



FY 2004 President's Budget Overview

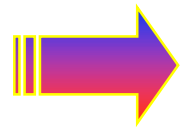
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*Office of the Assistant Secretary of the Navy
(Financial Management and Comptroller)*

31 January 2003

Information embargoed until noon, 3 Feb 03



Overview

- ◆ Perspective
- ◆ Naval Power 21
- ◆ Topline
- ◆ Assure Access
- ◆ Fight and Win
- ◆ Transform to Improve
- ◆ Summary

Perspective... The Navy/Marine Corps Today (as of 29 Jan 03)

DON Program and Budget Brief

Current Navy operations:

- ◆ **133 Ships deployed**
 - **199 ships underway**
- ◆ **12 Submarines deployed**
 - **27 submarines underway**
- ◆ **5,476 activated reserves**
- ◆ **Executing above plan**



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

Current Marine Corps operations:

- ◆ **3 MEUs deployed**
 - **2 MEUs pre-deployment**
- ◆ **2 F/A-18 Squadrons deployed on CVs**
- ◆ **8,729 activated reserves**
- ◆ **Executing above plan**



Naval Power 21...A Naval Vision

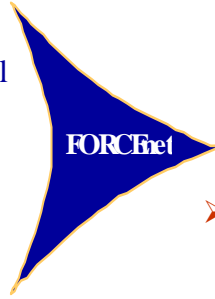
- ◆ The Navy and Marine Corps exist to control the seas, assure access and project power beyond the sea, to influence events and advance American interests across the full spectrum of military operations, and to defend our homeland, both through our actions overseas and by our efforts at home
- ◆ Fundamental pillars:
 - ✓ **We assure access.** *Assuring seabased access worldwide for military operations, diplomatic interaction, and humanitarian relief efforts.*
 - ✓ **We fight and win.** *Projecting power to influence events at sea and ashore both at home and overseas.*
 - ✓ **We are continually transforming to improve.** *Transforming concepts, organizations, doctrine, technology, networks, sensors, platforms, weapon systems, training, education, and our approach to people.*

FY 2004 budget supports the Naval Vision

Sea Power 21

SeaShield

- Project Global Defensive Assurance



SeaStrike

- Project Precise and Persistent Offensive Power

SeaBasing

- Project Joint Operational Independence

Supporting Operational Concepts:

- *Sea Trial*-Accelerate delivery of enhanced capabilities
- *Sea Warrior*-Develop 21st Century Sailors
- *Sea Enterprise*-Capture efficiencies and prioritize investments

Marine Corps Strategy 21

Capstone



EMW

Integrating Concepts



Organize
Deploy, and Employ

Operational Concepts



Operational Maneuver
From the Sea (OMFTS)
Sustained Operations Ashore (SOA)

Functional Core Competencies

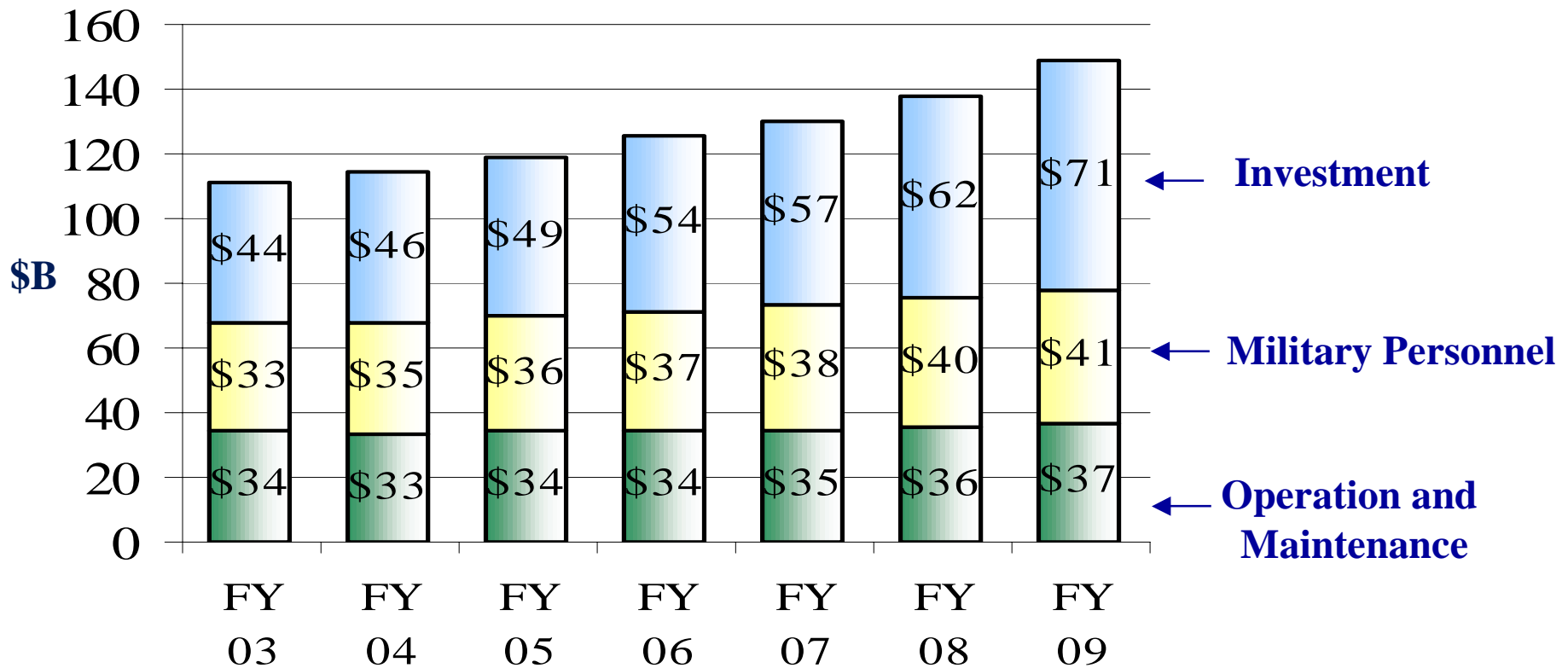


Forcible entry from the Sea
Expeditionary Forward Operations
Intelligence, Logistics, MCM, et al.

- Make America's Marines to win battles and become quality citizens
- Optimize the Corps' operating forces, support and sustainment base, and unique capabilities
- Contribute to the development of joint, allied, coalition, and interagency capabilities
- Capitalize on innovation, experimentation, and technology

Topline Profile

TOA in \$B	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
Budget Request	\$111.2	\$114.7	\$119.1	\$125.4	\$129.9	\$137.3	\$148.6



FY 2004 – Topline Increase

\$M	
Increase FY 2003 to FY 2004	\$3,533
Must Pay:	\$3,243
MilPers Compensation	1,992
Inflation (includes civilian pay raises)	1,251
Balance: Discretionary TOA	\$290

- ◆ Started with 5 ships/89 aircraft
- ◆ Modest inflation, but further compensation growth of ~\$2B
- ◆ Remaining top line increase sustains FY03 growth level but little else
- ◆ Further improvements in recapitalization and transformation rely on savings and reductions

Kills/Reductions to Legacy Systems/Concepts

- ✓ TACAIR Integration (\$86M)
- ✓ Divested over 50 systems/support (~\$740M)
- ✓ Decommissioned 11 ships, 70 aircraft
- ✓ Workload Validation (~\$670M)
- ✓ Reduced SECNAV HQ Staff by 20%
- ✓ 7 Facility Management Consolidation Initiatives (\$123M)
- ✓ Eliminated 70,000 Legacy IT Applications

\$1.9B

- + Investment
 - 7 Ships
 - 100 Aircraft
- + Future Transformational Capabilities
 - CVN-21
 - DDX
 - JSF
 - Advanced Hawkeye

FY 2004 Budget Changes

FY03 Appropriated to FY 04 President's Budget

MILPERS

- Basic Pay Raise +\$397M
- Targeted Pay Raise +\$342M
- BAH Reform +\$223M
- End Strength Reductions -\$168M (-3,902 E/S)
- Accruals (RPA/DHP) +\$621M
- Strength Mix Change +\$500M

Procurement

- +2 New Construction Ships (DDG 51, T-AKE)
- +1 CG Conversion
- +5 Aircraft (T-45TS, MH-60R, H-1Y/Z, UC-35, T-39)

+\$1,992M
+\$1,480M N
+\$512M MC

+\$2,432M
+\$2,787M N
-\$355M MC

+3.5B

-\$957M
-\$838M N
-\$119M MC

-\$410M
-\$393M N
-\$17M MC

+\$476M
+\$483M N
-\$7M MC

O&M

- Key Readiness Programs funded to goal: +\$95M
- WCF Cash: -\$448M
- Base Support: -\$839M (includes one-time AT/FP -\$568M)

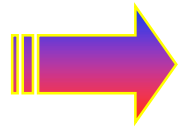
R&D

- DD(X): +\$113M
- LCS: +\$125M
- MUOS: +\$257M
- Ady Hawkeye: +\$241M
- JSF: +\$463M
- AAV -\$29M
- Non-Lethal Wpns +\$17M
- S&T: -\$316M
- All Other: -\$399M

MILCON/BRAC

- MILCON (-\$239M N; +\$20M MC) (includes one-time AT/FP -\$228M)
- Family Housing (-\$65M N; -\$37M MC)
- BRAC (-\$90M)

- ◆ Overview



- Assure Access

- ◆ Ships
- ◆ Aviation
- ◆ Marine Corps Forces

- ◆ Fight and Win

- ◆ Transform to Improve

- ◆ Summary

Force Structure - Ships

	FY 2002	FY 2003	FY 2004	Change
Aircraft Carriers	12	12	12	0
Fleet Ballistic Missile Submarines	18	16	14	-2
Guided Missile (SSGN) Submarines	0	2	4	2
Surface Combatants	116	106	103	-3
Nuclear Attack Submarines	54	54	54	0
Amphibious Warfare Ships	39	37	35	-2
Combat Logistics Ships	33	33	33	0
Mine Warfare Ships	17	17	17	0
Support Ships	24	24	20	-4
	313	301	292	-9

FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
292	291	296	301	305

- ◆ FY 2003 NDAA directs the Secretary of the Navy to report if # of surface ships falls below 116 to include associated risk

In FY 2004:

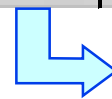
- ◆ +4 Arleigh Burke Destroyers
- ◆ +2 Fast Attack Submarines (1 Virginia/1Seawolf)
- ◆ +/- 2 SSGN/SSBN Conversions
- ◆ -2 Landing Ship Dock
- ◆ -2 Fast Attack Submarines (SSN 683 & SSN 699)
- ◆ -2 Ticonderoga Class Cruisers
- ◆ -5 Spruance Class Destroyers
- ◆ -4 TAGOS MSC Support Ships

Shipbuilding Programs

DON Program and Budget Brief

	FY 03		FY 04		FY 05		FY 06		FY 07		FY 08	FY 09
	PB03	PB04	PB03	PB04	PB03	PB04	PB03	PB04	PB03	PB04	PB04	PB04
CVN-21	-	-	-	-	-	-	-	-	1	1	-	-
SSN 774	1	1	1	1	1	1	1	1	1	2	2	2
DDG 51	2	2	2	3	2	3	2	-	2	-	-	-
DDX	-	-	-	-	1	* 1	-	1	-	1	2	3
LCS	-	-	-	-	-	* 1	-	1	-	-	3	4
LPD 17	1	1	1	1	1	-	1	2	1	1	1	1
LHA (R)	-	-	-	-	-	-	-	-	-	1	-	-
MPF(F) (NDSF)	-	-	-	-	-	-	-	-	1	-	1	2
T-AKE (NDSF)	1	1	1	2	2	2	2	2	3	1	-	-
T-AOE (X) (NDSF)	-	-	-	-	-	-	-	-	-	-	-	2
Total New Constr	5	5	5	7	7	8	6	7	9	7	9	14
SSGN	2	2	2	2	-	-	-	-	-	-	-	-
Cruiser Conversion	-	-	1	1	2	2	4	2	4	2	3	3
Total Conversions	2	2	3	3	2	2	4	2	4	2	3	3
CVN RCOH	-	-	-	-	1	1	-	-	-	-	-	-
SSN/SSBN refueling	1	2	2	-	1	2	3	2	4	3	2	1
LCU (R)	-	-	-	-	5	2	5	3	5	3	3	3
LCAC SLEP	3	3	4	3	4	5	6	6	6	6	6	6
Mobile Offshore Base	-	-	-	-	-	-	-	-	-	-	-	1
PY Completion \$M	\$645	\$1,280	\$646	\$636	\$744	\$484	\$185	\$46	-	-	-	-

*Funded in RDT&E,N



+2 new construction from FY 2004 column of the FY 2003 PB

Aircraft Procurement

DON Program and Budget Brief

	FY 03		FY 04		FY 05		FY 06		FY 07		FY08
	PB03	PB04	PB03	PB04	PB03	PB04	PB03	PB04	PB03	PB04	PB04
F/A-18 E/F/G	44	46	42	42	43	42	50	42	55	42	42
E-2C	5	5	2	2	3	2	4	2	4	2	*4
V-22	11	11	13	9	15	8	20	17	27	29	30
MH-60S	15	15	13	13	22	15	26	26	27	30	30
T-45TS	8	8	-	15	-	8	-	5	-	-	-
JPATS	-	4	-	-	-	-	-	-	24	24	48
MH-60R	-	-	6	6	10	10	10	15	10	21	31
UH-1Y/AH-1Z	-	-	9	9	11	7	22	14	28	23	23
KC-130J	4	4	4	-	4	4	8	4	9	4	4
UC-35	-	1	-	2	1	-	2	-	2	-	-
C-40A	-	1	-	1	-	1	3	1	1	3	3
C-37	-	-	-	-	-	1	2	-	-	-	-
MMA	-	-	-	-	-	-	-	-	2	-	-
JSF	-	-	-	-	-	-	4	4	8	8	29
CH-53E	-	-	-	-	-	-	-	-	-	-	3
T-39	-	-	-	1	-	2	-	3	-	3	7
BAMS UAV	-	-	-	-	-	-	-	-	-	2	4
TOTAL	87	95	89	100	109	100	151	133	197	191	258

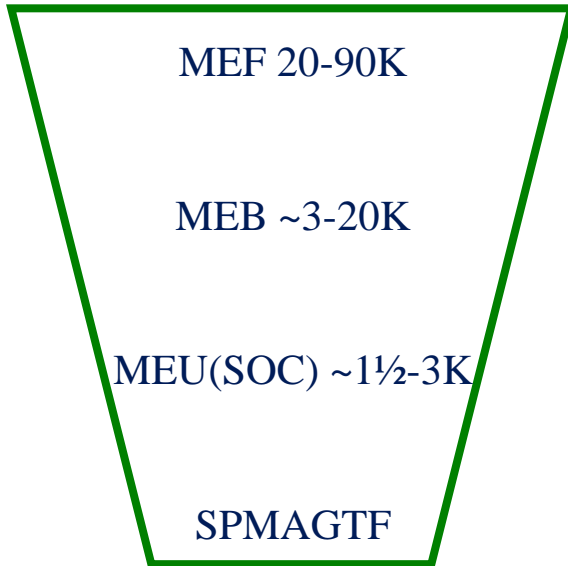
* Funded in RDTE,N



+11 aircraft from FY 2004 column of the FY 2003 PB

The Premier Expeditionary “Total Force in Readiness”

Scalable Marine Air-Ground Task Forces



Fleet Anti-terrorism Security Teams

Chemical Biological Incident Response Force

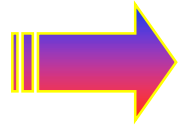
Core Competencies

Ready to Fight and Win	Expeditionary Culture
Combined Arms Operations	Task Organized
Reserve Integration Expertise	Forcible Entry From the Sea
Naval in Character	Joint Competency

Key Acquisition Programs

	<u>FY 04</u>	<u>FY05-09</u>
V-22	9	117
JSF	0	64
H-1 Y/Z	9	91
KC-130J	0	21
LPD-17	1	5
MPF(F)	0	3
AAAV	-	186
LW 155	60	283
LCAC SLEP	3	29

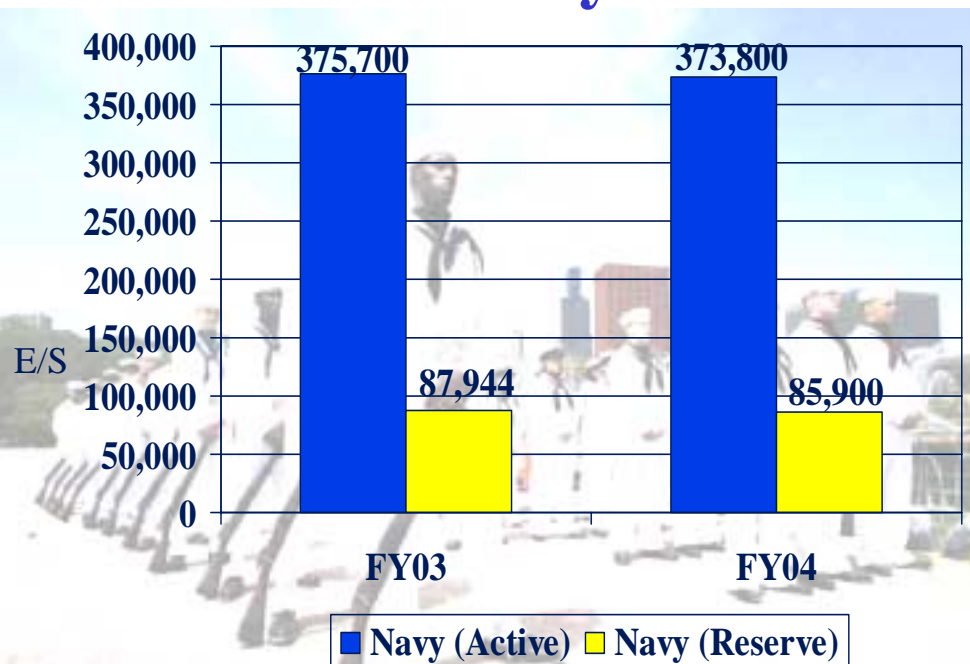
- ◆ Overview
- ◆ Assure Access



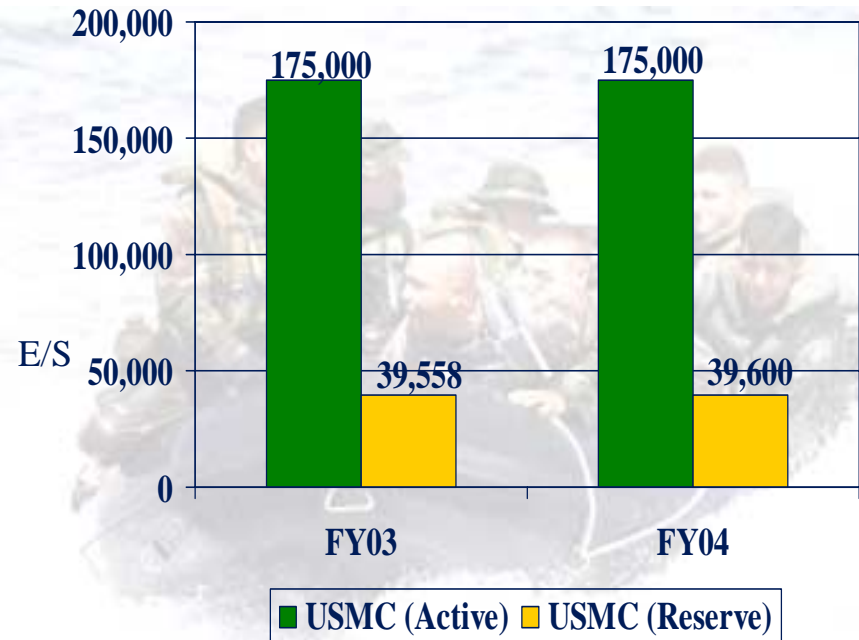
Fight and Win

- ◆ Personnel
 - ◆ Readiness
 - ◆ Key Precision Guided Munitions
 - ◆ Infrastructure
- ◆ Transform to Improve
 - ◆ Summary

Navy

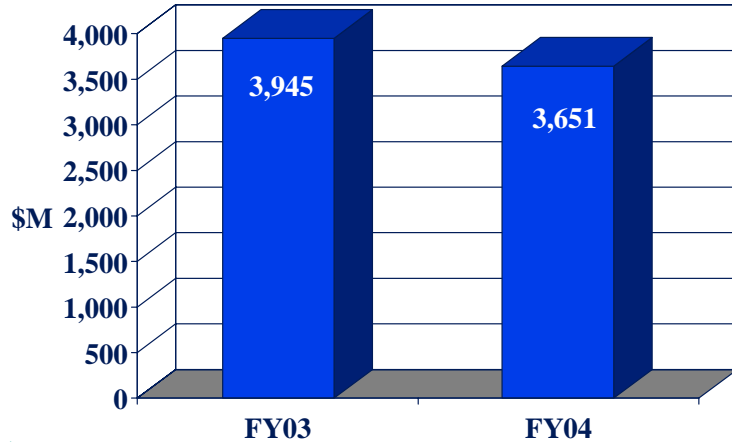


Marine Corps



- Pay raise: 2% basic + targeted additional 4.1% (avg)
- BAH Out of Pocket: 7.5% in FY03 to 3.5% in FY04
- Navy Top six: 72.5% in FY03 to 73.3% in FY04
- Marine Corps Top six: 52.6% in FY03; no change in FY04
- Concurrent receipts pay for combat-related disabled retirees: +\$64M (Navy); +\$18M (USMC)
- No FY03 funding for mobilized reserves

Ship Depot Maintenance

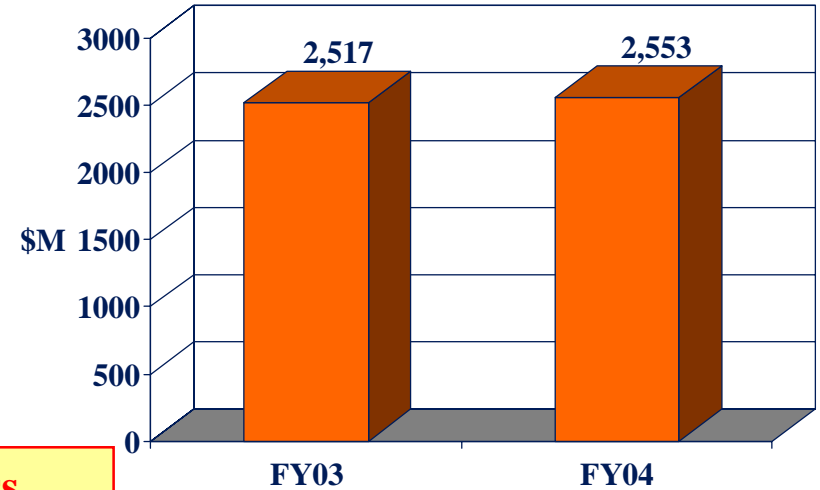


✓ Achieves goals

	FY03	FY04
Total %	96.1	96.2
Surface %	95.9	91.6
Sub %	93.8	98.5
Carrier %	98.5	98.5

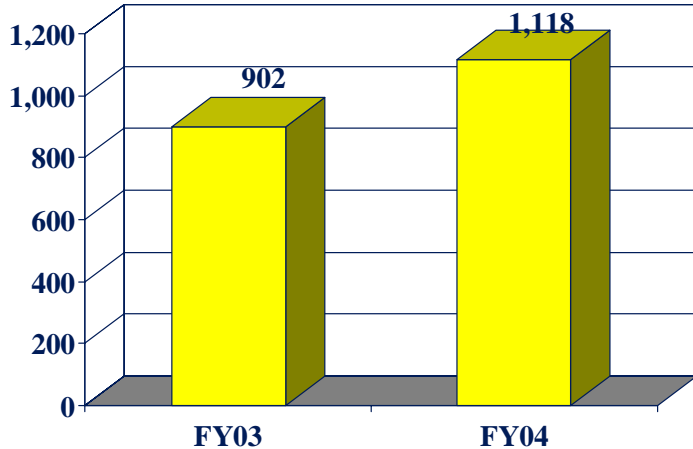
Annual Deferred Maint
 FY 2003: \$144M
 FY 2004: \$135M

Ship Operations



✓ 54.0 deployed days per quarter/28 non-deployed days per quarter

Aircraft Depot Maintenance

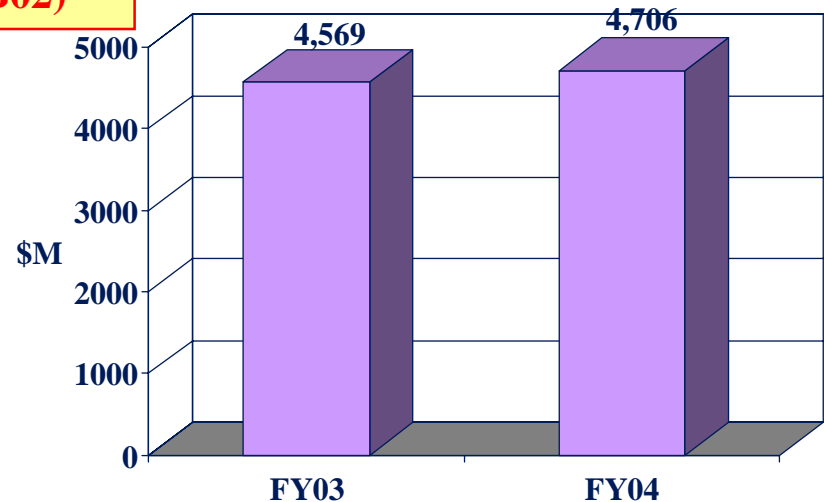


✓ Airframes: 100% deployed / 90% non-deployed in FY 04

✓ Engines: 0 bare firewalls and 90% RFI engine spares pools in FY 04

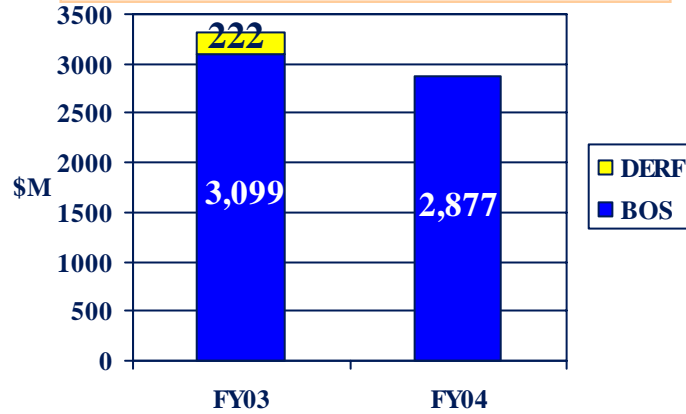
Readiness accounts increase \$6.2B FY02 to FY04 (from PB02)

Flying Hour Operations



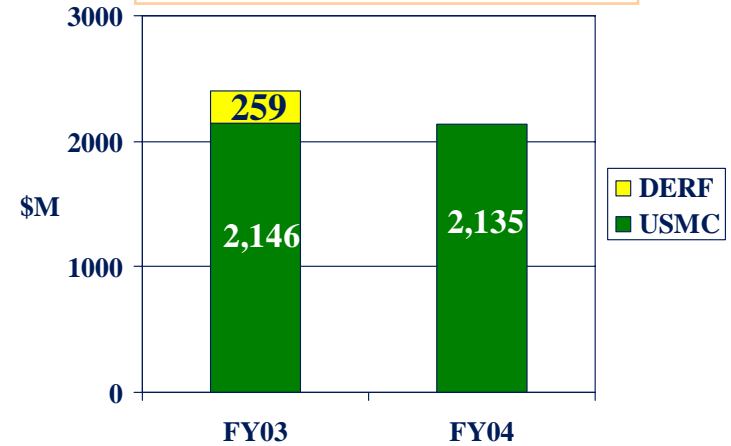
✓ T-2.2 in FYs 2003-2004

Navy Base Operations



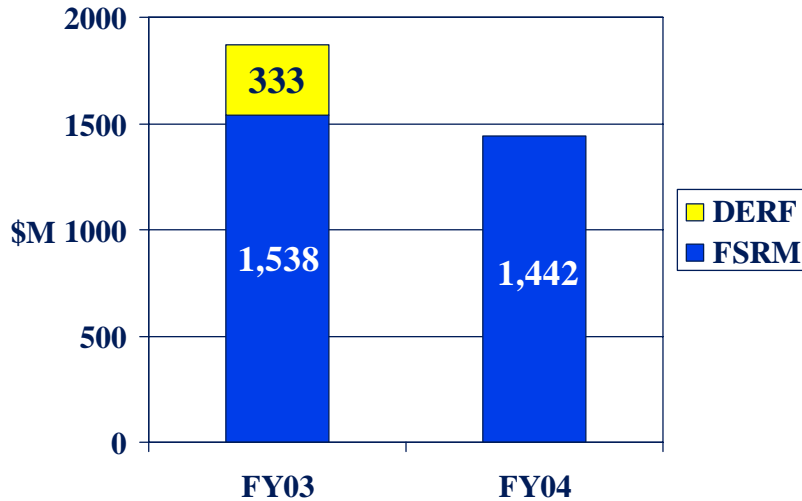
- ✓ Must Pay bills funded to 100%; Priority Operational Rqmts to 95%; Essential Support Svs to 70%; Discretionary to 50%

Marine Corps



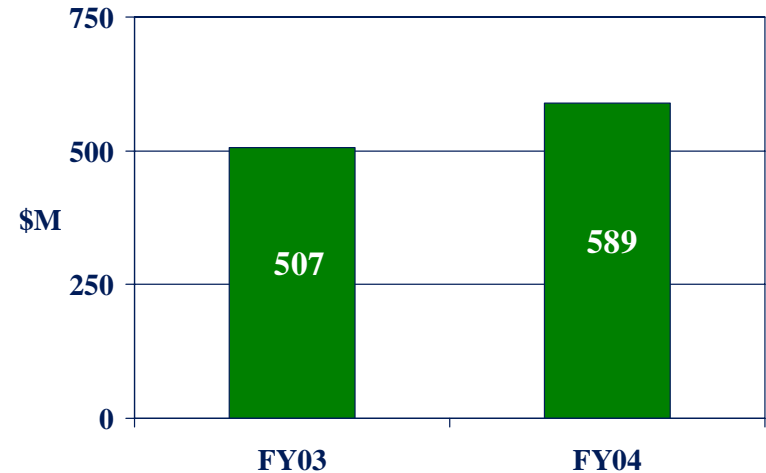
- ✓ Meets CMC goals for ops forces and equipment maintenance

FSRM - Navy



	Goal	Budget
Sustainment	100%	93%
Restore C3/C4 to C2	FY 2010	FY 2018
67 yr Recap	FY 2007	FY 2008

FSRM - USMC



	Goal	Budget
Sustainment	100%	100%
Restore C3/C4 to C2	FY 2010	FY 2013
67 yr Recap	FY 2007	FY 2008

Key Precision Guided Munitions

DON Program and Budget Brief

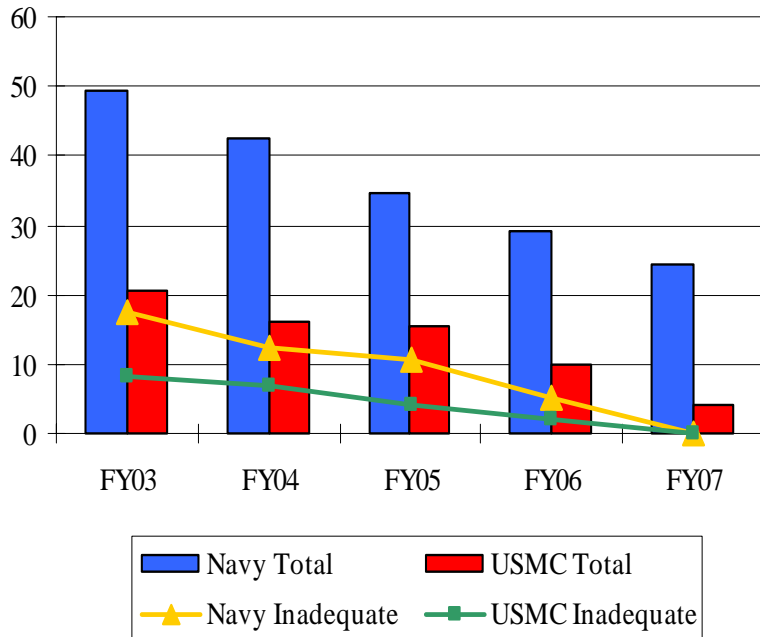
	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY08</u>	<u>FY09</u>
TACTOM	167	267	218	422	406	471	410
JSOW	165	429	463	490	404	387	405
SLAM-ER	120	84	90	-	-	-	-
JASSM	-	-	-	-	30	110	110
JDAM	12,280	12,326	11,014	5,380	5,166	4,536	4,380

- TACTOM: Full rate production under multi-year procurement in FY04
- JSOW: Continued emphasis on increasing inventory levels
- JDAM: Sustains maximum DoN production rate of 1,000/month

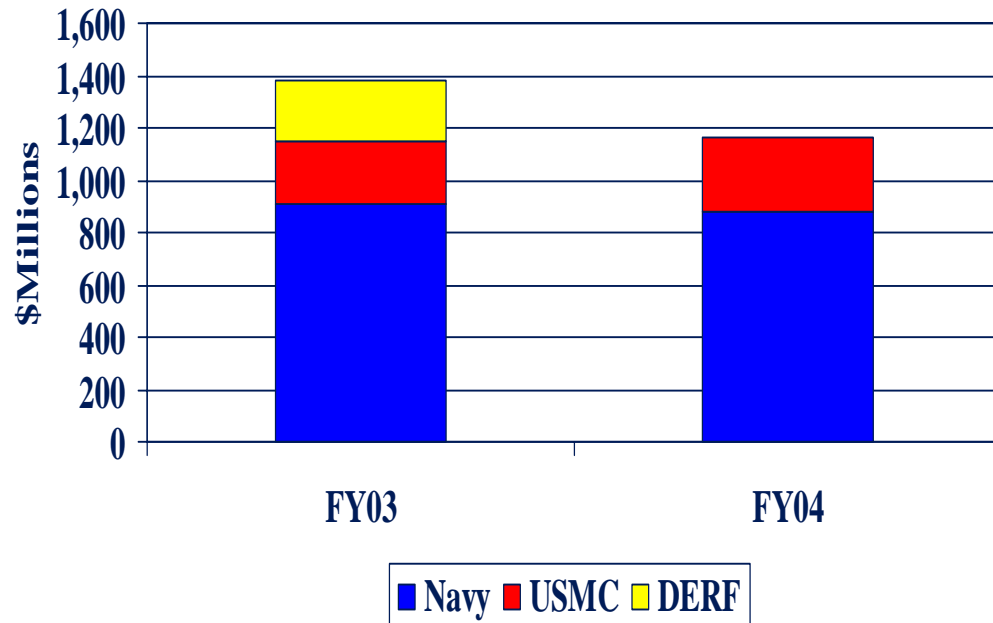
Infrastructure/MCON/Family Housing

- ✓ Meets DoD goal of zero inadequate FH units by FY07
- ✓ Expect infusion of over \$450M in Private Sector Capital in FY04 for FH

Family Housing End of Year Inventories
#Units (K)



Military Construction



- ✓ Eliminates inadequate BQ's by FY07 (Navy FY07, USMC FY05) and attains Homeport Ashore by FY08
- ✓ Sustained funding levels, except for one-time emergency response funding in FY03

- ◆ Overview
- ◆ Assure Access
- ◆ Fight and Win

Transform to Improve

- ◆ Capability Enhancement: Sea Shield, Sea Strike, Sea Basing
- ◆ Operational Improvements: Sea Enterprise, Sea Warrior, Sea Trial
- ◆ Summary

“At its core, transformation is based on a willingness to constantly challenge old thinking and introduce new concepts”

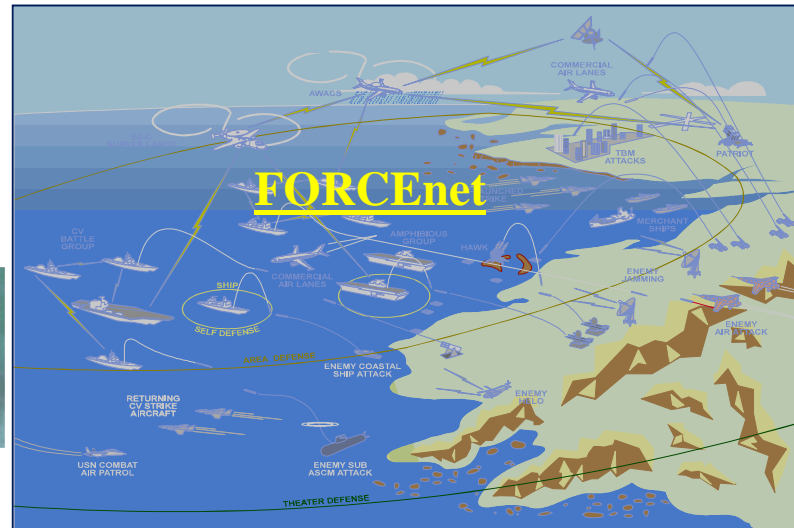


Sea Strike

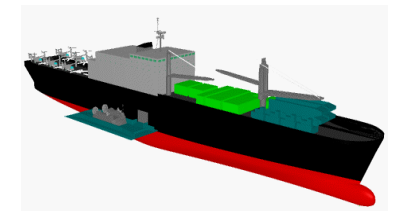
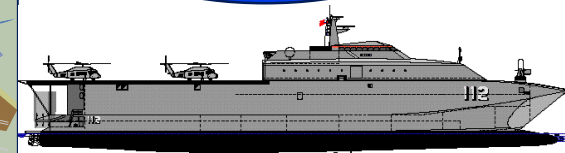


Sea Shield

4TH MARINE EXPEDITIONARY BRIGADE
(AMV-TERRAIN)



Sea Basing



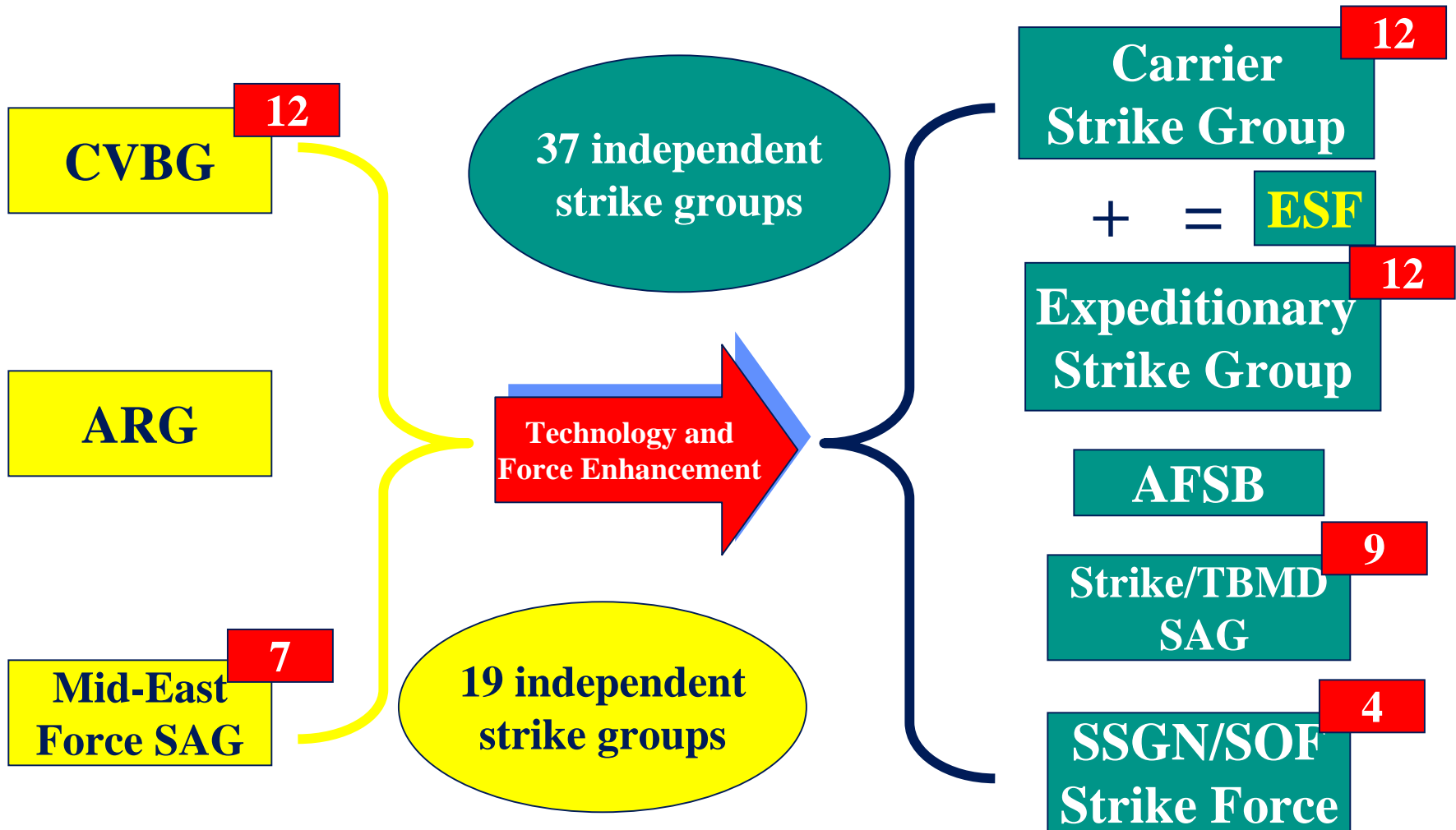
Innovative Organizations

Innovative Concepts of Operations

New Systems and Platforms

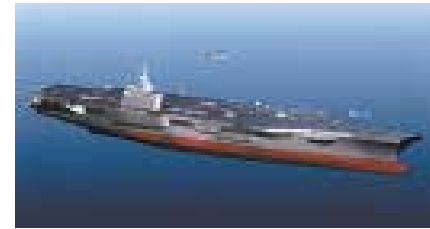
New Ways to Train

Better Business Practices



Maximizing combat flexibility for 1/4/2/1

	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05/09</u>
RDTE,N	322	311	1,250
Procurement	396	1,186	11,108
Total (\$M)	718	1,497	12,358
Quantity	-	-	1



- ◆ Future centerpiece of the Carrier Strike Group
- ◆ Transformational changes include:
 - New electrical generation and distribution system
 - Electro-magnetic aircraft launching system
 - New/enlarged flight deck
 - Improved weapons/material handling
 - Crew reduction of 800
- ◆ Split-funded construction FY 2007/2008; IOC 2014

Sea Shield

Sea Strike

Sea Basing



	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05/09</u>
RDTE,N	945	1,058	9,099
Procurement	-	-	6,086
Total (\$M)	945	1,058	15,185
Quantity	-	-	8

- ◆ Multi-mission surface combatant
- ◆ Provide offensive, distributed, precision, long range firepower in support of forces ashore
- ◆ Major new technologies include:
 - Advanced gun system
 - Optimize manning through automation
 - Solid state dual band radar suite (MFR/VSR)
 - Integrated power system
 - Total ship computing environment
- ◆ Lead ship RDT&E funded starting in FY 2005

LCS

	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05/09</u>
RDTE,N	33	158	1,100
Procurement	-	-	2,854
Total (\$M)	33	158	3,954
Quantity	-	-	9

- ◆ Optimized to operate close to shore
- ◆ Networked, agile, stealthy surface combatant
- ◆ Small boat prosecution, mine countermeasures, shallow water ASW
 - Modular mission payloads
- ◆ Lead ship RDT&E funded starting in FY 2005
 - Rapid application of emerging technology

Sea Shield

Sea Strike

Sea Basing

Extended Range AAW (Navy \$)

\$M	FY 03	FY 04	FY05/09
R&D	20	66	864

◆ Meets Navy Extended Range AAW Requirement

- Low risk NDI approach
- Supports FY 2010 IOC
- Utilizes the existing active seeker and production airframe

AEGIS BMD (MDA \$)

\$M	FY 03	FY 04	FY05/09
R&D	468	726	3,610

- ◆ Block 04 initial capability
 - 2 DDGs on station to augment BMDS surveillance grid (1 Oct '04)
 - MDA is requesting \$280M to procure 10-20 SM-3s for testing and contingency
 - Navy assign LAKE ERIE to MDA dedicated missile defense test ship

Sea Strike

Sea Base

Sea Shield



	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05/09</u>
RDTE,N	90	69	59
Procurement	996	1,167	681
Total (\$M)	1,086	1,236	740
Quantity	2	2	-

- ◆ Converts four TRIDENT SSBNs into SSGNs for a fraction of the cost of similar new construction subs
- ◆ Combines covert conventional strike capability (>150 Tomahawk missiles) with ability to deploy up to 100 Special Operating Forces
- ◆ IOC FY 2007

Sea Shield

Sea Strike



	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05/09</u>
RDTE,N	241	112	530
Procurement	2,101	2,528	19,312
Total (\$M)	2,342	2,640	19,842
Quantity	1	1	8

- ◆ Next generation nuclear attack submarine
- ◆ Multi-mission capability, improved stealth, enhanced performance in the littorals
- ◆ IOC FY 2006

Sea Basing

- ◆ Maximize forward-deployed combat power and optimize core capability of naval aviation forces
- ◆ Introduces 200 modern aircraft in FYDP while retiring legacy aircraft
 - 4 VMFAs integrated into CVW in the FYDP, 2 outside
 - 2 VFAs integrated into UDP in the FYDP, 1 outside
 - Decommission 1 VFAs in the FYDP, 2 outside
 - Decommission 1 Reserve VFA and 1 Reserve VMFA in FY2004

Saves \$975M over FYDP
\$19B cost avoidance from FY 2007-2012
Decreases requirement of Fighter Aircraft quantity by 497

Sea Shield

Sea Strike

Sea Basing



	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05/09</u>
RDTE,N	200	179	207
Procurement	3,599	3,367	18,273
Total (\$M)	3,799	3,546	18,480
Quantity (E/F)	46	42	154
Quantity (G)	-	-	56

- ◆ F/A-18E/F Strike Fighter with growth potential into the 21st Century
- ◆ EA-18G will replace the aging EA-6B
 - Getting rid of old aircraft fast
 - Leverages existing technology to maintain EW superiority
 - Common, low-cost airframe



	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05/09</u>
RDTE,N	1,708	2,171	8,239
Procurement	0	0	11,132
Total (\$M)	1,708	2,171	19,371
Quantity	-	-	93

- ◆ Next generation fighter aircraft
- ◆ Will meet the needs of the USN, USAF, USMC and allies, with maximum commonality to minimize life cycle cost
- ◆ Initial production FY 2006

Sea Strike

Sea Shield

Sea Basing

Adv Hawkeye



	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05/09</u>
RDTE,N	111	352	2,190
Procurement	0	0	918
Total (\$M)	111	352	3,108
Quantity R&D	-	-	4
Quantity APN	-	-	5

- ◆ Next generation early warning aircraft (sometimes referred to as E-2 RMP)
- ◆ Will employ an electronically scanned array radar
- ◆ Provide improved surveillance capability integral to the Navy's Theater Air Missile Defense

Sea Shield

Sea Strike



	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05/09</u>
RDTE,N	68	76	2,170
Procurement	0	0	1,451
Total (\$M)	68	76	3,621
Quantity	-	-	8

- ◆ MMA will provide for robust collection, processing, and dissemination of intelligence including acoustic, signals, imagery, communication, and electronic intelligence
- ◆ System design solution a critical player in the network-centric warfare environment

Sea Basing

Marine Corps Capabilities



	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05/09</u>
RDTE,N	410	441	467
Procurement	1,058	877	9,455
Total (\$M)	1,468	1,318	9,922
Quantity (MV-22)	11	9	117
Quantity (CV-22)	-	2	19

	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05/09</u>
RDTE,N	272	247	673
Procurement	16	98	1,951
Total (\$M)	288	345	2,624
Quantity PMC	1	0	186

- ◆ Gives the Marine Corps Vertical/Short Takeoff and Landing capability and could rapidly self deploy to any location in the world.
- ◆ Testing progressing; confidence to maintain MSR

- ◆ Unique combination of offensive firepower, NBC protection and high speed mobility on land and sea
- ◆ IOC FY 2008

Sea Strike

Sea Shield

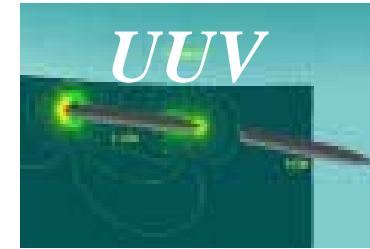
EMW

Sea Basing



	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05/09</u>
RDTE,N	273	288	2,322
Procurement	9	14	1,030
Total (\$M)	282	302	3,352

- ◆ Tactical UAVs
 - Pioneer Improvement Program
 - VTUAV (Fire Scout)- budget continues testing for shipboard application
- ◆ Long Dwell Maritime Surveillance UAVs
 - Global Hawk – Developing demo system
 - BAMS UAV – Program initiation FY 2004, IOC FY 2009
- ◆ Sea Based Penetrating Surveillance UAVs
 - Unmanned combat air vehicle (UCAV-N) – Budget funds 2 S&T demos



	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05/09</u>
RDTE,N	74	82	276
Procurement	0	0	302
Total (\$M)	74	82	578

- ◆ Minefield recon and other submarine missions
- ◆ Initial procurement of 2 in FY 2005; 10 in FY 2005-2009

Sea Shield

Sea Strike

Sea Basing

	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05/09</u>
RDTE,N	60	316	1,083
Procurement	-	-	2,319
Total (\$M)	60	316	3,402
Quantity	-	-	2



- ◆ Next generation UHF military communications satellite with IOC FY 2008 and FOC FY 2013
- ◆ Significant capacity increases supports “Communications on the Move” to disadvantaged platforms in stressed environments

Sea Shield

FORCEnet

Sea Strike

EMW

Sea Basing

Navy Marine Corps Intranet (NMCI)



	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05/09</u>
Total (\$M)	1,104	1,591	7,908

- ◆ Contract now supports seven year base period with three year option (2000-2007/2008-2010)
- ◆ Passed Decision Point One in June 02
 - Completion of Contractor Test and Evaluation 1, 2, & 3
 - Additional 100,000 seats ordered
- ◆ Dec 02 Status: 123,000 seats supported (AOR) and 56,000 seats fully implemented (cutover)
- ◆ Decision Point Two now pending
 - Operational evaluation approved by OSD C3I Jan 03
 - Additional 150,000 seats to be ordered
- ◆ Steady state expected first quarter FY 2004

	Implementation Phasing Schedule					
	FY 02 Q4	FY03 Q1	FY03 Q2	FY03 Q3	FY03 Q4	FY04 Q1
Total Navy	67,735	134,818	234,283	273,620	283,620	283,620
Total USMC	-	-	11,093	70,500	81,450	81,450
Total DoN	67,735	134,818	245,376	344,120	365,070	365,070

Sea Shield

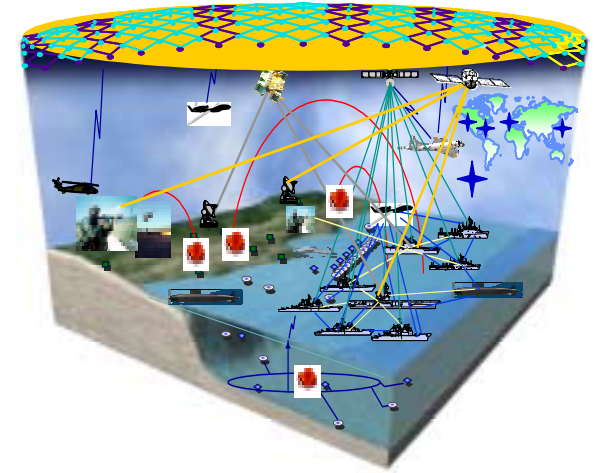
Sea Strike

Sea Enterprise

Sea Basing

FORCEnet

	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05/09</u>
Total (\$M)	13	15	96



- ◆ Network Centric Warfare is the theory
- ◆ Net-Centric Operations is the concept
- ◆ FORCEnet is the process of making the theory and concept a reality
- ◆ Resources to begin engineering the future

Sea Shield

Sea Strike

FORCEnet

Sea Basing

◆ Revolutionary Step Forward in How We Train Sailors & Value People

◆ Major Thrusts

- Train to Fleet-validated requirements (Human Performance Systems Model)
- Establish a Life-Long Learning Continuum for Sailors (5-Vector Model)
- Replace Technical Training Equipment With PC Simulation
- Develop & Institutionalize an Integrated Learning Environment (Sea Warrior)

◆ Results

- Increased E-Learning Opportunities
- Reduced TTE Costs
- Reduced Military and Civilian Manpower
- Reduced Total Time-to-Train



Sea Shield



Sea Strike



Sea Basing

Sea Warrior

- ◆ Mission funding Puget Sound Naval Shipyard (PSNS)
 - 2 year pilot program
 - Increases flexibility to respond to emergent requirements
 - Minimizes the administrative burden
 - The need for execution flexibility increases as Navy force structure declines
- ◆ A single financial system will facilitate implementation of regional maintenance consolidation plan
- ◆ Performance accountability remains strong



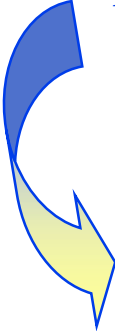
Sea Strike

Sea Base

Sea Shield

Sea Enterprise

- Efforts to streamline, operate more efficiently, improve processes and reduce overhead have produced savings of **over \$40 billion** across the defense program through FY 2009 since the FY 2002 President's Budget
- Beyond a dollar accounting, these initiatives enact permanent, structural changes benefiting the Department well beyond the current defense program

- 
- ✓ **Optimized, supportable future force structure**
e.g., TACAIR integration reduces E/F and JSF total buy requirements by 497 aircraft
 - ✓ **Stable, healthy industrial base**
e.g., Shipbuilding MYP/EOQ procurements and Ship Swap
 - ✓ **Technologically enabled, interoperable enterprise**
e.g., Navy Marine Corps Intranet operating seamlessly with joint forces within Global Information Grid
 - ✓ **Optimized workforce**
e.g., Workload validation to focus best blend of military, civilian, and private-sector support on core work requirements
 - ✓ **Efficient and appropriately sized infrastructure**
e.g., BRAC/EFI complemented by Regionalization

Sea Strike

Sea Base

Sea Shield

Sea Enterprise

- ✓ Sustains advances made in people, quality of service and readiness
- ✓ Divests legacy systems and concepts
 - ✓ Reduces support tails
- ✓ Invests in shipbuilding, aircraft procurement and transformational capabilities and technologies
- ✓ Supports achievement of a global, more agile joint force
- ✓ Supports Naval Power 21

Positions today's Navy and Marine Corps to support tomorrow's joint warfighting environment