiative is effectively supporting the Fleet Response Plan by allowing Fleet Commanders, rather than fleet support activities, to control maintenance priorities. Specifically, the fleets are better serving the warfighter by allocating work quickly and efficiently to ships that are required to surge by focusing all available resources. Additionally, mission funding will maintain cost visibility and performance accountability and provide a consistent financial system across all ship maintenance activities, leading to improved efficiency and cost consciousness. The Department's active ship maintenance budget supports 96 percent of the notional O&M maintenance projection in FY 2008 as displayed in Figure 18. In these years 100 percent of the projected work on refueling overhauls is funded.



The following concepts outline the strategy to support both current and future readiness:

- *SHIPMAIN* - a "best business" practice that is changing the culture of getting ship repair work completed in a one-step process. Through new procedures, SHIPMAIN implements a refined process that eliminates time lags, prioritizes ship jobs, and empowers surface-ship Sailors in the maintenance decisions that involve their own ships.

- *One Shipyard for the Nation* - an approach to best utilize the Nation's public and private nuclear shipyards and contractor support. It capitalizes on the ability to mobilize fleet support infrastructure across the board, and to rise to meet fleet demands in a time of war.
- *Regional Waterfront Maintenance Integration* - continued consolidation of depot and intermediate ship maintenance facilities forming Regional Maintenance Centers. Consolidating waterfront infrastructure eliminates redundancy in mission and administration while establishing a single pierside maintenance activity to support Sailors and their ships.
- *Multi-Ship/Multi-Option Contracts* - allows the executing agency to better plan work and take advantage of best repair capabilities. They will provide long-term vendor relationships throughout a ship's training, deployment, maintenance, and modernization cycles in order to reduce costs through the benefits of advanced planning.

The Nation's ship repair base, which includes public and private shipyards, has the capacity to execute the FY 2007 and FY 2008 ship maintenance as well as deferred maintenance amounts reflected in Figure 18. Annual deferred maintenance is work that was not performed when it should have been due to fiscal constraints. This includes items that were not scheduled or not included in an original work package due to fiscal constraints, but excludes items that arose after a ship's last maintenance period. As the execution year progresses, the workload can fluctuate, impacted by factors such as growth in scope and new work on maintenance availabilities, changes in private shipyard cost and shipyard capacity. While some amount of prior years' deferred maintenance may be executable in following years (depending on deployment schedules and shipyard capacity), the numbers in Figure 18 reflect only those individual years' deferred maintenance, not a cumulative amount and do not reflect the availability of supplemental funding.



**Figure 18 – DON Ship Maintenance**

<i>(Dollars in Millions)</i>	FY 2006	FY 2007	FY 2008
<b>Active Forces</b>			
Ship Maintenance	4,276	3,826	4,416
Depot Operations Support	851	928	1,082
<b>Total: Ship Maintenance (O&amp;MN)</b>	<b>\$5,127</b>	<b>\$4,754</b>	<b>\$5,498</b>
<b>Percentage of Projection Funded</b>	100%	96%	96%
<b>Annual Deferred Maintenance</b>	\$27	\$136	\$182
CVN Refueling Overhauls (SCN)	1,320	1,067	297
SSN Refueling Overhauls (SCN)	-	-	-
SSBN Refueling Overhauls (SCN)	288	225	230
<b>Total: Ship Maintenance (SCN)</b>	<b>\$1,608</b>	<b>\$1,292</b>	<b>\$527</b>
% of SCN Estimates Funded	100%	100%	100%
<b>Reserve Forces</b>			
Ship Maintenance	75	68	41
Depot Operations Support	0	1	1
<b>Total: Ship Maintenance (O&amp;MNR)</b>	<b>\$75</b>	<b>\$69</b>	<b>\$42</b>
<b>Percentage of Projection Funded</b>	100%	100%	78%
<b>Annual Deferred Maintenance</b>	\$0	\$0	\$12

Note: Totals may not add due to rounding.

## AIR OPERATIONS

### Active Tactical Air Forces



The budget provides for the operation, maintenance, and training of ten active Navy carrier air wings (CVWs) and three Marine Corps air wings as displayed in Figure 19. Naval aviation is divided into three primary mission areas: Tactical Air/Anti-Submarine Warfare (TACAIR/ASW), Fleet Air Support (FAS), and Fleet Air Training (FAT). TACAIR squadrons conduct strike operations, provide flexibility in



dealing with a wide range of threats identified in the National Military Strategy, and provide long range and local protection against airborne and surface threats. ASW squadrons locate, destroy, and provide force protection against sub-surface threats, and conduct maritime surveillance operations. FAS squadrons provide vital fleet logistics and intelligence support. In FAT, the Fleet Replacement Squadrons (FRS) provide the necessary training to allow pilots to become proficient with their specific type of aircraft and transition to fleet operations.

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### ***Reserve Air Forces***

Reserve aviation forces will continue to provide vital support to the active force in FY 2008. The reserves provide the Department's adversary and overseas logistics requirements and perform a significant portion of the electronic warfare, special operations support, and counter-narcotics missions. The Navy Reserve also provides support to the active force through participation in various exercises and mine warfare missions.

**Figure 19 – DON Aircraft Force Structure**

	FY 2006	FY 2007	FY 2008
<b><u>Active Forces</u></b>	<b>21</b>	<b>21</b>	<b>21</b>
Navy Carrier Air Wings	10	10	10
Marine Air Wings	3	3	3
Patrol Wings	4	4	4
Helicopter Anti-Submarine Light Wings	2	2	2
Helicopter Combat Support Wings	2	2	2
<b><u>Reserve Forces</u></b>	<b>5</b>	<b>4</b>	<b>4</b>
Navy Carrier Air Wing/Tactical Support Air Wing	1	1	1
Patrol Wing	1	-	-
Helicopter Wing	1	1	1
Logistics Support Wing	1	1	1
Marine Air Wing	1	1	1
<b><u>Primary Authorized Aircraft (PAA) - Active</u></b>	<b>2,330</b>	<b>2,275</b>	<b>2,274</b>
Navy	1,336	1,292	1,301
Marine Corps	994	983	973
<b><u>Primary Authorized Aircraft (PAA) - Reserve</u></b>	<b>370</b>	<b>361</b>	<b>328</b>
Navy	199	193	180
Marine Corps	171	168	148
<b><u>Total Aircraft Inventory (TAI)</u></b>	<b>2,886</b>	<b>2,800</b>	<b>2,844</b>
Active	2,516	2,439	2,516
Reserve	370	361	328

### ***Aircraft OPTEMPO***



As discussed in previous sections, the Department utilizes the Fleet Response Plan (FRP). The FRP will allow for a varying T-2.5 readiness level across the notional Inter-Deployment Readiness Cycle (T-1.7 while deployed, T-2.0 pre-deployment, T-2.2 post-deployment, and T-3.3 during the maintenance/training phase). The FY 2008 budget supports an average rating of T-2.5, and

will achieve a “6+1” surge readiness level. As in FY 2007, it is anticipated that operational requirements will continue to exceed peacetime levels in FY 2008.

The flying hour program has been priced using the most recent cost per hour experience, including higher costs for fuel and aviation consumables. The Department is experiencing lower costs in Aviation Depot Level Repairables through BRAC consolidation efforts known as the Fleet Readiness Center Initiative.

FRS operations are budgeted at 94 percent in FY 2008, achieving the goal of student level training requirements and enabling pilots to complete the training syllabus. Student levels are established by TACAIR/ASW force level requirements, aircrew personnel rotation rates, and student output from the undergraduate pilot/naval flight officer training program. Figure 20 displays flying hour readiness indicators. In FY 2008 FAS is funded to provide sufficient hours to meet 98 percent of the total notional hours required.

Navy Reserve aviation will play an effective and vital role within the Naval Air Force during FY 2008. In addition to providing 100 percent of the Department’s intra-theater logistics airlift support and 80 percent of its adversary operations, reserve aircrews and maintenance personnel train Naval Aviators, conduct in-theater counter-narcotics operations, and deploy overseas to conduct Electronic Warfare, Special Operations Support, Maritime Patrol and Mine Warfare missions in direct support of the Global War on Terror.

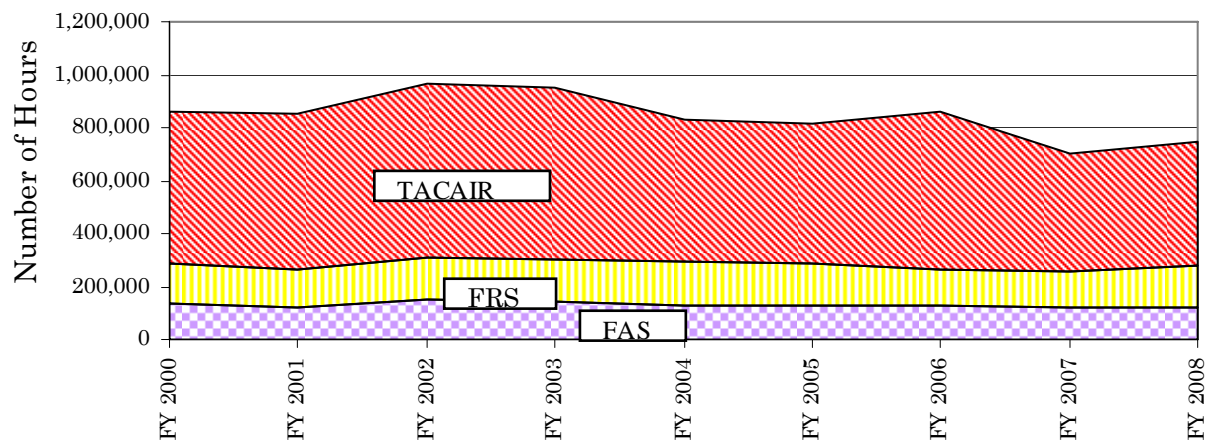


The Navy Reserve operates alongside the active component in Carrier Air Wing workups and exercises around the globe. The Navy Reserve is budgeted at 95 percent of the notional hours in FY 2008, as shown in Figure 20. The level of funding provided is sufficient to allow Navy Reserve aircrews to meet minimum flight time requirements and maintain readiness in all mission areas. Figure 21 displays historical flying hours.

**Figure 20 – DON Flying Hour Program**

	FY 2006	FY 2007	FY 2008	GOAL
<b>Active</b>				
TACAIR- Navy	T-2.3	T-2.7	T-2.5	T-2.5
TACAIR – Marine Corps	T-2.0	T-2.0	T-2.0	T-2.0
Fleet Replacement Squadrons (%)	83%	85%	94%	94%
Fleet Air Support (%)	94%	97%	98%	98%
Monthly Flying Hours per Crew (USN & USMC)	23	17.5	18.7	18.8
<b>Reserve</b>				
Reserve - Navy	T-2.4	T-2.8	T-2.6	T-2.6
Reserve – Marine Corps	T-2.4	T-2.6	T-2.6	T-2.6
Reserve Squadrons (%)	73%	86%	95%	98%
Monthly Flying Hours per Crew (USNR & USMCR)	13.2	11.8	12.9	12.9

**Figure 21 – Historical Flying Hour Trends**



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## *Aircraft Depot Maintenance*

The active and reserve aircraft depot maintenance programs fund repairs, conversions and overhauls, within available capacity, to ensure that a sufficient quantity of aircraft are available to operational units. The readiness-based model determines airframe and engine maintenance requirements based on squadron inventory authorization necessary to execute assigned missions. The goal of the airframe rework program is to provide enough airframes to meet 100% of Primary Authorized Aircraft (PAA) for deployed squadrons and 90% PAA for non-deployed squadrons. The engine rework program objective is to obtain zero bare firewalls and fill 90% of authorized spare requirements for each engine type/model/series by returning engines/modules to a Ready-for-Issue (RFI) status. Other depot maintenance includes the repair of aeronautical components for aircraft systems and equipment under direct contractor logistics support.



The FY 2008 budget provides optimized capability within fiscal constraints. Deployed squadrons have 100% of their PAA to meet requirements prior to and during deployment, and engines meet the zero bare firewall goal in FY 2008, aided by engineering improvements to increase time on wing. Non-deployed squadrons and engine sparing goals assume minimal risk. Figure 22 displays the funding and readiness indicators for aircraft Depot maintenance.

The AIRSpeed aviation strategy continues to focus on reducing the cost of business, increasing productivity, and improving customer satisfaction in order to support ready-for-tasking aircraft in a cost-wise readiness manner. For example, the F/A-18 A-D engine maintenance program has adapted to its fewer flying hours by decreasing the number of sites from nine intermediate maintenance sites to only three, which has allowed better oversight and management, less variance in repair quality, more time on wing, and reduced manpower and footprint.

**Figure 22 - DON Aircraft Depot Maintenance**

<i>(Dollars in Millions)</i>	FY 2006	% at Goal	FY 2007	% at Goal	FY 2008	% at Goal
<b>Active Forces</b>						
Airframes	660		516		583	
Engines	313		294		334	
Other Components	96		85		101	
<b>Total: Active Aircraft Depot Maintenance</b>	<b>\$1,069</b>		<b>\$895</b>		<b>\$1,018</b>	
<b>Airframes - Active Forces</b>						
Deployed Squadrons meeting goal of 100% PAA	145	100%	143	100%	141	100%
Non-Deployed Squadrons meeting goal of 90% PAA	146	100%	128	88%	117	79%
<b>Engines - Active Forces</b>						
Engine TMS meeting Zero Bare Firewall goal	36	97%	36	97%	36	100%
Engines TMS meeting RFI Spares goal of 90%	56	77%	56	77%	61	85%
<b>Reserve Forces</b>						
Airframes	111		95		85	
Engines	40		36		36	
<b>Total: Reserve Aircraft Depot Maintenance</b>	<b>\$151</b>		<b>\$131</b>		<b>\$121</b>	
<b>Airframes - Reserve Forces</b>						
Non-Deployed Squadrons meeting goal of 90% PAA	69	100%	51	84%	42	74%
<b>Engines - Reserve Forces</b>						
Engine TMS meeting Zero Bare Firewall goal	21	100%	21	100%	20	100%
Engine TMS meeting RFI spares goal of 90%	36	86%	36	86%	36	88%

Note: Totals may not add due to rounding.

## MARINE CORPS OPERATIONS

### Active Operations

In the FY 2008 budget, the United States is responding to a wide range of challenges across the globe, including fighting the Global War on Terrorism, rebuilding Iraq into a peaceful, productive member of the world community, and preventing the spread of weapons of mass destruction. In this era, the Nation needs forces that are highly mobile, flexible, and adaptable. These characteristics define the Marine Corps, and they must continue to do so in the future.



The President has approved an increase in end strength to 202,000 over the next five years to posture the Marine Corps for the long war and relieve deployment strain resulting from GWOT operations. Personnel policies, organizational constructs, infrastructure, equipping/resetting the force and training support must all be adjusted to sustain this end strength increase. The FY 2008 budget enhances the Marine Corps mobility, flexibility, and adaptability with an increase in the number and type of joint and multinational exercises as well as irregular warfare training. The increase in the number and types of joint and multinational training will augment the Marine Corps current capability to coordinate with all United States military forces as well as function with multinational forces to address future threats. Additionally, the Marine Corps took major steps towards establishing irregular warfare training within its baseline funding in accordance with SPG guidance. Irregular warfare training efforts include the exercise Mojave Viper, the Center for Advanced Operational Cultural Learning (CAOCL), Security Cooperation Education and Training Center (SCETC) Advisor Training, as well as Training Transformation efforts. Together these new training initiatives will ensure Marine forces receive proper operational familiarization prior to deploying into future combat operations. These additional training efforts provide the agility necessary to allow the training continuum to keep pace with the dynamic nature of irregular warfare.

The FY 2008 budget continues to support the Marine Corps Special Operations Command (MARSOC) which was established in FY 2006. The MARSOC is the Marine Corps Component to the Commander, United States Special Operations Command (USSOCOM), a Unified Combatant Commander. The MARSOC will perform the Title X functions of manning, organizing, training, and equipping Marine Special Operations Forces (MARSOFF) to accomplish its mission. The MARSOC headquarters will be responsible for identifying Marine Special Operations-peculiar requirements; to develop Marine SOF tactics, techniques, procedures, and doctrine; and to execute assigned missions in accordance with designated conditions and standards. The MARSOC will perform missions in challenging environments to the exacting conditions and demanding standards determined by USSOCOM. It will provide foreign military training, Special Reconnaissance (SR), Direct Action (DA), and Foreign Internal Defense (FID) capabilities. MARSOC will reach Full Operational Capability by 2010 with a projected end-strength of 2,600 personnel.



The operation and maintenance budget supports the Marine Corps operating forces, comprised of three active Marine Expeditionary Forces (MEFs). Each MEF consists of a command element, one infantry division, one air wing, and one mobile logistics group. This budget provides for training and equipment maintenance so that Marine Corps Force Commanders can provide combat ready forces to the Combatant Commanders. The Marine Corps is establishing two additional Infantry Battalions. MEFs provide a highly trained, versatile expeditionary force capable of rapid response to global contingencies. The inherent flexibility of the MEF organization, combined with Maritime Prepositioning Force (MPF) assets, allows for the rapid deployment of appropriately sized and equipped forces. These forces possess the firepower and mobility needed to achieve success across the full operational spectrum in either joint or independent operations. Embedded within each MEF is the capability to source a Marine Expeditionary Brigade (MEB).

**Figure 23 – DON Marine Corps Land Forces**

	FY 2006	FY 2007	FY 2008
Number of Marine Expeditionary Forces	3	3	3
Number of Marine Expeditionary Brigades	3	3	3
Number of Active Battalions	49	51	51
Number of Reserve Battalions	20	20	20

### ***Reserve Operations***

This budget supports a Marine Reserve Force that includes the Fourth Marine Division, the Fourth Marine Aircraft Wing, the Fourth Force Service Support Group, and the Mobilization Command created by the merger of the Marine Corps Support Activity and the Marine Corps Reserve Support Command. The Department's FY 2008 budget ensures that the readiness of the reserve force will be maintained by providing increased funding for training, base support, and the operation and maintenance of equipment.

### ***Ground Equipment Depot Maintenance***

Repair/rebuild is accomplished on a scheduled basis to maintain the readiness of the equipment inventory necessary to support operational needs. Items programmed for repair are screened to ensure that a valid stock requirement exists and that the repair or rebuild of the equipment is the most cost effective means of satisfying the

requirement. This program is closely coordinated with the efforts funded in the Procurement, Marine Corps appropriation to ensure that the combined repair/procurement program provides a balanced attainment of inventory objectives for major equipment. Thus, the specified items to be rebuilt, both principal end items and components, are determined by a process which utilizes cost-benefit considerations as a prime factor. The rebuild costs for each item are updated annually on the basis of current applicable cost factors at the performing activities.

**Figure 24 – Marine Corps Ground Equipment Depot Maintenance**

	FY 2006		FY 2007		FY 2008	
	\$	% of Rqmt	\$	% of Rqmt	\$	% of Rqmt
<b>Active Forces</b>						
Combat Vehicles	243.7	78%	47.3	21%	55.8	19%
Tactical Missiles	8.6	36%	0.0	0%	0.1	4%
Ordnance	17.6	76%	0.3	2%	1.9	9%
Electrical Communication	26.9	87%	5.9	26%	3.2	14%
Engineering	36.0	76%	2.3	13%	2.1	10%
Automotive Equipment	39.3	51%	32.1	45%	8.1	5%
<b>Total Active Forces</b>	<b>372.1</b>	<b>72%</b>	<b>87.9</b>	<b>25%</b>	<b>71.2</b>	<b>14%</b>
<b>Reserve Forces</b>						
Combat Vehicles	11.5	78%	10.1	52%	9.0	43%
Ordnance	0.3	16%	-	-%	0.7	46%
Electrical Communication	-	-%	0.0	2%	0.0	13%
Engineering	0.4	12%	1.7	40%	0.3	15%
Automotive Equipment	1.5	65%	1.9	74%	0.7	43%
<b>Total Reserve Forces</b>	<b>\$13.7</b>	<b>58%</b>	<b>\$13.7</b>	<b>44%</b>	<b>\$10.8</b>	<b>40%</b>
<b>Total Active &amp; Reserve Forces</b>	<b>385.8</b>		<b>101.5</b>		<b>82.4</b>	

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## SECTION V- DEVELOPING 21<sup>ST</sup> CENTURY LEADERS

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### OVERVIEW

The development and retention of quality people are vital to our continued success. America's naval forces are combat-ready largely due to the dedication and motivation of individual Sailors, Marines, and civilians. The Department is committed to taking care of our Total Force, which includes Sailors, Marines, Civilians and Contractor Support Services by sustaining our quality of service/quality of life programs, including training, compensation, and promotion opportunities, health care, housing, and reasonable operational and personnel tempo. Quality of life and quality of service are key factors in attracting and retaining highly-motivated and qualified personnel. The Department continues to focus on three fronts: recruiting the right people, retaining the right people, and achieving targeted attrition. We continue to dedicate resources to those programs best suited to ensuring the proper combination of grade, skill, and experience in the force – the *right* person for the *right* job at the *right* time and place with the *right* education and the *right* skills.

Military personnel FY 08 budget estimates include a basic pay raise of 3.0 percent. We have funded various bonus programs to ensure success in meeting budgeted strength levels. As a result of increased efficiencies ashore and a reduction in legacy force structure, the Navy continues to budget reduced strength levels in FY 08. All assigned missions can be accomplished with this level as a result of force structure changes, efficiencies gained through technology, altering the workforce mix, and new manning practices. Additionally, work continues on providing core Navy competencies throughout the Total Force. The Marine Corps baseline strength will grow to meet the demands of the Long War while undergoing military to civilian conversions to reassign supporting establishment billets to deployable forces, providing scalable and interoperable forces to ensure continued readiness. Congress has authorized additional strength for the Marine Corps, and the Department will separately fund such requirements in supplemental requests as they continue.

The training of Sailors, Marines, and the civil service workforce is critical to the implementation of transformational initiatives, delivering qualified personnel to the right place at the right time. The Department is transforming naval personnel force by creating modern human resource systems to achieve the objectives of *Sea Power 21* and *the Commandant's Planning Guidance*. Utilizing advanced technologies, the Department is shifting from the traditional schoolhouse classroom approach to the

use of simulators, trainers, computer-based interactive curriculums, and other media-based approaches. This initiative provides the Total Force with appropriate training, accommodates the demand in a more efficient manner, and identifies and delivers personnel capable of performing critical tasks to a smaller, more complex Navy.

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## **MILITARY PERSONNEL**

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### ***Active Navy Personnel***

We have invested in recruiting, retaining, and training Navy personnel to create an environment that offers opportunity, promotes personal and professional growth, and provides the kind of workforce needed for the 21<sup>st</sup> century. With few exceptions, we have achieved the necessary manning status for all deploying strike group units at least six months prior to deployment.

The Navy's mission is to organize, train, maintain, and equip combat-ready naval forces capable of: winning the GWOT and any other conflict; deterring aggression by would-be foes; preserving freedom of the seas; and promoting peace and security. The most important element in carrying out our mission is people. Our



Navy people – military, both active and reserve; civilian, both government civilians and contractors; and our families bring dedication, patriotism, strength, unity of effort and diversity of talent and culture to our Navy. Our people are critical to our success; the Navy Manpower, Personnel, Training and Education (MPT&E) Strategic Plan defines the transformation that Navy will undergo over the next

decade to ensure we recruit, develop, manage and deploy the personnel capabilities required by the changing warfighting environment. The strategy will help guide the Navy to develop a capability-driven, competency-focused, diverse Total Workforce that is agile, cost-effective, and responsive to Joint mission requirements in an uncertain future. The competency-focused workforce will align individual knowledge and abilities to demands. Navy will align organizations, strategies, polices and processes, in order to recruit, retain, and motivate people. Navy will set performance expectations against measurable organizational goals in order to maximize contributions from every individual while providing opportunities for growth and work-life balance.

The MPT&E Strategic Plan and subsidiary enterprise and community-level strategic plans will ensure alignment across the Navy enterprise while we meet the challenges outlined in the Quadrennial Defense Review's Managing People chapter, the Department of the Navy's Human Capital Strategy, CNO Guidance for 2006 and 2007, and the Navy's Strategic Plan. The strategic planning that results from alignment of these capstone documents will become a repeatable practice that provides continuity and consistency throughout planning cycles. Personnel readiness improvement is the important outcome of all these efforts.

The MPT&E Strategic Plan begins to move our Navy toward a capability-based and competency-driven workforce that develops and sustains the critical competencies necessary to support our expanding role in the Global War on Terror, Homeland Defense, and stability operations. We must also determine the future force – in terms of capabilities, size, and mix – required to assure our allies and friends, and dissuade, deter and/or defeat our enemies. While we address our skill imbalances we will also focus and improve our efforts in the talent marketplace to achieve a more diverse workforce. We will link and leverage Sea Warrior systems and National Security Personnel System processes to achieve an agile and robust Total Force personnel system that rewards performance and can quickly respond to emerging competency demand signals.

Ultimately, our strategy is about on time delivery of the best value workforce – specifically the right component of the workforce to the right place with the right competencies to support Joint and Navy mission accomplishments.

Recruiting continues to meet the manpower needs of the Navy. Active Navy recruiters continue to meet their monthly shipping and new contract mission goals; however, an improving economy, lower than anticipated unemployment rates, and stiffer competition for specific abilities and skills are making these missions more difficult. Active Navy has met its monthly shipping goals for 60 consecutive months while sustaining the high quality of Sailors being sent to the fleet. Recruit quality in fiscal year 2006 was 95 percent High School Graduates, 70 percent Test Score Category I-III A and 13 percent with some college experience. We will increase the number of E-4 to E-9 (Top 6) to 73.3 percent in FY 08 to continue to retain more of our experienced leaders and maintain advancement opportunities.



The Navy has increased accession goals to prepare for the leveling off of Navy’s manpower reductions. Beginning to increase the accession mission will prevent dipping below the desired end strength levels and recreating the workforce imbalances of the 1990s. The active enlisted accession mission for FY 07 is 37,000 with an increase to 39,000 in fiscal year 2008. The size of the Delayed Entry Program (DEP) has increased along with the accession mission as a result of Navy’s target to begin each fiscal year with 55 percent of the accession mission identified and contracted into the DEP. The DEP is a tool to manage the flow of recruits into boot camp in spite of the seasonality of the recruiting market. An appropriately sized DEP better ensures meeting the overall accession mission and in particular the individual ratings and specialized skills goals such as Navy Special Warfare and Navy Special Operations, which have seen increased requirements due to the Global War on Terror. Navy has reacted to the increased requirements in specialized skills with increased enlistment bonuses, which will attract more recruits to these programs, and by utilizing Naval Special Warfare/Naval Special Operations coordinators and mentors at each recruiting district to ensure that recruits are well prepared for the rigorous physical requirements before they ship to boot camp.

The figures below provide summary data on active Navy personnel strength, recruiting/accessions, reenlistments, attrition, and a review of the trends during the last four budgets.

**Figure 25 - Active Navy Personnel Strength**

	FY 06	FY 07	FY 08
Officers	51,943	51,269	51,266
Enlisted	293,818	281,918	272,834
Midshipmen	4,436	4,413	4,300
<b>Total: Strength</b>	<b>350,197</b>	<b>337,600</b>	<b>328,400</b>
Enlisted Accessions	36,656	37,000	39,000
Percent High School Graduates	95%	95%	95%
Percent above average Armed Forces Qual Test	70%	70%	70%



**Figure 26 – Active Navy Recruiting Productivity**

	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>
# of Recruiters	3,665	4,000	4,000
# of Recruits (New Contracts)	35,230	35,825	40,000
# of Recruits per Recruiter	9.6	9.0	10.0
Size of Delayed Entry Program (DEP) (Beginning of FY)	21,491	20,065	18,890
Accession mission	36,656	37,000	39,000
Size of DEP as percent of accessions	58.6%	54.2%	48.4%

**Figure 27 – Navy Enlisted Reenlistment Rates**

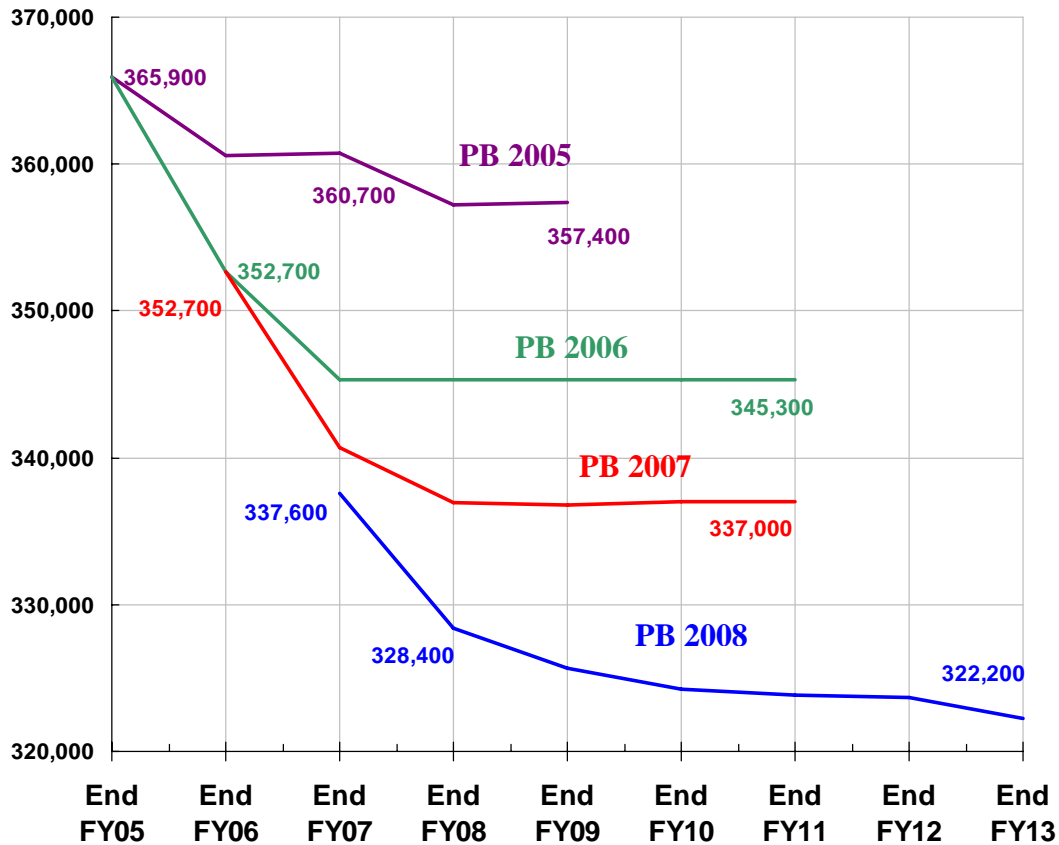
	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>Steady State Goal</u>
Zone A (<6 years)	51.4%	50%	50%	53%
Zone B (6 to 10 years)	58.9%	60%	58%	61%
Zone C (10 to 14 years)	82.0%	80%	83%	85%

Note: Strength Plans categorize reenlistments as First Term (Zone A) and Career. Zones B and C rates derived using extrapolated Center for Career Development historical data.

**Figure 28 - Navy Enlisted Attrition**

	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>
Zone A (<6 years)	8.45%	8.5-9.0%	8.5-9.0%
Zone B (6 to 10 years)	2.67%	2.5-3.0%	2.5-3.0%
Zone C (10 to 14 years)	1.52%	1.5-2.0%	1.5-2.0%

Figure 29 – Active Navy Manpower Trend



*Reserve Navy Personnel*



The Navy Reserve continues to invest in recruiting, retention, and training while achieving full integration between our Active and Reserve Components. The Navy Reserve Force provides mission-capable units and individuals to the Navy and Marine Corps Team through the full range of operations from peace to war. The FY 08 budget supports Navy Reserve strength

levels of 70,500 at the beginning of FY 07 decreasing to 67,800 at the end of FY 08, providing pay and allowances for drilling Navy Reservists and Full Time Support (FTS) personnel.

The Navy Reserve has leveraged National Defense Authorization Act incentives to best distribute Sailors within the total force. Based on the recent success of the New Accession Training (NAT) Program, this budget supports a large increase in the number of Navy Reserve personnel participating in the Navy's full boot camp at Recruit Training Center in Great Lakes, Illinois. After graduation from boot camp and, in most cases, formal 'A' school training within their specialty rating, these Sailors will serve as Seabees, hospital corpsmen, members of aircrews, members of Joint Task Force staffs, civil affairs coordinators, customs inspectors, and general relief workers during disaster recovery operations in the United States and around the world. The Navy Reserve's goal is to become a better aligned force in keeping with Department of Defense and Department of the Navy strategic guidance, while providing fully integrated operational support to the Fleet. Meanwhile, the Navy continues to validate new mission requirements and an associated billet structure for its Reserve Force to meet the capability requirements of the future. The ongoing process of Active-Reserve Integration will, for example, lead to the deactivation of Patrol Squadron 92, the divestiture of six Inshore Boat Units, while realigning the associated manpower to other mission requirements, and the reorganization of the 1<sup>st</sup> Naval Construction Division. Additionally, the number of personnel available for Surge Maintenance will increase and this new capability will improve the Navy's response time to periodic surges in demand for shipyard maintenance personnel.

### **A "Sailor for Life" Continuum of Service**

The Chief of Navy Personnel has articulated his Total Force Paradigm as "Active Component (AC) Retention or Reserve Affiliation." This comment aligns well with the Continuum of Service, which is an essential element of providing a dynamic and capable work force. Continuum of Service is the paradigm by which a Sailor may serve and Reserve over the course of a lifetime. This 'Sailor for Life' philosophy removes administrative and policy impediments, allowing flexibility to move between statuses, manage a civilian career, pursue advanced education, and account for unique life-circumstances. In other words, we will enable Sailors to take 'off ramps' and 'on ramps' with seamless transitions. This framework also provides the taxpayer with a better return on investment by extending the ability of the Sailor to serve, thereby taking advantage of military and civilian training and experience. Simply stated, a well developed Continuum of Service will create a Sailor for Life, always ready to surge in support of our national interests and defense.

This concept is critical in developing and maintaining Reserve Component Sailors who are ready to deliver the right capability at the right place at the right time.

Current employment and compensation strategies that are designed around a 20-year career do not serve to provide a Total Navy workforce for the future, and must be addressed. Americans are living longer lives and are more capable to serve later in life. In fact, we have had many Total Force personnel over the age of fifty or even sixty from all services continuing to serve in the GWOT. The Navy’s 21<sup>st</sup> century workforce demands Sailors with more highly specialized and less readily available skill sets. Future strategies will be designed to create flexibility for managed growth, to include incentives to retain a more senior, highly qualified workforce. Additional strategies for growth will be enabled through flexibility in statutory ceilings.

The Navy Reserve will continue its transformation toward improved worldwide combat support and combat service support specializing in predictable and periodic mission types as can be seen in the Global War on Terrorism. Its precisely aligned capabilities provide targeted, ready and fully integrated support to the Fleet. Figure 30 provides a summary of strength for Reserve Navy Personnel.

**Figure 30 - Reserve Navy Personnel Strength**

	FY 06	FY 07	FY 08
Drilling Reserve	57,413	58,736	56,220
Full Time Support	13,087	12,564	11,580
<b>Total: Strength</b>	<b>70,500</b>	<b>71,300</b>	<b>67,800</b>

<b><u>Also refer to Appendix B for more information:</u></b>	<b><u>Table</u></b>
Military Personnel, Navy	B-1a
Medicare-Eligible Retiree Health Fund Contribution, Navy	B-1b
Reserve Personnel, Navy	B-3a
Medicare-Eligible Retiree Health Fund Contribution, Navy Reserve	B-3b

**Active Marine Corps Personnel**

The FY 08 submission supports the transition to a strength of 202,000 Marines in FY 11. The Marine Corps has rebalanced the baseline program to shift resources from conventional to irregular capabilities and capacities. Today’s Marine Corps shoulders a critical portion of prosecuting the Global War On Terrorism (GWOT) with over 32,000 Marines forward deployed. Fighting



across the spectrum of conflicts, our ability to sustain deployed forces for extended periods enables us to support U.S. Combatant Commanders (COCOMs) prosecuting the long war throughout the world. These obligations, coupled with the emerging focus on irregular warfare, challenge the Marine Corps to provide the equipment and resources necessary to persevere.

The recently proposed increase of Marine Corps Active Component end strength to 202,000 Marines will go a long way towards reducing the strain on the individual Marines and the institution. Our first task will be to build three new infantry battalions and elements of their supporting structure—approximately 4,000 Marines. We will then systematically increase the number of Marines on a schedule of approximately 5,000 per year. This plan will gradually decrease the deployment-to-dwell ratio of some of our habitually high-operational tempo units such as light armored reconnaissance companies, amphibious assault companies, reconnaissance companies, combat engineers, military police, signals intelligence units, unmanned aerial vehicle units, helicopter squadrons, air command and control units, combat service support units, and explosive ordnance disposal units. Currently, many of these units are deployed for seven months and only home for five. For Fiscal Year 2008, the cost to begin growing the force to 202,000 is approximately \$4.3 billion and includes funding for training, equipping and housing. The cost of the increased manpower is about \$5 billion per year.

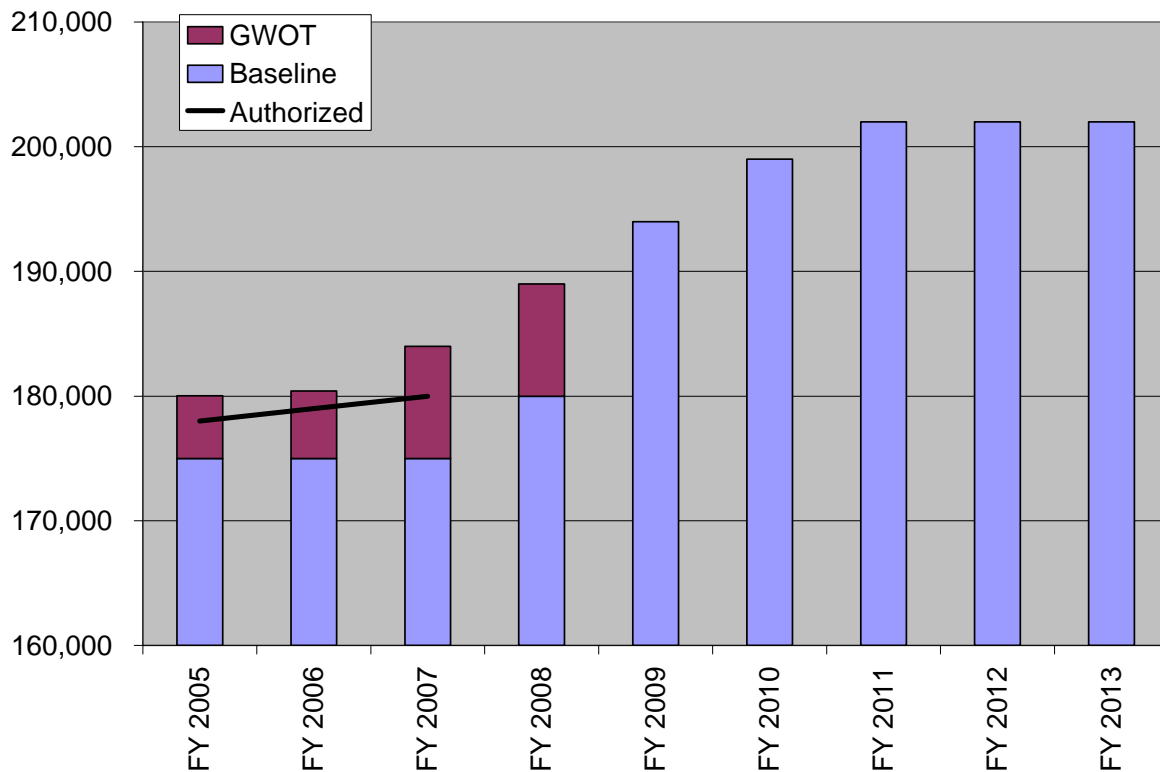
The Marine Corps anticipates continued success in meeting recruiting and retention goals to maintain the planned force level. The Marine Corps is temporarily increasing the baseline reenlistment mission and the enlisted accession mission, in order to grow a more senior and experienced baseline force to meet the requirements of fighting the Long War and standing up the Marine Corps Special Operations Command (MARSOC). This budget also supports requirements for initial skill training and follow-on training courses, and supports continued success in meeting recruit accession goals.

The figures below provide summary personnel strength, accessions, and retention data for active Marine Corps personnel.

**Figure 31 - Active Marine Corps Personnel Strength**

	FY 06	FY 07	FY 08
Officers	19,025	18,400	18,900
Enlisted	161,391	156,600	161,100
<b>Total: Strength</b>	<b>180,416</b>	<b>175,000</b>	<b>180,000</b>
Enlisted Accessions	32,447	33,600	35,061
Percent High School Graduates	97%	95%	95%
Percent above average Armed Forces Qual Test	66%	63%	63%
Reenlistments	13,209	16,542	16,542

**Figure 32 – Active Marine Corps Growth**



**Figure 33 - Marine Corps Reenlistment Rates (Active)**

	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>Steady State</u>
				<u>Goal</u>
Zone A (<6 years)	25%	25%	27%	25%
Zone B (6+ to 10 years)	55%	55%	55%	55%
Zone C (10+ to 14 years)	70%	70%	70%	70%

### ***Reserve Marine Corps Personnel***



The FY 08 budget request supports a Marine Corps Reserve strength of 39,600. This strength ensures the availability of trained units augmenting and reinforcing the active forces, as well as providing manpower for a Marine Air Ground Task Force headquarters and Marine Forces Reserve. The budget provides pay and allowances for drilling reservists attached to specific units, Individual Mobilization Augmentees (IMAs), personnel in the training pipeline, and full-time active reserve personnel. Consistent with the active component, the Marine Corps funds bonus programs at levels required to meet recruiting and retention goals.

The Marine Corps continually reviews reserve requirements to fully support the National Military Strategy. The Department remains committed to reserve support enhancing and complementing the active force while maintaining unit readiness to meet crisis and security requirements.

Our efforts in the Long War have been a Total Force effort, with Reserves once again performing with grit and determination. Recent policy changes within the Department of Defense will allow the Marine Corps to access the Reserve forces as they were structured to be employed—to augment and reinforce Active Component forces. To this end, the Marine Corps' goal is to sustain a 1:5 deployment-to-dwell ratio within the Reserve Component. Reserve Component end strength of 39,600 is under review to ensure that the right capabilities continue to reside within the Marine Forces Reserve units and the Individual Mobilization Augmentee program. As the active force increases in size, the reduced reliance on reserve forces should allow even more “buffer” to maintain the proper deployment-to-dwell ratio for the Reserves.



The figures below show personnel strength for reserve Marine Corps personnel.

**Figure 34 - Reserve Marine Corps Personnel Strength**

	<b>FY 06</b>	<b>FY 07</b>	<b>FY 08</b>
Drilling Reserve	37,231	37,339	37,339
Full Time Support	2,255	2,261	2,261
<b>Total: Strength</b>	<b>39,486</b>	<b>39,600</b>	<b>39,600</b>

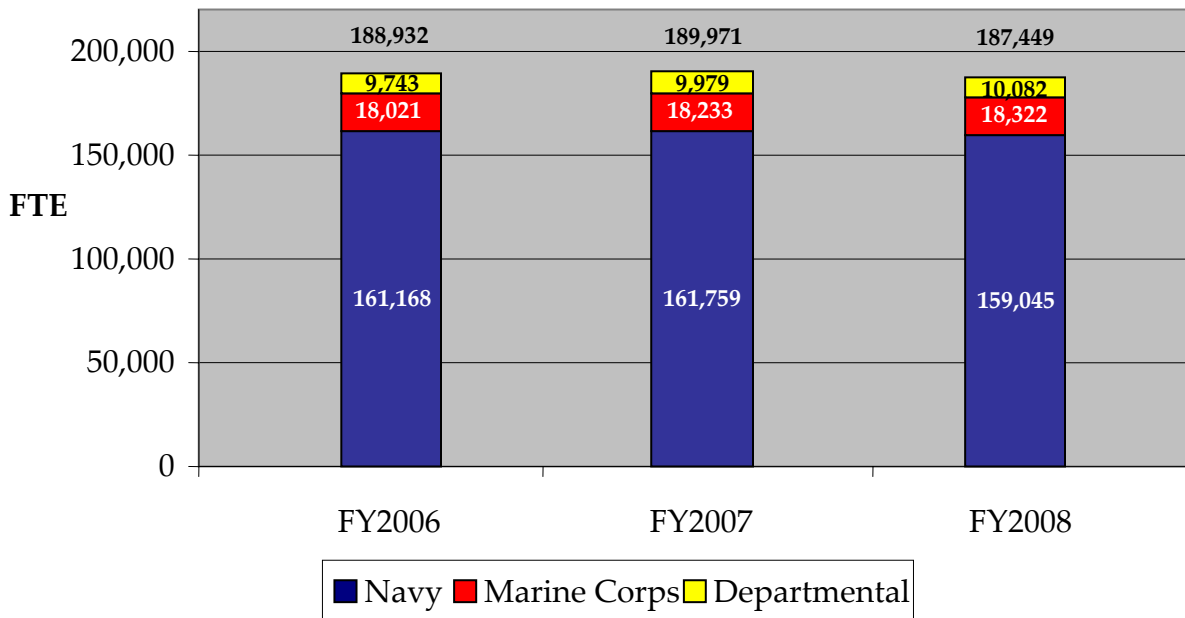
<u>Also refer to Appendix B for more information:</u>	<u>Table</u>
Military Personnel, Marine Corps	B-2a
Medicare-Eligible Retiree Health Fund Contribution, Marine Corps	B-2b
Reserve Personnel, Marine Corps	B-4a
Medicare-Eligible Retiree Health Fund Contribution, Marine Corps Reserve	B-4b

## **CIVILIAN PERSONNEL**

Civilians are an integral part of the Department’s total workforce consisting of military, civilian and contractor personnel who support the mission and daily functions of the Navy and Marine Corps. To support the “Total Force” view, Competency-Based Management is being introduced to align critical skills and capabilities across all segments of the workforce. The Department of the Navy includes the following civilian personnel Full-Time Equivalent (FTE)/workyear estimates:

<b>Civilian FTE Workyear Estimates</b>			
	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>
FTE	188,932	189,971	187,449

Figure 35 - Civilian Personnel FTEs



From forklift operators to nuclear physicists, civilians work alongside service members to ensure adequate supply lines, and new weapon systems progress from an idea to reality. A versatile and agile workforce is required to meet this challenge. Today’s civilian personnel are employed in a variety of fields including installation management; research and development; engineering and acquisition; medical, Fleet activities, logistics, depot maintenance, and administrative support. The majority of these functions are financed by the operating appropriations and the Navy Working Capital Fund.

The total number of civilians employed continues to decline as the Department benefits from strategic sourcing initiatives to privatize commercial-type functions and streamline core processes. These reductions are offset by the conversion of numerous not “military essential” medical professional and support staff positions from military to civilian within the Navy, as well as the conversion of installation functions from military to civilian in the Marine Corps. Some conversions may also be filled by contractor personnel. Accordingly, the Department’s workforce is in a time of great change.

## *Transforming the Workforce*

### National Security Personnel System (NSPS)

Authorized in the FY 04 National Defense Authorized Act, the National Security Personnel System provides flexibility in hiring and managing civilian workers and links pay and performance to the mission and accomplishment of organizational goals. The conversion began in April 2006 with Spiral 1.1 and is ongoing. To ensure equity, each Department of Defense Component must certify pay pools are fully funded and paid at the aggregate level.

### Manpower Management

The Department continues to make strides towards identifying key competencies necessary for the 21<sup>st</sup> century by restructuring entry and mid-level training programs to ensure the right mix of people and skills are recruited and retained. To determine and validate requirements, all military, civilian and contractor personnel positions will eventually be mapped and integrated into the Navy Enterprise framework. Leadership and stakeholders, working together, will ensure the Department continues to field a “world class” Total Force team.

Figure 36 displays total civilian personnel resources by component, appropriation, and special interest area.

**Figure 36 - DON Civilian Manpower Full-Time Equivalent**

	FY 06	FY 07	FY 08
<b>Total – Department of the Navy</b>	188,932	189,971	187,449
<b><u>By Component</u></b>			
Departmental	9,743	9,979	10,082
Navy	161,168	161,759	159,045
Marine Corps	18,021	18,233	18,322
<b><u>By Type Of Hire</u></b>			
Direct	177,725	178,666	176,182
Indirect Hire, Foreign National	11,207	11,305	11,267
<b><u>By Appropriation/Fund</u></b>			
Operation and Maintenance, Navy	84,360	95,833	93,487
Operation and Maintenance, Navy Reserve	1,127	1,011	1,071
Operation and Maintenance, Marine Corps	15,535	15,762	15,976
Operation and Maintenance, Marine Corps Reserve	184	205	210
<b>Total - Operation and Maintenance</b>	<b>101,206</b>	<b>112,811</b>	<b>110,744</b>
Military Construction, Navy	2,189	2,104	2,111
Research, Development, Test & Evaluation, Navy	1,402	1,462	1,240
Military Assistance	69	69	69
Family Housing (N/MC)	1,028	956	878
<b>Total - Other</b>	<b>4,688</b>	<b>4,591</b>	<b>4,298</b>
<b>Total - Working Capital Funds</b>	<b>83,038</b>	<b>72,569</b>	<b>72,407</b>
<b><u>Select Special Interest Areas</u></b>			
Installation Mgmt/Base Support	40,600	37,480	37,780
Warfare Centers	28,086	27,492	27,381
Shipyards	25,529	24,669	23,640
Engineering/Acquisition Commands	19,073	20,803	19,656
Medical (DHP)	11,753	13,952	13,990
Fleet Activities	11,591	11,606	11,689
Aviation/MC Depots	12,033	11,862	11,183
Departmental	9,743	9,979	10,082
Military Support	9,387	9,609	10,268
Supply/Distribution/Logistics Centers	9,116	9,305	9,225
Transportation	7,596	8,404	8,568
Intelligence	2,484	2,781	3,096
Other	1,941	2,029	1,653

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## **SECTION VI – PREPARING OUR FACILITIES FOR THE FUTURE**

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The Department continues to pursue proven best commercial practices in meeting our transformation objectives. Providing Sailors, Marines, and civilians with high quality facilities, information technology, and an environment to achieve their goals is fundamental to mission accomplishment. The ability to project power through forward deployed naval forces relies heavily on a strong and efficient shore support structure.

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### **BASE REALIGNMENT AND CLOSURE (BRAC)**

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The Department continues to fund BRAC initiatives in the FY 2008 budget submission. The BRAC process continues to generate significant savings from reductions in the domestic base structure. The Department of the Navy employed a multi-pronged strategy for BRAC 2005 that sought to rationalize and consolidate infrastructure capabilities to eliminate excess; balance the effectiveness of the Fleet concentrations with anti-terrorism/force protection desires for dispersion of assets and redundancy of facilities; leverage opportunities for total force laydown and joint basing; accommodate changing operational concepts; and facilitate the evolution of force structure and infrastructure organizational alignment. BRAC 2005 is the means for reconfiguring the current infrastructure into one in which operational capacity maximizes war-fighting capability and efficiency.

BRAC 2005: The Department's program provides \$733.7 million in FY 2008 to continue implementation of the 2005 BRAC Commission recommendations. The Department's implementation plan, which is fully financed across the six-year implementation period, meets the statutory requirement for closure and realignment by September 15, 2011.

The FY 2008 budget finances military construction (including planning and design), operational movements at key closure and realignment locations, and the necessary environmental compliance and impact studies at receiving locations to fulfill National Environmental Policy Act (NEPA) requirements. The efforts initiated in FY 2008 are listed below:

**The continuation of closure efforts begun in FY 2006 and FY 2007 at:**

- Naval Air Station Pascagoula, MS

- Naval Air Station Brunswick, ME
- Naval Station Ingleside, TX
- Naval Support Activity New Orleans, LA
- Naval Air Station Atlanta, GA
- Naval Supply School Athens, GA

**The continuation of realignment efforts at:**

- Fleet Readiness Centers, various locations
- NAVFAC Engineering Field Divisions/Activities, various locations
- Naval Station Newport, RI
- San Antonio Regional Medical Center, TX

**Initiation of recommendations at:**

- Marine Corps Logistics Base, Barstow, CA
- Naval Weapons Station Seal Beach Detachment, Concord, CA
- Marine Corps Support Activity, Kansas City, MO
- Officer Training Command, Pensacola, FL
- Naval Air Station Joint Reserve Base, Willow Grove, PA and Cambria Regional Airport, Johnstown, PA
- Navy Marine Corps Reserve Centers and Navy Reserve Centers, various locations
- Joint Strike Fighter Initial Joint Training Site
- Consolidate Civilian Personnel Offices
- Consolidate Correctional Facilities into Joint Regional Correctional Facilities
- Co-locate Military Department Investigation Agencies
- Joint Basing of installation management functions at various locations
- Naval Shipyard Detachments
- Naval Integrated Weapons & Armament Research, Development & Acquisition, Test & Evaluation Center
- Joint Center for Excellence for Religious Training and Education
- Relocate Miscellaneous Department of Navy Leased Locations
- Ship Intermediate Maintenance Activity Norfolk, VA
- Joint Center of Excellence for Chemical, Biological, and Medical Research, Development and Acquisition
- Depot Level Repairable Procurement Management Consolidation
- Centers for Rotary Wing Air Platform Dev & Acquisition, Test & Evaluation
- Centers for Fixed Wing Air Platform Research, Dev & Acquisition, Test & Evaluation
- Commodity Management Privatization



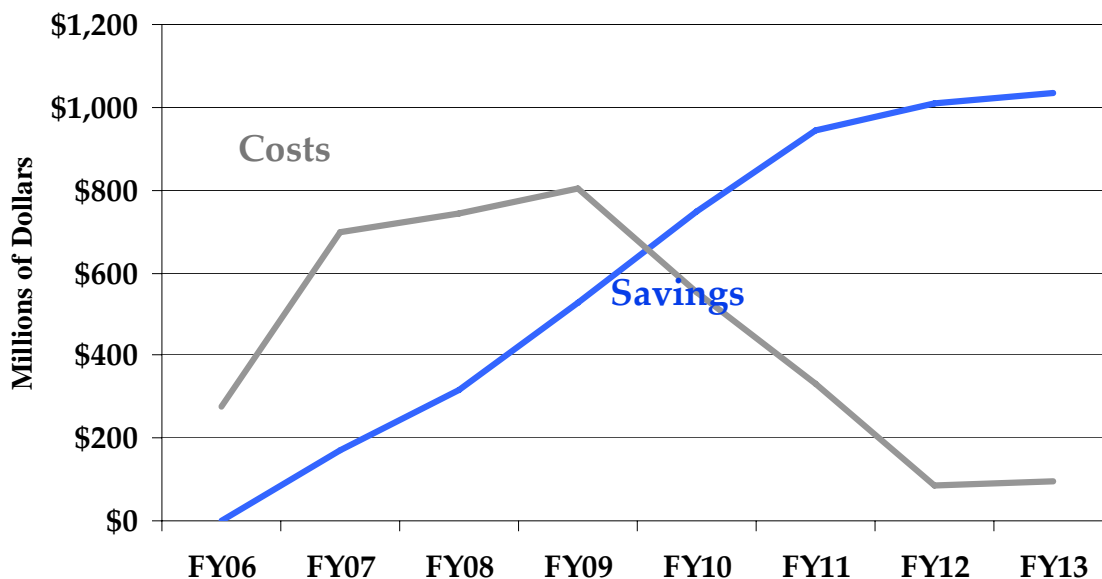
Mission Impact:

The preceding schedule was developed to minimize the impact on Navy and Marine Corps mission capability, while placing priority on closing or realigning the bases as recommended by the 2005 Base Closure Commission and directed by the Defense Base Closure and Realignment Act, P.L. 101-510. It is the Department's objective to close and realign the recommended bases at the earliest opportunity consistent with mission requirements and availability of funds to affect the construction projects and movements.

Environmental Considerations:

Remedial actions at affected bases will continue in accordance with the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). These actions include landfill closures, groundwater treatments, underground storage tank removals and free product removal as required.

*Figure 37 – BRAC Costs and Savings*



## **MILITARY CONSTRUCTION**

Key tenets in the Department's facilities investment strategy include:

- Recapitalizing inadequate and inefficient facilities
- Constructing new facilities to improve quality of life for Sailors and Marines
- Supporting new mission requirements

- Enhancing anti-terrorism and force protection
- Correcting critical deficiencies

The FY 2008 budget request achieves the Department's key goals, financing 64 military construction projects for the active Navy and Marine Corps in FY 2008; and ten military construction projects for the Navy and Marine Corps reserves in FY 2008. Included in the FY 2008 request are five military construction projects at various locations associated with the establishment of the Marine Corps Special Operations Command (MARSOC). Another major military construction initiative is the Commandant's goal to provide adequate Marine Corps Bachelor Enlisted Quarters (BEQ) for all E-5's and below by FY 2012. To accomplish this goal, the FY 2008 budget includes ten military construction projects in FY 2008 for Marine Corps BEQs at various locations.

Also contained in the FY 2008 request is \$383 million to construct facilities to support the growth in Marine Corps end strength to 202,000. The requested funding will provide permanent barracks, mess facilities, operations centers and other supporting facilities on existing Marine Corps installations.

**The FY 2008 budget provides state of the art facilities to meet new and critical mission requirements:**

- Cherry Point, NC: Hanger Renovation and Facility Upgrades (F/A 18E/F), UAV Operations/Maintenance Facility
- San Diego, CA: Magnetic Silencing Facility Modification
- Whiting Field, FL: NOLF Evergreen Runway Extension
- Patuxent River, MD: E-2 Advanced Hawkeye RDT&E Facility, Aircraft Prototype Facility (Phase 1-3)
- Norfolk, VA: Mobile User Objective System Installation, MH-60 Hanger and Airfield Improvements
- Whidbey Island, WA: EA-18G Facility Improvements
- Panama City, FL: Littoral Warfare Systems Facility
- Pearl Harbor, HI: Communications Center and Sub Drive-In Magnetic Silencing Facility
- Marianas/Guam: Kilo Wharf Extension

**The FY 2008 budget continues to provide facilities for the newly established Marine Corps component of the Special Operations Command at various locations:**

- Camp Pendleton, CA: Training Facilities
- Camp Lejeune, NC: Training Facility, Support Facility, Fitness Center and Training Tank, Community Support Facility

**The FY 2008 budget request improves the quality of life of our Sailors and Marines at:**

- Camp Pendleton, CA: Bachelor Quarters (3 projects), Physical Fitness Center
- New River, NC: Bachelor Quarters
- Marianas/Guam: Physical Fitness Center
- Camp Lejeune, NC: Bachelor Quarters (2 projects)

**The Department continues its recapitalization program at:**

- Marianas/Guam: Wastewater Treatment Plant Repairs & Upgrade, Potable Water Distribution System and Electrical System Hardening
- San Diego, CA: Pier 5002 Sub Fender Installation
- Diego Garcia: Sewage Lagoon, Air Ops
- Corpus Christi, TX: Aviation Trainer/Squadron Operations Facility
- Ft Worth, TX: Joint Control Tower, Aircraft Maintenance Department Parking Facility
- Everett, WA: Joint Armed Forces Reserve Center
- Kitsap, WA: CVN Maintenance Pier Replacement

**The FY 2008 budget continues or completes incremental projects begun in prior years, including:**

- Silverdale, WA: Limited Area Production and Storage Complex
- Bremerton, WA: BEQ Homeport Ashore
- Great Lakes, IL: RTC Infrastructure Upgrade
- Washington, DC: National Maritime Intel Center
- Various Locations: Wharf Upgrades

As part of the Defense Policy Review Initiative (DPRI), a change in the US-Japan alliance to the security environment, the United States and the Government of Japan (GOJ) signed an agreement for the relocation of US Marines from Okinawa to Guam. The result will be the relocation of approximately 8,000 Marines and their family members from Okinawa to Guam, and the associated funding for the required changes in base infrastructure, as well as the transportation and personnel costs required to relocate. Budget quality estimates for this realignment are not yet

available due to the complexity of the requirement and the coordination required with the GOJ and the other Services. However, the FY 2008 budget does provide funding for advance planning to support the program and to conduct an Environmental Impact Analysis under the National Environmental Policy Act that will consider the desired operational and support requirements and evaluate the impacts and alternatives before a final decision is made on the composition of specific military construction projects and any mitigation measures that may be required. Included in the budget are funds for these studies and analyses and operational planning in the O&M, Navy and O&M, Marine Corps accounts as well as the stand up of a Joint Guam program office that will coordinate all Department of Defense realignment actions on Guam. Notional planning and design in the Military Construction account is also included, with funds for construction programmed beginning in FY 2010.

**Figure 38 - Summary of MILCON Funding**

<b>MILCON Summary (Active &amp; Reserve)</b>				
<b>Dollars in Millions</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	
Navy	1,397	697	1,126	
Marine Corps	243	513	654	
Marine Corps Grow the Force	-	-	383	
<b>Total</b>	<b>\$1,640</b>	<b>\$1,210</b>	<b>\$2,163</b>	
<b>CR Authority</b>	-	-18	-	
<b>Total under CR</b>	-	<b>\$1,192</b>	-	

## **FAMILY HOUSING**

The Department continues its reliance on the private sector as the primary source of housing for Sailors, Marines, and their families. The FY 2008 budget request reflects the “end state” of programming resources through FY 2007 to eliminate inadequate Navy and Marine Corps military family housing. Through the end of FY 2007, the Department will have privatized over 60,000 Navy and Marine Corps family housing units in conjunction with this initiative. The budget includes the operation, maintenance, and recapitalization of the family housing units remaining in the Department’s inventory of Government-owned housing.



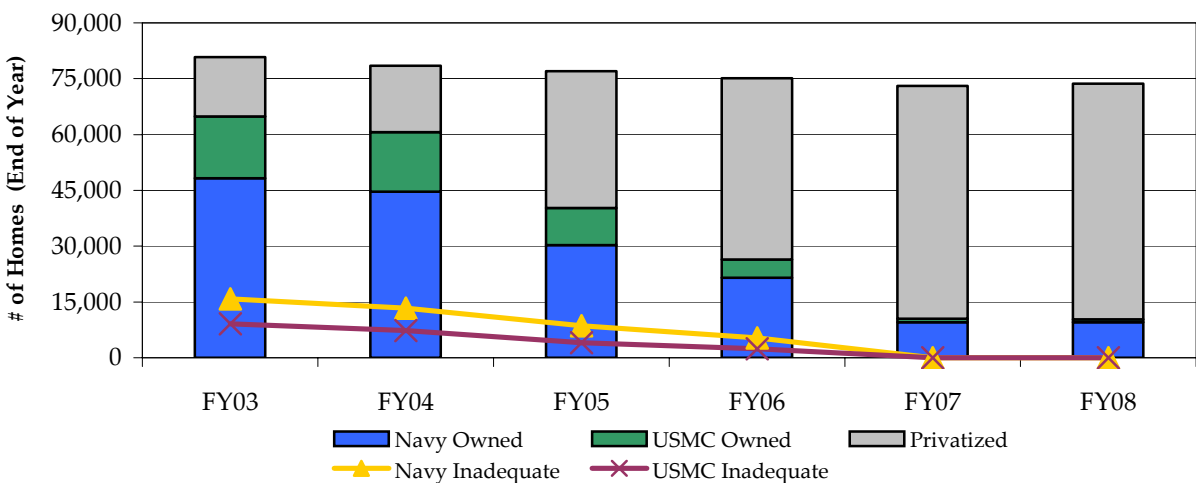
For the Navy, \$56.8 million is budgeted in FY 2008 for the replacement of 73 units on Guam and \$36.6 million in post-acquisition construction of 191 units located overseas in Guam, Japan, Spain, and Korea. The Navy’s budget also includes \$191 million for the operation and maintenance of 9,541 units located worldwide.

The Marine Corps FY 2008 request for post-acquisition construction includes \$112.2 million, to be used as the Government investment in the construction of 744 units, through use of military housing privatization authorities, at Camp Pendleton and Camp Lejeune. The post-acquisition construction request includes \$12.4 million for improvements and repairs to 96 units located in Japan. The Marine Corps’ budget also includes \$18 million for the operation and maintenance of 867 units located worldwide.

**Figure 39 - Family Housing Units**

Number of Family Housing Units			
	FY 2006	FY 2007	FY 2008
New construction projects	1	3	1
Construction units	126	250	73
Privatization projects/units	12,085	13,809	744

**Figure 40 - Family Housing End of Year Inventories**



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## FACILITY SUSTAINMENT, RESTORATION, AND MODERNIZATION

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Appropriate investments of facility sustainment, recapitalization, and demolition funds are necessary to maintain an inventory of facilities in good working order and preclude premature degradation. The Department of Defense (DoD) models its annual facilities sustainment requirement using an empirical model. The model takes into account facility type/use, industry metrics for similar facilities, and geographic location, as well as other factors. The Department of Defense (DoD) goal is to fund sustainment at 100 percent of requirement beginning in FY 2008, an increase from the goal of allowing up to five percent of sustainment to be deferred in FY 2007.



The Department utilizes an industry-based facility investment model to keep the facility inventory at an acceptable level of quantity and quality through life-cycle maintenance, repair, and disposal. Facility recapitalization (based upon industry facilities standards) occurs through restoring or modernizing aged and damaged facilities. The annual funding requirement for facilities restoration and modernization (R&M) is based on the DoD goal of correcting facilities deficiencies to achieve a Q-2 readiness rating in all facilities mission areas and to achieve a recapitalization rate of 67 years by FY 2008, which is based on amount of investment required and plant replacement value. The FY 2008 budget request supports all facility restoration and modernization requirements and achieves the Q-2 facilities readiness rating goal.

The Department anticipates using the new DoD Facilities Modernization Model (FMM) beginning in FY 2009. The new model will change the Facilities Recapitalization Rate metric from “years” to a “percentage” and will change the benchmark from “plant replacement value” to an empirical model. This change will likely increase the Department’s recapitalization investment requirement. The Department is developing funding profiles in concert with the DoD FMM and programming R&M funds to meet those needs.

Figure 41 summarizes the Department’s Facilities Sustainment, Restoration, and Modernization program.

### Figure 41 - Facility Sustainment, Restoration, and Modernization

<i>(In Millions of Dollars)</i>	FY 2006	FY 2007	FY 2008
Navy	1,100	1,134	1,147
<i>% of Model Funded (Goal is 95% through 2007 and 100% thereafter)</i>	79%	90%	83%
Marine Corps	667	464	468
<i>% of Model Funded (Goal is 95% through 2007 and 100% thereafter)</i>	126%	93%	89%
<b>Total DON Facility Sustainment (All Appropriations)</b>	<b>\$1,768</b>	<b>\$1,599</b>	<b>\$1,616</b>
<u>Annual Unfunded Sustainment</u>			
Navy	299	124	240
Marine Corps	0	35	63
<b>Total Unfunded Sustainment</b>	<b>\$299</b>	<b>\$159</b>	<b>\$303</b>
<u>Restoration and Modernization (R&amp;M) Funding *</u>			
Navy	2,308	1,578	1,976
Marine Corps	256	234	276
<b>Total DON R&amp;M (All Appropriations)</b>	<b>\$2,564</b>	<b>\$1,812</b>	<b>\$2,252</b>
Facilities Recapitalization Rate (Navy)	45	77	60
Facilities Recapitalization Rate (Marine Corps)	97	112	109

\* Total includes R&M from BRAC, MILCON, and Hurricane Supplemental amounts.

Notes: Totals may not add due to rounding.

**Also refer to Appendix B for more information:**

Military Construction, Navy and Naval Reserve  
 Family Housing, Navy and Marine Corps  
 Base Realignment and Closure Accounts

**Table**

B-18  
 B-19  
 B-20

## NAVY WORKING CAPITAL FUND (NWCF)

NWCF activities provide a wide range of goods and services to support the Department's ongoing operations to maintain overall military readiness and in support of the Global War on Terrorism. There are five NWCF activity groups: Supply Management, Depot Maintenance, Research and Development, Base Support, and Transportation. The Department of the Navy is the only Service that includes Research and Development and Base Support in the Working Capital Fund. The total cost of goods and services to be





delivered by NWCF activity groups to their customers in FY 2008 is projected to exceed \$24 billion.

Within Supply Management, the Department performs inventory management functions that result in the sale of aviation and shipboard components, ship's store stock, and consumables to a wide variety of customers. Costs related to supplying this material to the customer are recouped through stabilized rates that include recovery elements such as inventory management, contract management, receipt and issue of Department managed material, and the depreciation of capital assets. Ensuring the right material is provided at the proper place, time, and cost is vital to equipping and sustaining our warfighting units. To this end, the Department continues to pursue initiatives to control costs and improve readiness.

FY 2007 will be the first full execution year of the Fleet and Industrial Support Center managing and owning Naval Aviation Depot inventory. The transfer facilitates increased inventory management oversight and business process improvements and reflects a significant increase in obligation authority along with a commensurate sales increase. The reduced obligations in FY 2008 are due to decreased demand and customer funding in aviation consumables and repairables.

The Navy Enterprise Resource Planning (ERP) initiative, scheduled to roll-out in FY 2009 for supply, will provide better tools to assess program costs and implement cost reducing procedures. These efforts, along with reducing weapon systems average age, will stem spare parts demand growth and allow the Department to provide improved logistics support at lower cost.

Depot Maintenance provides maintenance, engineering, and logistics support to ensure a core industrial resource base essential for mobilization and includes aviation depots, Marine Corps depots for ground combat support equipment, and naval shipyards prior to FY 2007.

The Naval Aviation Depots (NADEPs) are continuing their vital support for the GWOT including efforts such as repair of crash damaged aircraft and the reactivation of "mothballed" helicopters to replace others lost in Southwest Asia. The NADEPs are also working to shape their workforce to better match the expected workload during the budget years and are beginning the process of merging into the overall Fleet Readiness Center (FRC) organization. Under the FRC concept, some of the component repair that has traditionally been performed at the three NADEP locations will instead be done at the naval air stations where intermediate level maintenance is currently performed. Some NADEP artisans will be relocated to the

air stations but no change in their status under the NWCF organizational and financial structures is currently anticipated.

The Marine Corps Depots experienced a large influx of unplanned workload for performance in FY 2006 and FY 2007. This was largely due to repair of combat-damaged equipment and weapons systems, and the installation of armor plating on combat vehicles. While the workload is projected to level off by FY 2008, operational contingencies could further extend this period of increased effort.

In accordance with the FY 2007 President's Budget, the current NWCF estimates reflect the realignment of the Norfolk and Portsmouth public shipyards to mission funding beginning in FY 2007 to complete implementation of the Regional Maintenance Plan. A key element of this concept is the consolidation of separate ship maintenance (intermediate and depot maintenance facilities) within a region that results in the ability to best use the total maintenance resources available in the region, share resources between regions, and provide rapid surge capability to respond to Fleet priorities. Mission funding provides the best mechanism by which the Navy can match workforce skills with workload priorities and still meet fiduciary responsibilities. The Puget Sound Naval Shipyard had already transitioned to appropriated funding in FY 2004 under a pilot prototype concept.

Research and Development includes the Warfare Centers (Air, Sea, Undersea, and Space applications) and the Naval Research Laboratory. All of these activities provide research and development for warfare systems, engineering support for major weapons systems acquisition programs, or provide scientific research for improving materials, facilities, and services to the DON:

- Space and Naval Warfare System Centers provide fleet support for command, control, and communication systems, and ocean surveillance, and the integration of those systems that overarch platforms.
- Naval Air Warfare Center provides fleet support for naval aircraft engines, avionics, aircraft support systems and ship/shore/air operations.
- Naval Surface Warfare Centers provide fleet support for hull, mechanical, and electrical systems, surface combat systems, coastal warfare systems, and other offensive and defensive systems associated with surface warfare.
- Naval Undersea Warfare Center provides fleet support for submarines, autonomous underwater systems, and offensive and defensive systems associated with undersea warfare.
- Naval Research Laboratory operates as the Department of the Navy's full spectrum corporate laboratory, conducting a broadly based multidisciplinary

program of scientific research and advanced technological development directed toward maritime applications of new and improved materials, techniques, equipment, systems, and ocean, atmospheric, and space sciences and related technologies

Two of the Warfare Centers will be among the first sites within the Department at which Navy Enterprise Resource Planning (ERP) will be implemented. Scheduled for roll-out to the Naval Air Warfare Center and to the Space and Naval Warfare Systems Centers in FY 2008, Navy ERP is the Department's initiative to standardize business processes, integrate operations, and optimize management of resources.

In Base Support, the Naval Facilities Engineering Command continues with the transformation of its worldwide organization which began in FY 2006. By integrating all Public Works Departments (PWDs) into Facilities Engineering Commands, there will now be one public works delivery model that will be a single touch point for all FEC products and services. The consolidation of these organizations as PWC detachments is expected to help reduce operating costs and standardize delivery of the various utility commodities and other products. Following the integration of 11 PWDs in FY 2007, 5 PWDs in Europe will be added to the FECs in FY 2008.

In transportation the Military Sealift Command (MSC) supports fleet and shore commands with unique vessels and programs:

- Naval Fleet Auxiliary Force which provides support utilizing civilian mariner manned non-combatant ships for material support and ocean going tugs and salvage ships;
- Special Mission Ships which provides unique seagoing platforms, operation of Navy Command Ships, and contracted Harbor Tugs;
- Afloat Prepositioning Force Navy which deploys advance material for strategic lifts for the Marine Expeditionary Forces.

Transportation rates within the Military Sealift Command reflect the full implementation of peacetime force protection costs and cost containment measures to ensure more efficient operations. Activation changes include delivery of two additional T-AKES in FY 2008. Deactivations include two T-AFS in FY 2008.

Finally, the Department projects the NWCF cash balance to be within the seven-day cash level minimum prescribed in the DoD Financial Management Regulation.

**Figure 42 - Summary of NWCF Costs**

<b>COST (In Millions of Dollars)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
Supply (Obligations)	5,503	6,747	6,574
Depot Maintenance - Aircraft	1,845	1,861	1,828
Depot Maintenance - Ships	1,779	349	11
Depot Maintenance - Marine Corps	496	506	353
Transportation	2,378	2,337	2,425
Research and Development	10,104	10,371	10,217
Base Support	2,099	2,477	2,628
<b>TOTAL</b>	<b>\$24,204</b>	<b>\$24,647</b>	<b>\$24,036</b>
<b>CAPITAL INVESTMENT</b>			
Supply	14	14	9
Depot Maintenance - Aircraft	38	42	43
Depot Maintenance - Ships	23	0	0
Depot Maintenance - Marine Corps	5	5	4
Transportation	11	33	30
Research and Development	105	113	115
Base Support	16	19	20
<b>TOTAL</b>	<b>\$211</b>	<b>\$226</b>	<b>\$222</b>

## ***BUSINESS PROCESS TRANSFORMATION***

DON business transformation involves executing, aligning and integrating a series of enterprise-wide initiatives which will dramatically transform our ability to execute programs and support our mission. This transformation will result in improved efficiency, better decision-making, and an organizational culture that is performance-based. Collectively, these initiatives will create a business environment that produces more accurate and timely financial information and will, over time, be endorsed by a favorable third party financial audit. The specific transformational initiatives are described below.

- Lean Six Sigma (LSS) is being implemented throughout the Department to create dollar and readiness assets in service, support and transactional processes. Four goals are to increase quality of work life, safety levels, and speed of decisions and paperwork, and to decrease total cost of ownership. This is the key *process* driver.

- Navy Enterprise Resource Planning (ERP) program, a commercial off-the-shelf software package, is nearing its initial implementation scheduled for early FY2008. As Navy ERP is implemented throughout the Navy, it will build on process improvements achieved through LSS while standardizing and automating key business processes. This will be the key *systems* driver.
- The National Security Personnel System (NSPS) continues its implementation throughout DON. NSPS stresses aligning measurable job performance to organizational goals; it will take advantage of related business improvements that provide better quality management information. The ultimate goal is an enhanced performance-based culture operating within a more disciplined business environment. This is the *people* driver.
- The DON Financial Improvement Program (FIP) is an initiative that will use the elements of the three enterprise-wide initiatives—process, systems and people— to document and test the controls associated with financial reporting. Better documented and controlled processes will provide more timely and accurate information to enhance decision-making, and over time will ensure both better use of resources and a favorable independent audit. A subset of the FIP includes the Marine Corps financial improvement initiative that will be demonstrating initial audit readiness results during this budget year.

Each of these initiatives combines to support DON business transformation, and are aligned with congruent initiatives at the DoD level such as the Financial Improvement and Audit Readiness (FIAR) and Business Enterprise Architecture (BEA) managed by the DoD Business Transformation Agency. DON business transformation efforts directly support the Navy and Marine Corps vision for financial improvement. It will continue to improve our ability to execute DON dollars.

## SECTION VII - FINANCIAL SUMMARY

Total Obligational Authority (TOA) has been used throughout this book to express the amounts in the Department of the Navy budget because it is the most accurate reflection of program value. While TOA amounts differ only slightly from Budget Authority (BA) in some cases, they can differ substantially in others. The differences in TOA and BA, as evidenced in the table below, result from a combination of several factors.

BA - Budget Authority - Authority provided by law to enter obligations that will result in immediate or future outlays involving Federal government funds.

TOA - Total Obligation Authority - The value of the direct defense program for each fiscal year regardless of the method of financing.

**Figure 43 – TOA vs BA**

<i>(In Millions of Dollars)</i>			
	FY 2006	FY 2007	FY 2008
<b>Total Obligational Authority (TOA)</b>	<b>\$144,596</b>	<b>\$151,777</b>	<b>\$159,815</b>
Receipts and Other Funds	-184	-243	-161
Expiring Balances	342		
Rescission of Prior Year Programs	-93	-124	
NWCF Contract Authority	4,904		
Construction / Housing Transfers	-74	174	
Programs Financed with Unobligated Balances	-802	-57	
<b>Total Budget Authority</b>	<b>\$148,689</b>	<b>\$151,527</b>	<b>\$159,655</b>

Note: Includes Title IX, FY 2007 Supplemental, and FY 2008 GWOT request.

Receipts and Other Funds are reflected in BA, but not in TOA. Offsetting Receipts include such things as donations to the Navy and Marine Corps, recoveries from foreign military sales, deposits for survivor annuity benefits, interest on loans and investments, rents and utilities, and fees chargeable under the Freedom of Information Act. Trust Funds include funds established for the Navy General Gift Fund, environmental restoration of Kaho'olawe Island in Hawaii, Ships Stores Profits, and the Naval Academy Gift and Museum Fund.

Financing adjustments account for many of the differences between TOA and BA. Generally, funding changes are scored as budget authority adjustments in the fiscal year in which the change itself is effective; for TOA purposes, changes are reflected as adjustments to a specific program year, based on the original appropriation.

Expiring balances also contribute to the difference between TOA and BA. Expiring balances are funds that were included in BA available for FY 2006 accounts, but were not obligated prior to the end of the fiscal year. These amounts are included in BA totals, but not TOA. Rescissions of prior year programs are reflected in TOA available but not as BA in the year they are rescinded.

Working Capital Fund contract authority reflects the use of authority to place orders in advance of actual sales, and are included in BA, but not TOA.

Construction/housing transfers are transfers authorized to shift authority from many different program years to support efforts such as the Family Housing Improvement Fund.

Adjustments to finance programs with prior balances reduce the need for BA in the budget year. These include unobligated balances from supplemental appropriations available for more than a one-year period, unobligated balances transferred from the Foreign Currency Fluctuation Fund, and transfers from supplemental accounts. Other financing adjustments include changes in fund balances and differences in reimbursable orders.

Outlays represent the net of expenditures and collections from the Treasury of the United States Government. Outlays in a given fiscal year may represent the liquidation of obligation incurred over a number of years. The TOA and BA levels for FY 2006 through FY 2008 along with DON outlay estimates are summarized in Figure 44.



Figure 44 – TOA, BA, and Outlays

Department of the Navy									
Summary of Direct Budget Plan (TOA), Budget Authority, and Outlays									
(Dollars in Millions)									
Account	TOA			BA			OUTLAY		
	FY 2006	FY 2007	FY 2008	FY 2006	FY 2007	FY 2008	FY 2006	FY 2007	FY 2008
MPN	24,119	24,020	24,057	24,097	24,020	24,057	23,923	23,533	24,026
MPMC	10,381	10,718	11,880	10,308	10,718	11,880	10,213	10,661	11,902
RPN	1,794	1,833	1,868	1,821	1,833	1,868	1,811	1,826	1,881
RPMC	525	554	610	525	554	610	534	562	614
DHAN	2,029	2,098	1,925	2,029	2,098	1,925	2,029	2,098	1,925
DHAMC	982	1,051	1,055	982	1,051	1,055	982	1,051	1,055
DHANR	292	287	266	292	287	266	292	287	266
DHAMCR	137	145	142	137	145	142	137	145	142
OMN	35,445	38,279	38,761	35,265	38,236	38,761	34,437	38,535	37,504
OMMC	7,061	7,881	8,974	7,063	7,881	8,974	6,141	8,265	9,221
OMNR	1,484	1,404	1,256	1,472	1,391	1,256	1,386	1,479	1,312
OMMCR	322	269	277	331	269	277	215	330	307
ERN	-	302	301	-	302	301	-	66	202
NWCF	118	116	14	5,023	116	14	(399)	227	229
Payment to Kaho'olawe	-	-	-	-	-	-	-	-	-
APN	10,224	11,944	15,848	10,284	11,867	15,848	8,775	11,213	11,926
WPN	2,800	2,905	3,336	2,800	2,905	3,336	2,290	2,660	2,884
SCN	11,370	10,537	13,656	11,328	10,525	13,656	10,345	11,206	9,780
OPN	5,837	6,071	6,264	5,793	6,071	6,264	4,353	6,236	5,946
PMC	5,452	7,595	5,461	5,447	7,595	5,461	3,350	7,143	6,444
PANMC	1,185	1,052	1,351	1,185	1,052	1,351	918	1,355	1,561
RDTEN	18,970	19,340	17,694	18,973	19,304	17,694	17,423	18,226	618
NDSF	1,301	1,073	1,084	1,089	1,073	1,084	1,203	1,096	1,110
<b>Total DoD Bill</b>	<b>141,829</b>	<b>149,474</b>	<b>156,079</b>	<b>146,241</b>	<b>149,294</b>	<b>156,079</b>	<b>130,358</b>	<b>148,199</b>	<b>130,857</b>
MCN	1,499	1,568	2,262	1,432	1,568	2,262	1,095	1,872	1,625
MCNR	141	36	59	125	36	59	33	92	70
BRCIV	-	-	-	-	-	-	180	32	21
BRCV	252	161	734	252	161	734	14	109	214
FHCON	197	42	310	192	216	310	118	169	199
FHOPS	676	500	371	632	500	371	632	539	426
<b>Total MILCON Bill</b>	<b>2,765</b>	<b>2,307</b>	<b>3,736</b>	<b>2,631</b>	<b>2,481</b>	<b>3,736</b>	<b>2,072</b>	<b>2,813</b>	<b>2,555</b>
Receipts and Other Funds	-	-	-	(184)	(243)	(161)	(162)	(238)	(160)
<b>Total, DON</b>	<b>144,596</b>	<b>151,777</b>	<b>159,815</b>	<b>148,689</b>	<b>151,527</b>	<b>159,655</b>	<b>132,268</b>	<b>150,773</b>	<b>133,252</b>

Note: Totals may not add due to rounding.

Note: Totals include Title IX, FY 2007 Supplemental, and FY 2008 GWOT Request.

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## *Derivation of FY 2007 Estimates*

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Figure 45 displays a track of changes to the Department of the Navy appropriations for FY 2007, beginning with the FY 2007 President's Budget request. The changes reflect the impact of congressional action, including a separate breakout of Title IX funding. This budget reflects the current full-year continuing levels for programs which would have been provided for in a Military Quality-of-Life appropriations bill, and Figure \_\_ depicts the impact of those levels compared to the request. Transfers that reflect known reprogramming requirements. The Department's FY 2007 Supplemental request (\$14.6 billion), which supports the prosecution of the Global War on Terrorism, is included, as are prior year balances in multiyear operation and maintenance accounts, which remain available for obligation in FY 2007.

**Figure 45**

**Department of the Navy**  
**Derivation of FY 2007 Estimates**  
*(In Millions of Dollars)*

	FY 2007 President's Budget	Congressional Action	Continuing Resolution Title IX Impact	Transfers	Prior Year Balances	Additional Supplemental Request	FY 2007 DON Total	
Military Personnel, Navy	\$23,271	-\$86	\$143			\$692	\$24,020	
Military Personnel, Marine Corps	9,335	-51	146	-98		1,387	10,718	
Reserve Personnel, Navy	1,778	-17				73	1,833	
Reserve Personnel, Marine Corps	551	-9	15	-3			554	
Health Accrual, Navy	2,074	24					2,098	
Health Accrual, Marine Corps	1,051						1,051	
Health Accrual, Navy Reserve	287						287	
Health Accrual, Marine Corps Reserve	145						145	
Operation & Maintenance, Navy	31,331	-568	1,615		-88	43	38,279	
Operation & Maintenance, Marine Corps	3,879	-91	2,689		-1	0	7,877	
Operation & Maintenance, Navy Reserve	1,289	-18	10		0	13	1,404	
Operation & Maintenance, MC Reserve	212	-4	48		0		269	
Environmental Restoration, Navy	304			-3			302	
Aircraft Procurement, Navy	10,869	-517	487			1,106	11,944	
Weapons Procurement, Navy	2,555	8	109		61	172	2,905	
Shipbuilding & Conversion, Navy	10,579	-42					10,537	
Other Procurement, Navy	4,968	-60	320		-4	847	6,071	
Procurement, Marine Corps	1,274	-383	4,898			1,806	7,595	
Procurement of Ammunition, Navy/MC	790	-26	128			160	1,052	
Research, Development, Test & Eval, Navy	16,912	1,686	231		50	460	19,340	
National Defense Sealift Fund	1,072	-4				5	1,073	
Military Construction, Navy & Marine Corps	1,162			-6		413	1,568	
Military Construction, Naval Reserve	48			-12			36	
Family Housing Construction, Navy & Marine Corps	305			-88	-174		42	
Family Housing Operations, Navy & Marine Corps	509			-11	1		500	
Navy Working Capital Fund	84	0				32	116	
Base Realignment and Closure IV	690			-529			161	
<b>TOTAL</b>	<b>\$127,322</b>	<b>-\$158</b>	<b>\$10,940</b>	<b>-\$750</b>	<b>-\$158</b>	<b>\$57</b>	<b>\$14,623</b>	<b>\$151,777</b>

Note: Totals may not add due to rounding



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## ***PERFORMANCE MEASUREMENT***

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The Department of the Navy takes an active role in using resources wisely and ensuring success in each endeavor. The Department is committed to building a performance based culture and has actively developed initiatives which support the objectives of the President's Management Agenda. The President's Management Agenda focuses on five objectives: (1) Budget and Performance Integration, (2) Strategic Management of Human Capital, (3) Competitive Sourcing, (4) Financial Management Improvement, and (5) Expanding E-Government. Improving programs by focusing on results is an integral component of the Department's budget and performance integration initiative.

As part of the Budget and Performance Initiative, the Office of Management and Budget has added 4 new programs to the previous list of 19 programs identified for assessment in the Performance Assessment Rating Tool (PART). The new programs include Marine Corps Base Operating Support, Navy Base Operating Support, Marine Corps Depot Maintenance, and Marine Corps Ground Forces Readiness. Figure 44 shows a complete list of all DON programs reviewed. Programs were assessed and evaluated across a wide range of issues related to performance.

Throughout the overview book, metrics have been addressed that are included in our performance plan and provide a measure of our overall effectiveness. Within the Department of the Navy, goals and objectives have been implemented through the Planning, Programming, Budgeting and Execution process. PPBE accommodates the integration of operational goals, risk management, and performance across the broad spectrum of the Department of the Navy mission. These metrics are also contained in budget justification materials supporting the FY 2008 budget request.

Figure 46 - Performance Scorecard

1. Budget and Performance Integration									
(In Millions of Dollars)	Program Purpose & Design	Strategic Planning	Program Mgmt	Program Results	Overall Rating	DON Funding			
						FY06	FY07	FY08	Programs Included
Military Force Management	100%	100%	72%	93%	Effective	40,260	38,353	39,364	MilPers
Shipbuilding	80%	90%	73%	47%	Adequate	12,282	11,090	14,149	SCN, NDSE, RDTE
Marine Corps Expeditionary Warfare	80%	89%	88%	56%	Moderately Effective	13,123	13,900	13,055	SCN, NDSE, RDTE, APN, PMC, PANMC
Housing	100%	100%	72%	67%	Moderately Effective	6,508	6,046	6,077	FH, BAH
Navy/Marine Corps Air Operations	100%	100%	71%	92%	Effective	4,446	3,397	3,607	O&M
Navy Ship Operations	100%	100%	83%	84%	Effective	3,611	3,182	3,464	O&M
Air Combat	100%	100%	72%	66%	Moderately Effective	5,447	4,904	4,357	F/A-18 E/F, JSF
Depot Maintenance - Ship	100%	100%	86%	84%	Effective	4,265	3,826	4,416	O&M
Facilities SRM/Demolition	80%	100%	14%	60%	Adequate	2,483	1,750	1,891	O&M, MilPers, MILCON
Basic Skills and Advanced Training	100%	100%	86%	75%	Effective	1,594	1,494	1,728	O&M
Communications Infrastructure	80%	78%	36%	44%	Results Not Demonstrated	1,957	1,921	1,787	NMCI, Base level comm
Recruiting	80%	100%	72%	75%	Moderately Effective	1,132	1,122	1,189	O&M, MilPers
Depot Maintenance - Naval Aviation	100%	100%	86%	80%	Effective	1,069	1,235	1,018	O&M
Applied Research	100%	67%	50%	67%	Moderately Effective	762	786	678	RDTE 6.2
Basic Research	100%	89%	85%	80%	Effective	467	492	467	RDTE 6.1
Unmanned Aerial Vehicles / Unmanned Air Systems	80%	100%	72%	60%	Moderately Effective	124	303	461	RDTE, WPN, APN, PMC
Civilian Education and Training	100%	88%	100%	40%	Adequate	68	71	75	O&M
Airlift Program	100%	100%	83%	84%	Moderately Effective	557	243	256	APN
Accession Training	100%	100%	86%	67%	Moderately Effective	207	257	273	O&M

Figure 46 - Performance Scorecard (continued)

1. Budget and Performance Integration									
(In Millions of Dollars)	Program Purpose & Design	Strategic Planning	Program Mgmt	Program Results	Overall Rating	DON Funding			
						FY06	FY07	FY08	Programs Included
Marine Corps Ground Forces Readiness	100%	100%	86%	80%	Effective	566	580	784	O&M
Marine Corps Base Operations & Support	80%	50%	72%	26%	Results Not Demonstrated	1,601	1,654	1,903	O&M
Marine Corps Depot Maintenance	100%	100%	86%	87%	Effective	372	559	71	O&M
Navy Base Operations & Support	80%	88%	57%	60%	Adequate	3,991	3,461	3,827	O&M
<b>Total Funding</b>						\$107,796	\$96,228	\$102,259	

## 2. Strategic Management of Human Capital

- Implement first phase of National Security Personnel System (NSPS) (DoD-wide) in phases
- Transform Naval Military Personnel Force
- Military to Civilian Conversions
- Human Capital Strategy

## 3. Competitive Sourcing

- Commitment to study 63,420 positions under A-76 or OMB approved alternatives

## 4. Improved Financial Performance

- Business Transformation Initiatives (DoD-wide)
- Enterprise Resource Planning
- Financial Improvement Program

## 5. Expanded Electronic Government

- Utilizing E-Marketplace
- E-Commerce Initiatives
- Enterprise Software

The 2006 Quadrennial Defense Review (QDR) validated the Department of Defense concept of managing risk and measuring performance across the enterprise. The DOD risk management framework has enabled the Department's senior leadership to better balance near-term demands against preparations for the future. The balanced risk approach has been successfully used to guide strategic planning and day-to-day management in accordance with the Government Performance and Results Act of 1993. The DON has been working in cooperation with the DOD enterprise to improve and standardize performance, budget reporting and

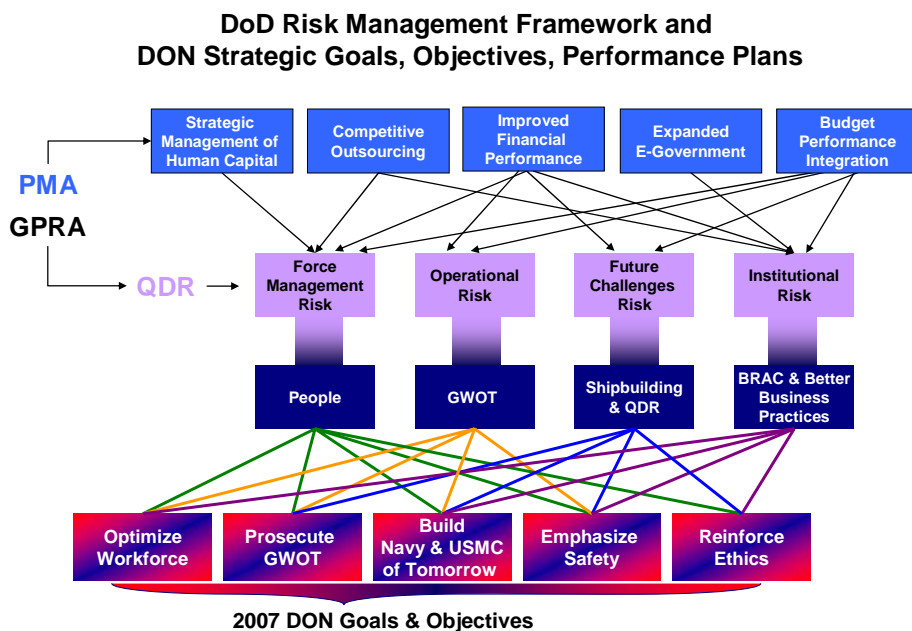


strengthen links between performance and budget. The DON has a framework that supports and enables enterprise-wide decision-making.

### Balanced Scorecard and Risk Management

The Department of the Navy FY 2008 budget aligns DON objectives and performance plans to the DoD Balanced Scorecard through the Risk Management Framework. The figure below illustrates this linkage. Performance information and results developed from DON performance measures are used for performance reports related to the President’s Management Agenda and the Program Performance Assessments.

Figure 47



Below are highlights of significant factors in the FY 2008 submission as they relate to the Risk Management Framework.

**Force Management Risk** – Goals related to this category include maintaining a quality force, ensuring sustainable military tempo and workforce satisfaction, maintaining reasonable force costs and shaping the force for the future.

The MPT&E Strategic Plan and subsidiary enterprise and community-level strategic plans will ensure alignment across the Navy enterprise while we meet the

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challenges outlined in the Quadrennial Defense Review's Managing People chapter, the Department of the Navy's Human Capital Strategy, CNO Guidance for 2006 and 2007, and the Navy's Strategic Plan. The strategic planning that results from alignment of these capstone documents will become a repeatable practice that provides continuity and consistency throughout planning cycles. Personnel readiness improvement is the important outcome of all these efforts.

The MPT&E Strategic Plan begins to move our Navy toward a capability-based and competency-driven workforce that develops and sustains the critical competencies necessary to support our expanding role in the Global War on Terror, Homeland Defense, and stability operations. We must also determine the future force – in terms of capabilities, size, and mix – required to assure our allies and friends, and dissuade, deter and/or defeat our enemies. While we address our skill imbalances we will also focus and improve our efforts in the talent marketplace to achieve a more diverse workforce. We will link and leverage Sea Warrior systems and National Security Personnel System processes to achieve an agile and robust Total Force personnel system that rewards performance and can quickly respond to emerging competency demand signals.

The National Security Personnel System (NSPS) authorized by Congress provides DoD leaders the right tools to manage the civilian workforce today and for the future. The NSPS reforms will provide supervisors and managers greater flexibility in managing our civil service employees, facilitate competition for high quality talent, offer compensation competitive with the private sector, and reward outstanding service. The DON is converting to NSPS in phases, and we are working closely within DoD to implement it.

**Operational Risk – Goals for minimizing operational risk include ensuring force availability, maintaining force readiness, shaping force posture and linking contingency planning to capabilities and resources.**

Our focus continues to provide ready Navy forces, from individual units to strike groups, that are forward deployed and capable of providing a substantial surge force. The readiness for this capability is enabled by the Fleet Response Plan (FRP) which supports the National Military Strategy. The FRP provides adaptable, flexible and sustainable Naval forces necessary to not only fight the Global War on Terror, but also to support the needs of the combatant commanders to maintain a global forward presence or provide for any other evolving national defense requirements.

The Department is now ready to provide six CSGs within the first 30 days of a potential conflict and one additional carrier group within the next 90 days. The Department of the Navy will support these goals and respond to global challenges while budgeting for peace time offsets and planning for 45 underway days per quarter of the active operational tempo (OPTEMPO) for deployed forces and 22 underway days per quarter for non-deployed forces as required. The FY 2007 President's Budget request funded steaming days for deployed forces at 36 days per quarter, which assumed unacceptable risks to readiness. To mitigate these risks the FY 2008 budget increases steaming days for deployed forces to 45 days per quarter. The deployed steaming days goal remains at 51 days per quarter, which meets the peacetime requirements of Combatant Commanders. The FY 2008 GWOT request contains funding for deployed forces to meet this goal.

**Future Challenges Risk – Goals to minimize future challenges risk include driving innovative joint operations, defining human capital skills and competencies, developing more effective organizations and dividing and developing transformation capabilities.**

The Department has balanced investments to focus on increasing investment to support the long war and CONPLAN 7500 while procuring a 313 ship Navy and its associated capabilities. The DON budget funds procurement of 67 ships and 1295 aircraft over the FYDP. New capabilities such as the Joint Strike Fighter (JSF), the V-22, the VH-71 and the Multi-mission Maritime Aircraft (MMA) are being procured. Reflecting this transition to production, our research and development budget decreases significantly through the FYDP.

Funding continues for development of FORCEnet, an architecture that will integrate sensors, networks, decision aids, and weapons into an adaptive human control maritime system in order to achieve dominance across all warfare systems. The Department is maintaining a steady investment while seeking to maximize the yield, relevance, and degree of innovation in the overall Science and Technology program.

**Institutional Risk – Institutionalizing capabilities based planning, improving financial management, and driving acquisition excellence; improving the readiness and quality of key facilities, managing overhead/indirect cost and realigning support to the warfighter are goals affecting institutional risk.**

The Department is reducing risk by emphasizing implementation of capabilities-based planning. This budget request represents the Department's commitment to improve the acquisition processes, make facility structure more efficient, and better

manage resources for improved business. In an effort to improve shore installation effectiveness, the Navy has identified best business practices, set Navy-wide standards of service, developed metrics, and linked standards and metrics to required readiness levels. We continue to transform business processes and develop integrated enterprise solutions.

The Navy Marine Corps Intranet and Enterprise Resource Planning are examples of innovative changes that will significantly improve connectivity, financial and business reporting, and management performance. Through the Functional Area Management/Functional Data Management construct, the Department is preparing transition plans and data conversions for future ERP deployment. As a Department, we continue to aggressively challenge our Systems Commands and other shore activities to improve processes, find efficiencies, and eliminate legacy information systems.

The information below provides page references to the performance information contained in this document and in detailed budget justification materials supporting the FY 2008 budget submission.

<b>Risk Category</b>	<b>Strategic Goal</b>	<b>Performance Measure</b>	<b>Page #</b>
<b>Force Management Risk</b>	Maintain a Quality Force	Number of Recruiters	5-5
		Number of Recruits	5-5
		Size of Delayed Entry Program	5-5
		Enlisted Attrition Rates	5-5
	Ensure Sustainable Military Tempo	Ships Deployed	1-12
		MEFs deployed	1-12
		Ships Underway	1-12
		Active/Reserve Navy/Marine Corps Strength	1-12
		Number of Reserves Activated	1-12
		Number of Deployed Sailors	1-12
		Number of Deployed Marines	1-12
	Maintain Workforce Satisfaction	Enlisted Reenlistment Rates	5-5
		Career Pay Enhancements	5-14
	Maintain Reasonable Force Costs	Competitive sourcing study positions	A-3
		Civilian manpower levels	5-12,5-13
		Costs for Accession/Basic Skills/Advanced Training	B-5
		Total Paid Compensation	5-1
	Shape the Force of the Future	Implement optimized, supportable, future force structure and workforce	5-1
<b>Institutional Risk</b>	Streamline Decision Processes, Drive Financial	Implement Enterprise Resource Planning	6-13,6-14

	Management and Acquisition Excellence	DON Financial Improvement Program (DON FIP)	6-14
	Manage Overhead and Indirect Costs	Reduction in base structure to eliminate unnecessary infrastructure	6-1, 6-2,6-3
	Improve the Readiness and Quality of Key Facilities	67 Year FSRM Recapitalization Rate	6-8
		Inadequate family housing units	6-6
		Number of Privatization Projects	6-7
		Readiness status of facilities	6-8
	Realign Support to the Warfighter (including Defense Agencies)	Tooth-to-Tail Ratio	3-19,4-8,6-13,A-7
<b>Operational Risk</b>	Do We Have the Forces Available?	Battle Force Ships	4-3,4-4
		Active Air Wings	4-10,4-12
		Active Primary Authorized Aircraft (PAA)	4-12
		Number of Marine Expeditionary Forces	4-18
		Number of Marine Expeditionary Brigades	4-18
		Number of Marine Battalions	4-18
	Are They Currently Ready?	Navy/Marine Corps Personnel Readiness Ratings	5-2
		Active Flying Hours T-Rating	4-12
		Active Steaming Days Per Quarter	4-4,4-5
	What Are Our Critical Force, Sustainment, and Infrastructure Needs?	Aircraft Mission Capable Rates	4-12,4-13
		Airframe Availability/PAA	4-16
		Aircraft Engine Bare Firewalls	4-16
		Aircraft Engine Spares Ready-to-Issue	4-16
		Ship Maintenance % Rqmnt Funded	4-10
		Surge Sealift Ships and Capacity	4-6
		Prepositioning Ships and Capacity	4-6
		Reserve Steaming Days Per Quarter	4-5
		Reserve Battle Force Ships	4-5
		Reserve Air Wings	4-12
		Reserve Flying Hours T-Rating	4-14
Reserve Primary Authorized Aircraft		4-12	
	Are We Successfully Executing our Strategy?	Deferred Ship Maintenance	4-10
		Deferred FSRM	6-9
		Ships Deployed	1-12
		MEFs Deployed	1-12
		Ships Underway	1-12
		MEFs Predeployment	1-12
		Active/Reserve Navy/Marine Corps Strength	1-12
<b>Future Challenges Risk</b>	Drive Innovative Joint Operations	Joint/International Exercises	1-11
	Develop More Effective Organizations	Capitalizing on innovation, experimentation, and technology	3-1,3-19
	Define Skills and Competencies for the Future	Implementing Sea Warrior Initiative	5-3



	Define and Develop Transformational Capabilities	Implement enhanced naval capabilities to project offense, project defense, and project sovereignty around the globe	1-5,1-6
		Aviation Procurement Plan	3-12
		Ship Construction Plan	3-5
		Aviation/Ship Weapons Quantities	3-7,3-13
		Marine Corps Ground Equipment Quantities	3-18
		Implement Network Centric Warfare	3-14,3-15,3-16
		Major Platform R&D	3-19
		Maintain Balanced and Focused Science and Technology	3-18,3-19
		Funding for R&D support	3-22





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## MILITARY PERSONNEL, NAVY

### Table B-1a

*Department of the Navy*  
*Military Personnel, Navy*  
 (Dollars in Millions)

	FY 2006 Actual	FY 2007 Baseline	FY 2008 Baseline
Pay and Allowances of Officers	6,093	6,000	6,184
Pay and Allowances of Enlisted	15,751	15,370	15,347
Pay and Allowances of Midshipmen	59	63	61
Subsistence of Enlisted Personnel	942	908	890
Permanent Change of Station Travel	810	719	712
Other Military Personnel Costs	465	125	111
<b>Total: MPN</b>	<b>\$24,119</b>	<b>\$23,185</b>	<b>\$23,305</b>

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

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## MEDICARE-ELIGIBLE RETIREE HEALTH FUND CONTRIBUTION, NAVY

### Table B-1b

*Department of the Navy*  
*Medicare-Eligible Retiree Health Fund Contribution, Navy*  
 (Dollars in Millions)

	FY 2006 Actual	FY 2007 Baseline	FY 2008 Baseline
Health Accrual	2,029	2,098	1,925
<b>Total: DHAN</b>	<b>\$2,029</b>	<b>\$2,098</b>	<b>\$1,925</b>

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

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## MILITARY PERSONNEL, MARINE CORPS

**Table B-2a**

*Department of the Navy*  
*Military Personnel, Marine Corps*

(Dollars in Millions)

	FY 2006 Actual	FY 2007 Baseline	FY 2008 Baseline
Pay and Allowances of Officers	2,110	1,962	2,101
Pay and Allowances of Enlisted	6,868	6,263	7,176
Subsistence of Enlisted Personnel	590	549	590
Permanent Change of Station Travel	373	345	352
Other Military Personnel Costs	439	66	58
<b>Total: MPMC</b>	<b>\$10,381</b>	<b>\$9,186</b>	<b>\$10,278</b>

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

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## MEDICARE-ELIGIBLE RETIREE HEALTH FUND CONTRIBUTION, MARINE CORPS

**Table B-2b**

*Department of the Navy*  
*Medicare-Eligible Retiree Health Fund Contribution, Marine Corps*

(Dollars in Millions)

	FY 2006 Actual	FY 2007 Baseline	FY 2008 Baseline
Health Accrual	982	1,051	1,055
<b>Total: DHAMC</b>	<b>\$982</b>	<b>\$1,051</b>	<b>\$1,055</b>

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

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## RESERVE PERSONNEL, NAVY

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**Table B-3a**

*Department of the Navy*  
*Reserve Personnel, Navy*  
 (Dollars in Millions)

	FY 2006 Actual	FY 2007 Baseline	FY 2008 Baseline
Reserve Component Training and Support	1,794	1,761	663
Other Training and Support	-	-	1,135
<b>Total: RPN</b>	<b>\$1,794</b>	<b>\$1,761</b>	<b>\$1,798</b>

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

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## MEDICARE-ELIGIBLE RETIREE HEALTH FUND CONTRIBUTION, NAVY RESERVE

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**Table B-3b**

*Department of the Navy*  
*Medicare-Eligible Retiree Health Fund Contribution, Navy Reserves*  
 (Dollars in Millions)

	FY 2006 Actual	FY 2007 Baseline	FY 2008 Baseline
Health Accrual	292	287	266
<b>Total: DHANR</b>	<b>\$292</b>	<b>\$287</b>	<b>\$266</b>

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

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## RESERVE PERSONNEL, MARINE CORPS

**Table B-4a**

*Department of the Navy*

*Reserve Personnel, Marine Corps*

(Dollars in Millions)

	FY 2006 Actual	FY 2007 Baseline	FY 2008 Baseline
Reserve Component Training and Support	527	539	309
Other Training and Support	-	-	286
<b>Total: RPMC</b>	<b>\$527</b>	<b>\$539</b>	<b>\$595</b>

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

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## MEDICARE-ELIGIBLE RETIREE HEALTH FUND CONTRIBUTION, MARINE CORPS RESERVE

**Table B-4b**

*Department of the Navy*

*Medicare-Eligible Retiree Health Fund Contribution, Marine Corps Reserve*

(Dollars in Millions)

	FY 2006 Actual	FY 2007 Baseline	FY 2008 Baseline
Health Accrual	137	145	142
<b>Total: DHAMCR</b>	<b>\$137</b>	<b>\$145</b>	<b>\$142</b>

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

## OPERATION AND MAINTENANCE, NAVY

**Table B-5**

*Department of the Navy*

*Operation and Maintenance, Navy*

(Dollars in Millions)

	FY 2006 Actual	FY 2007 Baseline	FY 2008 Baseline
<b><u>Operating Forces</u></b>			
Air Operations	7,174	5,915	6,374
Ship Operations	9,358	8,491	9,633
Combat Operations/Support	3,698	2,560	2,736
Weapons Support	1,472	1,870	2,014
NWCF Support	-	-	-
Base Support	5,549	5,362	5,684
<b>Total - Operating Forces</b>	<b>27,251</b>	<b>24,199</b>	<b>26,441</b>
<b><u>Mobilization</u></b>			
Ready Reserve and Prepositioning Forces	716	543	542
Activations/Inactivations	117	199	200
Mobilization Preparedness	48	48	53
<b>Total - Mobilization</b>	<b>882</b>	<b>790</b>	<b>795</b>
<b><u>Training and Recruiting</u></b>			
Accession Training	193	245	259
Basic Skills and Advanced Training	1,305	1,228	1,284
Recruiting & Other Training and Education	565	505	532
<b>Total - Training and Recruiting</b>	<b>2,064</b>	<b>1,978</b>	<b>2,075</b>
<b><u>Administration and Servicewide Support</u></b>			
Servicewide Support	2,082	1,824	1,875
Logistics Operations and Technical Support	2,047	1,136	1,194
Investigations and Security Programs	1,081	871	943
Support of Other Nations	33	11	11
Cancelled Accounts	5	-	-
<b>Total - Administration and Servicewide Support</b>	<b>5,248</b>	<b>3,842</b>	<b>4,024</b>
<b>Total: O&amp;MN</b>	<b>\$35,445</b>	<b>\$30,808</b>	<b>\$33,335</b>

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

## OPERATION AND MAINTENANCE, MARINE CORPS

**Table B-6**

*Department of the Navy*

*Operation and Maintenance, Marine Corps*

*(Dollars in Millions)*

	FY 2006 Actual	FY 2007 Baseline	FY 2008 Baseline
<b><u>Operating Forces</u></b>			
Expeditionary Forces	3,497	952	1,441
USMC Prepositioning	100	78	80
Base Support	2,126	1,848	2,261
<b>Total - Operating Forces</b>	<b>5,722</b>	<b>2,878</b>	<b>3,782</b>
<b><u>Training and Recruiting</u></b>			
Accession Training	14	12	14
Basic Skills and Advanced Training	289	199	355
Recruiting & Other Training and Education	235	180	216
Base Support	190	191	203
<b>Total - Training and Recruiting</b>	<b>727</b>	<b>582</b>	<b>788</b>
<b><u>Administration and Servicewide Support</u></b>			
Servicewide Support	596	312	375
Base Support	15	15	17
<b>Total - Administration and Servicewide Support</b>	<b>612</b>	<b>327</b>	<b>392</b>
<b>Total: O&amp;MMC</b>	<b>\$7,061</b>	<b>\$3,787</b>	<b>\$4,961</b>

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

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## OPERATION AND MAINTENANCE, NAVY RESERVE

**Table B-7**

*Department of the Navy*

*Operation and Maintenance, Navy Reserve*

*(Dollars in Millions)*

	FY 2006 Actual	FY 2007 Baseline	FY 2008 Baseline
<b><u>Operating Forces</u></b>			
Air Operations	735	729	703
Ship Operations	149	132	93
Combat Operations/Support	258	125	137
Weapons Support	5	6	2
Base Support	309	270	237
<b>Total - Operating Forces</b>	<b>1,456</b>	<b>1,262</b>	<b>1,172</b>
<b><u>Administration and Servicewide Support</u></b>			
Servicewide Support	29	22	15
<b>Total - Administration and Servicewide Support</b>	<b>29</b>	<b>22</b>	<b>15</b>
<b>Total: O&amp;MNR</b>	<b>\$1,484</b>	<b>\$1,283</b>	<b>\$1,187</b>

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.



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## OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

**Table B-8**

*Department of the Navy*

*Operation and Maintenance, Marine Corps Reserve*

*(Dollars in Millions)*

	FY 2006 Actual	FY 2007 Baseline	FY 2008 Baseline
<b><u>Operating Forces</u></b>			
Expeditionary Forces	206	92	88
Base Support	85	82	85
<b>Total - Operating Forces</b>	<b>291</b>	<b>175</b>	<b>173</b>
<b><u>Administration and Servicewide Support</u></b>			
Servicewide Support	26	29	31
Base Support	5	4	5
<b>Total - Administration and Servicewide Support</b>	<b>31</b>	<b>33</b>	<b>36</b>
<b>Total: O&amp;MMCR</b>	<b>\$322</b>	<b>\$208</b>	<b>\$209</b>

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

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## *ENVIRONMENTAL RESTORATION, NAVY*

**Table B-9***Department of the Navy**Environmental Restoration, Navy**(Dollars in Millions)*

	FY 2006 Actual	FY 2007 Baseline	FY 2008 Baseline
Environmental Restoration Activities	-	302	301
<b>Total: ERN</b>	-	<b>\$302</b>	<b>\$301</b>

Note: Totals may not add due to rounding

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

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## AIRCRAFT PROCUREMENT, NAVY

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**Table B-10**

*Department of the Navy  
Aircraft Procurement, Navy  
(Dollars in Millions)*

	FY 2006		FY 2007		FY 2008	
	Actual		Baseline		Baseline	
	<u>QTY</u>	<u>\$</u>	<u>QTY</u>	<u>\$</u>	<u>QTY</u>	<u>\$</u>
Combat Aircraft	101	6,036	111	6,840	134	8,694
Airlift Aircraft	-	10	-	-	-	-
Trainer Aircraft	8	253	32	520	44	328
Other Aircraft	16	565	12	220	7	294
Modification of Aircraft	-	1,688	-	1,492	-	1,646
A/C Spares & Repair Parts	-	1,045	-	766	-	1,158
A/C Support Equip & Facilities	-	627	-	514	-	628
<b>Total: APN</b>	<b>125</b>	<b>\$10,224</b>	<b>155</b>	<b>\$10,352</b>	<b>185</b>	<b>\$12,748</b>
<b>R&amp;D Aircraft</b>	<b>3</b>	<b>*</b>	<b>*</b>	<b>-</b>	<b>3</b>	<b>*</b>

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**Total Aircraft Procurement**

\*Funded in RDT&E,N

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

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## WEAPONS PROCUREMENT, NAVY

**Table B-11**


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**Department of the Navy**  
**Weapons Procurement, Navy**  
(Dollars in Millions)

	FY 2006		FY 2007		FY 2008	
	QTY	\$	QTY	\$	QTY	\$
<b><u>Ballistic and Other Missiles</u></b>						
TRIDENT II	-	905	-	916	12	1,088
ESSM	102	98	100	99	85	83
Tomahawk	408	373	355	353	394	383
AMRAAM	48	74	128	88	79	87
Sidewinder	159	37	174	40	184	55
JSOW	420	144	390	124	421	131
STANDARD	75	144	75	139	75	160
RAM	90	86	90	57	90	80
Hellfire	1,022	93	-	-	439	46
MUOS	-	-	-	-	-	216
Other	-	253	-	308	-	166
<b><u>Torpedoes and Related Equipment</u></b>						
Mk-46 Torpedo Mods	-	69	-	86	133	84
Mk-48 Torpedo ADCAP Mods	-	64	-	65	-	64
Torpedo Support Equipment	-	29	-	26	-	36
Other	-	47	-	50	-	26
<b><u>Other Weapons/Spares</u></b>						
CIWS MODS	-	193	-	151	-	182
Gun Mount Mods	-	82	-	20	-	8
All Other	-	108	-	102	-	189
<b>Total: WPN</b>		<b>\$2,800</b>		<b>\$2,624</b>		<b>\$3,084</b>

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

# SHIPBUILDING AND CONVERSION, NAVY

## Table B-12

Department of the Navy

Shipbuilding and Conversion, Navy

(Dollars in Millions)

	FY 2006 Actual		FY 2007 Baseline		FY 2008 Baseline	
	QTY	\$	QTY	\$	QTY	\$
<b><u>New Construction</u></b>						
CVN-21	-	762	-	1,107	1	2,848
SSN-774	1	2,550	1	2,553	1	2,499
DDG-51	-	147	-	354	-	78
DDG-1000	-	706	2	2,557	-	2,954
LCS	3*	434	2	518	3	910
LPD-17	1	1,514	-	380	1	1,399
LHD-1	-	233	-	-	-	-
LHA(R)	-	149	1	1,131	-	1,377
JHSV	-	-	-	-	-	-
MPF MLP	-	-	-	-	-	-
T-AKE	1	**	1	**	1	**
<b>Total New Construction</b>	<b>6</b>	<b>6,496</b>	<b>7</b>	<b>8,600</b>	<b>7</b>	<b>12,065</b>
<b><u>Conversions</u></b>						
SSGN Conversion	-	283	-	-	-	-
<b>Total Conversion</b>	<b>-</b>	<b>283</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Other</u></b>						
RCOH	1	1,320	-	1,067	-	297
SSBN ERO	1	288	1	225	1	230
Special Purpose	-	-	-	3	-	-
LCAC SLEP	6	99	6	110	5	99
Outfitting	-	372	-	369	-	420
Service Craft	-	45	-	45	-	33
Completion of PY Shipbuilding Programs	-	2,419	-	-	-	511
DDG Modernization	-	49	-	-	-	-
Oceanographic Ship	-	-	1	117	-	-
<b>Total Other</b>	<b>8</b>	<b>4,590</b>	<b>8</b>	<b>1,933</b>	<b>6</b>	<b>1,590</b>
<b>Total: SCN</b>	<b>14</b>	<b>\$11,370</b>	<b>15</b>	<b>\$10,537</b>	<b>13</b>	<b>\$13,656</b>

\* 1 LCS was funded in RD TEN in FY 2006.

\*\*Funded in NDSF.

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

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**OTHER PROCUREMENT, NAVY**
**Table B-13**

*Department of the Navy*  
*Other Procurement, Navy*  
*(Dollars in Millions)*

	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
	<b>Actual</b>	<b>Baseline</b>	<b>Baseline</b>
Ship Support Equipment	1,621	1,514	1,798
Communications and Electronics Equipment	1,874	1,681	1,815
Aviation Support Equipment	296	324	335
Ordnance Support Equipment	693	559	635
Civil Engineering Support Equipment	466	226	240
Supply Support Equipment	113	109	107
Personnel and Command Support Equipment	518	277	322
Spares and Repair Parts	256	213	218
<b>Total: OPN</b>	<b>\$5,837</b>	<b>\$4,904</b>	<b>\$5,470</b>

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

## PROCUREMENT, MARINE CORPS

### Table B-14

*Department of the Navy  
Procurement, Marine Corps  
(Dollars in Millions)*

	FY 2006 Actual	FY 2007 Baseline	FY 2008 Baseline
<b><u>Weapons and Combat Vehicles</u></b>			
Expeditionary Fighting Vehicle (EFV)	29	-	-
LW155MM Lightweight Howitzer	171	94	93
HIMARS	165	6	31
LAV-PC	198	14	31
AAV7A1 PIP	78	12	3
Weapons and Combat Vehicles under \$5 million	115	3	16
MC Ground Forces	-	-	2,212
Other	178	60	38
<b><u>Guided Missiles and Equipment</u></b>			
Ground Based Air Defense (GBAD)	2	4	2
JAVELIN	4	-	-
Other	244	3	1
<b><u>Communication and Electronics Equipment</u></b>			
Repair and Test Equipment	273	13	21
Comm Switching & Control Systems	262	49	27
Common Computer Resources	85	78	75
Radio Systems	653	22	61
Night Vision Equipment	318	8	9
Comm & Elec Infrastructure Support	195	17	20
Command Post Systems	89	20	21
Other	305	145	143
<b><u>Support Vehicles</u></b>			
5/4T Truck HMMWV (MYP)	542	36	2
Motor Transport Modifications	287	-	-
Other	392	75	55
<b><u>Engineering And Other Equipment</u></b>			
	826	208	127
<b><u>Spares and Repair Parts</u></b>			
	42	23	13
<b>Total: PMC</b>	<b>\$5,452</b>	<b>\$891</b>	<b>\$2,999</b>

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.



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**PROCUREMENT OF AMMUNITION, NAVY AND  
MARINE CORPS**

**Table B-15**

*Department of the Navy*

*Procurement of Ammunition, Navy and Marine Corps*

*(Dollars in Millions)*

	FY 2006 Actual	FY 2007 Baseline	FY 2008 Baseline
Navy Ammunition	557	511	473
Marine Corps Ammunition	628	254	287
<b>Total: PANMC</b>	<b>\$1,185</b>	<b>\$764</b>	<b>\$760</b>

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

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**RESEARCH, DEVELOPMENT, TEST AND  
EVALUATION, NAVY**

**Table B-16***Department of the Navy**Research, Development, Test and Evaluation, Navy**(Dollars in Millions)*

	FY 2006 Actual	FY 2007 Baseline	FY 2008 Baseline
Basic Research	467	492	467
Applied Research	762	786	678
Advanced Technology Development	1,012	766	522
Advanced Component Development	3,493	3,224	2,998
System Development and Demonstration	8,597	8,872	7,849
RDT&E Management Support	1,138	835	865
Operational Systems Development	3,502	3,674	3,697
<b>Total: RDT&amp;E,N</b>	<b>\$18,970</b>	<b>\$18,649</b>	<b>\$17,076</b>

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

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**NATIONAL DEFENSE SEALIFT FUND**
**Table B-17**


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**Department of the Navy**  
**National Defense Sealift Fund**  
*(Dollars in Millions)*

	FY 2006 Actual	FY 2007 Baseline	FY 2008 Baseline
Strategic Sealift Acquisition	609	531	508
DoD Mobilization Assets	418	215	246
Research and Development	72	108	97
Ready Reserve Force	202	214	228
<b>Total: NDSF</b>	<b>\$1,301</b>	<b>\$1,068</b>	<b>\$1,079</b>

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

## MILITARY CONSTRUCTION, NAVY AND MARINE CORPS, ACTIVE AND RESERVE

Table B-18

*Department of the Navy**Military Construction, Navy and Navy Reserve**(Dollars in Millions)*

	FY 2006 Actual	FY 2007 Baseline	FY 2008 Baseline
<b>Significant Programs</b>			
Operational & Training Facilities	380	423	633
Maintenance & Production Facilities	254	215	217
R&D Facilities	97	19	52
Supply Facilities	9	11	4
Medical Facilities	-	3	-
Administrative Facilities	29	34	21
Housing Facilities	180	211	381
Community Facilities	45	31	98
Utility Facilities & Ground Improvements	92	24	158
Pollution Abatement	34	33	7
Real Estate	2	69	-
Unspecified Minor Construction	-	9	10
Planning And Design	35	68	88
General Defense Intelligence Program	-	12	52
Marine Corps Grow the Force	-	-	383
Hurricane Recovery	336	-	-
Foreign Currency	6	-	-
<b>Total: Navy</b>	<b>\$1,499</b>	<b>\$1,162</b>	<b>\$2,104</b>
<i>Continuing Resolution Adjustment</i>		-\$6	
<b>FY 2007 Continuing Resolution Authority</b>		<b>\$1,156</b>	
<b>Naval Reserve</b>			
<b>Significant Programs</b>			
Operational & Training Facilities	41	28	40
Maintenance & Production Facilities	2	15	4
Supply Facilities	-	2	2
Administrative Facilities	-	-	-
Housing Facilities	-	-	-
Community Facilities	-	-	10
Utility Facilities & Ground Improvements	-	-	-
Unspecified Minor Construction	1	1	-
Hurricane Recovery	94	-	-
Planning and Design	3	2	2
<b>Total: Naval Reserve</b>	<b>\$141</b>	<b>\$48</b>	<b>\$59</b>
<i>Continuing Resolution Adjustment</i>		-\$12	
<b>FY 2007 Continuing Resolution Authority</b>		<b>\$36</b>	

Note: Totals may not add due to rounding.

\*Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT estimate.

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## FAMILY HOUSING, NAVY AND MARINE CORPS

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**Table B-19***Department of the Navy**Family Housing, Navy and Marine Corps**(Dollars in Millions)*

	FY 2006	FY 2007	FY 2008
	Actual	Baseline	Baseline
<b><u>Navy</u></b>			
Construction	197	123	98
O&M	567	432	332
<b>Total: Navy</b>	<b>\$765</b>	<b>\$555</b>	<b>\$430</b>
<b><u>Marine Corps</u></b>			
Construction	-	182	201
O&M	109	77	39
<b>Total: Marine Corps</b>	<b>\$109</b>	<b>\$259</b>	<b>\$240</b>
<b>Total: FH,N&amp;MC</b>	<b>\$874</b>	<b>\$814</b>	<b>\$670</b>
<i>Continuing Resolution Adjustment</i>		-\$272	
<b>FY 2007 Continuing Resolution Authority</b>		<b>\$542</b>	
<b><u>New Construction Projects</u></b>			
Navy	1	2	1
Marine Corps	-	1	-
<b><u>Construction Units</u></b>			
Navy	126	176	73
Marine Corps	-	74	-
<b><u>Average Number of Units</u></b>			
Navy	23,229	21,527	9,541
Marine Corps	9,996	4,818	867

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

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**BASE REALIGNMENT AND CLOSURE ACCOUNTS**


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**Table B-20****Department of the Navy****Base Realignment and Closure Accounts***(Dollars in Millions)*

<b>Costs</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
	<b>Actual</b>	<b>Baseline</b>	<b>Baseline</b>
Base Realignment and Closure V	252	690	734
<b>Total: BRAC</b>	<b>\$252</b>	<b>\$690</b>	<b>\$734</b>
<i>Continuing Resolution Adjustment</i>		-\$529	
<b>FY 2007 Continuing Resolution Authority</b>		<b>\$161</b>	

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

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**NAVY WORKING CAPITAL FUND**
**Table B-21**

*Department of the Navy*  
*Navy Working Capital Fund*  
*(Dollars in Millions)*

<b>Costs</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Baseline</b>	<b>FY 2008 Baseline</b>
Navy Working Capital Fund	118	83	14
<b>Total: NWCF</b>	<b>\$118</b>	<b>\$83</b>	<b>\$14</b>

Note: Totals may not add due to rounding.

\* Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.



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