



*Office of Budget  
Department of the Navy*

# *Highlights of the Department of the Navy FY 1999 Budget*



O&M, Navy  
O&M, Marine Corps  
O&M, Navy Reserve  
O&M, Marine Corps Reserve  
Environmental Restoration., Navy  
Kaho'olawe Island  
TOTAL, O&M

Aircraft Procurement, Navy  
Weapons Procurement, Navy  
Shipbuilding & Conversion, Navy  
Other Procurement, Navy  
Procurement, Marine Corps  
Procurement of Ammunition, N  
TOTAL, PROCUREMENT

Research, Development, Test and Evaluation  
National Defense Sealift Fund  
Military Construction, Navy  
Military Construction, Naval Reserve  
Family Housing, Navy and Marine Corps  
Base Realignment and Closure  
TOTAL



FY 1999  
16,613  
6,272  
1,387  
402  
24,674  
  
21,927  
2,524  
929  
115  
282  
15  
25,792  
  
7,467  
1,327  
6,253  
3,937  
746  
429  
140



**February 1998**

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## SECTION I - INTRODUCTION

This Highlights Book is designed to provide a summary of the Department of the Navy (DON) FY 1999 budget to assist members of Congress and their staffs in their review of the President's request. The Department of the Navy budget for FY 1999, provides resources which fully support the goals and objectives established through the Quadrennial Defense Review (QDR). The capabilities reflected in our Naval forces are both historically and prospectively congruent with all elements of the *Shape . . . Respond . . . Prepare* Defense strategy.

As can be seen in chart 1, our Future Years Defense Program (FYDP) overall resource trend, adjusted for inflation, is projected to remain flat at levels reached after a precipitous decline in the first half of this decade. Within these more stable resources, this budget is focused on ensuring the executability and achievement of our programs. We have examined operations and support (O&S) shortfalls that in past years dictated migration from investment accounts. As a result, we have dedicated the resources needed to maintain high levels of readiness and sustainability, thus allowing more realistic and stable commitments to the capabilities needed to defeat future threats. Our ultimate success will be dependent on a significant change in the current resource/requirement dynamic. We must continue to shed excess infrastructure and become more efficient in the manner in which we operate and support our forces to make a larger proportion of funds available to support needed investments. This

**Chart 1 - DON Topline FY 1997 - FY 2003**

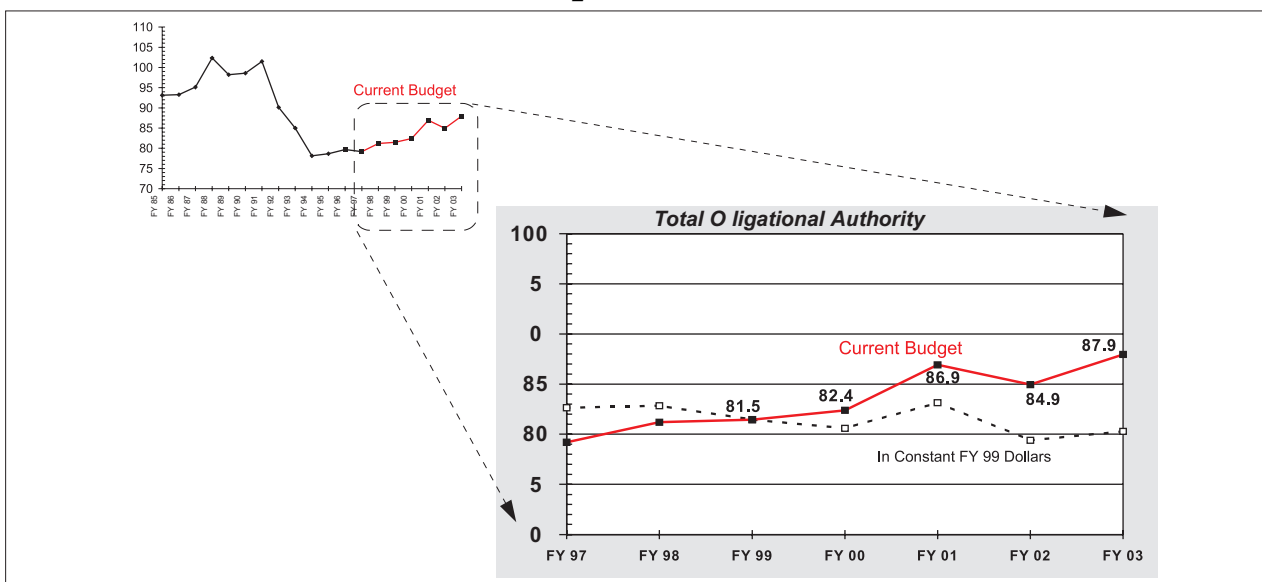


Chart 1 reflects Department of the Navy resources in both current and constant dollars from FY 1997 through FY 2003. The smaller chart provides a historical perspective from FY 1985 through FY 2003.

central strategy is the key to preserving our ability to sail unfettered throughout the world, using naval forces as required, without restriction—anytime, anywhere—now and into the future.

Our budget for O&S has been balanced through a combination of reduced requirements, resulting from smaller force levels directed by the QDR and, where necessary, the addition of resources to ensure remaining requirements are adequately financed. Even though the inventory of battle force ships and aircraft will be reduced significantly in FY 1999, we have added more than \$280 million for ship and aircraft operations and \$25 million for Fleet Marine Force operations and equipment support, thus ensuring adequate resources for traditional peacetime operating requirements. Additionally, in FY 1999 we added \$237 million for Navy and \$52 million for Marine Corps base support to address facility maintenance and essential base operating support requirements. Savings from a Navy end strength reduction of almost 14,200 in FY 1999 have been reinvested in shaping the resulting force and properly funding the Military Personnel account. Further, an additional \$219 million has been added to the FY 1998 program over last year's estimate. Even with significant reprogrammings in recent years, our people have felt the ill effects of inadequate funding in such areas as advancement and relocation. We have taken action to remedy this.

Our future ability to fund O&S at the amounts necessary to ensure high levels of readiness and sustainability, while at the same time committing significant resources to acquiring the technologically advanced weapons systems necessary to meet future threats, will depend on changes to the way we do business and the overall level of resources dedicated to Naval



forces. One such change must be in our ability to operate and support our forces more efficiently. Our current budget is built on the foundation of Base Realignment and Closure (BRAC) efforts begun in past years. Additionally, the Department of the

Navy has several initiatives in this budget which will reduce the size of infrastructure and allow us to reduce the operating costs of our combatant forces.

- ◆ This budget includes a regional maintenance pilot project at Pearl Harbor's Intermediate Maintenance Facility and Naval Shipyard that will merge the two organizationally and transition the merged activity to mission funding. This project will foster our efforts to regionalize maintenance infrastructure by eliminating artificial barriers to effective workload management.
- ◆ The Navy is committed to streamlining shore infrastructure. To this end we are implementing an installation management consolidation program which will reduce the number of commands exercising oversight of base operating support (BOS) from 18 to eight. This consolidation, which will be effective in FY 1999, will allow the other ten commands currently performing BOS functions to concentrate on their primary mission responsibilities. By concentrating BOS functions under regional commanders, efficiencies should be realized which will reduce the level of resources required to operate our shore installations.
- ◆ We are continuing action to restructure the Naval Ordnance Center. When complete, we hope to have eliminated or transferred all but core ordnance sustainment efforts for which we can more closely and successfully manage costs.
- ◆ Our budget includes a funding profile sufficient to meet our legal agreements for Environmental Restoration, assuming continued success in implementing relative risk management and renegotiating existing agreements. We have refined our estimates of the costs of cleaning up BRAC sites and have provided additional funding in that account for FY 1999 through FY 2001. This has allowed us to reduce Environmental Restoration, Navy funding for future years.
- ◆ The "Smart Ship" project, being tested aboard the Aegis cruiser *Yorktown* (CG-48) and the amphibious ship *Rushmore* (LSD-47), also explores reduced manning initiatives for application on existing and future ships, a critical necessity for our future. This budget funds application of those initiatives tested and found viable through robust DDG and CG modernization through the FYDP.
- ◆ Our budget also provides the resources necessary to exploit the revolution in military affairs. For example, funding proposed for Navy Communications, Command, Control, Computers, and Intelligence (C<sup>4</sup>I) programs will facilitate the transformation of traditional warfighting via a new operational concept called "network-centric" warfare. The Navy's Information Technology for the 21st Century (IT-21) architecture will provide the common backbone for inter-netted C<sup>4</sup>I systems. Marine Corps C<sup>4</sup>I modernization will also reflect an emphasis on communications and electronics initiatives to ensure connectivity and interoperability on the battlefield.

However, the specific efficiencies proposed in this budget will not be sufficient to reduce costs to the levels necessary. The Department has begun planning efforts for an extensive outsourcing initiative that is expected to produce substantial savings in the FYDP outyears. We also

require authority for further base closures and ask for the support of Congress.

Increasing amounts of investment to support recapitalization and modernization is a critical element of the Defense Strategy. Rebounding from the low-water mark of \$15.7 billion as recently as FY 1996, this DON budget exceeds \$20 billion in FY 1999, and rises above \$24 billion by the end of the FYDP. Chart 2 reflects the trendlines of this resource shift. Funding for the DDG-51 procurement continues into the second year of the planned four year multiyear procurement. This acquisition strategy enables the Navy to commit to the procurement of a total of 13 ships over the 1998-2001 period. The first follow-on ship of the *San Antonio* class of amphibious transport dock ships is also funded in FY 1999. This ship class will serve as the functional replacement for four existing amphibious ship classes. The Department has substantially changed the procurement profile of the tenth and final *Nimitz* Class aircraft carrier, CVN-77. The change in this profile was influenced, in no small part, by the concern of the long construction gap between *Ronald Reagan* (CVN-76) and CVN-77 and the costly effects of this gap on the labor force of the shipbuilder.

**Chart 2 - Trendlines FY 1997 - FY 2003**

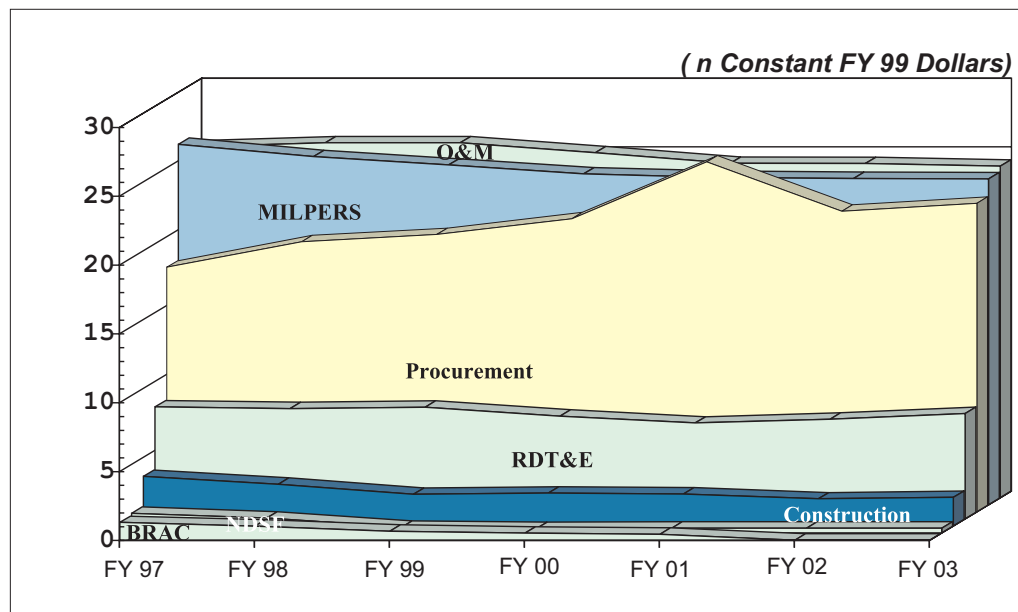


Chart 2 graphically displays Department of the Navy appropriations by title over the Future Years Defense Program. The trendlines are reflective of increasing amounts of investment to support recapitalization and modernization programs.

Therefore, as evident in Chart 2, the Department has moved the full funding of CVN-77 from FY 2002 to FY 2001 to minimize the cost and has provided for advanced construction/advanced procurement of nuclear and non-nuclear components from FY 1998 through FY 2000.

We also continue to pursue other efficiencies in our acquisition programs. For example, in order to make the most of available resources, we propose to maximize the use of multiyear procurement. In addition to the *Arleigh Burke* class destroyer, our budget proposes four new multiyear programs: E-2C, AV-8B, T-45TS, and Medium Tactical Vehicle Replacement. The AV-8B MYP was suggested and approved by the Congress in FY 1998. Savings from these additional multiyear procurements are expected to exceed \$200 million over the Future Years Defense Program (FYDP). In other acquisition initiatives, we will continue to exploit new relationships with and among our shipbuilding partners, lowering the cost of all surface and submarine programs to the minimal levels needed to sustain a competitive industry and deliver needed weapons platforms. Also, the life cycle cost of operating new platforms and systems is being given prominent consideration in every acquisition decision.

To ensure that our recapitalization program replaces aging systems with technologically superior systems able to defeat emerging threats, we have increased funding for research and development. Our RDT&E budget is now more than \$250 million higher than it was for FY 1999 in the last budget. Within the Science and Technology portion of the account, however, we have been able to afford only minor increases to our recent program submission, resulting in a conservative profile that keeps pace with inflation across the FYDP.

The *Highlights Book* sections that follow this introduction provide financial summaries and brief program discussions. Government Performance and Results Act information referenced in the Department of the Navy's budget are indicated in Appendix A, Appropriation tables are found in Appendix B. The *Highlights Book* also includes significant force and manpower factors and selected data on maintenance, readiness and civilian personnel. This *Highlights Book* is available electronically on the FY 1999 Department of the Navy Justification of Estimates CD-ROM and on the World Wide Web via the Navy Headquarters Budget System (NHBS) at "<http://navweb.secnav.navy.mil/budget>".



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## SECTION II - READINESS

Our battle force ships, aviation units and Marine forces support the DoD goal to shape the international environment and respond to the full spectrum of crises by providing appropriately sized, positioned and mobile forces. In addition, our budget provides for operational levels which will maintain the high personnel and unit readiness necessary to conduct the full spectrum of joint military activities. This includes ongoing participation in international military exercises designed to foster a spirit of mutual cooperation and enhance multinational security agreements.

The role of the Navy and Marine Corps on the world stage is evident throughout our budget. From contributions to multilateral operations

***“Shape the international environment ...”***  
**DoD Goal**

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. Navy requirements are often met through participation with allies and other foreign countries, in joint exercises, port visits, and exchange programs. Several

joint/international exercises planned for FY 1999 are: Atlantic Resolve; Blue Advance; UNITAS; West Africa Training Cruise; and Cobra Gold.

Operational activities include drug interdiction operations, joint maneuvers and multi-national training exercises, humanitarian assistance (including medical, salvage, and search and rescue) and when called upon, contingency operations such as the Persian Gulf and Bosnia. On

**Chart 3 - The Navy Today**

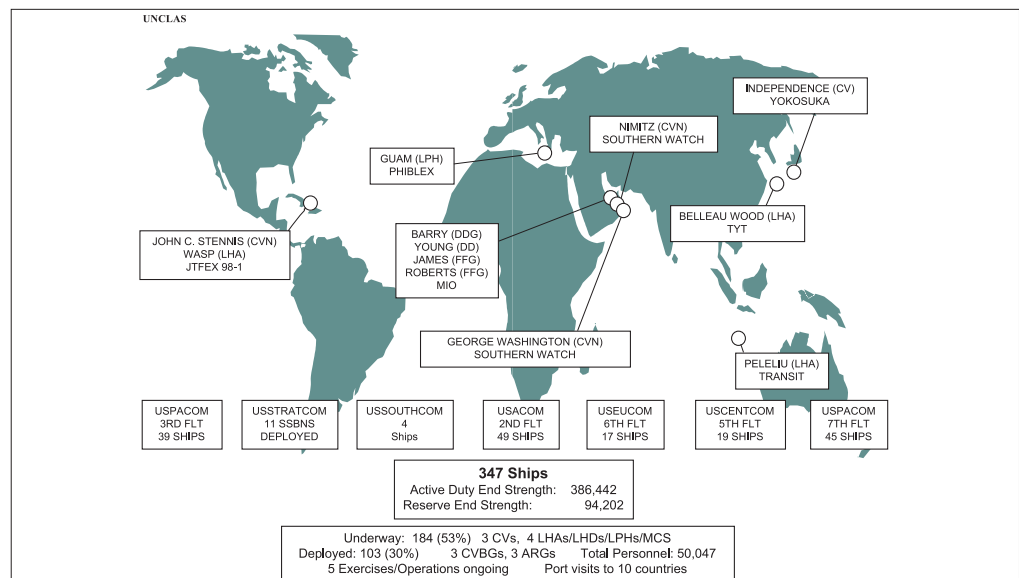


Chart 3 elements Derivatives or and Reserves as of 21 January 1998

any given day, nearly 50,000 sailors and Marines on over 100 ships are deployed to locations around the world.

## **SHIP OPERATIONS**

### **Battle Force Ships**

The size of the deployable Battle Force will be significantly reduced by the end of FY 1999. This decrease is possible because of the multi-purpose capability of ships being added to the inventory, as well as the assumption of a major portion of the combat logistics force mission by the Military Sealift Command which requires fewer Battle Force ships to provide similar capabilities. The budget provides for a deployable Battle Force (including Reserves) of 333 ships by the end of FY 1998, and 315 ships by the end of FY 1999. This level will support 12 aircraft carrier battle groups and 12 amphibious ready groups.

The FY 1998 inactivation of 28 ships is partially offset by the commissioning of seven new construction ships, including one nuclear aircraft carrier, three *Arleigh Burke* class guided missile destroyers, one amphibious assault ship, one amphibious dock landing ship, and one fast combat support ship.

The FY 1999 inactivation of 25 ships is partially offset by the activation of one Military Sealift Command operated fleet oiler and the commissioning of six new construction ships, including four *Arleigh Burke* class guided missile destroyers, one oceanographic survey ship, and one *Seawolf* class nuclear attack submarine. Table 1 summarizes Battle Force ship levels.

**Table 1**

**Department of the Navy  
Ship Operations**

|                                           | <b>FY 1997</b> | <b>FY 1998</b> | <b>FY 1999</b> |
|-------------------------------------------|----------------|----------------|----------------|
| <b>Battle Force Ships</b>                 | <b>(354)</b>   | <b>(333)</b>   | <b>(315)</b>   |
| <i>Aircraft Carriers</i>                  | 12             | 12             | 12             |
| <i>Fleet Ballistic Missile Submarines</i> | 18             | 18             | 18             |
| <i>Surface Combatants</i>                 | 128            | 117            | 116            |
| <i>Nuclear Attack Submarines</i>          | 73             | 65             | 57             |
| <i>Amphibious Warfare Ships</i>           | 41             | 40             | 39             |
| <i>Combat Logistics Ships</i>             | 40             | 39             | 34             |
| <i>Mine Warfare Ships</i>                 | 16             | 16             | 16             |
| <i>Support Ships</i>                      | 26             | 26             | 23             |

## OPTEMPO

For FY 1999, 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 operational requirements and overseas presence commitments in support of the National Military Strategy. The budget provides funds necessary to achieve the Department's operational tempo (OPTEMPO) goal of 50.5 underway days per quarter for deployed forces and 28 underway days per quarter for non-deployed forces. This will enable the Fleets to maintain one carrier battle group (CVBG) and one amphibious ready group (ARG) in European waters, one CVBG and one ARG in the western Pacific and one CVBG and one ARG in either the Indian Ocean or the Arabian Gulf for portions of each year as required by national security policy. This budget reflects additional deployed underway days in FY 1997 in support of contingency operations in Bosnia and Southwest Asia. Additional deployed underway days in FY 1998 and FY 1999 in support of contingency operations for Bosnia (FY 1998 only) and Southwest Asia are budgeted in the Overseas Contingency Operations Transfer Fund (OCOTF). Non-deployed Fleet OPTEMPO provides primarily for the training of fleet

**"... respond to a full spectrum of crises"**  
DoD Goal

**Chart 4 - Active Force OPTEMPO**

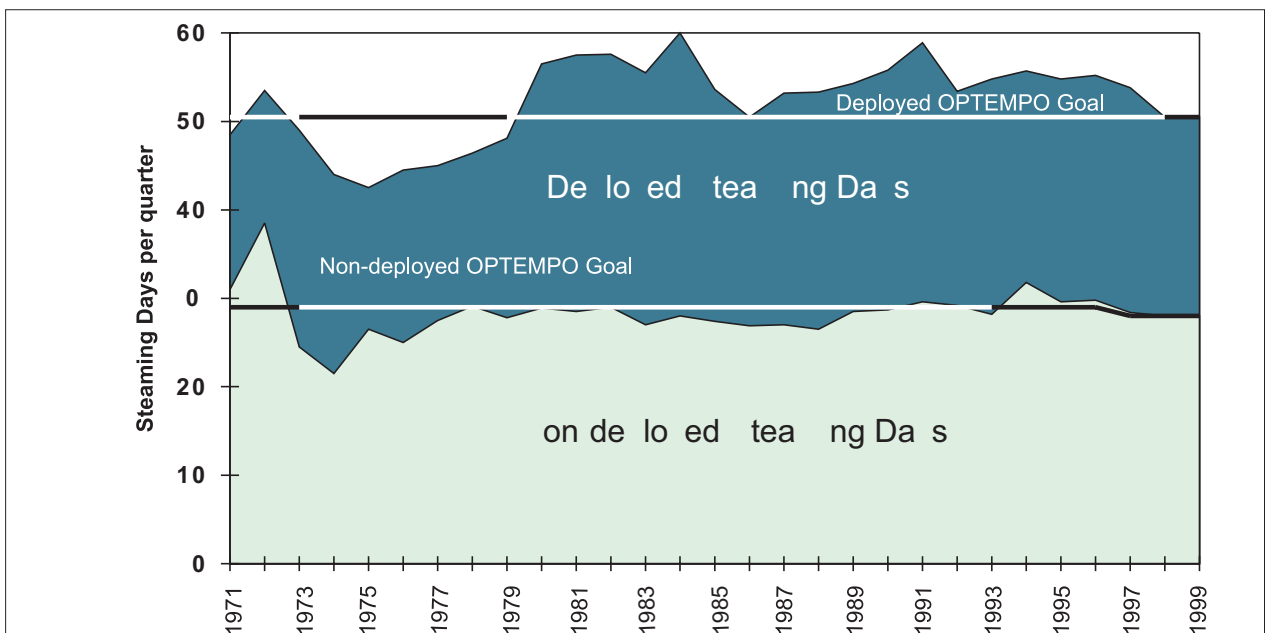


Chart 4 relates to the total steaming days per quarter for deployed and non-deployed ships. The deployed and non-deployed budgeted goals fluctuate around the goals relative to real world operations including contingency operations under the Overseas Contingency Operations Transfer Fund (OCOTF).

units when not deployed, including participation in individual unit training exercises, multi-unit exercises, joint exercises, refresher training, and various other training exercises. Non-deployed Fleet OPTEMPO levels are considered the minimum required for maintaining a combat ready and rapidly deployable force. Chart 4 illustrates historical and budgeted OPTEMPO.

|                                                               |        |
|---------------------------------------------------------------|--------|
| <i>Planned Joint Exercises</i>                                | 60     |
| <i>Average number of ships forward deployed:</i>              | 100    |
| <i>Average number of personnel on forward deployed ships:</i> | 49,583 |
| <i>Average number of USMC personnel stationed overseas:</i>   | 16,967 |

### ***Reserve Battle Force Ships***

The Naval Reserve Force will consist of 18 Battle Force ships in FY 1998 and FY 1999. The Naval Reserve has transitioned from primarily a frigate force to multiple class ships. The Naval Reserve now has ten frigates, 1 CV, 2 LSTs, 1 MCS, and 4 MCMs. This expansion allows the Naval Reserve Force to augment the active force and achieve personnel tempo goals. The CV is budgeted at 28 steaming days per quarter starting in FY 1999, and the remaining Naval Reserve Force ships are budgeted at 18 steaming days per quarter.

Table 2 reflects Reserve battle force ships and steaming days per quarter.

**Table 2**

**Department of the Navy  
Significant Naval Reserve Force Factors**

|                                          | <b>FY 1997</b> | <b>FY 1998</b> | <b>FY 1999</b> |
|------------------------------------------|----------------|----------------|----------------|
| <b><i>Reserve Battle Force Ships</i></b> | <b>(18)</b>    | <b>(18)</b>    | <b>(18)</b>    |
| <i>Reserve Operational Carrier</i>       | 1              | 1              | 1              |
| <i>Surface Combatants</i>                | 10             | 10             | 10             |
| <i>Amphibious Ships</i>                  | 2              | 2              | 2              |
| <i>Support/Mine Warfare</i>              | 5              | 5              | 5              |
| <b><i>Steaming Days Per Quarter</i></b>  |                |                |                |
| <i>Reserve Operational Carrier</i>       | 28             | 31             | 28             |
| <i>Other Naval Reserve Force Ships</i>   | 19             | 18             | 18             |

## **Mobilization**

Mobilization forces are maintained for rapid response to unforeseen contingencies throughout the world. The Mobility Requirements Study (MRS) and the Mobility Requirements Study Bottom-Up Review Update (MRS-BURU) recommended additional sealift capacity. Sealift assets include both prepositioning and surge ships. 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 parenthetically noted in table 5 below. Department of the Navy O&M appropriations reimburse the biennial exercise costs of the Hospital Ships and the Aviation Maintenance Ships, and will continue to fund the daily operating costs of the Maritime Prepositioning Ships (MPS). Each of the three MPS squadrons is equipped to support a Marine Air-Ground Task Force or Brigade equivalent for 30 days. A prepositioned ammunition ship, which will provide an in-theater ordnance stockpile for USCENTCOM, and a Maritime Prepositioning Force (Enhanced) Ship will join the operating fleet in FY 1999. NDSF assumed direct funding responsibility for the Reduced Operating Status (ROS) of all surge ships (FSS, LMSR, T-AH, T-AVB) in FY 1998. NDSF currently funds all Ready Reserve Force ships. T-AVBs (2) will transfer to the Ready Reserve Force in FY 1999.

**“... Appropriately sized, positioned and mobile forces”**

**DoD Goal**

Table 3 displays the composition of Navy mobilization forces.

**Table 3**

### **Department of the Navy Mobilization**

| <b>Strategic Sealift (# of ships)</b>                                         | <b>FY 1997</b>            | <b>FY 1998</b> | <b>FY 1999</b> |
|-------------------------------------------------------------------------------|---------------------------|----------------|----------------|
| <b>Prepositioning Ships:</b>                                                  |                           |                |                |
| Maritime Prepo Ships (Navy O&M)                                               | 13                        | 13             | 14             |
| Hospital Shuttle/Prepo (Navy O&M)                                             | 1                         | 1              | 0              |
| CENTCOM Ammo Prepo (Navy O&M)                                                 | 0                         | 0              | 1              |
| Army Prepo Ships (Army O&M)                                                   | 16                        | 16             | 16             |
| Air Force Prepo Ships (Air Force O&M)                                         | 3                         | 3              | 3              |
| DLA Prepo Ships (DLA)                                                         | 3                         | 3              | 3              |
| <b>Surge Ships:</b>                                                           |                           |                |                |
| Hospital Ships (Navy*)                                                        | 2                         | 2              | 2              |
| Fast Sealift Ships (Navy*)                                                    | 8                         | 8              | 8              |
| Ready Reserve Force Ships (NDSF)                                              | 94                        | 94             | 96             |
| * Funding for Navy Surge assets transferred from Navy O&M to NDSF in FY 1998. |                           |                |                |
|                                                                               | (Millions of square feet) |                |                |
| Surge Sealift capacity                                                        | 6.8                       | 7.2            | 7.8            |
| Total Navy Sealift Capacity (Prepo and Surge)                                 | 8.9                       | 9.3            | 10.0           |

## **Ship Depot Maintenance**

The FY 1999 budget will satisfy approximately 91% of currently scheduled requirements for active forces ship depot maintenance and 92% for Reserve forces. This submission represents a departure from the past methodology of funding ship depot maintenance to a percentage of notional mandays required for a particular class of ship. For this budget the two fleets performed an in-depth, hull by hull assessment of essential maintenance required, and the budget is based upon these 'scrubbed' requirements. Funding in FY 1999 also includes realignments necessary to implement the Pearl Harbor pilot project which merges the Intermediate Maintenance Facility and Pearl Harbor Naval Shipyard into a regional maintenance center to be operated by the Commander in Chief, Pacific Fleet.

Tables 4 and 5 display active and reserve ship depot maintenance

**Table 4**

**Department of the Navy  
Active Forces Ship Depot Maintenance  
(In Millions of Dollars)**

|                                           | <b>FY 1997</b>   | <b>FY 1998</b>   | <b>FY 1999</b>   |
|-------------------------------------------|------------------|------------------|------------------|
| Ship Depot Maintenance                    | 1,754.8          | 1,953.2          | 1,947.4          |
| Depot Operations Support 1/               | 1,158.0          | 763.8            | 1,147.2          |
| <b>Total: Ship Maintenance (O&amp;MN)</b> | <b>\$2,912.8</b> | <b>\$2,717.0</b> | <b>\$3,094.6</b> |
| <b>CVN Overhauls (SCN)</b>                | <b>\$230.3</b>   | <b>\$1,618.5</b> | <b>\$275.0</b>   |
| No. of Ship Overhauls (Units)             | 5                | 5                | 6                |
| Ship Overhaul Backlog (Units)             | -                | -                | -                |
| Estimated No. of RA/TA (Units)            | 89               | 82               | 73               |
| Percentage of Requirement Funded          | -                | 96%              | 91%              |

1/ FY 1997 Depot Operations Support includes \$348.1 million of Congressionally directed Navy Working Capital Fund surcharge. FY 1999 includes funds to support operation of the Pearl Harbor Pilot maintenance facility.

**Table 5**

**Department of the Navy  
Reserve Depot Maintenance  
(In Millions of Dollars)**

|                                  | <b>FY 1997</b> | <b>FY 1998</b> | <b>FY 1999</b> |
|----------------------------------|----------------|----------------|----------------|
| Reserve Ship Depot Maintenance   | \$76.6         | \$69.8         | \$80.7         |
| Percentage of Requirement Funded | -              | 100%           | 92%            |

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## **AIR OPERATIONS**

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### ***Tactical Air Forces***

This budget provides for the operation, maintenance and training of ten active Navy carrier air wings and three Marine Corps air wings. Naval aviation is divided into three primary mission areas: Tactical Air/Anti-Submarine Warfare (ASW), Fleet Air Support, and Fleet Air Training. Tactical air 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. Anti-Submarine Warfare squadrons locate, destroy and provide force protection against sub-surface threats, and conduct maritime surveillance operations. Fleet Air Support squadrons provide vital fleet logistics support. In Fleet Air Training the Fleet Readiness Squadrons provide the necessary training to allow pilots to become proficient with their specific type of aircraft and transition to fleet operations.



One Navy EA-6B squadron will stand-up in FY 1998 to support the electronic countermeasures mission formerly provided by Air Force EF-111A forces. While there is no change in the number of squadrons as a result of the Quadrennial Defense Review, aircraft force structure adjustments have been incorporated beginning in FY 1998 by reducing the number of aircraft per squadron. The total number of active aircraft will decrease from 2,559 in FY 1997 to 2,509 in FY 1999.

---

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

Reserve aviation has expanded its role by accepting more missions from the active force. The Reserves currently provide 100% of the Navy's adversary and overseas logistics requirements and a portion of the electronic training and counter narcotics missions. In addition, all active and reserve airborne mine countermeasures squadrons have been



consolidated. These are all part of the Navy's effort to employ Reserve Forces to meet operational requirements.

Table 6 reflects active and reserve air operations.

**Table 6**

**Department of the Navy  
Air Operations**

|                                                 | <b>FY 1997</b> | <b>FY 1998</b> | <b>FY 1999</b> |
|-------------------------------------------------|----------------|----------------|----------------|
| <b>Air Forces - Active</b>                      | <b>18</b>      | <b>18</b>      | <b>18</b>      |
| Navy Carrier Air Wings                          | 10             | 10             | 10             |
| Marine Air Wings                                | 3              | 3              | 3              |
| Patrol Wings                                    | 3              | 3              | 3              |
| Helicopter Anti-Submarine Light Wings           | 2              | 2              | 2              |
| <b>Naval Reserve Air Forces</b>                 | <b>6</b>       | <b>6</b>       | <b>6</b>       |
| Tactical Air Wings (Naval Reserve)              | 1              | 1              | 1              |
| Reserve Patrol/ASW Air Wings                    | 2              | 2              | 2              |
| Reserve Helicopter Air Wing                     | 1              | 1              | 1              |
| Reserve Logistics Air Wing                      | 1              | 1              | 1              |
| Air Wing (Marine Reserve)                       | 1              | 1              | 1              |
| <b>Primary Authorized Aircraft - Active 1/</b>  | <b>2,559</b>   | <b>2,525</b>   | <b>2,509</b>   |
| Navy                                            | 1,493          | 1,464          | 1,466          |
| Marine Corps                                    | 1,066          | 1,061          | 1,043          |
| 1/ Does not include trainer or TACAMO aircraft. |                |                |                |
| <b>Primary Authorized Aircraft - Reserve</b>    | <b>453</b>     | <b>444</b>     | <b>431</b>     |
| Navy                                            | 268            | 259            | 246            |
| Marine Corps                                    | 185            | 185            | 185            |

## **Aircraft OPTEMPO**

The FY 1999 budget for the active aircraft flying hour program will provide the funds necessary to achieve the Department's goal of 85% Primary Mission Readiness (PMR) to train and maintain qualified aircrews in the primary mission of their assigned aircraft. This level of operation is essential to meet the objective of maintaining ready Naval Aviation units capable of performing a variety of military missions, including joint operations in support of emergent conflicts as well as ongoing peacekeeping operations. This budget reflects additional PMR and Fleet Air Support in FY 1997 in support of contingency operations in Bosnia and Southwest Asia. Contingency operations are budgeted for Southwest Asia in FY 1998 and FY 1999 and for Bosnia in FY 1998 in the Overseas Contingency Operations

**"... highly ready  
joint forces ..."**

**DoD Goal**

Transfer Fund (OCOTF) and are not reflected in the Department of the Navy budget. This operational tempo (OPTEMPO) supports ten active carrier wings and three active Marine Corps air wings. Fleet Readiness Squadrons operations are budgeted at 100% of the requirement to enable pilots to complete the training syllabus. Student levels are established by authorized TACAIR/ASW force level requirements, aircrew maintenance personnel rotation rates and student output from the Undergraduate Pilot/NFO training program. Fleet Air Support requirements correlate with TACAIR operational requirements. Naval Reserve PMR remains budgeted at 87% in FY 1999.

Table 7 displays active and reserve flying hour readiness indicators.

**Table 7**

### **Department of the Navy Flying Hour Program**

|                                         | <b>FY 1997</b> | <b>FY 1998</b> | <b>FY 1999</b> |
|-----------------------------------------|----------------|----------------|----------------|
| <b>Active</b>                           |                |                |                |
| TACAIR Primary Mission Readiness (%) 1/ | 75%            | 85%            | 85%            |
| Fleet Readiness Squadrons (%)           | 89%            | 100%           | 100%           |
| Fleet Air Support (%)                   | 81%            | 83%            | 83%            |

1/ Includes 2% simulator contribution

|                                  | <b>FY 1997</b> | <b>FY 1998</b> | <b>FY 1999</b> |
|----------------------------------|----------------|----------------|----------------|
| <b>Reserve</b>                   |                |                |                |
| Primary Mission Readiness (%) 1/ | 85%            | 87%            | 87%            |

1/ Includes 0.25% simulator contribution

## ***Aircraft Depot Maintenance***

The Active and Reserve Aircraft Depot Maintenance program funds overhauls, within available capacity, to ensure that sufficient aircraft are available to operational units. This readiness based metric determines maintenance requirements based on aircraft inventory needs to execute assigned Active and Reserve missions. The metric manages depot maintenance output so that full Primary Authorized Aircraft (PAA) is available for deployed squadrons; non-deployed squadrons are no more than 10% below PAA (minimum Status of Resources and Training System (SORTS) C-1 rating). Sufficient resources have been programmed by the Department to achieve the readiness goal (based on this new metric) by the end of FY 2001. The increases in FY 1998 and FY 1999 are a reflection of a growing maintenance requirement associated with aging Fleet inventory and the material condition of Navy aircraft.

Table 8 summarizes Active and Reserve Aircraft Depot Maintenance.

**Table 8a**

**Department of the Navy  
Active Forces Aircraft Depot Maintenance  
(In Millions of Dollars)**

|                                                 | <b>FY 1997</b> | <b>FY 1998</b> | <b>FY 1999</b> |
|-------------------------------------------------|----------------|----------------|----------------|
| Airframes                                       | 468.6          | 555.4          | 543.1          |
| Engines                                         | 139.2          | 182.8          | 161.7          |
| Components                                      | 25.5           | 31.1           | 30.9           |
| <b>Total: Active Aircraft Depot Maintenance</b> | <b>\$633.3</b> | <b>\$769.3</b> | <b>\$735.7</b> |
| Airframe Throughput                             | 332            | 368            | 339            |
| Airframes Backlogged                            | 99             | 81             | 101            |

**Table 8b**

**Reserve Forces Aircraft Depot Maintenance  
(In Millions of Dollars)**

|                                                   | <b>FY 1997</b> | <b>FY 1998</b> | <b>FY 1999</b> |
|---------------------------------------------------|----------------|----------------|----------------|
| Airframes                                         | 66.2           | 49.8           | 95.2           |
| Engines                                           | 19.4           | 15.9           | 26.2           |
| Components                                        | 0              | .4             | .4             |
| <b>Total : Reserve Aircraft Depot Maintenance</b> | <b>85.6</b>    | <b>66.1</b>    | <b>121.7</b>   |
| Airframe Throughput                               | 52             | 24             | 60             |
| Airframes Backlogged                              | 6              | 19             | 8              |

## ***MARINE CORPS OPERATIONS***

### ***Marine Corps***

This budget will support a Fleet Marine Force (FMF) of three active divisions and associated support and combat service support elements, station and Marine-unique support for three aircraft wings and the operation and maintenance of training bases, logistics functions and administrative activities.

The budget includes support, at minimally acceptable levels, for the Operating Forces of the Marine Corps, to include continuation of the fielding of improved equipment for the individual Marine. The budget also finances the continuation of investment in outsourcing and

***“... perform the full spectrum of military activities”***

**DoD Goal**

privatization studies, and contains funding to maintain an acceptable level of depot maintenance unfunded backlog of approximately \$50 million. The decrease in funding for depot maintenance is almost solely attributable to the replacement of Amphibious Assault vehicle (AAV) maintenance with a Reliability and Maintainability (RAM)/Rebuild Program financed in the Procurement, Marine Corps account. This will allow the Marine Corps to solve a continuing aging and performance problem with the AAVs. As a result of this initiative, the depot maintenance program financed in the Operation and Maintenance account no longer includes the AAV Inspect and Repair Only As Necessary (IROAN) program. This budget fully finances requirements for recruit training, initial skill training and follow-on training courses, and continues support of recruit accession goals.

The budget also supports the stand-up of Marine Corps Air Station, Miramar, while financing minimal levels of base operating support at Marine Corps Air Stations El Toro and Tustin, until these bases close in FY 1999. The Department's funding of Marine Corps operations provides



highly ready forces to respond to the full spectrum of crises by providing appropriately sized, positioned and mobile forces for joint or independent operations.

Table 9 displays Marine Corps land forces.

**Table 9**

**Department of the Navy  
Marine Corps Land Forces**

|                                          | <i>FY 1997</i> | <i>FY 1998</i> | <i>FY 1999</i> |
|------------------------------------------|----------------|----------------|----------------|
| <i>Number of Divisions</i>               | 3              | 3              | 3              |
| <i>Number of Battalions</i>              | 43             | 43             | 43             |
| <i>Number of Planned Joint Exercises</i> | 28             | 29             | 28             |
| <i>Number of Training Exercises</i>      |                |                |                |
| <i>Marine Expeditionary Force</i>        | 68             | 61             | 66             |
| <i>Marine Expeditionary Unit</i>         | 54             | 54             | 54             |
| <i>Regimental and Below</i>              | 238            | 262            | 239            |

***Marine Corps 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 Marine Corps Reserve Support Command.

The budget reflects planned QDR reductions, and support costs for Reserve end-strength. The budget also continues increased funding for environmental programs and provision of initial issue equipment.

## ***PEOPLE***

The Department's funding of its military personnel supports the goal to maintain highly ready joint forces to perform the full spectrum of military activities.

The Department of the Navy is continuing to improve the quality-of-life of its personnel consistent with the Secretary of the Navy's priorities for the future. The quality of our forces depends on the quality of our Military personnel.

The men and women who comprise today's all-volunteer military are of the highest caliber, and we must continue to strive to attract and maintain this effective force. An important element of our policy is to provide our people with a quality-of-life commensurate with the sacrifices we ask them to make.



The Department remains committed to funding pay raises and other compensation. Military Personnel budget estimates include pay raises of 2.8%, effective 1 January 1998, and 3.1% in 1999. As we make further reductions in the overall size of the force, we continue our commitment to provide adequate funding in areas such as housing, community and family support, transition assistance, and morale and recreation activities. Recognizing the aging and substandard housing currently in the Department's inventory, the budget focus is to replace antiquated and unserviceable housing units. The FY 1999 budget includes funds for 312 new and replacement housing units; construction of six Bachelor Enlisted Quarters in CONUS, two in Hawaii and one overseas; construction of two Child Care Centers, one Fitness Center, three fire stations, one Recreation Facility, and funds an international agreement with the United Kingdom for an Education Center at St. Mawgan.

Educational assistance remains a priority, including off-duty voluntary education. The fighting force of the next century must be an educated, dedicated, motivated force, and programs that keep it that way are an integral part of our force management policy.

Beginning in FY 1999, the budget includes funding to finance the direct, indirect, and general and administrative costs for commissaries located on Navy and Marine Corps installations.

## Navy

This budget will support active Navy end strengths of 386,894 in FY 1998 and 372,696 in FY 1999. End strength declines as we attain the Quadrennial Defense Review force structure, reduce infrastructure and institute operating efficiencies. In FY 2001, the Navy achieves its QDR strength levels of 369,000. Savings from end strength reductions have been reinvested into the Military Personnel, Navy appropriation to provide for more executable funding levels than experienced in past years. This reinvestment is fully consistent with the QDR objective of properly funding Operating and Support (O&S) costs. Navy's primary focus continues to be maximum readiness through selective retention of qualified and experienced personnel.

**Chart 5 - Active Military Personnel End Strength**

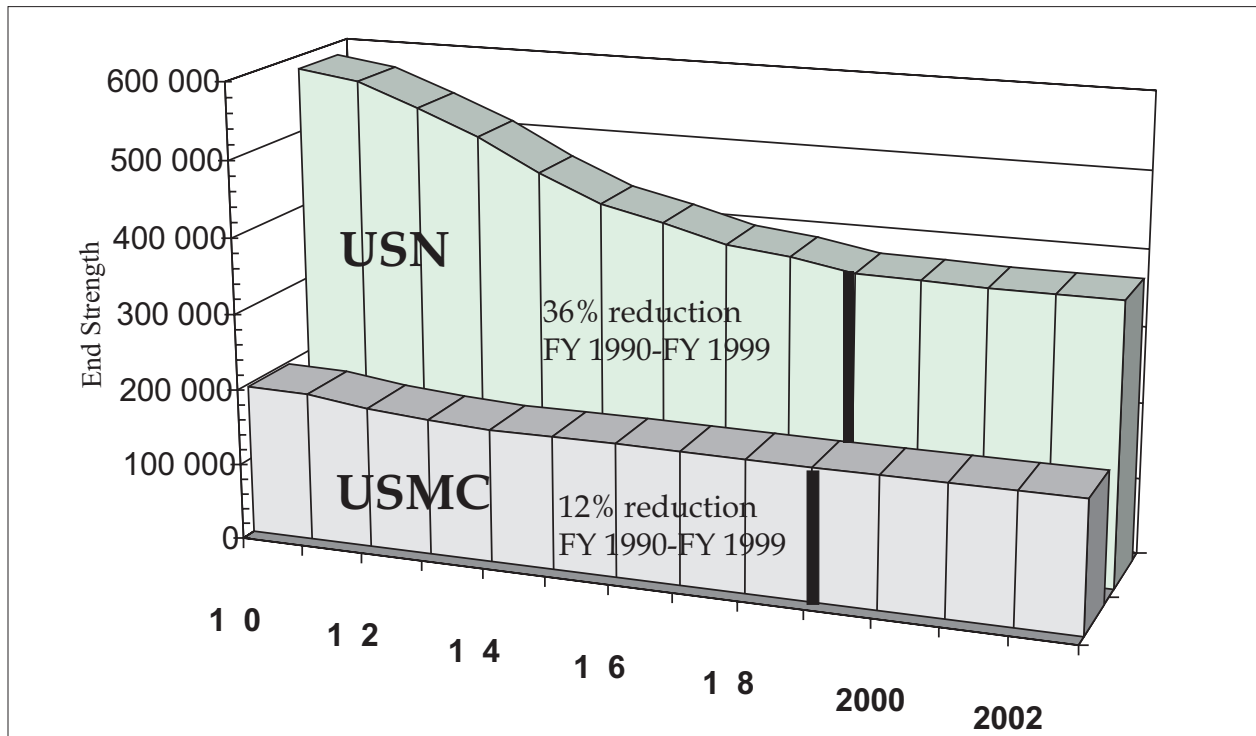


Chart 5 graph displays total active military personnel reductions through FY 2003

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## **Marine Corps**

This budget will support an end strength of 172,987 in FY 1998 and 172,200 in FY 1999. This reflects a reduction of 1,800 (100 officers and 1,700 enlisted personnel) as recommended in the Quadrennial Defense Review.

Tables 10 and 11 provide summary personnel end strength data for Military Personnel, Navy and Military Personnel, Marine Corps, respectively.

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**Table 10**
**Department of the Navy  
Military Personnel, Navy**

|                                                       | <b>FY 1997</b> | <b>FY 1998</b> | <b>FY 1999</b> |
|-------------------------------------------------------|----------------|----------------|----------------|
| <b>End Strength</b>                                   |                |                |                |
| Officers                                              | 56,201         | 55,118         | 53,843         |
| Enlisted                                              | 335,267        | 327,776        | 314,853        |
| Midshipmen                                            | 4,096          | 4,000          | 4,000          |
| <b>Total: End Strength</b>                            | <b>395,564</b> | <b>386,894</b> | <b>372,696</b> |
| Accessions                                            | 46,721         | 53,545         | 46,175         |
| Reenlistments                                         | 40,947         | 42,119         | 37,720         |
| Enlisted accessions                                   |                |                |                |
| Percent High School Diploma Graduates                 | 95%            |                |                |
| Percent above average Armed Forces Qualification Test | 66%            |                |                |

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**Table 11**
**Department of the Navy  
Military Personnel, Marine Corps**

|                                                       | <b>FY 1997</b> | <b>FY 1998</b> | <b>FY 1999</b> |
|-------------------------------------------------------|----------------|----------------|----------------|
| <b>End Strength</b>                                   |                |                |                |
| Officers                                              | 17,825         | 17,886         | 17,878         |
| Enlisted                                              | 156,081        | 155,101        | 154,322        |
| <b>Total: End Strength</b>                            | <b>173,906</b> | <b>172,987</b> | <b>172,200</b> |
| Accessions                                            | 34,483         | 33,927         | 34,968         |
| Reenlistments                                         | 13,486         | 15,192         | 14,947         |
| Enlisted accessions                                   |                |                |                |
| Percent High School Diploma Graduates                 | 96%            |                |                |
| Percent above average Armed Forces Qualification Test | 65%            |                |                |

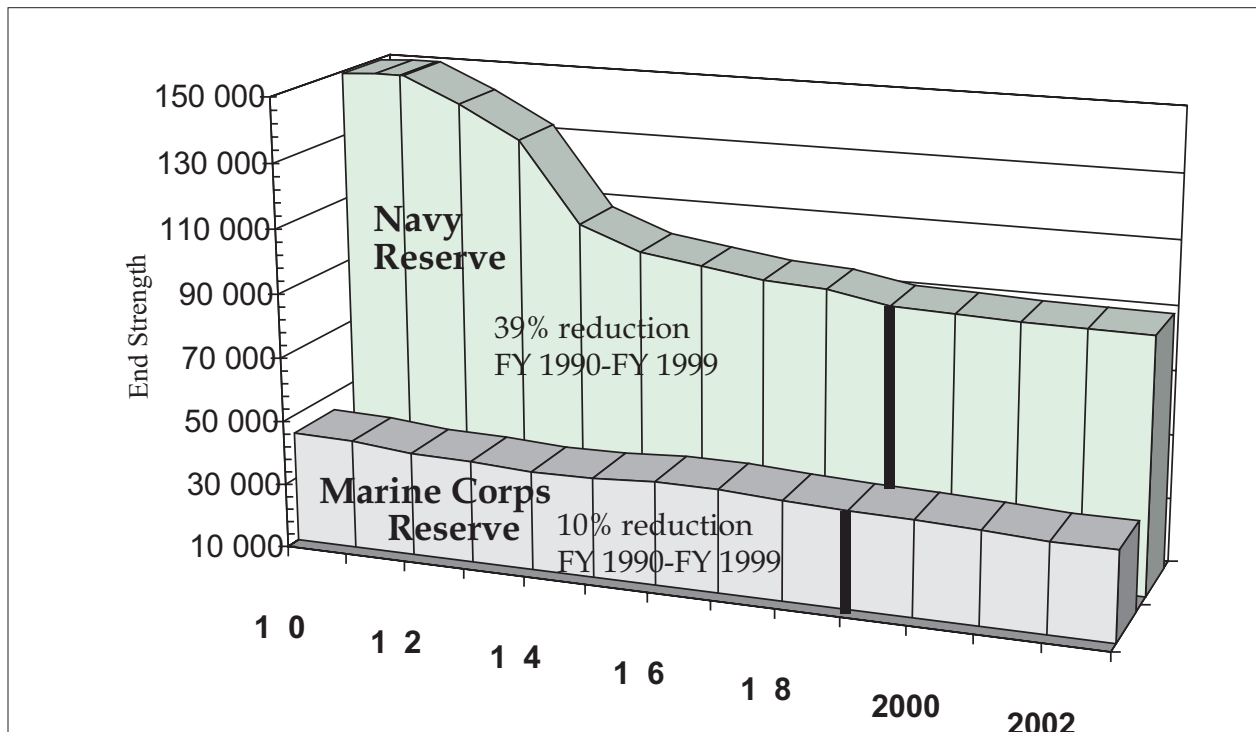


## Naval Reserve

This budget will support Naval Reserve end strengths of 94,294 in FY 1998 and 90,843 in FY 1999. The Department remains committed to increasing use of the Naval Reserve in the "Total Force". The budget will provide for extensive contributory support of the active forces in addition to the roles and missions specifically assigned to reserve units. Examples of contributory support include participation in contingency operations, intelligence support, fleet exercises/deployments, air logistics operations, counterdrug missions, mine and inshore undersea warfare and extensive medical support of the active forces. The budget provides for pay and allowances for drilling Navy Reserve personnel attached to specific units and Full Time Support personnel. Naval Reserve end strength declines as we attain the Quadrennial Defense Review recommended force levels at the end of FY 2003.

Table 12 provides end strength data for the Reserve Personnel, Navy account.

**Chart 6 - Reserve Military Personnel End Strength**



**Table 12****Department of the Navy  
Reserve Personnel, Navy**

|                               | <b>FY 1997</b> | <b>FY 1998</b> | <b>FY 1999</b> |
|-------------------------------|----------------|----------------|----------------|
| <i>End Strength</i>           |                |                |                |
| <i>Selected Navy Reserves</i> | 78,660         | 78,158         | 75,253         |
| <i>Full-Time Support</i>      | 16,657         | 16,136         | 15,590         |
| <b>Total: End Strength</b>    | <b>95,317</b>  | <b>94,294</b>  | <b>90,843</b>  |

**Marine Corps Reserve**

This budget will support a Marine Corps Reserve end strength of 40,855 in FY 1998 and 40,018 in FY 1999. This will ensure availability of trained units to augment and reinforce the active forces, provide a Marine Air-Ground Task Force Headquarters, and provide for the Marine Forces Reserve (MARFORRES). The budget provides for pay and allowances for drilling Marine Corps Reserves attached to specific units; for Individual Mobilization Augments and personnel in the training pipeline; and Full Time Support personnel. Marine Corps Reserve end strength declines as we attain the Quadrennial Defense Review recommended force levels at the end of FY 2002.

The Department remains committed to Reserve contributory support to enhance and complement the active force while maintaining unit readiness to meet crisis requirements.

Table 13 provides personnel strength data for these accounts.

**Table 13****Department of the Navy  
Reserve Personnel, Marine Corps**

|                                       | <b>FY 1997</b> | <b>FY 1998</b> | <b>FY 1999</b> |
|---------------------------------------|----------------|----------------|----------------|
| <i>Selected Marine Corps Reserves</i> | 39,508         | 38,361         | 37,656         |
| <i>Full Time Support</i>              | 2,489          | 2,494          | 2,362          |
| <b>Total: End Strength</b>            | <b>41,997</b>  | <b>40,855</b>  | <b>40,018</b>  |

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## ***SECTION III - RECAPITALIZATION***

The budget reflects the Department's continued commitment to incorporate, where appropriate, savings resulting from a myriad of efforts under the umbrella of Acquisition Reform. Acquisition reform savings may include resources saved as a result of lower contract award through use of performance specifications vice military specifications or cost avoidance attributable to revision of test requirements due to increased use of modeling and simulation. The Department also requests authority for additional multiyear procurement programs as described in the following ship and aircraft sections. Additionally, historical acquisition reforms comprise a plethora of initiatives such as contractor incentives, cost as an independent variable, specifications and standards reform initiatives, reduced oversight through statement of work modifications and increased contractor total system integration responsibility.

Integrated Product Team initiatives have contributed to the Department's ability to prudently reinvest resources to obtain maximum product value to support mission requirements. For example, the Cooperative Engagement Capability (CEC) program has streamlined its development and production cost through the tailoring of acquisition process and documentation, such as the Cost Analysis Requirements Description. This has resulted in immediate, as well as long term, cost avoidances. Similarly, aggressive implementation of acquisition reform initiatives such as the reduction of military and federal contract specifications and the application of advanced computer modeling and simulation technology during the development and design phases are expected to result in LPD-17 ownership cost avoidances of approximately \$1 billion in production and over \$10 billion in the operations over the life of the program.

Navy requirements are also met through participation in joint weapons and systems development and acquisition programs, through cooperative ventures and symposia, and a number of project-oriented systems development working agreements. Such arrangements result in shared weapon and systems development costs, reduced weapon and system procurement costs, technology sharing and leveraging, and stronger military and industrial alliances in support of national goals. Several of our allies are partners or suppliers of major acquisition programs.

| <u>Selected International Acquisition Programs</u> | <u>Countries</u>      | <u>FY 1998</u><br>(\$ in millions) | <u>FY 1999</u> |
|----------------------------------------------------|-----------------------|------------------------------------|----------------|
| <b>Research and Development</b>                    |                       |                                    |                |
| NATO Cooperative R&D                               | Various               | 9.7                                | 11.0           |
| Vector                                             | Germany, Sweden       | -                                  | 7.0            |
| International Cooperative RDT&E                    | Various               | 1.7                                | 2.2            |
| HARM Modifications                                 | Germany, Italy        | 4.9                                | 7.4            |
| Ship Self Defense (RAM/ESSM/NULKA Sparrow)         | NATO and other Allies | 60.7                               | 36.9           |
| Advanced Surface Machinery Prog. (ICR)             | United Kingdom        | 46.3                               | 58.4           |
| <b>Procurement</b>                                 |                       |                                    |                |
| AV-8B                                              | Spain, Italy          | 294.4                              | 338.4          |
| NULKA                                              | Australia             | 17.9                               | 21.5           |
| Aerial Targets                                     | Russia                | -                                  | 2.4            |
| Expanded Sea Sparrow Missiles                      | NATO and other allies | 10.3                               | 35.7           |
| ITALD                                              | Israel                | .3                                 | .3             |
| Rolling Airframe Missile (RAM)                     | Germany               | 41.0                               | 44.8           |
| Trident D-5                                        | United Kingdom        | 267.7                              | 323.5          |
| T-45TS                                             | United Kingdom        | 284.7                              | 342.8          |

Note: The above amounts represent the total program costs, this list is not all inclusive.

## SHIP PROGRAMS

### Surface Programs

Surface ship programs remain the backbone of National Defense, projecting the Nation's power maneuver to the farthest reaches of the globe. Consistent with this vision, the Department's FY 1999 budget reflects funding which emphasizes the acquisition, modernization, and recapitalization of the world's preeminent surface fleet.

The *Arleigh Burke* class of guided missile destroyers, the cornerstone of the current surface combatant force, continues with the second year of a multiyear procurement program. This allows the Navy to commit to the acquisition of a total of 13 ships over the 1998-2001 period. Additionally in FY 1999, the second of the *San Antonio* class of amphibious transport dock ships will begin construction.

Significant modernization efforts commence in FY 1999. Completion of operational evaluation, milestone III, is planned for the Cooperative Engagement Capability program in FY 1999 enabling a shift to full-scale production in FY 1999. Additional FY 1999 CEC Research and Development efforts include E-2 air integration and CEC miniaturization efforts. The CEC

**"... pursuing a focused modernization effort ..."**

**DoD Goal**

system will improve Fleet Anti-Air Warfare capability and precision engagement by coordinating all battle force sensors into a single, real

time, composite track picture possessing fire control quality. The Department will also start procurement of the Evolved Seasparrow missile with low-rate initial production in FY 1999, leading to full rate production in FY 2000. This missile will provide the Fleet with the ability to defeat current and projected threats that possess low-altitude, high velocity and maneuver characteristics beyond the engagement capability of the current NATO Seasparrow.

Recapitalization efforts include the ongoing research and development for the Surface Combatant of the 21st Century (DD-21). DD-21 will be tailored for the land attack mission with an emphasis on maritime dominance. Additionally, R&D for the Auxiliary Dry Cargo Carrier (ADC(X)) is budgeted in FY 2000. This ship will serve as the follow-on replenishment ship for the Combat Logistics Fleet.

Several land attack warfare R&D efforts continue in FY 1999, including the Extended Range Guided Munitions, 5"/62 gun, Vertical Gun Advanced System and the Naval Surface Fire Support (NSFS) Integration Capability. The Extended Range Guided Munition contains an internal Global Positioning System and Inertial Navigation System to extend the

### Chart 7 - Shipbuilding and Conversion Programs

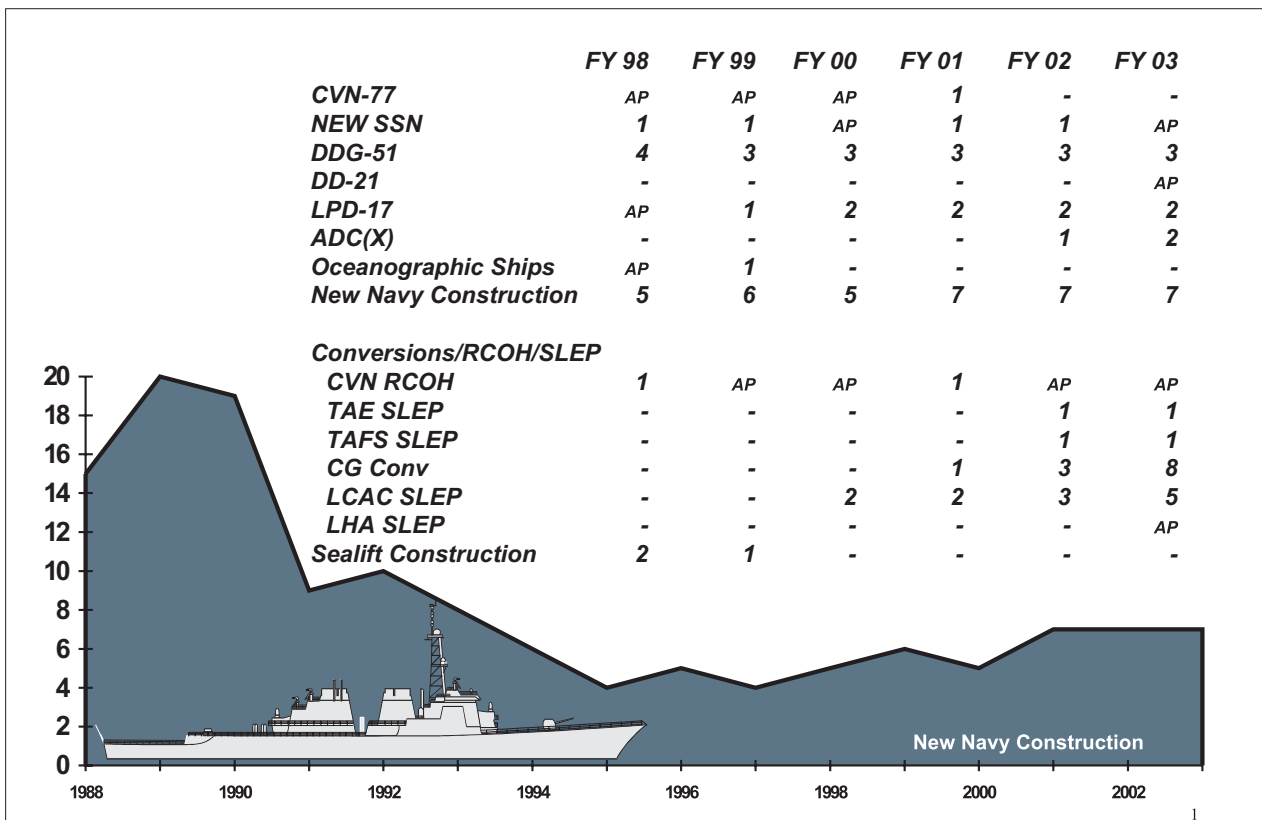


Chart 7 graphically displays new construction ships for FY 1988 through FY 2003 .

range and provide state-of-the-art guidance to surface-fired munitions. The 5"/62 gun improves the current 5"/54 gun by lengthening the gun barrel which will allow for an extended range of deliverable munitions. The Vertical Gun Advanced System will provide the next generation of Naval Surface Combatants with a modular large caliber dual barrel gun system including an automated magazine handling system. The NSFS Integration Capability 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.

In FY 1999, the Department has funded the required R&D for the *Ticonderoga* class cruiser modernization effort which initiates procurement in FY 2001. This will provide surface combatants with Theater Ballistic Missile Defense (TBMD) capability, as well as Area Air Defense Commander capability, improved Naval Surface Fire Support performance, and Smart Ship technologies. Finally, in FY 1999, advance procurement materials for the refueling overhaul of *Eisenhower (CVN-69)* (fully funded in FY 2001) are being purchased. The Department, in order to achieve cost efficiencies, has restructured the procurement profile of the last *Nimitz* class aircraft carrier, CVN-77, resulting in an acceleration of the carrier from FY 2002 to FY 2001, and savings of several hundred million. To protect these savings advance procurement and construction of nuclear and non-nuclear components begin in FY 1998.

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## ***Submarine Programs***

This budget reflects our continuing commitment to support replacement of our aging submarine force in the next decade and sustains the submarine industrial base. The New SSN (NSSN) acquisition plan is based on a teaming arrangement between General Dynamics, Electric Boat division, and Newport News Shipbuilding Company. Unmodified since the FY 1998 President's Budget Submission, the plan provides for the shipyards to jointly build the first four submarines. This is the most



efficient way to maintain two commercial nuclear ship facilities to minimize risk to national security.

The Department is committed to increasing efforts in Advanced Submarine Technology programs. Additional funds have been budgeted

in FY 1999 and FY 2000 to accelerate development of core technologies and emerging Category I and II technologies identified in Appendix C of the *Secretary of Defense Report on Nuclear Attack Submarine Procurement and Submarine Technology*. Specific efforts will be directed at improving submarine acoustic sensor processing and pursuing technologies that will enhance affordability and maintainability of future nuclear attack submarines.

To ensure strategic deterrence, the procurement quantity for the TRIDENT II (D-5) will be five missiles in FY 1999. The United Kingdom will procure seven missiles in FY 1999. The FY 1999 request includes significant funding for Strategic Missile Systems Equipment required to support the first D-5 Backfit planned for FY 2000, including launcher, fire control, navigation, instrumentation and training equipment associated with equipping West Coast Submarines with the D-5 Missile System. Reactor Components procurement was increased in FY 1999 to support continuation of START I treaty force levels.

Submarine sonar system development and procurement programs are structured to take advantage of rapid advances in commercial processing technology. The Acoustic Rapid COTS Insertion program provides the latest technology and advanced development algorithms to the fleet and ensures our submarine force maintains acoustic superiority.

In FY 1999, the Navy will begin the modernization of submarine escape and rescue equipment by phasing out the use of existing obsolete equipment and replacing it with modern equipment such as the Submarine Escape and Immersion Equipment (SEIE) suit.

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### ***Sealift***

A total of 19 prepositioning/surge Large Medium Speed Roll-on/Roll-off (LMSRs) ships are required to satisfy sealift requirements identified by the DoD Mobility Requirements Study (MRS). To date, contracts for the conversion of five LMSR ships and the construction of eleven prepositioning/surge LMSRs have been awarded. Two additional LMSRs will be procured in FY 1998 and the program will be closed out in FY 1999 with the procurement of the final ship. These additions will increase our Sealift capability to deliver materials and equipment to the right place, at the right time and help the Navy achieve the MRS FY 2001 requirement. Procurement of the last ship in FY 1999 has been shifted to the SCN appropriation to provide maximum visibility of our recapitalization efforts.



## AVIATION PROGRAMS

The FY 1999 budget provides for aviation procurement plans which will maintain qualitative superiority of the Navy and Marine Corps team into the next century, with the planned procurement of 71 aircraft. In an effort to maximize use of procurement dollars, the FY 1999 budget requests the establishment of several multiyear procurements which will generate over \$200 million dollars in savings through the FYDP. Multiyear procurement programs include E-2C, AV-8B, T-45, and CH-60.

Two major naval aviation programs, the F/A-18E/F and V-22, will enter their third year of procurement. These newest additions play a central role in the Navy and Marine Corps Team's ability to project power from the sea. Both programs will be entering the final stages of testing. Funding in FY 1999 also supports the procurement of the Vertical Replenishment Helicopter (CH-60) which will ensure fleet sustainability through the rapid airborne delivery of materials and personnel, and to support amphibious operations through search and rescue coverage. Funding in FY 1999 also supports continued development of the EA-6B

**Chart 8 - Aviation Programs**

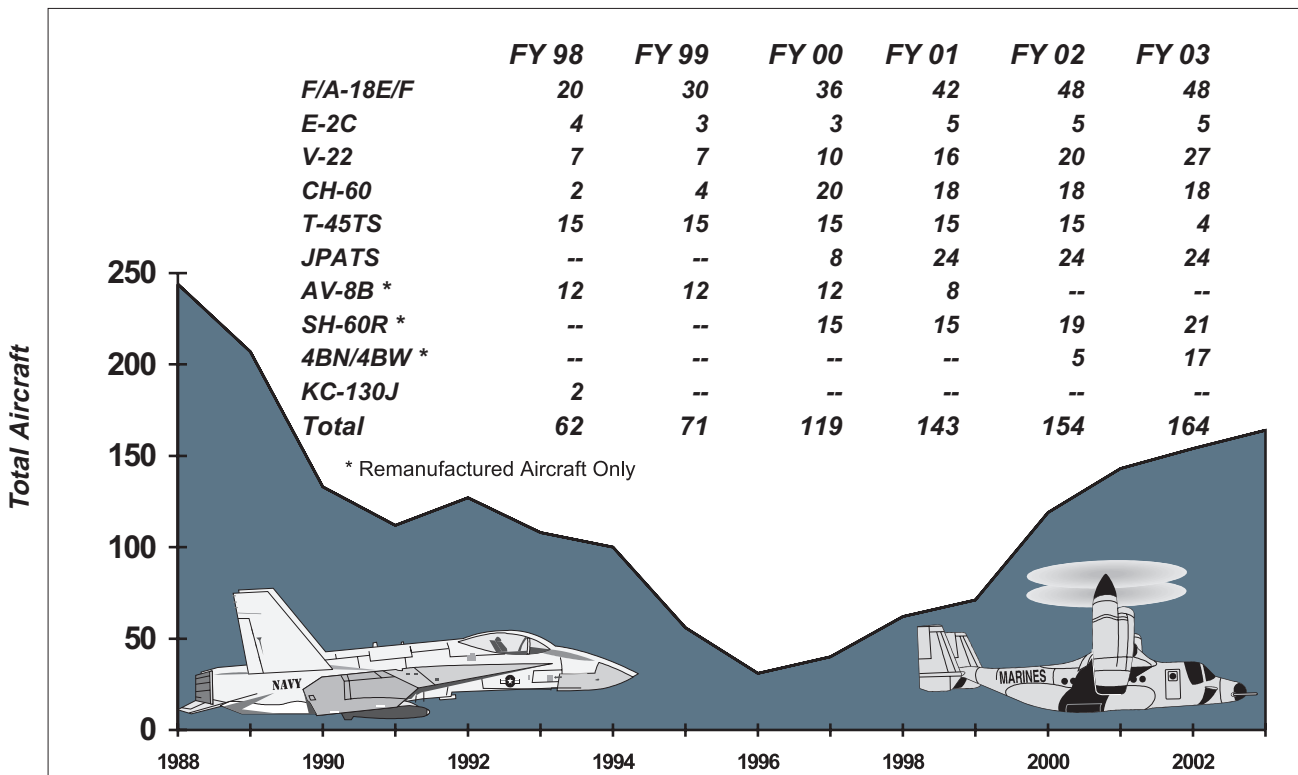


Chart 8 graphically displays the Department's aircraft procurement program reflective of our recapitalization efforts.

\* Remanufactured aircraft only

Improved Capability (ICAP III) program, the Consolidated Support Aircraft, 4BN/4BW, and the SH-60R. 4BN/4BW will provide an improved capability to Marine Corps light/utility and attack helicopters.

Aircraft modification funding peaks in FY 1999. Funding provides for safety and tactical upgrades throughout naval aviation. Specific efforts include installing LANTIRN on F-14s; training equipment associated with the SH-60B Forward Looking Infrared Radar (FLIR); the SH-60B Armed Helo; F-18 Service Life Extension Program and Multi-function Information Distribution System capability as well as development of the Generation III Targeting Forward Looking Infrared Radar; the P-3 Service Life Assessment/ Extension Program, Anti-Surface Warfare Improvement Program efforts, Update III Common Configuration program and Sustained Readiness Program; and upgrades to tactical aircraft electronic warfare countermeasures capabilities.

The budget includes increased funding in FY 1999 for SLAM-Expanded Response (ER) as it transitions to full rate production. The SLAM-ER weapon system provides increased warhead penetration, range and accuracy to this Standoff-Outside Area Defense Weapon. The Tomahawk Weapon System is currently in process of transitioning from the Tomahawk Baseline Improvement Program (TBIP) to the Tactical Tomahawk concept. Tactical Tomahawk will provide significantly improved flexibility and responsiveness to the warfighter via rapid mission planning and in-flight retargeting. A reprogramming request to provide the development funding from within existing Tomahawk procurement resources is being prepared for submission to Congress. The FY 1999 President's Budget, however, still reflects the TBIP profile. Procurement of the extended range MA-31 supersonic sea skimming target commences in FY 1999. This is an international cooperative program with Russia. Increased funding for sonobouy procurement supports enhanced ASW operations in littoral regions.

The FY 1999 budget also reflects a strong commitment to joint aircraft and weapons programs. Funding in FY 1999 continues the development efforts, Critical Design Review and the fabrication/assembly of the special operations variant of the V-22. Joint Strike Fighter efforts in FY 1999 center on concept demonstration and technology maturation, demonstration and assessment.

Joint aircraft weapons systems which provide battle space dominance in support of operations in the littorals include ongoing programs with the Air Force. We continue to procure Advanced Medium Range Air-to-Air Missile which is managed by the Air Force. The Navy continues procurement of Joint Stand-off Weapon, for which it is the executive agent. Procurement of the Joint Direct Attack Munition (JDAM) will answer the need identified during Operation Desert Storm for a more accurate weapon delivery capability in adverse weather conditions and from medium and high altitudes.

## **C<sup>4</sup>I PROGRAMS**

The central theme shaping the budget for Navy C4I programs is the concept of Information Technology for the 21st Century (IT-21). IT-21 will provide the common backbone for internetted communications, command, control, computers and intelligence systems. The C4I evolutionary plan revolves around four key elements: connectivity; a common tactical picture; a sensor-to-shooter emphasis; and information/command and control warfare.

The principal elements to provide connectivity are Asynchronous Transfer Mode (ATM) local area networks afloat and wide area networks ashore.

***“... exploiting the Revolution in Military Affairs ...”***

**DoD Goal**

These networks integrate tactical and tactical support applications afloat with connections to enhanced satellite systems and ashore networks. Funding is increased for the Navy Tactical Command Support System (NTCSS), the local area networks; Joint Maritime Command Information System (JMCIS)

Afloat software providing the common tactical picture; the Automated Digital Network System providing ship and shore RF and satellite connectivity; the Naval Shore Communications providing connection to Defense Information Systems Network (DISN) through Navy Switch and Cable Plant Modernization Plan (NASCAMP); and the Information System Security Program (ISSP) providing network security.

IT-21 connectivity is critical because it provides the managed bandwidth for timely transmission of information. Increased support for Satellite Communications continues expansion of available bandwidth to the warfighter. Joint UHF MILSATCOM Network Integrated Control System will be completely procured and installed in FY 1999/ FY 2000. Funding continues in FY 1999 for UHF Demand Access (DAMA), Challenge Athena and Global Broadcast System (GBS), which exploit multiplexing techniques, direct satellite broadcast and wideband transmission systems while capitalizing on commercial advancements.

Sensor-to-Shooter focuses on the process of putting a weapon on target. Increased funding in FY 1999 for Advanced Tactical Data Links (ATDLS) and Battle Group Passive Horizon Extension System/Common High Bandwidth Data Link (BGPHEs/CHBDL) ensure timely transmission of surveillance, targeting, engagement, combat identification, and battle damage assessment information over IT-21 networks. Over half of BGPHEs/CHBDL systems will be procured by FY 1999, guaranteeing full operating capability by the end of the FYDP. ATDLS is the system for implementing compliance with the OSD direction to have 75% of all units Link-16 compatible by FY 2005.

Information Warfare/Command and Control Warfare (IW/C2W) is the integrated use of operations security, military deception, psychological operations, electronic warfare and physical destruction to deny information to, influence, degrade or destroy an adversary's C2 capabilities, while protecting friendly C2 capabilities against such actions. FY 1999 funding is increased for Outboard and Combat Directional Finder budgeted under Shipboard Cryptologic Systems, and the Information System Security Program within IT-21.

The FY 1999 budget reflects an emphasis on C4I modernization to ensure connectivity and interoperability on the battlefield and throughout the Marine Corps infrastructure. In FY 1999 several communications and electronics initiatives are budgeted; these include the Tactical Data Network (TDN), the Data Automated Communications Terminal (DACT), the Digital Technical Control (DTC), as well as infrastructure modernization efforts like Base Telecommunication and Network Infrastructure. The TDN will augment the existing Marine Air Ground Task Force (MAGTF) communications infrastructure to provide the commander an integrated data network, forming the communication backbone for MAGTF Tactical data systems and Defense Message System (DMS). The DTC provides the primary interface between subscriber systems/networks within a local area and long haul multi-channel transmission system to transport voice, message, data and imagery traffic. The DACT is a hand held automated message terminal that will be widely used on the battlefield. The continued funding of efforts such as Base Telecommunications and Network infrastructure ensure the Marine Corps' Bases are able to effectively communicate and interface with the ever modernizing battlefield and industry as a whole.

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

Consistent with the Quadrennial Defense Review and the United States Marine Corps' (USMC) overarching philosophy of modernization and recapitalization, the FY 1999 budget focuses on the development and procurement of technologies and systems that support making better Marines and winning battles.

FY 1999 begins an upward trend in the pace of modernization that continues through the outyears. Several major replacement, remanufacture and modernization programs are included in this budget, such as, the Light Tactical Vehicle Replacement (LTVR), the Medium Tactical Vehicle Remanufacture (MTVR) and the Amphibious Assault Vehicle (AAV) Reliability and Maintainability (RAM) Rebuild to Standard (RS). In line with the FY 1998 Congressional direction to accelerate the

***“Prepare now for an uncertain future ...”***

**DoD Goal**

LTVR program, this budget provides for the continued procurement of LTVR in FY 1999. The LTVR program will update the Marines current aging inventory of High Mobility Multi-purpose Wheeled Vehicles (HMMWVs). Further, the low-rate initial procurement of 240 MTVRs under multiyear procurement commences in FY 1999. This program will remanufacture 5-ton trucks over the next five years and provides for the economical replacement of the current medium truck fleet with enhanced off-road capabilities. Additionally, the FY 1999 budget funds the initiation of the AAV7A1 RAM/RS program. The AAV RAM/RS program provides for the upgrade of the minimum number of AAVs needed to meet our direct operational needs. It replaces the current AAV7A1 engine and suspension with Bradley Fighting Vehicle derivative components, provides for rebuilt transmission, and rebuilds the remainder of the vehicle to original “like new” standards. By upgrading a minimum number of AAVs we provide a cost-effective method to sufficiently bridge our operational requirements until the AAV replaces the AAV7A1. This program provides for the return of mobility performance and allows affordable achievement of combat readiness.

The FY 1999 budget supports enhanced firepower with the continued Multiyear Procurement of the Javelin Missile, a medium range, man-portable, anti-tank weapon to replace the Dragon system. Development, prototyping and engineering efforts also continue for the Lightweight (LW) 155mm Howitzer, a replacement for the aging, operational deficient M198 howitzer. The LW155 will provide fire support with increased mobility, survivability, deployability and sustainability in an expeditionary environment. LW155 procurement funding begins in FY 1999 for long lead materials and facilitization.

Funding for the procurement of ammunition is reflected in the Procurement of Ammunition, Navy and Marine Corps appropriation. The FY 1999 budget continues the effort to reach the Marine Corps goal of satisfying the Combat Requirement through the FYDP while meeting the annual ammunition training requirements.

Significant resources in FY 1999 Research and Development budget are dedicated to the AAV, which will replace the twenty year old Amphibious Assault Vehicle. Also continuing in FY 1999 is the development of the Short-Range Anti-Armor Weapon (Predator), a lightweight, disposable, main battle tank killer. The



FY 1999 RDT&E budget continues to finance the Marine Corps led experimentation with future tactics, concepts and innovations involving both Marine and Navy forces. The Marine Corps' Warfighting Laboratory is the centerpiece for operational reform in the Corps, investigating new and potential technologies and evaluating their impact on how the Marine Corps organizes, equips and trains to fight in the future. Additionally, as the DoD Executive Agent for Non-lethal Weapons (NLW), the budget continues to finance NLW research and development. The procurement of NLW remains the responsibility of the individual Services.

## **RESEARCH AND DEVELOPMENT SUPPORT**

The Department's Science and Technology program sustains U.S. Naval scientific and technological superiority, provides new concepts and technological options for the maintenance of naval power and national security, and provides the means to exploit scientific breakthroughs. The program supports high risk, high payoff technologies that could significantly improve the warfighting capabilities of our naval forces not currently under development or deployed in the Fleet and Fleet Marine Forces.

The Basic Research program seeks to increase knowledge and understanding across the full spectrum of long-term Department of the Navy needs. Research is conducted to ensure that both cutting-edge scientific discoveries and the general store of scientific knowledge are optimally used to develop superior naval equipment, strategies, and tactics. The FY 1999 increases Basic Research funding by 5.4 percent, after inflation, over the current FY 1998 level. While a portion of these funds support in-house scientists and engineers, the majority of funds support university and other researchers in the areas of ocean sciences, advanced materials, and information systems.

Applied Research and Advanced Technology Development efforts include initiatives focused toward the solution of specific naval problems, short of major development projects. Technology demonstrations reflect the naval focus to transition near-term, risk-reducing and emerging technologies to operational Fleet units faster and at less total cost than traditional development programs. The FY 1999 budget reflects a 3.9 percent

***"... qualitative superiority in key warfighting capabilities"***

**DoD Goal**

decrease, after inflation, in funding from the current FY 1998 level. FY 1999 actually reflects a 5.5 percent increase from the level reflected in the FY 1998 President's Budget for the Navy's core programs. Applied Research programs focus on investigating key

Navy technology areas: surface, subsurface, and aerospace weapons development; ship and submarine systems; command, control and communications; electronic warfare applications; materials, logistics and environmental; ocean and atmospheric; mine and special warfare applications; and Marine Corps landing force technologies.

Advanced Technology Development programs focus on demonstrating technologies in those same key Navy technology areas, as well as manpower and medical applications. The majority of these funds are spent on actual pilot projects and test beds which demonstrate advanced technology capabilities applicable to meeting Navy requirements. Such efforts include demonstrating: new ship propulsion systems, advanced

weapons technologies, cutting edge technology for aircraft and weapons integration, logistics deployment techniques and technologies, state-of-the-art mine and expeditionary warfare technologies (such as the Marine Corps Warfighting Laboratory) , and advanced battlefield casualty assessment and treatments. If successful, these demonstrations will transition into full scale development programs or transition directly into the Fleet for employment.

Additionally, to provide better accountability with the individual military Services, \$24.7 million in funding for Dual Use Applications Programs (DUAP) and Historically Black Colleges and Universities research were transferred to Navy from DoD accounts.

RDT&E Management Support provides funding for installations required for general research and development use. These efforts include the test and evaluation support programs required to operate the Navy's test range sites, R&D aircraft and ship funding, and threat simulator development efforts.



This general funding level reflects required R&D infrastructure support commensurate with overall Navy force structure and facilities and management consolidations. Seventy percent of this funding, or about \$432 million in FY 1999, supports the Major Range and Test Facilities Base (MRTFB) programs, 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 FY 1999 funding reflects the minimum necessary to ensure test and evaluation activities are sustained at operable levels for optimum program testing, and defers all but critical modernization efforts at T&E facilities until the final recommendations on a Department of Defense assessment are known. Given the current fixed costs of these facilities, a FY 1998 reprogramming for \$16 million is required to maintain critical test and evaluation capabilities, and has been included in the budget. Additionally, FY 1999 includes an increase of \$8 million to realign funding from O&MN to more accurately reflect DFAS billings for RDT&E accounting support.

The remaining categories of research are platform-related and have been discussed as applicable in the previous sections. Table 14 and Appendix B - 17 provides summary financial data for the Research, Development, Test and Evaluation, Navy appropriation.



**Table 14**

**Department of the Navy**  
**Research, Development, Test and Evaluation, Navy**  
(In Millions of Dollars)

| <b>Significant RDT&amp;EN Areas</b>   | <b>FY 1997</b> | <b>FY 1998</b> | <b>FY 1999</b> |
|---------------------------------------|----------------|----------------|----------------|
| <b>Science and Technology</b>         | <b>1,321.9</b> | <b>1,347.1</b> | <b>1,348.1</b> |
| Basic Research                        | (345.6)        | (338.7)        | (362.6)        |
| Applied Research                      | (514.3)        | (493.6)        | (524.7)        |
| Advanced Technology Development (ATD) | (462.0)        | (514.8)        | (460.7)        |
| Operational Systems Development       | 1,822.9        | 1,535.4        | 1,722.2        |
| RDT&E Management Support              | 681.3          | 551.0          | 617.0          |
| Joint Strike Fighter                  | 243.3          | 449.7          | 463.4          |
| V-22                                  | 605.6          | 512.1          | 355.1          |
| New Attack Submarine                  | 454.2          | 379.0          | 299.6          |
| C4I                                   | 274.6          | 237.4          | 262.5          |
| F/A-18                                | 330.8          | 260.1          | 216.6          |
| CVX                                   | 7.7            | 45.7           | 190.2          |
| Cooperative Engagement Capability     | 224.3          | 206.9          | 131.1          |
| 4BN/4BW                               | 68.1           | 83.6           | 98.5           |
| DD-21                                 | -              | 53.5           | 84.1           |
| JSOW                                  | 82.3           | 78.0           | 77.0           |
| TOMAHAWK                              | 138.8          | 88.8           | 66.7           |
| JDAM                                  | 30.0           | 12.0           | 11.7           |

## SECTION IV - INFRASTRUCTURE

The Department of the Navy is actively pursuing initiatives for facility planning, disposal, outsourcing, privatization and competition, energy, and housing. All of these efforts are focused on improving the efficiency and performance of the DON facility support structure.

### BASE REALIGNMENT AND CLOSURE II, III & IV

The Department's funding of Base Realignment and Closure (BRAC) supports DoD goals of infrastructure savings. While the BRAC process

**"... achieve a 21st Century infrastructure ..."**

**DoD Goal**

has been a major tool for reducing the domestic base structure and generating savings, balancing the Department's force and base structures by eliminating unnecessary infrastructure is critical to preserving readiness. To meet this goal

now and in the future, the Department of the Navy supports the need for additional base closures.

**Chart 9 - Base Realignment and Closure**

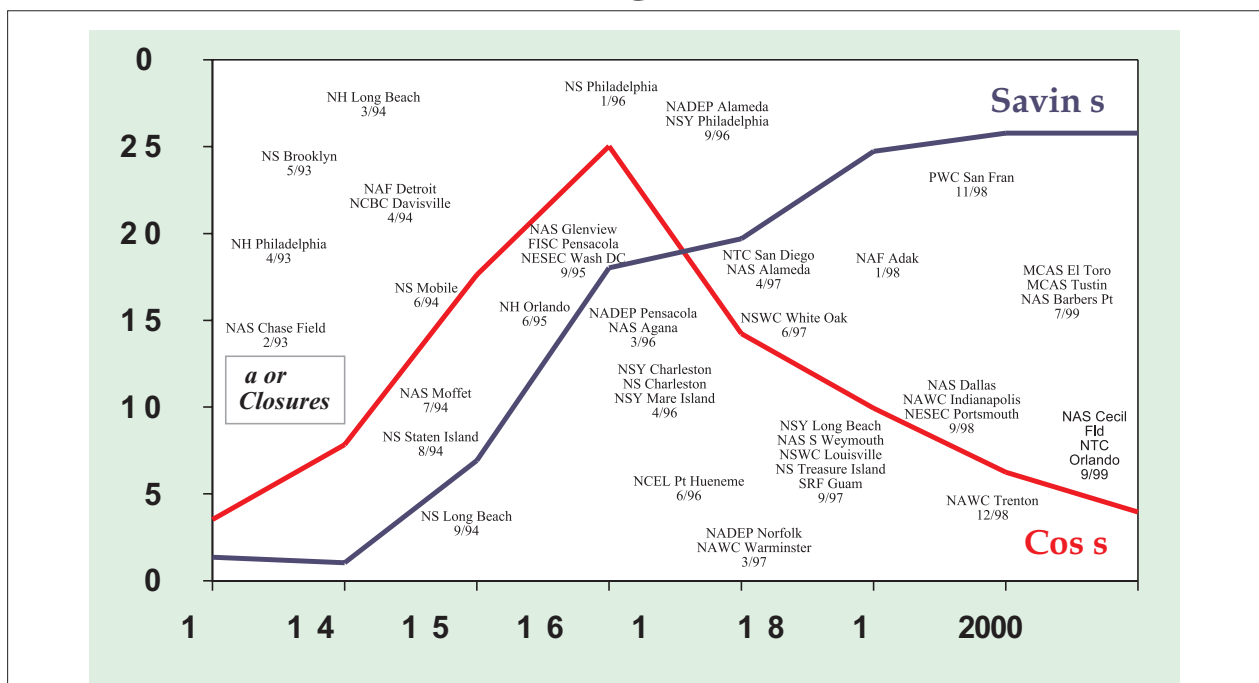


Chart 9 portrays BRAC savings and BRAC Costs. FY 1997 reflects the first positive return on BRAC Investments with savings exceeding costs, the trend continues with estimated steady state savings of \$2.6B in FY 2000 and out.

**BRAC II** - 35 of the 36 bases covered by BRAC II completed operational closure or realignment by the end of FY 1997. The remaining activity will complete closure under re-direction of BRAC IV. With the completion of these closures, the budget now reflects funding in BRAC IV to support critical environmental restoration efforts at Naval Stations Long Beach and Treasure Island, Naval Air Station Moffet Field, and Naval Construction Battalion Center, Davisville.

**BRAC III** - Base Closure and Realignment III costs reflect the closure or realignment of 91 naval facilities. The Department is committed to make closing facilities available to community reuse groups as fast as possible within fiscal constraints, while reducing associated shore support structure. Of the 91 naval bases and facilities addressed under BRAC III, 85 will have completed operational closure or realignment by the end of FY 1998 with the remaining 6 completing in FY 1999. Funds are budgeted for environmental clean-up actions that will execute in FY 1999 based on community re-use. The FY 1999 BRAC III budget represents the minimum funding required to implement closures and realignments. Accommodation of downward adjustments to the \$174 million estimate for land sales revenues to finance, in part, BRAC III requirements, forced the realignment of some BRAC construction projections as well as a more restrictive assessment of critical-to-closure requirements. These program modifications have allowed the BRAC program to remain on schedule for all closures and realignments.

**BRAC IV** - The BRAC IV budget was developed to achieve cost savings at maximum speed while minimizing disruption to Navy operations. Of the 44 bases and naval facilities included in BRAC IV, 41 will have completed operational closure or realignment by the end of FY 1999. The remaining three will finish by the end of FY 2001. BRAC IV savings reflect avoidance of previously anticipated BRAC III costs. The budget also funds the major redirects of Naval Training Center, Orlando, Naval Air Stations Cecil Field and Miramar, and relocation of Naval Sea Systems Command headquarters.

Table 15 reflects anticipated costs for Base Closure II, III and IV. A summary of these costs and savings are shown in the same table.

**Table 15**

**Department of the Navy**  
**Base Realignment and Closure Accounts**  
(In Millions of Dollars)

| <b>COSTS</b>          | <b>FY 1997</b>   | <b>FY 1998</b>   | <b>FY 1999</b>   |                  |
|-----------------------|------------------|------------------|------------------|------------------|
| BRAC II               | 99.3             | 61.6             | -                |                  |
| BRAC III              | * 724.6          | **513.2          | 302.3            |                  |
| BRAC IV               | 397.6            | ***408.0         | 320.6            |                  |
| <b>Total</b>          | <b>\$1,221.5</b> | <b>\$982.8</b>   | <b>\$622.9</b>   |                  |
| Including O&M,N funds | (\$1,268.5)      | (\$987.6)        |                  |                  |
|                       |                  |                  |                  | <b>Annual</b>    |
|                       |                  |                  |                  | <b>Steady</b>    |
|                       |                  |                  |                  | <b>State</b>     |
| <b>SAVINGS</b>        | <b>FY 1997</b>   | <b>FY 1998</b>   | <b>FY 1999</b>   |                  |
| BRAC II               | 649.0            | 465.7            | 465.7            | 465.7            |
| BRAC III              | 985.4            | 1,224.4          | 1,359.8          | 1,359.8          |
| BRAC IV               | 480.1            | 674.8            | 643.2            | 731.5            |
| <b>Total</b>          | <b>\$2,114.5</b> | <b>\$2,364.9</b> | <b>\$2,468.7</b> | <b>\$2,557.0</b> |

\* Does not includes \$47 million in Operation and Maintenance, Navy funds

\*\* Does not includes \$1.8 million in Operation & Maintenance Navy funds

\*\*\* Does not includes \$2.9 million in Operation & Maintenance Navy funds

## ***NAVY WORKING CAPITAL FUND (NWCF)***

The Navy Working Capital Fund budget for FY 1999 includes operating costs totaling approximately \$20 billion for nine activity groups. Rates have been set to cover budgeted costs and achieve a zero Accumulated Operating Result (AOR) by the end of the budget year. Additionally, the DON's three year cash recovery plan continues with a \$146 million cash surcharge. FY 1999 rates also include approximately \$35 million for AOR recoupment and a \$25 million surcharge to fund the Defense Reutilization and Marketing Service. Customers have been resourced appropriately for these rates. The NWCF cash corpus is budgeted to be at a sufficient level to cover day-to-day operations and eliminate all advance billing balances by the end of FY 1999.

The FY 1999 budget builds upon the Ordnance activity group restructuring budgeted in FY 1998. The responsibility for East Coast base management has been transferred to the Atlantic Fleet with the provision of appropriate services to be performed by Public Works Centers.

Approximately \$105 million in operating costs and approximately 1,100 military and civilian personnel were transferred. Additionally, the Naval Warfare Assessment Division is being transferred from Ordnance to the Research and Development activity group of the NWCF. This transfer will consolidate similar engineering and information resources management functions within one activity, leading to further restructuring and efficiencies in the future. Due to the continued efforts of the Department to reduce infrastructure, this budget also incorporates

***“Fundamentally reengineer the Department ...”***

**DoD Goal**

a pilot effort which merges the Intermediate Maintenance Facility (IMF), Pearl Harbor and the Naval Shipyard, Pearl Harbor into a mission funded regional maintenance activity under the Commander in Chief, Pacific Fleet. This transfer will expedite efforts to regionalize maintenance infrastructure, ensure that sailors at the IMF are adequately trained for battle force maintenance, establish uniform management procedures and institute a single financial structure compatible with the current financial structure supporting fleet maintenance and fleet operations.

The NWCF capital program reflects the capitalization of supply and depot maintenance logistics systems which were previously funded by the Joint Logistics Systems Center.

Table 16 reflects obligations for the supply activity group, cost of goods and services sold for industrial activity groups and capital investment requirements for all Navy Working Capital Fund activities.

**Table 16****SUMMARY OF NWCF COSTS***(In Millions of Dollars)*

|                                         | <b>FY 1997</b>    | <b>FY 1998</b>    | <b>FY 1999</b>    |
|-----------------------------------------|-------------------|-------------------|-------------------|
| <b>COST</b>                             |                   |                   |                   |
| <i>Supply (obligations)</i>             | 6,067.2           | 6,583.0           | 5,899.8           |
| <i>Depot Maintenance - Aircraft</i>     | 1,400.5           | 1,591.3           | 1,672.3           |
| <i>Depot Maintenance - Ships</i>        | 2,576.9           | 2,121.1           | 2,091.5           |
| <i>Depot Maintenance - Marine Corps</i> | 148.9             | 170.0             | 143.0             |
| <i>Ordnance</i>                         | 539.1             | 253.1             | 221.1             |
| <i>Transportation</i>                   | 1,186.4           | 1,157.0           | 1,215.3           |
| <i>Research and Development</i>         | 7,137.1           | 6,629.3           | 6,556.7           |
| <i>Information Services</i>             | 259.5             | 212.5             | 208.6             |
| <i>Base Support</i>                     | 2,075.7           | 1,821.8           | 1,741.6           |
| <b>TOTAL</b>                            | <b>\$21,391.3</b> | <b>\$20,539.1</b> | <b>\$19,739.9</b> |
| <b>CAPITAL INVESTMENT</b>               |                   |                   |                   |
| <i>Supply Operations</i>                | 28.0              | 43.0              | 31.9              |
| <i>Depot Maintenance - Aircraft</i>     | 46.0              | 39.9              | 48.8              |
| <i>Depot Maintenance - Ships</i>        | 47.6              | 47.3              | 40.4              |
| <i>Depot Maintenance - Marine Corps</i> | 4.3               | 4.3               | 5.2               |
| <i>Ordnance</i>                         | 8.7               | 6.4               | 3.6               |
| <i>Transportation</i>                   | 1.3               | 1.2               | 0.5               |
| <i>Research and Development</i>         | 110.9             | 121.4             | 122.7             |
| <i>Information Services</i>             | 0.9               | 1.5               | 0.5               |
| <i>Base Support</i>                     | 18.5              | 19.3              | 16.8              |
| <b>TOTAL</b>                            | <b>\$266.2</b>    | <b>\$284.3</b>    | <b>\$270.4</b>    |

## **CIVILIAN PERSONNEL**

The Department of the Navy budget includes the following civilian end strength and workyear estimates:

|               | FY 1997 | FY 1998 | FY 1999 |
|---------------|---------|---------|---------|
| End Strength  | 217,860 | 215,659 | 210,967 |
| FTE Workyears | 222,574 | 215,121 | 212,015 |

Civilian Personnel levels in the Department are at the lowest level since before World War II. The budget reflects the continued downward trend of the civilian work force as a result of base closures, reductions in force structure, decreasing workload and management efficiency.

Forty-nine percent of the Department's civilians work at Navy Working Capital Fund (NWCF) activities supporting depot level maintenance and repair of ships, aircraft, and associated equipment, development of

**Chart 10 - Civilian Personnel**

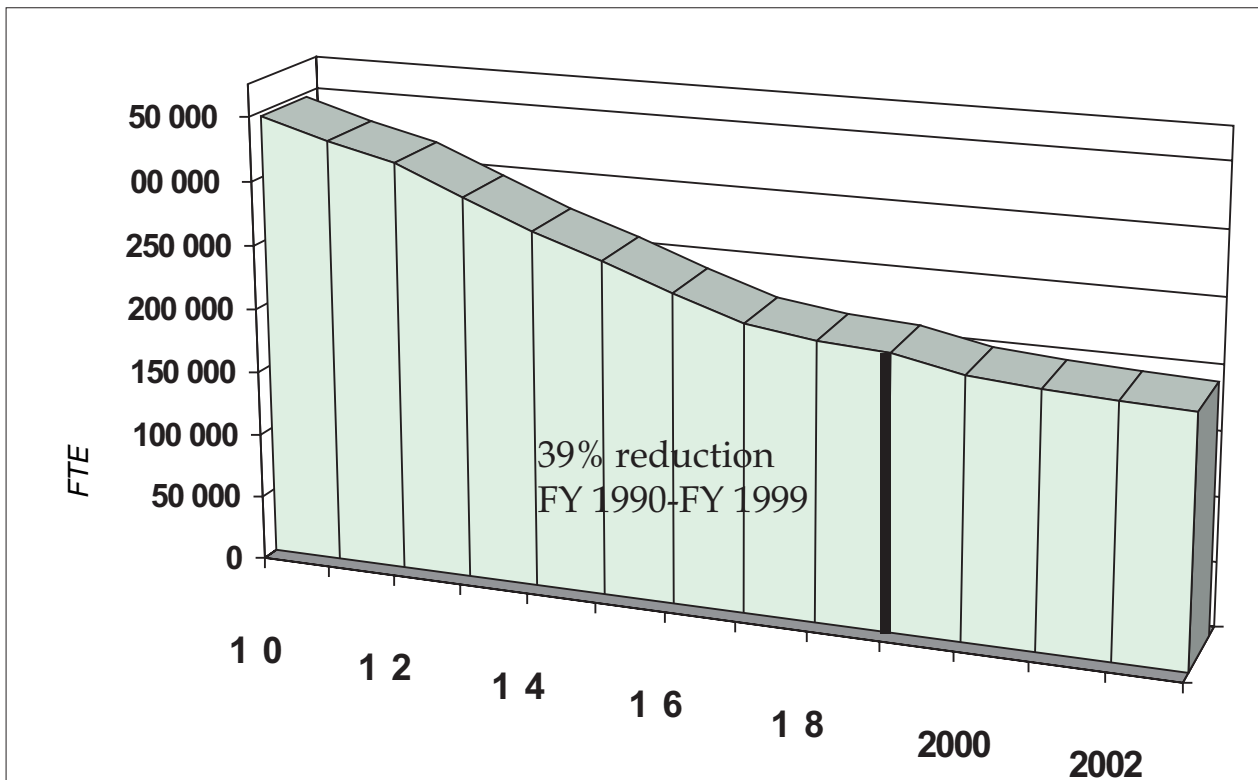


Chart 10 graphically displays Civilian Personnel Full time equivalent reductions from FY 1990 through FY 2003 in consonance with Departmental downsizing and efficiencies.

enhanced warfighting capabilities at the Warfare Centers of Excellence, and direct fleet communications, supply, and public works support. A significant number of the civilians funded directly by operations appropriations provide direct fleet support at Navy and Marine Corps bases and stations. The balance provide essential support in functions such as training, medical care, and the engineering, development, and acquisition of weapons systems, all of which are necessary for long-range readiness, including achieving our recapitalization plans.

The Department's budget projects continued downsizing of the civilian workforce through FY 2003. The workforce levels in the budget also reflect a significant decline in workload at our NWCF activities. FY 1997-1999 civilian workyears are based on workload in the Department's FY 1998 and FY 1999 program and the appropriate mix of civilian and contractor workload accomplishment. If workload does not decline as much as projected, the workforce will not be reduced as much as currently projected. The workforce decline also includes the effects of BRAC decisions, some of which have been accelerated resulting in earlier personnel reductions.

The Department's force structure was reduced in the Quadrennial Defense Review (QDR) to reflect improvements in operational concepts and organizational arrangements. These reductions along with ongoing efforts, such as competition, outsourcing and regionalization, enabled the DON to further reduce the infrastructure and the related civilian workforce. The Department's budget achieves by FY 2003 the QDR goal to reduce DON civilian personnel by 8,800.

A summary display of total DON Civilian Personnel resources is provided as Table 17.



**Table 17**

**Department of the Navy  
Civilian Manpower  
Full-time Equivalent**

|                                                 | <b>FY 1997</b> | <b>FY 1998</b> | <b>FY 1999</b> |
|-------------------------------------------------|----------------|----------------|----------------|
| <b>Total — Department of the Navy</b>           | <b>222,574</b> | <b>215,121</b> | <b>212,015</b> |
| <b>By Service</b>                               |                |                |                |
| Navy                                            | 203,923        | 196,532        | 193,876        |
| Marine Corps                                    | 18,651         | 18,589         | 18,139         |
| <b>By Type Of Hire</b>                          |                |                |                |
| Direct                                          | 211,635        | 204,099        | 201,086        |
| Indirect Hire, Foreign National                 | 10,939         | 11,022         | 10,929         |
| <b>By Appropriation/fund</b>                    |                |                |                |
| Operation and Maintenance, Navy                 | 86,532         | 85,122         | 85,736         |
| Operation and Maintenance, Navy Reserve         | 2,422          | 2,349          | 2,267          |
| Operation and Maintenance, Marine Corps         | 16,502         | 16,575         | 16,393         |
| Operation and Maintenance, Marine Corps Reserve | 157            | 161            | 161            |
| <b>Total — Operation and Maintenance</b>        | <b>105,613</b> | <b>104,207</b> | <b>104,557</b> |
| <b>Total — Working Capital Funds</b>            |                |                |                |
| Military Construction, Navy                     | 3,011          | 2,883          | 2,701          |
| Research, Development, Test & Evaluation, Navy  | 1,881          | 1,819          | 1,783          |
| Military Assistance                             | 76             | 74             | 67             |
| <b>Total — Other</b>                            | <b>4,968</b>   | <b>4,776</b>   | <b>4,551</b>   |
| <b>Special Interest Areas</b>                   |                |                |                |
| Fleet Activities                                | 30,346         | 30,151         | 31,477         |
| Shipyards                                       | 23,056         | 21,115         | 19,506         |
| Aviation Depots                                 | 11,829         | 11,934         | 11,919         |
| Supply/Distribution/Logistics Centers           | 7,461          | 7,316          | 7,036          |
| Warfare Centers                                 | 39,748         | 39,337         | 38,439         |
| Engineering/Acquisition Commands                | 22,669         | 21,311         | 20,193         |
| Medical                                         | 11,459         | 10,887         | 10,703         |

## ***COMPETITION AND OUTSOURCING***

This budget reflects the Department of the Navy's commitment to the use of competition and outsourcing as a means to reduce the cost of infrastructure and provide the funds necessary to recapitalize and modernize our forces. Recent studies have identified nearly \$4 billion annually spent on activities that might be performed more economically by the private sector, or more efficiently in-house. Based on our analyses of competitive procurement of these services by other federal, state, and local government agencies, the FYDP reflects savings totaling more than \$2.7 billion through FY 2003 that have been reapplied to recapitalization.

Table 18 reflects the number of billets to be reviewed for competitive outsourcing and projected savings.

***Table 18***

***Department of the Navy  
Competition and Outsourcing***

|                                                     | <b><i>FY 1998-FY 2003</i></b> |                      |
|-----------------------------------------------------|-------------------------------|----------------------|
| <i>Estimated Number of Billets Subject to Study</i> |                               |                      |
|                                                     | <i>Military:</i>              | <i>10,000</i>        |
|                                                     | <i>Civilian</i>               | <i>75,500</i>        |
| <i>Competition Savings (FYDP)</i>                   |                               | <i>\$2.7 billion</i> |

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## ***SECTION V***

### ***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.

#### ***TOA vs BA***

(In Millions of Dollars)

|                                 | <b>FY 1997</b> | <b>FY 1998</b> | <b>FY 1999</b> |
|---------------------------------|----------------|----------------|----------------|
| Offsetting Receipts             | -119.0         | -155.0         | -135.0         |
| Trust and Interfund             | 5.8            | 2.7            | 2.6            |
| Financing Adjustments           | -111.8         | -159.6         | -              |
| Capital Purchases Contract Auth | 441.9          | -              | -              |
| Kaho'olawe Conveyance           | 10.0           | 35.0           | 15.0           |
| Expiring Balances               | 113.1          | -              | -              |
| <b>Total</b>                    | <b>340.0</b>   | <b>-276.9</b>  | <b>-117.4</b>  |

**Offsetting Receipts** 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 Fund** totals are also included in BA but not in TOA. These accounts include funds established for the Navy General Gift Fund, Office of Naval Records and History Fund, Naval Academy General Gift Fund, Ship Store Profits, Midshipman Store, the Naval Academy Museum Fund and the Rooms Moor Liquidating Trust Settlement Account.

**Financing Adjustments** account for the 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. Reappropriations and rescissions involving prior year programs and transfers to prior year programs are all examples of financing adjustments reflected against different fiscal periods as BA and TOA. Revolving fund and foreign currency transfers are other examples of financing adjustments which count differently in TOA and BA.

**Capital Purchases Contract Authority** in the Navy Working Capital Fund is included in BA but not TOA. This amount represents the unliquidated capital orders carried into FY 1998.

**Kaho'olawe Conveyance** is a trust account used to finance environmental restoration efforts on the island of Kaho'olawe in Hawaii. As is the case with other trust funds, these funds are included in BA but not TOA.

**Expiring Balances** also contribute to the difference between TOA and BA. Expiring balances are funds which were included in BA available for FY 1997 annual accounts (Personnel and Operation and Maintenance), but were not obligated prior to the end of the fiscal year. These amounts are included in BA totals but not TOA.

The TOA and BA levels for FY 1997 through FY 1999 along with DON outlay estimates, are summarized in Table 19.

**Table 19**

**Department of the Navy  
Comparison Direct Budget Plan (TOA), Budget Authority, and Outlays  
(In Millions of Dollars)**

| Account                  | Total Obligational Authority |                 |                 | Budget Authority |                 |                 | Outlays         |                 |                 |
|--------------------------|------------------------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                          | FY 1997                      | FY 1998         | FY 1999         | FY 1997          | FY 1998         | FY 1999         | FY 1997         | FY 1998         | FY 1999         |
| MPN                      | 17,031.6                     | 16,713.2        | 16,613.1        | 17,030.1         | 16,713.2        | 16,613.1        | 16,977.3        | 16,726.9        | 16,585.0        |
| MPMC                     | 5,976.1                      | 6,113.3         | 6,272.1         | 6,018.1          | 6,113.3         | 6,272.1         | 5,928.0         | 6,078.2         | 6,268.7         |
| RPN                      | 1,419.2                      | 1,377.3         | 1,387.4         | 1,419.9          | 1,377.3         | 1,387.4         | 1,463.8         | 1,352.4         | 1,356.3         |
| RPMC                     | 393.0                        | 391.8           | 401.9           | 393.8            | 391.8           | 401.9           | 404.2           | 384.0           | 394.1           |
| O&M,N                    | 21,055.3                     | 21,652.4        | 21,927.2        | 21,108.5         | 21,652.4        | 21,927.2        | 21,622.4        | 21,870.9        | 21,783.0        |
| O&M,MC                   | 2,351.7                      | 2,380.3         | 2,523.7         | 2,346.7          | 2,380.3         | 2,523.7         | 2,466.5         | 2,352.1         | 2,455.4         |
| O&M,NR                   | 884.7                        | 917.5           | 928.6           | 890.2            | 917.5           | 928.6           | 846.9           | 905.2           | 898.0           |
| O&M,MCR                  | 109.7                        | 116.3           | 114.6           | 109.7            | 116.3           | 114.6           | 107.3           | 111.2           | 113.9           |
| ERN                      | —                            | 275.5           | 281.6           | —                | 275.5           | 281.6           | —               | 60.6            | 185.9           |
| Kaho'olawe Conveyance    | —                            | —               | —               | 10.0             | 35.0            | 15.0            | 9.8             | 6.6             | 13.3            |
| Payment to Kaho'olawe    | 8.6                          | 35.0            | 15.0            | 10.0             | 35.0            | 15.0            | 11.0            | 35.0            | 15.0            |
| APN                      | 6,715.0                      | 6,287.5         | 7,466.7         | 6,691.6          | 6,263.5         | 7,466.7         | 5,322.6         | 5,435.6         | 5,973.4         |
| WPN                      | 1,332.0                      | 1,087.8         | 1,327.5         | 1,322.7          | 1,087.8         | 1,327.5         | 1,982.2         | 1,619.7         | 1,384.7         |
| SCN                      | 5,466.5                      | 8,085.3         | 6,252.7         | 5,430.5          | 7,995.2         | 6,252.7         | 7,085.1         | 6,584.2         | 6,958.4         |
| OPN                      | 2,838.0                      | 2,988.1         | 3,937.7         | 2,834.1          | 2,982.6         | 3,937.7         | 3,053.6         | 3,033.0         | 3,241.4         |
| PMC                      | 580.7                        | 473.5           | 745.9           | 575.5            | 473.5           | 745.9           | 600.6           | 464.6           | 477.1           |
| CDAN                     | —                            | —               | —               | —                | —               | —               | 0.1             | —               | —               |
| PANMC                    | 276.6                        | 381.6           | 429.5           | 257.1            | 381.6           | 429.5           | 259.3           | 302.8           | 372.1           |
| RDT&E,N                  | 7,884.4                      | 7,879.9         | 8,108.9         | 7,916.9          | 7,839.9         | 8,108.9         | 8,219.6         | 7,625.0         | 7,974.2         |
| Oth Rev & Mgt Fnd        | —                            | —               | —               | 441.9            | —               | —               | 2,052.5         | (226.1)         | (226.9)         |
| NDSF                     | 1,392.1                      | 1,070.1         | 418.2           | 1,392.1          | 1,070.1         | 418.2           | 585.0           | 923.1           | 946.1           |
| <b>Total DOD Bill</b>    | <b>75,715.2</b>              | <b>78,226.4</b> | <b>79,152.3</b> | <b>76,199.4</b>  | <b>78,101.8</b> | <b>79,167.3</b> | <b>78,997.8</b> | <b>75,645.0</b> | <b>77,169.1</b> |
| MCON                     | 705.1                        | 605.3           | 468.2           | 687.3            | 605.3           | 468.2           | 554.4           | 627.4           | 564.3           |
| MCNR                     | 37.6                         | 26.7            | 15.3            | 37.6             | 26.7            | 15.3            | 23.8            | 27.8            | 31.7            |
| FH(Con)                  | 497.0                        | 391.8           | 280.8           | 497.0            | 391.8           | 280.8           | 451.4           | 535.4           | 427.8           |
| FH(Ops)                  | 1,014.2                      | 965.4           | 915.3           | 1,021.6          | 965.4           | 915.3           | 925.6           | 962.6           | 949.3           |
| BRC                      | 1,221.5                      | 982.8           | 622.9           | 1,201.1          | 982.8           | 622.9           | 1,263.7         | 1,107.2         | 990.9           |
| <b>Total MILCON Bill</b> | <b>3,475.4</b>               | <b>2,972.0</b>  | <b>2,302.5</b>  | <b>3,444.6</b>   | <b>2,972.0</b>  | <b>2,302.5</b>  | <b>3,218.9</b>  | <b>3,260.4</b>  | <b>2,964.0</b>  |
| Roosmoor Trust           | —                            | —               | —               | 2.8              | —               | —               | —               | —               | —               |
| Offsetting Receipts      | —                            | —               | —               | (119.0)          | (155.0)         | (135.0)         | (119.0)         | (155.0)         | (135.0)         |
| Trust and Interfund      | —                            | —               | —               | 3.0              | 2.7             | 2.6             | 0.3             | 2.6             | 2.5             |
| <b>Total, DON</b>        | <b>79,190.6</b>              | <b>81,198.3</b> | <b>81,454.8</b> | <b>79,530.6</b>  | <b>80,921.4</b> | <b>81,337.4</b> | <b>82,097.8</b> | <b>78,753.1</b> | <b>80,001.0</b> |

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## **APPENDIX A**

### **GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA)**

**Table A-1**

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#### **Department of Defense Goals**

The Government Performance and Results Act (GPRA) of 1993 requires government agencies (e.g. Department of Defense (DoD)) beginning with the submission of the FY 1999 President's Budget to develop and submit a strategic plan and performance plan. The Quadrennial Defense Review (QDR) of May 1997 serves as the DoD's Strategic Plan. A performance plan was developed and will be submitted to Congress along with the FY 1999 President's Budget.

A performance report summarizing the performance results is required in FY 2000 and will be documented in the Annual Defense Report.

Within the Department of the Navy, GPRA implementation will be accommodated through the established Planning, Programming and Budgeting System (PPBS) process. PPBS accommodates the goals and objectives across the broad spectrum of DON missions. The Department plans to develop a DON strategic plan which links to the strategy contained in the QDR, complies with GPRA, and is consistent with the FY 1999 budget submission.

The information provided below provides page references to performance information contained in this document relative to specific DoD goals. Additional performance information is contained in budget justification materials supporting the FY 1999 President's Budget Submission

#### **GOAL 1: Shape the international environment through DoD engagement programs and activities:**

- ◆ Support friends and allies by sustaining and adapting security relationships
- ◆ Enhance coalition warfighting
- ◆ Promote regional stability
- ◆ Prevent or reduce threats and conflict

|                                              |                    |
|----------------------------------------------|--------------------|
| International Engagement Activities. . . . . | 2-1, 3-1, 3-2, B-6 |
| Joint Exercises . . . . .                    | 2-1, 2-2, 2-13     |
| Personnel Stationed Overseas . . . . .       | 2-2, 2-4           |
| Drug Interdiction Support. . . . .           | 2-1, 2-7           |
| Forward Deployed Naval Forces . . . . .      | 2-3, 2-5           |

**GOAL 2: Shape the international environment and respond to the full spectrum of crises by providing appropriately sized, positioned and mobile forces:**

- ◆ Support US regional security objectives
- ◆ Deter hostile actors/activities in peacetime and in times of crisis
- ◆ Conduct multiple, concurrent smaller-scale contingencies
- ◆ Fight and win two nearly simultaneous major theater wars

|                                                       |            |
|-------------------------------------------------------|------------|
| Contingency Operations. . . . .                       | 2-1, 2-9   |
| Navy Battle Force Ships . . . . .                     | 2-2        |
| Ship Steaming Days per Quarter . . . . .              | 2-3, 2-4   |
| Reserve Battle Force Ships . . . . .                  | 2-4        |
| Strategic Sealift Surge Capacity . . . . .            | 2-5, 3-5   |
| Ship Depot Maintenance . . . . .                      | 2-6        |
| Naval Aviation Forces. . . . .                        | 2-8        |
| Aircraft Primary Mission Readiness (PMR). . . . .     | 2-9        |
| Aircraft Depot Maintenance . . . . .                  | 2-10       |
| Marine Corps Land Forces . . . . .                    | 2-12       |
| Marine Corps Reserve Land Forces . . . . .            | 2-12       |
| Navy Personnel End Strength . . . . .                 | 2-14, 2-15 |
| Marine Corps Personnel End Strength. . . . .          | 2-15       |
| Navy Reserve Personnel End Strength. . . . .          | 2-16, 2-17 |
| Marine Corps Reserve Personnel End Strength . . . . . | 2-17       |

**GOAL 3: Prepare now for an uncertain future by pursuing a focused modernization effort that maintains US qualitative superiority in key warfighting capabilities.**

|                                                |                |
|------------------------------------------------|----------------|
| Acquisition Reform . . . . .                   | 1-4, 3-1       |
| Shipbuilding and Conversion Programs . . . . . | 1-5, 3-2, B-13 |
| Aviation Programs. . . . .                     | 1-5, 3-6, B-11 |
| C <sup>4</sup> I . . . . .                     | 3-8, 3-12      |
| Marine Corps Ground Equipment . . . . .        | 3-10, B-15     |
| Weapons Programs . . . . .                     | B-12, B-15     |
| Science & Technology. . . . .                  | 3-12, B-17     |
| Systems Development . . . . .                  | 3-12, B-17     |



**GOAL 4: Prepare now for an uncertain future by exploiting the Revolution in Military Affairs to transform US forces for the future.**

|                                        |                |
|----------------------------------------|----------------|
| Shipbuilding Programs . . . . .        | 1-3, 3-2, B-13 |
| Strategic Sealift . . . . .            | 3-5, B-18      |
| Aviation Programs. . . . .             | 3-6, B-11      |
| C <sup>4</sup> I . . . . .             | 1-3, 3-8, 3-12 |
| Marine Corps Ground Equipment. . . . . | 3-10, B-15     |
| Weapons Programs. . . . .              | B-12, B-15     |
| Science & Technology . . . . .         | 3-12, B-17     |
| Systems Development . . . . .          | 3-12, B-17     |

**GOAL 5: Maintain highly ready joint forces to perform the full spectrum of military activities:**

- ◆ Maintain high personnel and unit readiness
- ◆ Recruit and retain well-qualified military and civilian personnel
- ◆ Provide equal opportunity and a high quality of life
- ◆ Improve force management procedures throughout DoD

|                                                |                          |
|------------------------------------------------|--------------------------|
| Contingency Operations. . . . .                | 2-3, 2-9                 |
| OPTEMPO . . . . .                              | 2-3, 2-9                 |
| Primary Mission Readiness . . . . .            | 2-9                      |
| Military Personnel Compensation. . . . .       | 2-13, B-2, B-3, B-4, B-5 |
| Navy Enlisted Accessions . . . . .             | 2-15, B-6                |
| Navy Reenlistments . . . . .                   | 2-15                     |
| Marine Corps Enlisted Accessions . . . . .     | 2-15, B-7                |
| Marine Corps Reenlistments . . . . .           | 2-15                     |
| Housing and Community Facilities . . . . .     | 2-13, B-19, B-20         |
| Military Continuing Education Support. . . . . | 2-13                     |
| Civilian Personnel . . . . .                   | 4-6                      |

**GOAL 6: Fundamentally reengineer the Department and achieve a 21st Century infrastructure by reducing costs and eliminating unnecessary expenditures while maintaining required military capabilities across all DoD mission areas.**

|                                       |                     |
|---------------------------------------|---------------------|
| Operation and Support Costs . . . . . | 1-1, 1-2            |
| Acquisition Reform. . . . .           | 3-1                 |
| Base Closure and Realignment. . . . . | 4-1, 4-2, 4-3, B-21 |
| Navy Working Capital Fund . . . . .   | 4-4, 4-5            |
| Civilian Personnel . . . . .          | 4-6                 |
| Competition and Outsourcing. . . . .  | 4-9                 |

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## **APPENDIX B**

### **SUPPORTING TABLES**

**Table B-1**

**Department of the Navy**  
**FY 1999 Budget Summary by Appropriation**  
*(In Millions of Dollars)*

|                                                  | <b>FY 1997</b>    | <b>FY 1998</b>    | <b>FY 1999</b>    |
|--------------------------------------------------|-------------------|-------------------|-------------------|
| Military Personnel, Navy                         | 17,031.6          | 16,713.2          | 16,613.1          |
| Military Personnel, Marine Corps                 | 5,976.1           | 6,113.3           | 6,272.1           |
| Reserve Personnel, Navy                          | 1,419.2           | 1,377.3           | 1,387.4           |
| Reserve Personnel, Marine Corps                  | 393.0             | 391.8             | 401.9             |
| Operation and Maintenance, Navy                  | 21,055.3          | 21,652.4          | 21,927.2          |
| Operation and Maintenance, Marine Corps          | 2,351.7           | 2,380.3           | 2,523.7           |
| Operation and Maintenance, Navy Reserve          | 884.7             | 917.5             | 928.6             |
| Operation and Maintenance, Marine Corps Reserve  | 109.7             | 116.3             | 114.6             |
| Environmental Restoration, Navy                  | —                 | 275.5             | 281.6             |
| Kaho'olawe Island                                | 8.6               | 35.0              | 15.0              |
| Aircraft Procurement, Navy                       | 6,715.0           | 6,287.5           | 7,466.7           |
| Weapons Procurement, Navy                        | 1,332.0           | 1,087.8           | 1,327.5           |
| Shipbuilding and Conversion, Navy                | 5,466.5           | 8,085.3           | 6,252.7           |
| Other Procurement, Navy                          | 2,838.0           | 2,988.1           | 3,937.7           |
| Procurement, Marine Corps                        | 580.7             | 473.5             | 745.9             |
| Procurement of Ammunition, Navy and Marine Corps | 276.6             | 381.6             | 429.5             |
| Research, Development, Test & Evaluation, Navy   | 7,884.4           | 7,879.9           | 8,108.9           |
| National Defense Sealift Fund                    | 1,392.1           | 1,070.1           | 418.2             |
| Military Construction, Navy                      | 705.1             | 605.3             | 468.2             |
| Military Construction, Naval Reserve             | 37.6              | 26.7              | 15.3              |
| Family Housing, Navy and Marine Corps            | 1,511.2           | 1,357.2           | 1,196.1           |
| Base Realignment and Closure                     | 1,221.5           | 982.8             | 622.9             |
| <b>TOTAL</b>                                     | <b>\$79,190.6</b> | <b>\$81,198.3</b> | <b>\$81,454.8</b> |

## **MILITARY PERSONNEL, NAVY**

**Table B-2**

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

|                                          | <b>FY 1997</b>    | <b>FY 1998</b>    | <b>FY 1999</b>    |
|------------------------------------------|-------------------|-------------------|-------------------|
| <i>Pay and Allowances of Officers</i>    | 4,321.1           | 4,292.9           | 4,331.8           |
| <i>Pay and Allowances of Enlisted</i>    | 11,207.2          | 10,874.9          | 10,718.6          |
| <i>Pay and Allowances of Midshipmen</i>  | 36.2              | 35.8              | 35.9              |
| <i>Subsistence of Enlisted Personnel</i> | 744.9             | 753.7             | 743.2             |
| <i>Permanent Change Station Travel</i>   | 618.0             | 651.2             | 625.3             |
| <i>Other Military Personnel Costs</i>    | 104.2             | 104.7             | 158.3             |
| <b>Total: MPN</b>                        | <b>\$17,031.6</b> | <b>\$16,713.2</b> | <b>\$16,613.1</b> |
| <b>End Strength</b>                      |                   |                   |                   |
| <i>Officers</i>                          | 56,201            | 55,118            | 53,843            |
| <i>Enlisted</i>                          | 335,267           | 327,776           | 314,853           |
| <i>Midshipmen/NAVCADS</i>                | 4,096             | 4,000             | 4,000             |
| <b>Total: End Strength</b>               | <b>395,564</b>    | <b>386,894</b>    | <b>372,696</b>    |

## **MILITARY PERSONNEL, MARINE CORPS**

**Table B-3**

**Department of the Navy  
Military Personnel, Marine Corps  
(In Millions of Dollars)**

|                                          | <b>FY 1997</b>   | <b>FY 1998</b>   | <b>FY 1999</b>   |
|------------------------------------------|------------------|------------------|------------------|
| <i>Pay and Allowances of Officers</i>    | 1,256.3          | 1,276.6          | 1,313.3          |
| <i>Pay and Allowances of Enlisted</i>    | 4,126.7          | 4,239.8          | 4,327.0          |
| <i>Subsistence of Enlisted Personnel</i> | 331.0            | 338.8            | 348.8            |
| <i>Permanent Change Station Travel</i>   | 224.1            | 221.2            | 227.5            |
| <i>Other Military Personnel Costs</i>    | 38.0             | 36.9             | 55.5             |
| <b>Total: MPMC</b>                       | <b>\$5,976.1</b> | <b>\$6,113.3</b> | <b>\$6,272.1</b> |
| <br>                                     |                  |                  |                  |
| <b>End Strength</b>                      |                  |                  |                  |
| <i>Officers</i>                          | 17,825           | 17,886           | 17,878           |
| <i>Enlisted</i>                          | 156,081          | 155,101          | 154,322          |
| <b>Total: End Strength</b>               | <b>173,906</b>   | <b>172,987</b>   | <b>172,200</b>   |

## **RESERVE PERSONNEL, NAVY**

**Table B-4**

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

|                                       | <b>FY 1997</b>   | <b>FY 1998</b>   | <b>FY 1999</b>   |
|---------------------------------------|------------------|------------------|------------------|
| <i>Unit &amp; Individual Training</i> | 536.8            | 541.5            | 551.4            |
| <i>Other Training &amp; Support</i>   | 882.4            | 835.8            | 836.0            |
| <b>Total: RPN</b>                     | <b>\$1,419.2</b> | <b>\$1,377.3</b> | <b>\$1,387.4</b> |
| <i>End Strength</i>                   |                  |                  |                  |
| <i>SELRES</i>                         | 78,660           | 78,158           | 75,253           |
| <i>Full-Time Support</i>              | 16,657           | 16,136           | 15,590           |
| <b>Total: End Strength</b>            | <b>95,317</b>    | <b>94,294</b>    | <b>90,843</b>    |

## ***RESERVE PERSONNEL, MARINE CORPS***

**Table B-5**

**Department of the Navy**  
**Reserve Personnel, Marine Corps**  
*(In Millions of Dollars)*

|                                       | <b>FY 1997</b> | <b>FY 1998</b> | <b>FY 1999</b> |
|---------------------------------------|----------------|----------------|----------------|
| <i>Unit and Individual Training</i>   | 210.8          | 212.3          | 215.0          |
| <i>Other Training and Support</i>     | 182.2          | 179.5          | 186.9          |
| <b>Total: RPMC</b>                    | <b>\$393.0</b> | <b>\$391.8</b> | <b>\$401.9</b> |
| <i>Selected Marine Corps Reserves</i> | 39,508         | 38,361         | 37,656         |
| <i>Full Time Support</i>              | 2,489          | 2,494          | 2,362          |
| <b>Total: End Strength</b>            | <b>41,997</b>  | <b>40,855</b>  | <b>40,018</b>  |

## **OPERATION AND MAINTENANCE, NAVY**

Table B-6

**Department of the Navy**  
**Operation and Maintenance, Navy**  
(In Millions of Dollars)

|                                                 | <b>FY 1997</b>    | <b>FY 1998</b>    | <b>FY 1999</b>    |
|-------------------------------------------------|-------------------|-------------------|-------------------|
| <b><u>Operating Forces</u></b>                  |                   |                   |                   |
| Air Operations                                  | 4,428.6           | 4,909.9           | 4,788.8           |
| Ship Operations                                 | 6,843.8           | 7,096.5           | 7,093.4           |
| Combat Operations/Support                       | 1,788.6           | 1,686.7           | 1,978.2           |
| Weapons Support                                 | 1,319.9           | 1,430.7           | 1,535.8           |
| NWCF Support                                    | 0                 | 0                 | 43.3              |
| <b>Total — Operating Forces</b>                 | <b>\$14,380.9</b> | <b>\$15,123.8</b> | <b>15,439.5</b>   |
| <b><u>Mobilization</u></b>                      |                   |                   |                   |
| Ready Reserve & Prepositioning Force            | 507.1             | 453.8             | 428.8             |
| Activations/Inactivations                       | 586.6             | 720.9             | 512.6             |
| Mobilization Preparedness                       | 38.2              | 51.6              | 56.9              |
| <b>Total — Mobilization</b>                     | <b>\$1,131.9</b>  | <b>\$1,226.3</b>  | <b>\$998.3</b>    |
| <b><u>Training And Recruiting</u></b>           |                   |                   |                   |
| Accession Training                              | 252.5             | 264.5             | 287.7             |
| Basic Skills & Advanced Training                | 1,095.4           | 1,135.0           | 1,187.9           |
| Recruiting & Other Training & Education         | 232.1             | 262.3             | 265.9             |
| <b>Total — Training And Recruiting</b>          | <b>\$1,580.0</b>  | <b>\$1,661.8</b>  | <b>\$1,741.5</b>  |
| <b><u>Admin &amp; Service-wide Support</u></b>  |                   |                   |                   |
| Service-wide Support                            | 1,564.8           | 1,486.3           | 1,570.7           |
| Logistics Operations & Technical Support        | 1,824.9           | 1,589.3           | 1,590.3           |
| Investigations & Security Programs              | 545.7             | 556.7             | 578.5             |
| Support of Other Nations                        | 8.3               | 8.2               | 8.4               |
| Canceled Accounts                               | 18.8              | 0                 | 0                 |
| <b>Total — Admin &amp; Service-wide Support</b> | <b>\$3,962.5</b>  | <b>\$3,640.5</b>  | <b>\$3,747.9</b>  |
| <b>Total — O&amp;MN</b>                         | <b>\$21,055.3</b> | <b>\$21,652.4</b> | <b>\$21,927.2</b> |



## ***OPERATION AND MAINTENANCE, MARINE CORPS***

**Table B-7**

**Department of the Navy**  
**Operation and Maintenance, Marine Corps**  
*(In Millions of Dollars)*

|                                                        | <b>FY 1997</b>   | <b>FY 1998</b>   | <b>FY 1999</b>   |
|--------------------------------------------------------|------------------|------------------|------------------|
| <b><i>Operating Forces</i></b>                         |                  |                  |                  |
| <i>Expeditionary Forces</i>                            | 1,637.0          | 1,642.6          | 1,739.4          |
| <i>Prepositioning</i>                                  | 76.4             | 80.8             | 85.7             |
| <b>Total — Operating Forces</b>                        | <b>\$1,713.4</b> | <b>\$1,723.4</b> | <b>\$1,825.1</b> |
| <b><i>Training and Recruiting</i></b>                  |                  |                  |                  |
| <i>Accession Training</i>                              | 71.9             | 79.4             | 81.3             |
| <i>Basic Skills &amp; Advanced Training</i>            | 182.0            | 186.0            | 204.1            |
| <i>Recruiting &amp; Other Training &amp; Education</i> | 111.5            | 115.1            | 115.9            |
| <b>Total — Training And Recruiting</b>                 | <b>\$365.4</b>   | <b>\$380.5</b>   | <b>\$401.3</b>   |
| <b><i>Admin &amp; Service-wide Support</i></b>         |                  |                  |                  |
| <i>Service-wide Support</i>                            | \$272.9          | \$276.4          | \$297.3          |
| <b>Total: O&amp;M,MC</b>                               | <b>\$2,351.7</b> | <b>\$2,380.3</b> | <b>\$2,523.7</b> |

## ***OPERATION AND MAINTENANCE, NAVY RESERVE***

**Table B-8**

**Department of the Navy**  
**Operation and Maintenance, Navy Reserve**  
(In Millions of Dollars)

|                                                | <b>FY 1997</b> | <b>FY 1998</b> | <b>FY 1999</b> |
|------------------------------------------------|----------------|----------------|----------------|
| <b><u>Operating Forces</u></b>                 |                |                |                |
| Air Operations                                 | 514.6          | 538.1          | 569.9          |
| Ship Operations                                | 160.6          | 140.3          | 152.7          |
| Combat Operations/Support                      | 79.0           | 75.8           | 72.4           |
| Weapons Support                                | 6.1            | 4.1            | 5.2            |
| <b>Total — Operating Forces</b>                | <b>\$760.3</b> | <b>\$758.3</b> | <b>\$800.2</b> |
| <b><u>Admin &amp; Service-wide Support</u></b> |                |                |                |
| Service-wide Support                           | \$124.4        | \$159.2        | \$128.4        |
| <b>Total: O&amp;M, NR</b>                      | <b>\$884.7</b> | <b>\$917.5</b> | <b>\$928.6</b> |

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## ***OPERATION AND MAINTENANCE, MARINE CORPS RESERVE***

**Table B-9**


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**Department of the Navy  
Operation And Maintenance, Marine Corps Reserve  
(In Millions of Dollars)**

|                                                | <b>FY 1997</b> | <b>FY 1998</b> | <b>FY 1999</b> |
|------------------------------------------------|----------------|----------------|----------------|
| <b><i>Operating Forces</i></b>                 |                |                |                |
| <i>Expeditionary Forces</i>                    | 78.5           | 76.5           | 74.3           |
| <b><i>Admin &amp; Service-wide Support</i></b> |                |                |                |
| <i>Service-wide Support</i>                    | 31.2           | 39.8           | 40.3           |
| <b>Total: O&amp;M,MCR</b>                      | <b>\$109.7</b> | <b>\$116.3</b> | <b>\$114.6</b> |

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## ***ENVIRONMENTAL RESTORATION, NAVY***

**Table B-10a**

**Department of the Navy**  
**Environmental Restoration, Navy**  
*(In Millions of Dollars)*

|                                             | <b>FY 1997</b> | <b>FY 1998</b> | <b>FY 1999</b> |
|---------------------------------------------|----------------|----------------|----------------|
| <i>Environmental Restoration Activities</i> | –              | 275.5          | 281.6          |
| <b>Total: ERN</b>                           | –              | <b>\$275.5</b> | <b>\$281.6</b> |

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## ***KAHO'OLAWE ISLAND***

**Table B-10b**

**Department of the Navy**  
**Kaho'olawe Island**  
*(In Millions of Dollars)*

|                                 | <b>FY 1997</b> | <b>FY 1998</b> | <b>FY 1999</b> |
|---------------------------------|----------------|----------------|----------------|
| <i>Kaho'olawe Island</i>        | 8.6            | 35.0           | 15.0           |
| <b>Total: Kaho'olawe Island</b> | <b>\$8.6</b>   | <b>\$35.0</b>  | <b>15.0</b>    |

## **AIRCRAFT PROCUREMENT, NAVY**

**Table B-11**

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

|                              | FY 1997    |                  | FY 1998    |                  | FY 1999    |                  |
|------------------------------|------------|------------------|------------|------------------|------------|------------------|
|                              | <u>QTY</u> | <u>\$</u>        | <u>QTY</u> | <u>\$</u>        | <u>QTY</u> | <u>\$</u>        |
| AV-8B (HARRIER)*             | 12         | 354.0            | 12         | 294.4            | 12         | 338.4            |
| F/A-18C/D (HORNET)           | 6          | 272.0            | -          | -                | -          | -                |
| F/A-18E/F (HORNET)           | 12         | 2,038.1          | 20         | 2,112.8          | 30         | 2,897.2          |
| V-22 (OSPREY)                | 5          | 659.3            | 7          | 672.6            | 7          | 664.8            |
| SH-60B (SEAHAWK)             | -          | 10.2             | -          | -                | -          | -                |
| E-2C (HAWKEYE)               | 4          | 295.4            | 4          | 311.7            | 3          | 389.3            |
| CH-60 (VERTREP HELO)         | -          | -                | 2          | 29.7             | 4          | 132.2            |
| T-45TS (GOSHAWK)             | 12         | 288.5            | 15         | 284.7            | 15         | 342.8            |
| KC-130J                      | 3          | 208.0            | 2          | 117.1            | -          | -                |
| Modifications                |            | 1,467.2          |            | 1,468.4          | -          | 1,594.6          |
| Spares and Repair Parts      |            | 776.8            |            | 663.4            | -          | 727.8            |
| Support Equipment/Facilities |            | 345.5            |            | 332.7            | -          | 379.6            |
| <b>Total: APN</b>            | <b>54</b>  | <b>\$6,715.0</b> | <b>62</b>  | <b>\$6,287.5</b> | <b>71</b>  | <b>\$7,466.7</b> |

\* Remanufactured Aircraft Only

## **WEAPONS PROCUREMENT, NAVY**

Table B-12a

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

|                            | FY 1997    |                  | FY 1998    |                  | FY 1999    |                  |
|----------------------------|------------|------------------|------------|------------------|------------|------------------|
|                            | QTY        | \$               | QTY        | \$               | QTY        | \$               |
| <b>Missiles</b>            |            |                  |            |                  |            |                  |
| TRIDENT II                 | 7          | 313.0            | 5          | 267.7            | 5          | 323.5            |
| TOMAHAWK                   | 155        | 102.2            | 65         | 50.0             | -          | 129.8            |
| AMRAAM                     | 100        | 50.3             | 120        | 55.3             | 115        | 62.6             |
| JSOW                       | 100        | 81.0             | 135        | 62.0             | 328        | 125.2            |
| STANDARD                   | 127        | 209.4            | 114        | 176.4            | 120        | 225.7            |
| RAM                        | 135        | 46.9             | 100        | 41.0             | 100        | 44.8             |
| ESSM                       | -          | -                | -          | 10.3             | 28         | 35.7             |
| Other                      | -          | 232.6            | -          | 226.0            | -          | 209.3            |
| <b>Torpedoes</b>           |            |                  |            |                  |            |                  |
| VLA                        | 16         | 12.7             | -          | -                | -          | -                |
| Other                      | -          | 95.4             | -          | 92.6             | -          | 97.8             |
| <b>Other</b>               |            |                  |            |                  |            |                  |
| FLTSATCOM (UHF)            | -          | 110.1            | -          | -                | -          | -                |
| CIWS & MODS                | -          | 20.0             | -          | 24.4             | -          | 2.8              |
| All Other                  | -          | 58.4             | -          | 82.1             | -          | 70.3             |
| <b>Total: WPN and Navy</b> | <b>640</b> | <b>\$1,332.0</b> | <b>539</b> | <b>\$1,087.8</b> | <b>684</b> | <b>\$1,327.5</b> |

Table B-12b

### **Weapons Procurement, Navy Six-year Plan**

|                 | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|-----------------|---------|---------|---------|---------|---------|---------|
| <b>Missiles</b> |         |         |         |         |         |         |
| TRIDENT II      | 5       | 5       | 12      | 12      | 12      | 12      |
| AMRAAM          | 120     | 115     | 115     | 100     | 150     | 125     |
| JSOW            | 135     | 328     | 752     | 870     | 1,026   | 1,075   |
| STANDARD        | 114     | 120     | 95      | 110     | 126     | 159     |
| RAM             | 100     | 100     | 100     | 100     | 130     | 135     |
| ESSM            | -       | 28      | 108     | 116     | 128     | 206     |
| TOMAHAWK        | 65      | -       | -       | -       | -       | -       |

## **SHIPBUILDING AND CONVERSION, NAVY**

**Table B-13**

**Department of the Navy**  
**Shipbuilding Conversion, Navy**  
(In Millions of Dollars)

|                                         | FY 1997  |                  | FY 1998  |                  | FY 1999  |                  |
|-----------------------------------------|----------|------------------|----------|------------------|----------|------------------|
|                                         | QTY      | \$               | QTY      | \$               | QTY      | \$               |
| <b>New Construction</b>                 |          |                  |          |                  |          |                  |
| Attack Submarine (SSN-21)               | -        | 631.1            | -        | 149.6            | -        | -                |
| New SSN                                 | -        | 775.7            | 1        | 2,530.0          | 1        | 2,002.9          |
| Destroyer (DDG-51)                      | 4        | 3,561.7          | 4        | 3,473.3          | 3        | 2,679.5          |
| Amphibious Transport Dock Ship (LPD-17) | -        | -                | -        | 96.1             | 1        | 638.8            |
| Oceanographic Ships                     | 1        | 52.9             | -        | 15.6             | 1        | 60.3             |
| CVN-77                                  | -        | -                | -        | 48.7             | -        | 124.5            |
| <b>Subtotal</b>                         | <b>5</b> | <b>\$5,021.4</b> | <b>5</b> | <b>\$6,313.3</b> | <b>6</b> | <b>\$5,506.0</b> |
| Strategic Sealift                       | -        | -                | -        | -                | 1        | 251.4            |
| <b>Conversion/RCOH/Acquisition</b>      |          |                  |          |                  |          |                  |
| AE(C)                                   | 1        | 38.9             | -        | -                | -        | -                |
| <b>Other</b>                            |          |                  |          |                  |          |                  |
| CVN Refueling Overhauls                 | -        | 230.3            | 1        | 1,618.5          | -        | 275.0            |
| Service Craft                           | -        | -                | 2        | 33.0             | -        | -                |
| LCAC Landing Craft                      | -        | 2.9              | -        | 19.5             | -        | -                |
| Outfitting                              | -        | 45.8             | -        | 25.7             | -        | 95.7             |
| Fast Patrol Craft                       | -        | -                | -        | -                | -        | -                |
| Post Delivery                           | -        | 125.2            | -        | 74.0             | -        | 123.3            |
| First Destination Transportation        | -        | 2.0              | -        | 1.3              | -        | 1.3              |
| <b>Total SCN:</b>                       | <b>6</b> | <b>\$5,466.5</b> | <b>8</b> | <b>\$8,085.3</b> | <b>7</b> | <b>\$6,252.7</b> |

## ***OTHER PROCUREMENT, NAVY***

**Table B-14**

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

|                                                 | <b>FY 1997</b>   | <b>FY 1998</b>   | <b>FY 1999</b>   |
|-------------------------------------------------|------------------|------------------|------------------|
| <i>Ships Support Equipment</i>                  | 805.2            | 721.8            | 963.1            |
| <i>Communications and Electronics Equipment</i> | 1,009.5          | 1,165.6          | 1,530.8          |
| <i>Aviation Support Equipment</i>               | 210.8            | 188.7            | 245.7            |
| <i>Ordnance Support Equipment</i>               | 460.9            | 517.9            | 674.6            |
| <i>Civil Engineering Support Equipment</i>      | 38.9             | 46.4             | 69.9             |
| <i>Supply Support Equipment</i>                 | 67.2             | 51.9             | 108.9            |
| <i>Personnel and Command Support Equipment</i>  | 48.5             | 79.8             | 65.7             |
| <i>Spares and Repair Parts</i>                  | 197.0            | 216.0            | 279.0            |
| <b>Total: OPN</b>                               | <b>\$2,838.0</b> | <b>\$2,988.1</b> | <b>\$3,937.7</b> |



## ***PROCUREMENT, MARINE CORPS***

**Table B-15**

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

|                                              | FY 1997    |                | FY 1998    |                | FY 1999    |                |
|----------------------------------------------|------------|----------------|------------|----------------|------------|----------------|
|                                              | <u>QTY</u> | <u>\$</u>      | <u>QTY</u> | <u>\$</u>      | <u>QTY</u> | <u>\$</u>      |
| <b>Weapons &amp; Tracked Combat Vehicles</b> |            |                |            |                |            |                |
| AAV7A1                                       |            | 11.0           |            | 13.2           |            | 89.9           |
| Mod Kits (Tracked Vehicles)                  |            | 0.3            |            | 4.4            |            | 5.7            |
| LW155                                        |            | 0              |            | 0              |            | 10.0           |
| Other                                        |            | 20.7           |            | 12.8           |            | 5.5            |
| <b>Guided Missiles</b>                       |            |                |            |                |            |                |
| Javelin                                      | 141        | 38.2           | 380        | 57.8           | 741        | 82.8           |
| Pedestal Mounted Stinger                     |            | 10.6           |            | 4.1            |            | 0.2            |
| Other                                        |            | 4.5            |            | 4.2            |            | 1.0            |
| <b>Communication &amp; Electronics</b>       |            |                |            |                |            |                |
| Third Echelon Test Sets                      |            | 11.5           |            | 11.8           |            | 19.3           |
| Data Automated Comm Terminal (Dact)          |            | 5.6            |            | .6             |            | 12.8           |
| Radio Systems                                |            | 42.5           |            | 26.3           |            | 52.9           |
| Digital Technical Control (DTC)              |            | 0              |            | 11.3           |            | 18.5           |
| Tactical Data Network (TDN)                  |            | 0              |            | 25.0           |            | 49.8           |
| Network Infrastructure                       |            | 12.1           |            | 13.7           |            | 24.4           |
| Base Telecom Infrastructure                  |            | 32.3           |            | 41.3           |            | 16.3           |
| Night Vision Equipment                       |            | 19.9           |            | 6.8            |            | 11.6           |
| Other                                        |            | 201.1          |            | 124.2          |            | 112.9          |
| <b>Support Vehicles</b>                      |            |                |            |                |            |                |
| Medium Tactical Vehicle Reman (MTVR)         |            | 0              |            | 0              | 240        | 83.7           |
| Light Tactical Vehicle Replace (LTVR)        |            |                | 530        | 29.3           | 714        | 39.3           |
| Other                                        |            | 28.4           |            | 9.3            |            | 18.5           |
| <b>Engineer and Other Equipment</b>          |            |                |            |                |            |                |
|                                              |            | 99.9           |            | 50.8           |            | 54.1           |
| <b>Spares &amp; Repair Parts</b>             |            |                |            |                |            |                |
|                                              |            | 42.1           |            | 26.6           |            | 36.7           |
| <b>Total: PMC</b>                            |            | <b>\$580.7</b> |            | <b>\$473.5</b> |            | <b>\$745.9</b> |

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

***Table B-16***

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***Department of the Navy  
Procurement of Ammunition, Navy and Marine Corps  
(In Millions of Dollars)***

|                                | <b><i>FY 1997</i></b> | <b><i>FY 1998</i></b> | <b><i>FY 1999</i></b> |
|--------------------------------|-----------------------|-----------------------|-----------------------|
| <i>Navy Ammunition</i>         | 144.5                 | 257.0                 | 282.9                 |
| <i>Marine Corps Ammunition</i> | 132.1                 | 124.6                 | 146.6                 |
| <b><i>Total</i></b>            | <b><i>\$276.6</i></b> | <b><i>\$381.6</i></b> | <b><i>\$429.5</i></b> |

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

**Table B-17**


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**Department of the Navy**  
**Research, Development, Test and Evaluation, Navy**  
(In Millions of Dollars)

|                                                    | <b>FY 1997</b>   | <b>FY 1998</b>   | <b>FY 1999</b>   |
|----------------------------------------------------|------------------|------------------|------------------|
| <i>Basic Research</i>                              | 345.6            | 338.7            | 362.6            |
| <i>Applied Research</i>                            | 514.3            | 493.6            | 524.7            |
| <i>Advanced Technology Development (ATD)</i>       | 462.0            | 514.8            | 460.7            |
| <i>Demonstration &amp; Validation (DEM/VAL)</i>    | 1,904.4          | 2,219.0          | 2,358.4          |
| <i>Engineering &amp; Manufacturing Development</i> | 2,153.9          | 2,227.4          | 2,063.3          |
| <i>RDT&amp;E Management Support</i>                | 681.3            | 551.0            | 617.0            |
| <i>Operational Systems Development</i>             | 1,822.9          | 1,535.4          | 1,722.2          |
| <b>Total: RDT&amp;E,N</b>                          | <b>\$7,884.4</b> | <b>\$7,879.9</b> | <b>\$8,108.9</b> |

## **NATIONAL DEFENSE SEALIFT FUND**

**Table B-18**

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

|                         | FY 1997  |                  | FY 1998  |                  | FY 1999 |                |
|-------------------------|----------|------------------|----------|------------------|---------|----------------|
|                         | QTY      | \$               | QTY      | \$               | QTY     | \$             |
| Sealift Acquisition     | 5        | 1,117.9          | 2        | 681.4            |         | 100.0          |
| Research & Development  | -        | 8.4              | -        | 1.6              | -       | 6.9            |
| Ready Reserve Force     | -        | 265.8            | -        | 317.0            | -       | 260.0          |
| DoD Mobilization Assets |          | -                |          | 70.1             |         | 51.3           |
| <b>Total: NDSF</b>      | <b>5</b> | <b>\$1,392.1</b> | <b>2</b> | <b>\$1,070.1</b> |         | <b>\$418.2</b> |

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## **MILITARY CONSTRUCTION, NAVY AND NAVAL RESERVE**

**Table B-19**


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**Department of the Navy  
Military Construction**  
(In Millions of Dollars)

|                                                | <b>FY 1997</b> | <b>FY 1998</b> | <b>FY 1999</b> |
|------------------------------------------------|----------------|----------------|----------------|
| <i>Significant Programs</i>                    |                |                |                |
| <i>Operational &amp; Training Facilities</i>   | 159.0          | 83.5           | 67.5           |
| <i>Maintenance &amp; Production Facilities</i> | 92.5           | 69.5           | 38.6           |
| <i>R&amp;D Facilities</i>                      | 24.8           | 31.8           | 14.3           |
| <i>Supply Facilities</i>                       | 6.0            | 28.0           | 30.6           |
| <i>Administrative Facilities</i>               | 2.5            | 6.1            | 15.0           |
| <i>Troop Housing Facilities</i>                | 273.8          | 225.8          | 136.3          |
| <i>Community Facilities</i>                    | 29.5           | 28.8           | 16.5           |
| <i>Utility Facilities</i>                      | 28.1           | 33.4           | 41.0           |
| <i>Pollution Abatement</i>                     | 33.9           | 40.5           | 41.2           |
| <i>Unspecified Minor Construction</i>          | 5.1            | 11.4           | 8.9            |
| <i>Planning And Design</i>                     | 49.9           | 46.5           | 58.3           |
| <i>General Defense Intel Program</i>           |                |                |                |
| <b>Total: Navy</b>                             | <b>\$705.1</b> | <b>\$605.3</b> | <b>\$468.2</b> |
| <b>Total: Naval Reserve</b>                    | <b>\$37.6</b>  | <b>\$26.7</b>  | <b>\$15.3</b>  |

## ***FAMILY HOUSING, NAVY AND MARINE CORPS***

**Table B-20**

**Department of the Navy**  
**Family Housing, Navy and Marine Corps**  
(In Millions of Dollars)

|                                  | <b>FY 1997</b>   | <b>FY 1998</b>   | <b>FY 1999</b>   |
|----------------------------------|------------------|------------------|------------------|
| <i>Navy</i>                      |                  |                  |                  |
| <i>Construction</i>              | 390.0            | 304.1            | 246.3            |
| <i>O&amp;M</i>                   | 854.2            | 820.8            | 764.4            |
| <b>Total: Navy</b>               | <b>1,244.2</b>   | <b>1,124.9</b>   | <b>1,010.7</b>   |
| <i>Marine Corps</i>              |                  |                  |                  |
| <i>Construction</i>              | 107.0            | 87.7             | 34.5             |
| <i>O&amp;M</i>                   | 160.0            | 144.6            | 150.9            |
| <b>Total: Marine Corps</b>       | <b>267.0</b>     | <b>232.3</b>     | <b>185.4</b>     |
| <b>Total: FH,N&amp;MC</b>        | <b>\$1,511.2</b> | <b>\$1,357.2</b> | <b>\$1,196.1</b> |
| <i>New Construction Projects</i> |                  |                  |                  |
| <i>Navy</i>                      | 12               | 1                | 2                |
| <i>Marine Corps</i>              | 9                | 3                | –                |
| <i>New Construction Units</i>    |                  |                  |                  |
| <i>Navy</i>                      | 1,334            | 708              | 312              |
| <i>Marine Corps</i>              | 490              | 469              | –                |
| <i>Average Number Of Units</i>   |                  |                  |                  |
| <i>Navy</i>                      | 69,337           | 65,182           | 61,923           |
| <i>Marine Corps</i>              | 25,350           | 25,651           | 24,664           |

## **BASE REALIGNMENT AND CLOSURE ACCOUNTS**

**Table B-21**

**Department of the Navy**  
**Base Realignment and Closure Accounts**  
*(In Millions Of Dollars)*

| <b>COSTS</b>                     | <b>FY 1997</b>     | <b>FY 1998</b>   | <b>FY 1999</b>   |                                    |
|----------------------------------|--------------------|------------------|------------------|------------------------------------|
| BRAC II                          | 99.3               | 61.6             | -                |                                    |
| BRAC III                         | * 724.6            | **513.2          | 302.3            |                                    |
| BRAC IV                          | 397.6              | ***408.0         | 320.6            |                                    |
| <b>Total</b>                     | <b>\$1,221.5</b>   | <b>\$982.8</b>   | <b>\$622.9</b>   |                                    |
| <i>Including O&amp;M,N funds</i> | <i>(\$1,268.5)</i> | <i>(\$987.6)</i> |                  |                                    |
| <b>SAVINGS</b>                   | <b>FY 1997</b>     | <b>FY 1998</b>   | <b>FY 1999</b>   | <b>Annual<br/>Steady<br/>State</b> |
| BRAC II                          | 649.0              | 465.7            | 465.7            | 465.7                              |
| BRAC III                         | 985.4              | 1,224.4          | 1,359.8          | 1,359.8                            |
| BRAC IV                          | 480.1              | 674.8            | 643.2            | 731.5                              |
| <b>Total</b>                     | <b>\$2,114.5</b>   | <b>\$2,364.9</b> | <b>\$2,468.7</b> | <b>\$2,557.0</b>                   |

\* Does not includes \$47 million in Operation and Maintenance, Navy funds

\*\* Does not includes \$1.8 million in Operation & Maintenance Navy funds

\*\*\* Does not includes \$2.9 million in Operation & Maintenance Navy funds

## ***DERIVATION OF FY 1998 ESTIMATES***

**Table B-22**

**Department of the Navy  
FY 1999 Budget Summary  
Derivation of FY 1998 Estimates**

|                                            | FY 1998<br>President's<br>Budget | Budget<br>Ammend-<br>ment | Congres-<br>sional<br>Action | Transfers<br>or Realign-<br>ments | FY 1998<br>Current<br>Estimate |
|--------------------------------------------|----------------------------------|---------------------------|------------------------------|-----------------------------------|--------------------------------|
| Military Personnel, Navy                   | 16,510.1                         | -9.0                      | -7.5                         | 219.6                             | 16,713.2                       |
| Military Personnel, Marine Corps           | 6,151.6                          | -4.0                      | -9.7                         | -24.6                             | 6,113.3                        |
| Reserve Personnel, Navy                    | 1,375.4                          | —                         | 1.2                          | .7                                | 1,377.3                        |
| Reserve Personnel, Marine Corps            | 381.1                            | —                         | 10.7                         | —                                 | 391.8                          |
| Operation and Maintenance, Navy            | 21,581.1                         | -23.0                     | 60.4                         | 33.8                              | 21,652.4                       |
| Operation and Maintenance, Marine Corps    | 2,305.3                          | -4.0                      | 68.7                         | 10.3                              | 2,380.3                        |
| Operation and Maintenance, Navy Reserve    | 834.7                            | —                         | 85.4                         | -2.6                              | 917.5                          |
| Operation and Maintenance, MC Reserve      | 110.4                            | —                         | 5.9                          | —                                 | 116.3                          |
| Environmental Restoration, Navy            | 277.5                            | —                         | -2.0                         | —                                 | 275.5                          |
| Payment to Kaho'olawe                      | 10.0                             | —                         | 25.0                         | —                                 | 35.0                           |
| Aircraft Procurement, Navy                 | 6,086.0                          | —                         | 331.1                        | -129.6                            | 6,287.5                        |
| Weapons Procurement, Navy                  | 1,136.3                          | —                         | -55.3                        | 6.8                               | 1,087.8                        |
| Shipbuilding and Conversion, Navy          | 7,438.1                          | —                         | 647.2                        | —                                 | 8,085.3                        |
| Other Procurement, Navy                    | 2,825.6                          | —                         | 264.2                        | -101.6                            | 2,988.1                        |
| Procurement, Marine Corps                  | 374.3                            | —                         | 99.2                         | —                                 | 473.5                          |
| Procurement of Ammunition, Navy and MC     | 336.8                            | —                         | 53.8                         | -9.0                              | 381.6                          |
| Research Development, Test & Eval, Navy    | 7,611.0                          | —                         | 272.8                        | -3.9                              | 7,879.9                        |
| National Defense Sealift Fund              | 1,191.4                          | —                         | -116.5                       | -4.8                              | 1,070.1                        |
| Military Construction, Navy                | 540.1                            | —                         | 65.2                         | —                                 | 605.3                          |
| Military Construction, Naval Reserve       | 13.9                             | —                         | 12.8                         | —                                 | 26.7                           |
| Family Housing, Navy and Marine Corps      | 1,255.4                          | —                         | 101.8                        | —                                 | 1,357.2                        |
| Base Realignment and Closure (II, III, IV) | 990.6                            | —                         | -7.8                         | —                                 | 982.8                          |
| <b>TOTAL</b>                               | <b>\$79,336.7</b>                | <b>\$-40.0</b>            | <b>\$1,906.6</b>             | <b>-5.0</b>                       | <b>\$81,198.3</b>              |