Office of Budget
Department of the Navy

Highlights of the Department of the Navy

FY 2012 Budget

February 2011

Highlights of the Department of the Navy FY 2012 Budget
Table of Contents

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Section V – Investing Efficiently to Meet Global Requirements

Appendix B – List of Acronyms

Listing of Supporting Figures

Note: All photographs in this document were obtained from the Department of the Navy's official website, http://www.navy.mil/, and are available for public use.

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SECTION I – BUILDING A MORE EFFICIENT AND EFFECTIVE NAVAL FORCE

OVERVIEW

The FY 2012 budget is the product of a comprehensive examination of the Department's business operations which has enabled the Navy and Marine Corps to refocus on our critical warfighting capabilities. Efficiencies were found across three categories: buying "smarter," streamlining organizations and operations, and energy initiatives. The Department of the Navy (DON) identified nearly $35 billion in efficiencies over five years. Combined with Defense Department-level initiatives, the DON FY 2012 Future Years Defense Plan (FYDP) incorporates over $42 billion in savings.

Savings due to the planned FY 2013 multi-year procurement of Arleigh Burke-class destroyers and the competitive buy of 20 Littoral Combat Ships (LCS) allowed an additional five ships to be procured across the FYDP- three fleet oilers (TAO-X), one LCS, one DDG 51 Arleigh Burke class destroyers, and acceleration of one Mobile Landing Platform (MLP) to FY 2012 from FY 2015. We have funded Research and Development for a future dock landing ship (LSD-X), TAO-X, and for a large deck amphibious ship to be procured in FY 2016. The Navy has also established design for affordability initiatives for the OHIO Class Replacement Program similar to the highly successful program for VIRGINIA Class submarines.

The Department continues to maintain strong investment in aviation as well. The FY 2012 budget reflects enhancements in the P-8A program, F/A-18 Service Life Extension Program (SLEP), and Next Generation Jammer (NGJ). The FY 2012 budget reflects the revised Joint Strike Fighter (JSF) program schedule reviewed and approved as part of the Department of Defense assessment of the JSF program. As part of this assessment, F-35B STOVL quantities were reduced from 14 to 6 in FY 2012 and by 65 over the FYDP. Additionally, STOVL was decoupled from the other two variants and given a two year period to resolve technical challenges. The Navy

has added $133 million in FY 2012 for additional research and development activities and $2.8 billion of the $4.6 billion total JSF program research and development increase over the FYDP. In support of the JSF revised program, the Department increased FA-18 E/F procurement by 41 across the FYDP.

We continue to lead in unmanned aircraft and this budget submission reflects acceleration in funding for the development of the Unmanned Carrier Launched Airborne Surveillance and Strike (UCLASS) program, which will dramatically increase Navy operational ability and bring Unmanned Aerial Vehicles (UAV) into the operation of the Carrier Air Wing. Funding was increased for the Large Diameter Unmanned Undersea Vehicle (UUV) program, while the Broad Area Maritime Surveillance (BAMS) program is being properly maintained. The Department has accelerated the fielding of the MQ-8 and increased procurement to ten aircraft in FY 2012. In accordance with enduring Special Operations Force (SOF) Intelligence, Reconnaissance, and Surveillance (ISR) requirements, the Defense Department has identified the MQ-8 as the medium-term SOF ISR solution. Accordingly, the Navy has added 32 extended range and payload airframes and $721 million in research and development and procurement funds to the FYDP to support this joint mission.

Within the Marine Corps, we have assured equipment modernization and the readiness of our operating forces. We invested in C4 system enhancements and Marine Corps communications systems, and significantly restructured the Joint Light Tactical Vehicle (JLTV). The Marine Corps is also making shore and tactical energy investments, as well as moving forward with vital military construction projects, including hangars for the JSF. While the Marine Corps is committed to providing the nation's amphibious capability, it was determined that the Expeditionary Fighting Vehicle (EFV) program's high ownership cost was neither affordable nor sustainable in the current fiscal environment and has been recommended for termination. Regardless of the EFV's termination, a modern amphibious vehicle remains the means towards providing the nation with the amphibious capability it needs in facing what will continue to be a complex security environment. The Marine Corps is dedicating resources to extending the service life of legacy Amphibious Assault Vehicles (AAVs) and accelerating procurement of the Marine Personnel Carrier (MPC) to address mobility and lethality issues until a new amphibious vehicle is developed. This new amphibious vehicle is key to allowing ship-to-shore operations in permissive, uncertain, and hostile environments, assuring access where infrastructure is destroyed or nonexistent; and creating joint access in defended areas.

We maintained readiness levels at those in the FY 2011 President's Budget: baseline ship operations are funded at 45/20 steaming days, ship depot maintenance is funded to 79 percent, and Navy/Marine Corps flying hours are budgeted at a T-2.5/T-2.0 rating. Our military personnel are being utilized in the most efficient manner possible, as represented by a net reduction in Navy end strength of 3,000 active and an increase of 700 reserve personnel after we realigned 6,000 billets to provide war fighting enhancements at sea.

Today's Navy and Marine Corps team maintains its active contribution to continuing Overseas Contingency Operations (OCO), and remains committed to supporting non-traditional joint requirements in Iraq, Afghanistan, the Horn of Africa, and other locations worldwide. The FY 2012 request of $15.0 billion for contingency operations is a modest reduction from the FY 2011 request, but will continue to sustain operations, manpower, equipment, and infrastructure repair. Additionally, Navy continues to drawdown on non-core Individual Augmentees (IAs), decreasing from 4,400 in FY 2011 to 3,836 in FY 2012.

Readily available energy is essential for deploying our Sailors and Marines around the globe in support of our nation's interests. Since our operational flexibility and sustainability are directly linked to our energy supplies, energy reliability is a strategic concern for our forces. The potential vulnerability of energy supplies could threaten our ability to perform on the battlefield and energy costs siphon resources from warfighting requirements. Therefore, the DON is working to develop greater energy independence and conservation ashore and afloat. The FY 2012 budget reflects an investment of over $2 billion throughout the FYDP in both shore and tactical energy initiatives. Overall, we will achieve the goal of cutting petroleum use in non-tactical vehicles by 50 percent by 2015 and allow for 50 percent of DON total energy consumption to come from alternative sources by 2020. The planned "Green" Strike Group is on track to be operational by FY 2016.

A worldwide presence, credible deterrence, the ability to project power from naval platforms anywhere on the globe, and the ability to prevail at sea continue to be the basic themes of the strategic maritime posture. While we have found a tremendous amount of efficiencies across all Navy and Marine Corps programs, we remain committed to providing the best Navy-Marine Corps team within funding realities.

DEPARTMENT OF THE NAVY STRATEGY

Our cooperative maritime strategy articulates the six core capabilities of forward presence, deterrence, sea control, power projection, maritime security, and humanitarian assistance/disaster response that our naval forces provide to ensure the security and prosperity of our nation and its people. Together, the Navy and Marine Corps constitute the nation's forward rotational force, with Navy and Marine Corps units operating globally at sea and on land. Our flexible, mission-tailored forces, able to deliver capability where needed on short notice, also ensure the nation is prepared for any crisis requiring the supremacy of airpower. In today's uncertain environment, engaging foreign counterparts becomes even more important. Our ability to prevent conflict by direct interaction is essential to the nation's security. In recent years, the sea services have begun to expand the six core capabilities to achieve a balanced blend of peacetime engagement and major combat operations capabilities.

FORWARD PRESENCE

United States naval forces significantly contribute to cooperative security operations through forward presence and sustained, routine engagement with foreign partners and allies. On any given day, our naval forces are deployed to locations around the world, ready to answer the nation's call. Our FY 2012 budget supports a forward posture and readiness to ensure an agile and timely response. An uncertain strategic environment places a premium on multi-purpose forces that possess the ability to easily integrate the efforts of diverse partners. Worldwide operational activities include drug interdiction, joint maneuvers, multi-national training exercises, and humanitarian assistance. Operations may also include contingency operations when called upon, such as in the Arabian Gulf, the Balkans, Afghanistan/Northern Arabian Sea (Operation Enduring Freedom), and Iraq (Operation New Dawn).

DETERRENCE

Preventing conflicts is preferable to fighting wars, and deterrence must be viewed globally, regionally, and trans-nationally, via conventional, unconventional, and nuclear means. Effective theater security cooperation activities are a form of extended deterrence, creating security, and removing conditions for conflict. Maritime ballistic missile defense enhances deterrence by providing an umbrella of protection to forward-deployed U. S. forces and partners, while contributing to the larger architecture planned for defense of the United States.

SEA CONTROL AND POWER PROJECTION

The ability to operate freely at sea is one of the most important elements of joint and interagency operations, and sea control requires capabilities in all aspects of the maritime domain, including space and cyberspace. The growing number of nations operating submarines is among the most significant challenges to our ability to exercise sea control. We will not permit an adversary to impede the United States and its allies from freedom to maneuver on the seas and access to vital sea-lines of communication and commerce. The Department's ability to overcome challenges to access while simultaneously project and sustain power ashore is the basis of our combat credibility. Our advantages will continue to be sustained through properly sized forces, innovative technologies, understanding of adversary capabilities, adaptive joint planning processes and the proficiency and ingenuity of our Sailors and Marines. This budget supports maintaining a robust strategic sealift capability to rapidly concentrate and sustain forces, and to enable joint and/or combined campaigns. This capability relies on maintaining a strong U. S. commercial maritime transportation industry and its critical intermodal assets.

MARITIME SECURITY

The creation and maintenance of maritime security is essential to mitigating threats short of war, including piracy, terrorism, weapons proliferation, drug trafficking, and other illicit activities. Countering these threats far from our nation's shores protects the American homeland, enhances global stability and secures freedom of navigation for all nations. While our FY 2012 budget supports meeting this

challenge, the future of maritime security depends more than ever on international cooperation and understanding. Piracy is an international problem and requires an international solution. The U. S. Navy will continue to function as part of a larger international endeavor combining efforts of governments, militaries and maritime industry to stop piracy on the high seas. The Navy remains engaged in counter-piracy operations, utilizing surface ships as well as long range P-3 Maritime Surveillance aircraft, as part of longstanding efforts to combat crime on the high seas. Disruptions to the global system of trade, finance, law, information, and immigration can produce cascading and harmful effects far from their sources. The increase in piracy off the Somali coast is a good example. The Navy is leading a multinational effort to patrol the waters near the Horn of Africa. A combined task force has been established to deter, disrupt and suppress piracy in support of United Nations Security Council Resolution 1851, protect the global maritime environment, enhance maritime security and secure freedom of navigation for all nations.

There is no one nation that can provide a solution to maritime security problems alone. A global maritime partnership is required that unites maritime forces, port operators, commercial shippers, and international, governmental and non-governmental agencies to address our mutual concerns. This partnership increases all of our maritime capabilities, such as response time, agility and adaptability, and is purely voluntary, with no legal or encumbering ties. It is a free-form, self-organizing network of maritime partners – good neighbors interested in using the power of the sea to unite, rather than to divide.

HUMANITARIAN ASSISTANCE AND DISASTER RESPONSE (HADR)

Building on relationships forged in times of relative tranquility, we continue to offer humanitarian assistance as the vanguard of interagency and multinational efforts, both in a deliberate, proactive fashion and in response to crises. Evolving from the unprecedented international disaster response for countries devastated during the 2004 Asian tsunami, Pacific Partnership has been sponsored annually by the U. S. Pacific Fleet to strengthen international relationships and interoperability for disaster relief throughout Oceania and Southeast Asia. In 2010 three Navy ships sailed as part of Pacific Partnership to Vietnam, Cambodia, Indonesia, Timor-Leste, Palau, and Papua New Guinea to provide humanitarian assistance. Additionally, in January 2010, a large contingent of Navy ships, including *USNS Comfort*, *USS Carl Vinson*, and the *USS Bataan* Amphibious Readiness Group (ARG), responded to the earthquake in Haiti under Operation Unified Response. In August 2010, U.S. Navy and Marine Corps CH-46E Sea Knight, CH-53E Super Stallion, and MH-53E Sea Dragon helicopters supported the initial U. S. response to the flood in Pakistan. This was shortly followed by the *USS Peleliu* ARG and embarked MEU, and then the *USS Kearsarge* ARG. These units helped deliver much needed relief supplies. The *USS Peleliu* was previously scheduled to decommission in FY 2012 but will operate for another year as part of this budget submission.

The relationships built and sustained with our multinational partners through exercises and professional exchanges such as Pacific Partnership 2010 and Operation Unified Response enrich our humanitarian efforts and preserve peace and stability in many regions.

Implementation of this cooperative maritime strategy requires that the Navy and Marine Corps demonstrate flexibility, adaptability and unity of effort in evolving to meet the enduring and emerging challenges and opportunities ahead. We must be prepared to respond to global crises in ways ranging from peacetime presence to full-scale war. Specific initiatives in support of this strategy must be vetted and tested through experimentation, wargaming, and continued operational experience.

DEPARTMENT OF THE NAVY PRIORITIES

Our objectives and priorities are aligned with the National Defense Strategy and will provide real benefit to the nation in the fulfillment of our responsibilities to maintain a capable Navy and Marine Corps. As we face continued fiscal pressures we have reviewed our operations while continuing to meet our major priorities and initiatives, which are summarized below. Within our topline, the DON has prioritized our resources to address the basic tenets of prevailing in today's wars, preventing and deterring conflict, preparing for a wide range of contingencies, and preserving and enhancing the force.

ALIGNMENT WITH DEFENSE STRATEGY

- **Prevailing in Today's Wars.** Today our Marines and Sailors are undertaking a myriad of missions, from combat operations in the mountains of Afghanistan to humanitarian assistance in Africa. We are a forward deployed force. Thirty-eight percent of our ships are deployed, the Marine Corps has over 26,000 personnel deployed world-wide and the Navy has over 53,000 sailors deployed. Those Sailors and Marines are serving as members of Carrier Strike Groups, Expeditionary Strike Groups, Special Operating Forces, Seabee units, Marine battalions, riverine squadrons and medical units. Today, significant Tactical Air (TACAIR) support for Afghanistan comes from carriers and as the ground infrastructure in Afghanistan increases, the requirement for carrier based air will likely increase.

- ***Preventing and Deterring Conflict.*** To help secure and ensure the United States' access to the global commons (sea lines of communication), the Department of the Navy is working to expand our engagements with other nations. Fostering trust and cooperative relationships with foreign partners is critical to national security, but trust cannot be simply summoned in moments of crisis. It must be developed over time. To revitalize existing relationships and create new ones, we need to show long-term commitment. Our naval forces contribute significantly to cooperative security operations through forward presence and sustained, routine engagement with foreign partners

and allies. We are committed to sustaining this core capability of the Maritime Strategy. Through such initiatives as the Africa Partnership Station (a multinational initiative), and Pacific Partnership (sponsored by the U.S. Pacific Fleet) we strengthen our international relationships. Additionally, the Department has increased its emphasis in support of cyberspace operations with the stand up of 10th Fleet (Cyber Command) and Marine Corps Forces (MARFOR) Cyber Command.

- ***Preparing for a Wide Range of Contingencies.*** The DON supports the Defense strategy to prepare for a wide range of contingencies. Asymmetric use of technology will pose a range of threats to the U.S. and its partners. We have addressed both high-end and asymmetric threats through selected procurements to prepare for a wide range of future contingencies. For example, our acceleration in funding for UCLASS will soon provide for unmanned continuous operations from a U.S. platform unaffected by sovereignty or basing rights. We continue to examine options for the LCS to help address emerging and ever evolving irregular threats. While naval forces are conducting combat and combat-support missions in Iraq and Afghanistan, the Navy and the Marine Corps also stand ready to answer our nation's call across the full spectrum of military operations through sustained pre-deployment training and enhanced Irregular Warfare (IW) training capabilities. We will work to continue their proud tradition of readiness and to ensure that they are fully trained and equipped for their assigned missions.

- ***Preserving and Enhancing the Force.*** The Department continues to preserve and shape today's force in order to ensure we meet the requirements of the fight we are in today, while ensuring the long-term viability of the all-volunteer force to adapt to future events.

To preserve the force, funds are required to reset and reconstitute Navy/Marine Corps forces to levels achieved before the commencement of hostile overseas operations in order to ensure critical capability enhancements essential to the conduct of theater missions. Included is funding necessary to restore units to a level of combat capability commensurate with the unit's future mission. The Marine Corps experienced equipment usage rates as much as seven times greater than peacetime rates, tremendously decreasing the projected lifespan of its gear.

Resetting the force will refurbish or replace equipment which has been used more extensively than originally anticipated, and replenish equipment from strategic stocks drawn to support combat forces, to remain responsive to emerging threats and other contingencies.

Additionally, equipment replacement is requested for one Marine Corps attack helicopter lost in combat, one E-2D aircraft to replace an E-2C aircraft lost in the Persian Gulf, as well as ground equipment, weapons and ammunition. Funding is also required for force protection upgrades and survivability enhancements for various systems.

MANAGING OUR PEOPLE

- ***A naval force fully prepared for employment.*** The Navy and Marine Corps team helps ensure the joint force has the ability to gain access to denied areas from great distances, even in the face of determined adversaries and despite increasing diplomatic, political, and cultural challenges. By emphasizing our naval forces' command of the sea, we remain ready to perform both immediate and extended operations "without a permission slip," even in austere environments, and with forces designed to efficiently scale up or down in size whenever necessary. By continuing to invest in the inherent flexibility of our naval forces, we will continue to provide joint force commanders with multiple options to project, protect, and influence.

- ***Supporting overseas contingency efforts with non-core IAs.*** The Navy provides sailors in the form of IAs, including personnel in the training pipeline, to fulfill the OCO mission requirements of the Combatant Commanders (COCOMs). As IAs, they fulfill vital roles, serving in non-core missions such as provincial reconstruction teams, detainee operations, civil affairs, training teams, customs inspections, counter Improvised Explosive Device (IED), and combat support. IAs also support adaptive core and maritime missions including base operations, military police, combat support, counter IED, maritime and port security, airlift support, and Joint Task Force (JTF)/COCOM staff support. IAs are making a significant impact in more than 20 countries around the worldproviding COCOMS with mission-tailored, globally

distributed forces. In FY 2012, the funding for 3,836 Navy non-core IAs has been shifted from the OCO budget to the base budget.

- ***The Navy-Marine Corps Team.*** The DON continues to shape the force to balance today's missions and to provide flexibility for the future. The Marine Corps accomplishment of growing the force to 202,100 Marines has provided our Marines greater dwell time and will provide the opportunity to address other training and missions that have not been accomplished in our recent history. Both the Navy and Marine Corps are meeting their recruiting goals both in quantity and quality. Our reserves continue to play a key role as part of the Total Force and our civilians are a bedrock providing support around the globe to our warfighters. Development and retention of quality people are vital to our continued success. America's naval forces are combat-ready largely due to the dedication and motivation of our individual Sailors, Marines, and civilians.

- ***Wounded Warrior Medical Care.*** We have a solemn duty to ensure that when our forces go into harm's way, there is an excellent, comprehensive and sustainable plan for the care of our wounded, ill, or injured. The Navy Safe Harbor Program and the Marine Corps Wounded Warrior Regiment provide exceptional, individually tailored assistance to our wounded warriors, with a comprehensive approach designed to optimize their recovery, rehabilitation, and reintegration. The DON is also collaborating with the Departments of Defense and Veterans Affairs to foster continuity of care across all systems and facilitate efficient and effective transitions. Additionally, the National Naval Medical Center has a new state-of-the-art unit to treat Traumatic Brain Injury (TBI). TBI is the defining wound of Operation Iraqi Freedom, and this clinic provides unsurpassed inpatient care for polytrauma patients with TBI, serving all blast-exposed or head-injured casualties medically evacuated from theater. Further, to address Post Traumatic Stress Disorder (PTSD) and other psychological conditions that affect more and more of our force, the Navy and the Marine Corps continue to improve their Operational Stress Control (OSC) programs. This comprehensive approach seeks to not only promote psychological resilience, but also a culture of psychological health among our Sailors and Marines and their families.

Housing and Child Care. The world's finest naval force deserves access to quality, affordable child care and family support programs, including community and health care services. This budget request represents the funding level necessary to ensure government-owned housing remains adequate for Sailors, Marines, and their families. To date, the Department has awarded 38 military family housing privatization projects totaling over 63,426 homes for Sailors, Marines, and their families. Over 90 percent of Navy and Marine Corps family housing has been privatized.

Figure 1 below reflects Navy/Marine Corps operations as of 4 February 2011.

Figure 1 - Status of Navy and Marine Corps Forces

Navy

- 327,920 active strength
- 5,799 mobilized reservists
- 49,419 Sailors deployed afloat
- 14,459 Sailors deployed ashore (CENTCOM)
- 159 ships underway – 56% (*away from homeport*)
  - Eight Aircraft Carriers
  - Three Large Deck Amphibious Assault Ships
- 112 ships deployed – 39%

Marine Corps

- 202,100 active strength
- 4,966 active/activated reservists
- 32,243 on deployment/forward deployed
  - 94 Iraq
  - 23,956 Afghanistan
  - 1,544 other CENTCOM
  - 5,717 PACOM
  - 932 all others

Data as of 4 February 2011

Support of the Department of the Navy FY 2012 budget is critical to achieving its mission and to supporting the 21st century seapower strategy. Our FY 2012 budget positions us to play an integral role in global maritime security and humanitarian efforts, alongside other federal and international agencies. Readiness is properly priced and funded, while manpower adjustments align the Department's ongoing

total force manpower to mission objectives. Warfighting capability investments focus on increasing support to combat operations.

EFFICIENCIES

The Department of Navy FY 2012 budget is the result of a thorough study of all of our business activities. Overhead efficiency savings were captured by the DON by focusing on three main efforts. First, the DON will buy smarter through acquiring platforms more intelligently, which translates into terminating programs that aren't needed, restructuring those programs that aren't working, and reducing the total ownership cost of programs. Secondly, the Department is streamlining organizations and operations to build a more efficient operation. Savings were found by reducing infrastructure overhead, reducing contractor services, and consolidating headquarters activities. Finally, energy savings will be achieved through a variety of fuel-saving initiatives including reducing petroleum use. The overall goal was to get better buying power for the taxpayer and warfighter in defense goods and services.

Efficiencies

Through a detailed review we were able to identify $35 billion in overhead savings across the FYDP ($4.3 billion in FY 2012) that were comprised of over 1,000 issues affecting over 2,000 budget line items. Department of Defense initiatives identified an additional $7 billion across the FYDP ($0.9 billion in FY 2012). Figures 2a and 2b below provide a breakout of the savings. Our strategy was to be bold in challenging our current organization, constructs, and structure and to not only maintain, but enhance, our future capability plans.

Figure 2a – Department of the Navy Efficiency Strategy

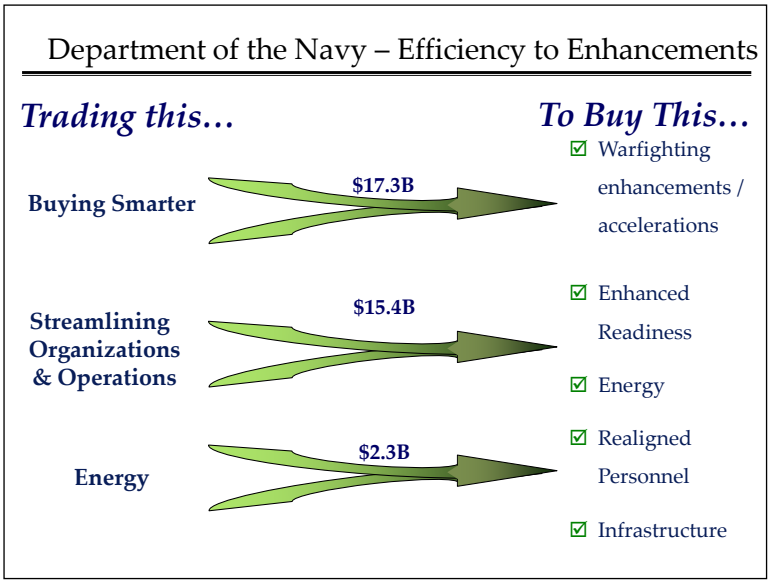


Figure 2b – Department of the Navy Efficiency Categories

Total DON Efficiencies

$M	FY 2012	FYDP
Overhead	**-4,302**	**-35,070**
INVEST	0	-17
FEA - Personnel	0	-1,539
FEA - Logistics	-11	-391
Manpower Freeze	-522	-2,878
Service Support Contractors	-111	-774
Fourth Estate Baseline Review	-14	-81
SES/GO/FO	0	-37
IT Infrastructure	0	0
Reports/Studies/Boards	-25	-95
Intelligence	0	0
BTA Disestablishment	0	0
NII Disestablishment	0	0
JFCOM Disestablishment	-249	-1,341
Total DON Efficiencies	**-5,234**	**-42,223**

$M	FY 2012	FYDP
Buying Smarter		
Cancellations	-566	-5,517
Contract Savings	-460	-3,981
TOC	-60	-984
Warfighting	-407	-6,819
Subtotal	**-1,493**	**-17,301**
		0
Streamlining		0
Contract Support	-202	-1,683
Infrastructure	-893	-2,245
Manpower	-275	-1,449
Org Consolidations	-601	-5,839
Readiness	-273	-4,208
Subtotal	**-2,243**	**-15,425**
		0
Energy		0
Energy Efficiencies	-566	-2,344
Subtotal	**-566**	**-2,344**
Total DON Overhead	**-4,302**	**-35,070**

Specifics of our overhead efficiencies include:

Buy Smarter:

- Program Terminations/Restructurings— Efficiencies are realized through a strict review of critical mission requirements within the department. This resulted in the identification of several programs that were underperforming and therefore, have either been revamped or terminated. Examples include Joint Light Tactical Vehicle (JLTV) restructure, and cancellation of Expeditionary Fighting Vehicle (EFV), Standard Missile 2 Block III upgrades, and Offshore Vessels.
- Contract Efficiencies—Efficiencies are also realized by buying smarter, specifically the intelligent acquisition of high-end weapon systems. Innovative acquisition and business practices, combined with a strict requirements process to eliminate program creep and control cost, are reflected in a number of major systems. Production efficiencies and increased use of multi-year procurements are key principles. Examples include LCS acquisition strategy, FA-18E/F and EA-18G multi-year procurement/support, planned E-2D multi-year procurement, and DDG support.
- Total Ownership Cost—Hand-in-hand with improved acquisition practices is the long-term management of ownership costs. Savings were found in strategic sourcing and optimizing quality-based maintenance through consolidation and better practices.
- Warfighting—Efficiencies are realized through improved management of efforts directly impacting the warfighter. Specific actions include improved procurement of aviation spare parts, reduced research and development overhead, and better use of training ammunition. Additionally, improvements within Servicewide Transportation program processes of priority shipments will produce significant savings.

Streamline Organizations and Operations:

- Infrastructure—Efficiencies are realized through the active management of the Navy's unique portfolio of bases focused on flexible, tailored responses to priority needs. The approach will yield comparable results to current methods while enabling sustainment funding for Navy facilities to be reduced to 80 percent of the modeled value. Other examples include savings in Enterprise Resource Planning (ERP) for supply management and deferment of the complete ERP rollout, base operations overhead, and warfare center overhead.

- Readiness and Training— Efficiencies are realized through operational initiatives and fleet training concepts. Specifically savings are achieved by the revalidation of the Flying Hour Program (FHP) type/model/series and optimization of civilian personnel.
- Contractor Support—Efficiencies are realized through the reduced reliance on, and continued elimination of contractor services support.
- Manpower and Personnel— Efficient utilization of personnel resulted in a net reduction to Navy end strength of 3,000 active and an increase of 700 reserve personnel after the realignment of ~6,000 billets to provide warfighting enhancements at sea. In conjunction was an examination of personnel policies and practices, and both the Navy and Marine Corps recruit advertising strategy.
- Organization and Headquarters Consolidation-- Efficiencies will be achieved through streamlined organizations and operations, elimination of duplicative staffs, as well as efficient policies and practices. Specifically, we will be consolidating warfare centers, eliminating overlapping functions between organizations, and reducing the size of organization staff-- including reducing shore commands, rephasing advancements and promotions among our sailors, and disestablishing the staffs in submarine squadrons, groups, and a carrier strike group.

Reduce Energy Consumption:

- Energy—Through energy initiatives we are realizing savings across our Military Sealift Command (MSC) fleet, in the FHP, and in our Expeditionary force.

Department of Defense initiatives

- Department of Defense initiatives addressed efficiencies in: investing in clean power supplies; healthcare costs; depot maintenance competition for software maintenance and process efficiencies; civilian personnel freeze; reduced reliance on support contractor who augment staffs; Defense Agencies organizational changes; reduction in senior positions; and reduction in advisory studies.

RESOURCE SUMMARY

Total Obligation Authority (TOA) for the FY 2012 Department of the Navy baseline budget is $161.4 billion. Figure 3 displays the DON request in current year and constant year dollars to provide perspective on real buying power which is relatively flat. Additionally, FY 2011 Full Year Continuing Resolution (CR) funding is depicted due to its possibility at time of publication.

Figure 3 - Department of the Navy Topline FY 2010 - FY 2016
Current and Constant Dollar Comparison
(Dollars in Billions)

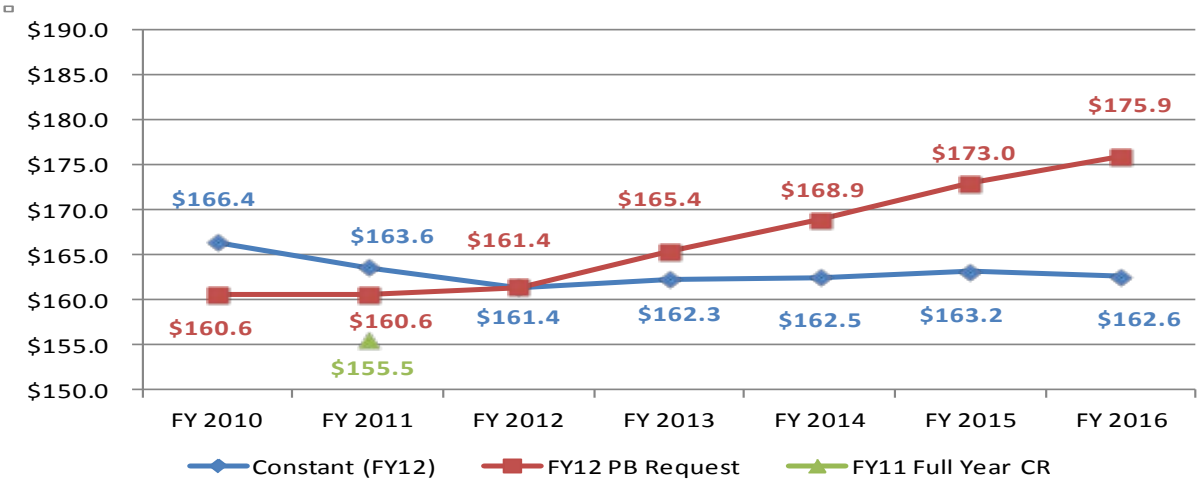


Figure 4 displays the FY 2012 President's Budget by Appropriation Title.

Figure 4 – FY 2012 DON Budget by Appropriation Title ($ Billion)

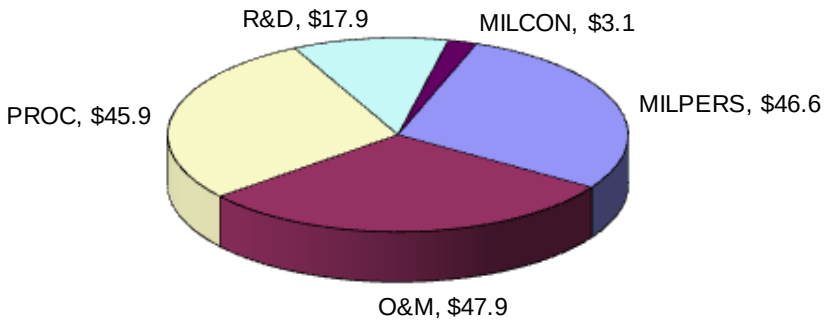


Figure 5 displays individual Department of the Navy appropriation estimates.

Figure 5

APPROPRIATION SUMMARY FY 2010- FY 2012

(In Millions of Dollars)	FY 2010	FY 2011 PB Req	FY2011 Full Yr CR	FY 2012
Military Personnel, Navy	25,879	25,951	25,289	27,154
Military Personnel, Marine Corps	13,078	13,250	12,799	13,574
Reserve Personnel, Navy	1,907	1,944	1,909	1,961
Reserve Personnel, Marine Corps	645	617	614	653
Health Accrual, Navy	1,826	1,817	1,817	1,807
Health Accrual, Marine Corps	1,136	1,142	1,142	1,125
Health Accrual, Navy Reserve	234	242	242	236
Health Accrual, Marine Corps Reserve	129	132	132	135
Operation & Maintenance, Navy	35,704	38,134	34,671	39,365
Operation & Maintenance, Marine Corps	5,590	5,590	5,532	5,960
Operation & Maintenance, Navy Reserve	1,327	1,368	1,272	1,323
Operation & Maintenance, Marine Corps Reserve	224	285	223	271
Environmental Restoration, Navy	0	305	286	309
Aircraft Procurement, Navy	18,732	18,509	18,418	18,587
Weapons Procurement, Navy	3,327	3,360	3,347	3,409
Shipbuilding & Conversion, Navy	13,843	15,725	13,839	14,929
Other Procurement, Navy	5,457	6,450	5,424	6,285
Procurement, Marine Corps	1,486	1,344	1,517	1,392
Procurement of Ammunition, Navy & Marine Corps	813	818	798	720
Research, Development, Test & Evaluation, Navy	19,769	17,694	19,908	17,956
National Defense Sealift Fund	1,685	935	1,668	1,126
Military Construction, Navy & Marine Corps	3,544	3,879	3,517	2,462
Military Construction, Naval Reserve	126	62	62	26
Family Housing Construction, Navy & Marine Corps	151	186	186	101
Family Housing Operations, Navy & Marine Corps	374	366	369	368
Base Realignment and Closure	826	504	504	155
SUBTOTAL	**$157,812**	**$160,609**	**$155,486**	**$161,389**
Overseas Contingency Operations	19,167	18,534	17,894	15,038
TOTAL	**$176,979**	**$179,143**	**$173,380**	**$176,427**

Note: FY 2010 column does not include a reduction of $500 million for the Supplemental Education, Jobs, and Medicaid Assistance Act of 2010, P.L. 111-226.

SECTION II – INTEGRATING SUSTAINED SUPPORT FOR THE WARFIGHTER

The service and sacrifice of Sailors and Marines is a daily reminder that we are a nation at war. We continue to impose local sea control, sustain power ashore and represent a major strategic role in Iraq and Afghanistan by providing critical force protection requirements, training, equipment, and assistance to our coalition partners. To deal with these challenges, we must always be ready to assume new missions—today and tomorrow. To ensure our continuing success, we must be adequately resourced to fully achieve the mission goals and objectives of the Commander-in-Chief. To integrate requirements for today's warfighters and sustain Combatant Commander requirements, funding for OCO is part of the FY 2012 budget request.

NAVY AND MARINE CORPS SUPPORT

Our overseas force posture is shaped principally by ongoing and projected operational commitments. FY 2012 continues supporting Navy and Marine Corps operations in Afghanistan. Today the Marine Corps has a robust presence of over 21,000 Marines in Afghanistan. Following the successful withdrawal of combat troops, the Iraq-based Marine presence has been reduced to minimal forces amounting to just under 100 IAs, engaged in security cooperation and civil-military advisory operations. This Iraq presence will remain in-place pending the completion of operational commitments in Iraq. The shift in the emphasis of operational theater focus has also required that naval forces provide greater support to the Afghanistan theater, both in the conduct of direct operational missions, as well as increased combat support for U. S. and coalition forces on the ground, generating higher operational tempo (OPTEMPO) demand related to the more remote geographic location of the combat region and greater personnel requirements in country.

Beyond the 20,000 participating in counterinsurgency, security cooperation, and civil-military operations in Afghanistan, on any given day there are approximately 12,000 Sailors ashore and another 10,000 afloat throughout U.S. Central Command

(CENTCOM). These Sailors are conducting riverine operations, maritime infrastructure protection, explosive ordnance disposal, combat construction engineering, cargo handling, combat logistics, maritime security, customs inspections, detainee operations, civil affairs, base operations and other forward presence activities. In collaboration with the U.S. Coast Guard, the Navy also conducts critical port operations, port and oil platform security, and maritime interception operations. Included in our globally sourced forces are IAs serving in a variety of joint or coalition billets, either in the training pipeline or on station. As these operations unfold, the size and type of naval forces committed to them will likely evolve, thereby producing changes to the overall force posture of naval forces. Long after the significant land component presence is reduced, naval forces will remain forward.

While forward, acting as the lead element of our defense-in-depth, naval forces will be positioned for increased roles in combating terrorism. They will also be prepared to act in cooperation with an expanding set of international partners to provide humanitarian assistance and disaster response, as well as contribute to global maritime security. Expanded Maritime Interdiction Operations (EMIO) are authorized by the President and directed by the Secretary of Defense to intercept vessels identified to be transporting terrorists and/or terrorist-related materiel that poses an imminent threat to the United States and its allies.

Strike operations are conducted to damage or destroy objectives or selected enemy capabilities. Recent examples include simultaneous close air support missions that are integrated and synchronized with coalition ground forces to protect key infrastructure, deter and disrupt extremist operations or hostile activities, and provide oversight for reconstruction efforts in support of Operation Enduring Freedom (OEF) and Operation New Dawn (OND). Additionally, we have done small, precise attacks against terrorist cells and missile attacks against extremist sanctuaries. Among the various strike options, our sea-based platforms are unique and provide preeminent capabilities that will be maintained.

This versatility and lethality can be applied across the spectrum of operations, from destroying terrorist base camps and protecting friendly forces involved in sustained counterinsurgency or stability operations, to defeating enemy anti-access defenses in

support of amphibious operations. We are refocusing this strategic capability more intensely in Afghanistan in an effort to counter the increasing threat of a well-armed anti-Coalition militia including Taliban, al Qaeda, criminal gangs, narcoterrorists, and any other anti-government elements that threaten the peace and stability of Afghanistan. Our increased efforts to deter or defeat aggression and improve overall security and counter violent extremism and terrorist networks advance the interests of the U.S. and the security of the region. The FY 2012 contingency operations request supports sufficient capabilities to secure Afghanistan and prevent it from again becoming a haven for international terrorism and associated militant extremist movements.

The Navy has over 40,000 active and reserve sailors continually deployed in support of the contingency operations overseas serving as members of carrier strike groups, expeditionary strike groups, Special Operating Forces, Seabee units, Marine forces, medical units, and as IAs. Our Sailors and Marines are fully engaged on the ground, in the air, and at sea in support of operations in Iraq and Afghanistan. All forces should be withdrawn from OND by the end of 2011. Navy Commanders are leading seven of the thirteen U.S.-lead Provincial Reconstruction Teams in Afghanistan. A significant portion of the combat air missions over Afghanistan are flown by naval air forces. Our elite teams of Navy SEALs are heavily engaged in combat operations, Navy Explosive Ordnance Disposal (EOD) platoons are defusing IEDs and landmines. Our SEABEE construction battalions are rebuilding schools and restoring critical infrastructure. Navy sealift is delivering the majority of heavy war equipment to CENTCOM, while Navy logisticians are ensuring materiel arrives on time. Our Navy doctors are providing medical assistance in the field and at forward operating bases. Navy IAs are providing combat support and combat service support for Army and Marine Corps personnel in Iraq and Afghanistan. As IAs they are fulfilling vital roles by serving in traditional Navy roles such as USMC support, maritime and port security, cargo handling, airlift support, Seabee units, and as a member of joint task force/Combatant Commanders staffs. On the water, Navy Expeditionary Combat Command (NECC) Riverine forces are working closely with the Iraqi Navy to safeguard Iraqi infrastructure and provide maritime security in key waterways.

Navy forces are also intercepting smugglers and insurgents and protecting Iraqi and partner nation oil and gas infrastructure. We know the sea lanes must remain open for the transit of oil, the lifeblood of the Iraqi economy, and our ships and sailor are making that happen.

OVERSEAS CONTINGENCY OPERATIONS RESOURCING

The current request includes incremental costs to sustain operations, manpower, equipment and infrastructure repair, as well as equipment replacement. These costs include aviation and ship operations, combat support, base support, USMC operations and field logistics, activated reservists and other special pays. Finally, the FY 2011 request reflected the shift in forces from Iraq to Afghanistan. This effort is continued in FY 2012 with the Department of the Navy request for $15.0 billion, a reduction of $3.5 billion from FY 2011. Since 2009, total funding trends reflect the Department's efforts to reduce reliance on supplemental appropriations and include OCO costs with the budget request. Figure 6 reflects the current status of FY 2010, FY 2011, and FY 2012 funding for OCO.

The FY 2012 OCO O&M request specifically provides the resources required to meet CENTCOM demand in OND and OEF and the increased Carrier Strike Group (CSG) presence that ensures there are no Air Tasking Order gaps.

The supplemental request for FY 2012 supports the deployment, operation and sustainment of two regimental combat teams, a division-level headquarters unit, Seabee battalions, aviation and ship operations, combat support, base support, transportation of personnel and equipment into theater, and associated enabling forces to Afghanistan. Funding is also needed for service contracts supporting unmanned aerial systems (UAS) providing intelligence, surveillance, and reconnaissance (ISR) and additional in-theater maintenance.

Figure 6 - Department of the Navy Overseas Contingency Operations Funding Profile

Department of Navy OCO Budget				
(Dollars in millions)	FY 2010 Actual	FY 2011 OCO PB Request	FY 2011 OCO Full Yr CR	FY 2012 OCO
Military Personnel, Navy (MPN)	1,291	1,179	1,426	919
Reserve Personnel, Navy (RPN)	40	49	39	45
Operation and Maintenance, Navy (O&MN)	7,596	8,947	7,806	7,007
Operation and Maintenance, Navy Reserve (O&MNR)	91	94	137	74
Aircraft Procurement, Navy (APN)	1,055	420	1,124	731
Procurement Ammunition, Navy and Marine Corps (PANMC)	182	195	233	135
Other Procurement, Navy (OPN)	470	481	270	282
Weapons Procurement, Navy (WPN)	51	93	51	41
Research, Development, Test and Evaluation, Navy (RDT&EN)	71	39	65	48
Navy Working Capital Fund	204	-	-	-
Medicare-Eligible Retiree Health Fund Contribution, Navy (DHAN)	-	26	-	-
USN Subtotal	**11,049**	**11,523**	**11,151**	**9,282**
Military Personnel, Marine Corps (MPMC)	677	644	912	675
Reserve Personnel, Marine Corps (RPMC)	31	31	63	25
Operation and Maintenance, Marine Corps (O&MMC)	4,506	4,137	4,161	3,571
Operation and Maintenance, Marine Corps Reserve (O&MMCR)	89	30	87	36
Procurement, Marine Corps (PMC)	2,254	1,778	1,042	1,261
Research, Development, Test and Evaluation, Navy (RDT&EN)	66	21	35	6
Procurement Ammunition, Navy and Marine Corps (PANMC)	494	370	443	182
USMC Subtotal	**8,118**	**7,011**	**6,743**	**5,757**
DON Grand Total - Supplemental	**19,167**	**18,534**	**17,894**	**15,038**

Ongoing contingency operations have had a significant impact on Navy and Marine Corps equipment. Expeditionary forces, including Seabees, Explosive Ordnance Disposal, and tactical and support aircraft are experiencing much higher than expected wear. The Marine Corps experienced equipment usage rates as much as seven times greater than peacetime rates, tremendously decreasing the projected

lifespan of its gear. Reconstituting the force will refurbish or replace equipment which has been used more extensively than originally anticipated, in order to remain responsive to emerging threats and other contingencies.

Past supplemental funding has mitigated most of the Marine Corps and Navy costs, but many items remain in need of repair or replacement. Funds are required to reconstitute Navy/Marine Corps forces to capability levels existing before hostile overseas operations and to provide critical capability enhancements essential to the conduct of theater missions. Included is funding which is necessary to restore units to a desired level of combat capability commensurate with the unit's future mission. These maintenance and supply activities involve depot (sustainment) repairs/overhauls centrally managed to specified standards. Without requested funding, efforts to continue the ongoing fight and simultaneously address the post-war need to maintain future warfighting readiness will not be achieved.

Major elements of the FY 2012 request include:

- Personnel The Department's OCO request includes funding for special pays and entitlements for forward deployed active duty and reserve personnel supporting overseas contingency operations. In addition the OCO request includes funding for over 6,400 mobilized Navy reservists and over 6,000 mobilized Marine Corps reservists. Requirement for 3,836 Navy non-core IAs for temporary IA missions such as civil affairs, provincial reconstruction, training teams, detainee operations and customs inspections has been shifted from the OCO budget to the base budget. The FY 2012 baseline submission continues to support an end strength of 202,100 Marines, and no contingency funding is requested in FY 2012 for the Grow The Force initiative.

- Operating Support Funds are requested to cover the incremental costs of military operations including pre-deployment training, flying hours, steaming days, transportation, supplies, communications, logistics, and sustainment of combat equipment. As part of the Department's efforts to reduce reliance on supplemental appropriations, $263 million of flying

hours has been shifted to the base budget. The operating tempo requirements include fuel, supplies, repair parts, etc., for naval forces conducting combat and counterinsurgency operations in continuously harsh conditions. The request continues support for the fighting force in Afghanistan and the refurbishment costs associated with equipment returning from theater. Operational realities have maintained the demand signal for Departmental assets in theater for irregular capabilities as well as outside of the more traditional boots-on-the-ground support. ISR, airborne electronic attack, combat support missions flown from carrier decks with long transit times, and expanded counter-piracy missions are all areas that have shown persistent high demand signals from CENTCOM.

- Depot Maintenance Funds are requested for the added incremental air, ship, and combat support equipment maintenance requirements due to the increased operating tempo of the on-going contingency operations. Ship depot maintenance in the OCO request is limited to $1.0 billion, a reduction of $268 million from FY11 as requirements shift to the base budget. The funding includes support for surface ship life-cycle class maintenance plans, acceleration of a required aircraft carrier dry-docking availability, additional airframe and engine depot inductions, and contractor logistics costs for the repair of aeronautical components for aircraft systems and equipment under direct contractor logistics support, performance-based logistic, and power by the hour programs.

- Naval Aircraft Funds are requested to replace one Marine Corps AH-1 attack helicopter lost in Afghanistan in July 2010 and one E-2D aircraft to replace an E-2C aircraft lost in the Persian Gulf in March 2010. Additionally, funds are requested for two UC-12W aircraft for the Marines to provide cargo and Command Element support, and modifications/upgrades to ensure capability is preserved and that vital force protection upgrades are installed to meet operational commanders' emerging requirements.

- Marine Corps Ground Equipment Funding is required to continue the procurement of theater specific equipment for mobility, force protection, survivability information, surveillance and reconnaissance. Procurement dollars also provide reset and long-term reconstitution funding for destroyed and worn out equipment.

- Navy Ground Equipment Funds are requested to replace equipment lost in conflict or beyond economic repair, provide for enhanced force protection gear, and deliver enhanced counter-IED equipment to EOD units. Significant items include the replacement of AM-2 aircraft matting used in OEF and OIF by the Marine Corps and physical security equipment for NECC.

- Weapons/Ammunition Funds are requested to replace Hellfire missiles and Small Arms and Weapons, as well as to procure Standoff Precision Guided Munitions to fulfill a Marine Corps KC-130J Urgent Operational Need Statement for OEF.

- Research and Development Due to unique in-theater requirements, funds are requested for several items, with the most significant being $34 million for National Intelligence Programs, $6 million for Marine Air-Ground Task Force (MAGTF) aviation electronic warfare development and $4 million for Marine Corps intelligence command and control equipment development.

SECTION III - SHAPING A FULL-SPECTRUM NAVAL FORCE

OVERVIEW

The Department of Navy is committed to taking care of our total force, which includes our Sailors, Marines, and civilians by sustaining quality of service/quality of life programs, including training, promotion opportunities, health care, housing, and reasonable operational and personnel tempo. Our people are the critical component to the Department's Maritime Strategy. Quality of life and quality of service are key factors in attracting and retaining highly-motivated and qualified personnel. The Department remains committed to providing the right person with the right skills, at the right time and at the best value while ensuring the welfare of our Sailors, Marines and their families.

The military personnel FY 2012 budget, which includes a basic pay raise of 1.6 percent, focuses on a more efficient use of manpower along with force stabilization between the active and reserve Navy. Beginning in FY 2012, through the FYDP, the Navy has realigned ~6,000 billets from shore to sea. This realigns overhead from ashore to meet critical fleet and emergent manpower requirements. These force structure efficiencies include, consolidating fleet staffs under existing commands, eliminating staffs no longer needed, reducing fleet shore activities and other targeted reductions across shore commands. A component of our force stabilization efforts is to provide opportunities for Sailors to seamlessly transition between active and reserve service throughout their careers. Navy is removing barriers to ease this transition while developing flexible service options and levels of participation to meet the individual Sailor's ability to serve the Navy throughout a lifetime of service.

Due to the change in retention and loss behavior, we are taking a more targeted investment approach – reducing or eliminating monetary incentives where they are not needed. Given this, recruiting and retention is projected to meet Navy and Marine Corps requirements, with particular focus on active and reserve components "low density/high demand" skill sets such as Naval Special Warfare, linguists,

Seabees, reconnaissance Marines, explosive ordnance disposal, and medical specialties.

The total naval workforce is shaped and optimized to support the National Defense Strategy. By maintaining U.S. maritime dominance, our Sailors and Marines promote security, stability, and trust around the world. Together, we provide a persistent forward presence, power projection abroad and protection of the world's sea lanes. Our Sailors and Marines, in cooperation with our foreign partners and allies, continue to provide training and deliver humanitarian aid, disaster relief and other assistance throughout the globe. In times of crisis, Navy and Marine Corps units are often already on the scene or the first U.S. assets to arrive in force. They accomplish this all as a seaborne force with a minimum footprint.

America's naval forces are combat-ready because of the dedication and motivation of our Sailors, Marines, and DON civilian workforce. The development and retention of quality personnel are vital to maintaining an agile and flexible force that can not only contribute to winning our nation's wars but can also assist in preventing future conflict to the extent possible by balancing capacity/capability for current and future threats – whether by dissuasion, deterrence, humanitarian action or disaster relief.

MILITARY PERSONNEL

Active Navy Personnel

We remain invested in recruiting, training and retaining Navy personnel to create an environment that offers opportunity, promotes personal and professional growth, and provides the kind of workforce needed for the 21st century. Navy's goal is to sustain an end-strength and force structure in which seniority, experience and skills are matched to requirements. Our objectives remain: to align the personal and professional goals of our workforce with the needs of the joint force while ensuring the welfare of our Sailors and their families; to deliver a high performing, competency-based and mission-focused force to meet the full spectrum of joint operations; and to provide the right person with the right skills, at the right time as the best value to the joint force.

Navy continues to provide support to Sailors and their families through a "continuum of care" that covers all aspects of individual medical, physical, psychological and family readiness. The Navy's Safe Harbor program provides non-medical care management for seriously wounded, ill and injured Sailors and Coast Guardsmen, as well as a support network for their families. The program develops individualized tailored recovery care plans to support the recovery, rehabilitation, and reintegration of each enrollee. Safe Harbor's Anchor Program leverages the volunteer services of Navy Reserve members and retirees who assist Sailors in reintegrating with family and community. The Operational Stress Control program provides an array of initiatives designed to proactively promote psychological resilience and sustain a culture of psychological health among Sailors and their families. A formal curriculum has been developed and integrated into the career training continuum for all Sailors throughout their Navy careers. Community and mission-specific training is being delivered in addition to training throughout the development cycle. We continue to move mental health providers closer to the battlefield and offer incentives for these professionals to ensure our Sailors and Marines receive the care they need.

Our vision is a naval manpower, personnel, training and education system that targets and attracts the right talent, then trains, develops, equips and motivates these men and women throughout their naval service. Navy total force readiness will be enhanced by focusing on sailor readiness. Our strategy for the future will be guaranteed by focusing on developing policies that bring forth the promise of our people, thereby ensuring full development of their personal and professional capabilities.

The Department's Maritime Strategy, issued by the Navy, Marine Corps and Coast Guard three years ago, continues to guide our efforts. The strategy recognizes the importance of naval partnerships and elevates the importance of preventing war to the ability to fight and win. The most important element in carrying out our mission is people. Beyond our involvement in OND and the fight in Afghanistan, we remain an expeditionary force. We are engaged in missions from the Horn of Africa, to the Caribbean and the Philippines. It is because of their efforts that we are making progress fostering maritime security, defeating terrorist networks, progressing toward a stable Iraq, supporting the Afghan

government, countering piracy and the proliferation of deadly technology, giving humanitarian assistance, and maintaining an appropriate force balance in terms of seniority, experience and skills. To succeed in our mission, we must align the personal and professional goals of our workforce with the needs of the Joint force while ensuring the welfare of our Sailors and their families and deliver a high-performing, competency-based and mission-focused force to meet the full spectrum of Joint operations. In essence, we need to provide the right person with the right skills, at the right time, and at the best value to the Joint Force.

Our service members bring dedication, patriotism, strength, talent, unity of effort, and cultural diversity to our Navy. People are the catalysts for our success. Figure 7 displays active Navy end strength for FY 2010 through FY 2012.

Figure 7 - Active Navy Personnel Strength

	FY 2010	FY 2011 PB Req	FY 2012
Officers	52,364	53,115	52,343
Enlisted	271,381	271,235	268,957
Midshipmen	4,558	4,350	4,400
Total: Strength	**328,303**	**328,700**	**325,700**

** FY 2010/FY 2011 includes 4,400 non-core IAs requested for temporary IA OCO missions*

*** FY 2012 includes 3,836 non-core IAs requested for temporary IA OCO missions*

**** Operating under a Full Year CR the Department of the Navy cannot make the final military payroll of the year*

To ensure we attract the best and brightest for our team, the Navy will align its human capital efforts to five Strategic Imperatives. These five imperatives are for our team to be: responsive to the Joint Warfighter; competitive for the best talent in the nation; diverse; a learning organization; and a leader in human resource solutions.

Recruiting Command continues to meet the manpower needs of the Navy. Active Navy recruiters continue to meet their monthly shipping and new contract mission and quality goals. Recruit quality in FY 2010 was 97 percent high school graduates, 83 percent test score category I-IIIA, and 10 percent with some college experience.

Figure 8 – Active Navy Recruiting Productivity

	FY 2010	FY 2011 PB Req	FY 2012
# of Recruiters	4,100	4,000	3,840
# of Recruits (New Contracts)	42,830	38,420	41,584
# of Recruits per Recruiter	10.4	9.6	10.8
Size of Delayed Entry Program (DEP) (Beginning of FY)	19,093	19,319	17,850
Accession mission	34,140	35,100	35,700
Size of DEP as percent of accessions	55.9%	55.0%	50.0%
Enlisted Accessions	34,180	35,100	35,700
Percent High School Graduates	97%	95%	95%
Percent above average Armed Forces Qual Test	83%	75%	75%

The figures below provide summary data on active Navy personnel recruiting/accessions and attrition.

Figure 9 – Navy Enlisted Reenlistment Rates

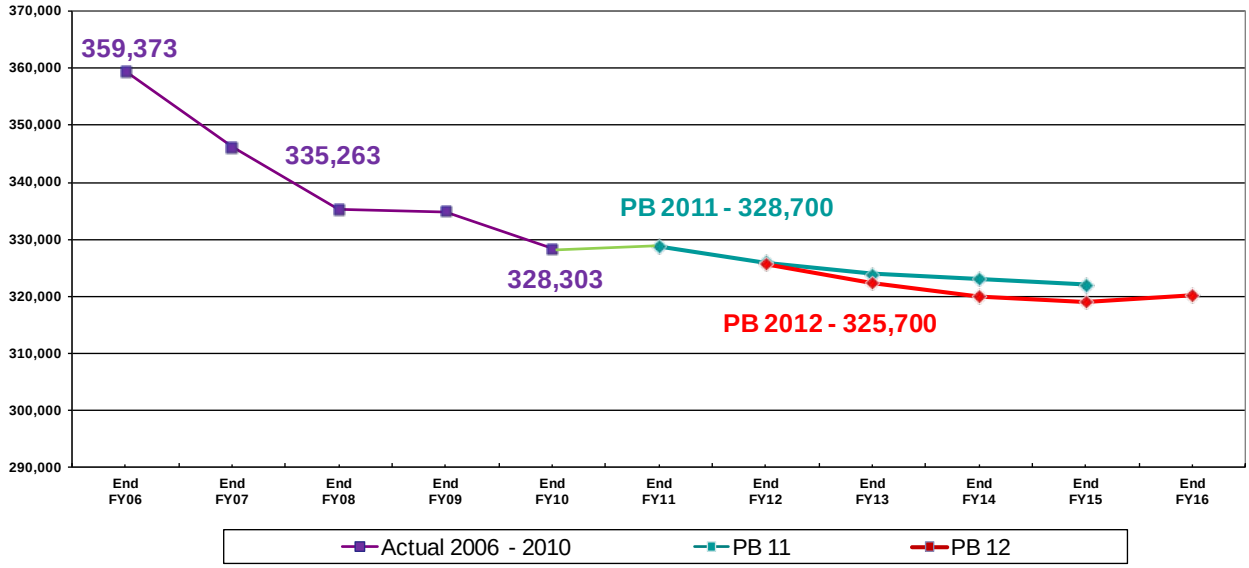
	FY 2010	FY 2011 PB Req	FY 2012
Zone A (<6 years)	67%	62%	59%
Zone B (6 to 10 years)	70%	69%	69%
Zone C (10 to 14 years)	80%	80%	80%

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

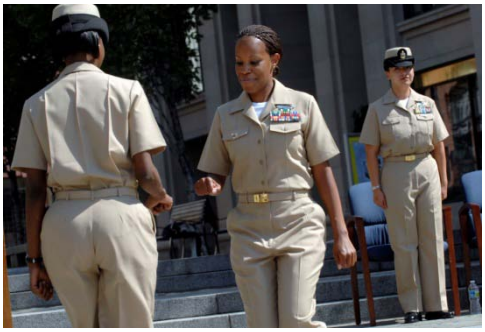
Figure 10 - Navy Enlisted Attrition

	FY 2010	FY 2011 PB Req	FY 2012
Zone A (<6 years)	8.0%	7.9%	8.3%
Zone B (6 to 10 years)	2.5%	2.6%	2.8%
Zone C (10 to 14 years)	2.4%	2.4%	2.6%

Figure 11 – Active Navy End Strength Trend



Reserve Navy Personnel



The FY 2012 Reserve Personnel Navy budget request supports a continuation of an ongoing force transformation with an ever present goal of enhanced Reserve readiness, operational capability, and alignment within the Total Force. To that end, our Navy Reserve budget request ensures that the individual Navy Reservist has what he/she needs to accomplish their mission and be a full partner within that Total Force. The Navy Reserve mission continues to be to provide strategic depth and deliver operational capabilities to the Navy and Marine Corps team, and Joint forces, from peace to war. Vital to this effort are our Reserve Component Sailors who are ready and able to surge forward across a wide spectrum of operations. To achieve this end, the Navy continues to invest in Navy Reserve recruiting, retention, and training to attract, recruit, develop, assign and retain a highly skilled workforce for the Navy. The continued emphasis on recruiting, retention, and training is focused on FIT—ensuring the right Sailor with the right skill set is in the right place at the right time at best value. The FY 2012 budget request supports Navy Reserve strength levels of 66,200, providing pay and allowances for drilling Navy Selected Reservists (SELRES) and Full Time Support (FTS) personnel.

The Navy continually validates new mission requirements and associated billet structure for its Reserve force to meet the joint capability requirements of the future. The FY 2012 request is no exception and, while capturing efficiencies and consolidations, serves to optimize the effectiveness of Navy's Total Force, maintaining flexibility, responsiveness, and the ability to act as a force multiplier. Additionally, the Navy Reserve will continue to expand upon and enhance the effectiveness of the Yellow Ribbon Reintegration Program, a pre- and post-mobilization training program designed to address the challenges that members and their families experience during this critical and demanding time.

Figure 12 - Reserve Navy Personnel Strength

	FY 2010	FY 2011 PB Req	FY 2012
Drilling Reserve	54,200	54,812	55,863
Full Time Support	10,806	10,688	10,337
Total: Strength	**65,006**	**65,500**	**66,200**

** Operating under a Full Year CR the Department of the Navy cannot make the final military payroll of the year*

Active Marine Corps Personnel

The FY 2012 submission continues to preserve and shape an end strength of 202,100 Marines. The Marine Corps continues efforts to rebalance its baseline program, shifting resources from conventional to irregular capabilities and capacities. Today's Marine Corps shoulders a critical portion of prosecuting OEF with over 19,000 Marines forward deployed. To best meet combatant commander needs, and to ensure we are optimally configured to remain *America's Expeditionary Force in Readiness* over the next two decades, we conducted a comprehensive force structure review during FY 2010 and first quarter of FY 2011. Our goal is to improve the Marine Corps' ability to function as a lead element of a Joint Force, to execute distributed operations, to provide command and control, and to conduct persistent engagement missions throughout the world. To meet these challenges, the Marine Corps must satisfy requirements across the entire spectrum of warfare, including continued focused efforts on recruiting and maintaining high quality Marine Corps personnel.

The sustained increase of the Marine Corps Active Component (AC) end strength and the ongoing shaping of the force is helping reduce the strain on the individual Marines and the institution. This plan increases the deployment-to-dwell ratio of some of our habitually high-operational tempo Military Occupational Specialties (MOS) such as signals intelligence, unmanned aerial vehicle operators/mechanics, intelligence specialists, cryptology linguists, imaging analysts, and explosive ordnance disposal. The figure below provides summary personnel strength for active Marine Corps personnel.

Figure 13 - Active Marine Corps Personnel Strength

	FY 2010	FY 2011 PB Req	FY 2012
Officers	21,307	21,630	21,630
Enlisted	181,134	180,470	180,470
Total: Strength	**202,441**	**202,100**	**202,100**
Enlisted Accessions	28,000	31,600	35,500
Percent High School Graduates	95%	95%	95%
Percent above average Armed Forces Qual Test	63%	63%	63%
Reenlistments	11,913	15,270	15,270

** Operating under a Full Year CR the Department of the Navy cannot make the final military payroll of the year*

The Marine Corps is actively working to recruit, promote and retain the right number of Marines to further improve deployment-to-dwell and reduce the stress on the force. Increased accessions support shaping the grade structure of the force as anticipated departures at the end of active service increase. This budget also supports requirements for initial skill training and follow-on training courses, and supports continued success in meeting recruit accession goals. The figure below provides summary personnel accessions and retention data for active Marine Corps personnel.

Figure 14 – Active Marine Corps Reenlistments

	FY 2010	FY 2011 PB Req	FY 2012
First Term Alignment Plan (<6 years)	6,735	7,000	7,000
Subsequent Term Alignment Plan (Career)	5,178	8,270	8,270

In addition, the budget provides the necessary resources to shape the rank and Military Occupational Specialty (MOS) structure to achieve full operational capability using streamlined and targeted enlistment and reenlistment bonuses. The primary objectives of the retention and recruitment bonus programs are to maintain an adequate level of experienced and qualified enlisted personnel to meet mission requirement. These funds provide a monetary incentive to encourage highly qualified individuals to enlist or reenlist in a particular military skill. The FY 2012 program represents a continued reduction in reenlistment and enlistment bonuses funding due to favorable recruiting and retention conditions and the achievement of the Grow the Force end strength objectives. As a result, Marine re-enlistment and enlistment bonus funding decreases 50 percent and 73 percent, respectively, from the FY 2010 funding levels. The figure below show the number of members and the funding proposed.

Figure 15 Enlistment/Reenlistment Bonus Program

	FY 2010 Estimate		FY 2011 PB Req Estimate		FY 2012 Estimate	
	# of Members	Amt ($M)	# of Members	Amt ($M)	# of Members	Amt ($M)
Reenlistment Bonus	9,324	220	6,641	150	6,279	145
Enlistment Bonus	6,893	55	5,304	40	3,439	24

Reserve Marine Corps Personnel

The FY 2012 budget request supports Marine Corps Reserve strength of 39,600. Marine Reserve Units, Individual Mobilization Augmentees, and the Active Reserve continue to provide critical Force Application capabilities in support of national defense requirements and have deployed worldwide to countries in Southwest Asia as well as Northern Africa. At home, the Marine Reserve force provides corporate management and support to reserve Marines and logistics support for assets pre-positioned throughout the country, ready to assist with, not only national defense missions, but also civil-military missions such as disaster relief. The budget provides pay and allowances for drilling reservists attached to specific units, Individual Mobilization Augmentees, personnel in the training pipeline, and full-time active reserve personnel.

The Selected Marine Corps Reserve (SMCR), with its force application structure complementing the active operating force in its "augment and reinforce" mission, continues to serve the nation well. In addition to standard SMCR battalion and

aviation squadron combat unit deployments, the Marine Reserve contributes to the forward presence of current operations in other various ways. These include providing Reserve Marines to serve as augmentees where needed in AC units and providing logistics, force support, foreign nation election support, infrastructure revitalization, and civil affairs units that are vital in security and stability operations.

An important source of seasoned leadership for the Marine Reserve force consists of Marines who transition from the Active to the Reserve Component (RC). Despite the currently high operational tempo and the AC's attainment of 202,100 Marines, the Marine Reserve force continues to recruit and retain top-notch Marines. In part, this is accomplished through the funding of bonus and incentive programs at levels required to meet recruiting and retention goals. For example, SMCR unit affiliation bonuses provide an incentive for Marines leaving active duty to continue their service as leaders in the Marine Reserve force. The success of these initiatives is evidenced by an increasing SMCR participation rate and reaching end strength goals. The Marine Reserve force realizes it is important to keep this valuable pipeline open and will continue to work to transition former AC personnel into the RC.

The Marine Corps Reserve is a full partner of the Marine Corps total force concept. Marine reservists continue to prove their dedication to our nation and its citizens. Their continuing honor, courage, and commitment to warfighting excellence provides the nation an experienced, tested force with close ties to their community that truly set them apart as "citizen soldiers."

The figure below shows personnel strength for reserve Marine Corps personnel.

Figure 16 - Reserve Marine Corps Personnel Strength

	FY 2010	FY 2011 PB Req	FY 2012
Drilling Reserve	37,016	37,339	37,339
Full Time Support	2,206	2,261	2,261
Total: Strength	**39,222**	**39,600**	**39,600**

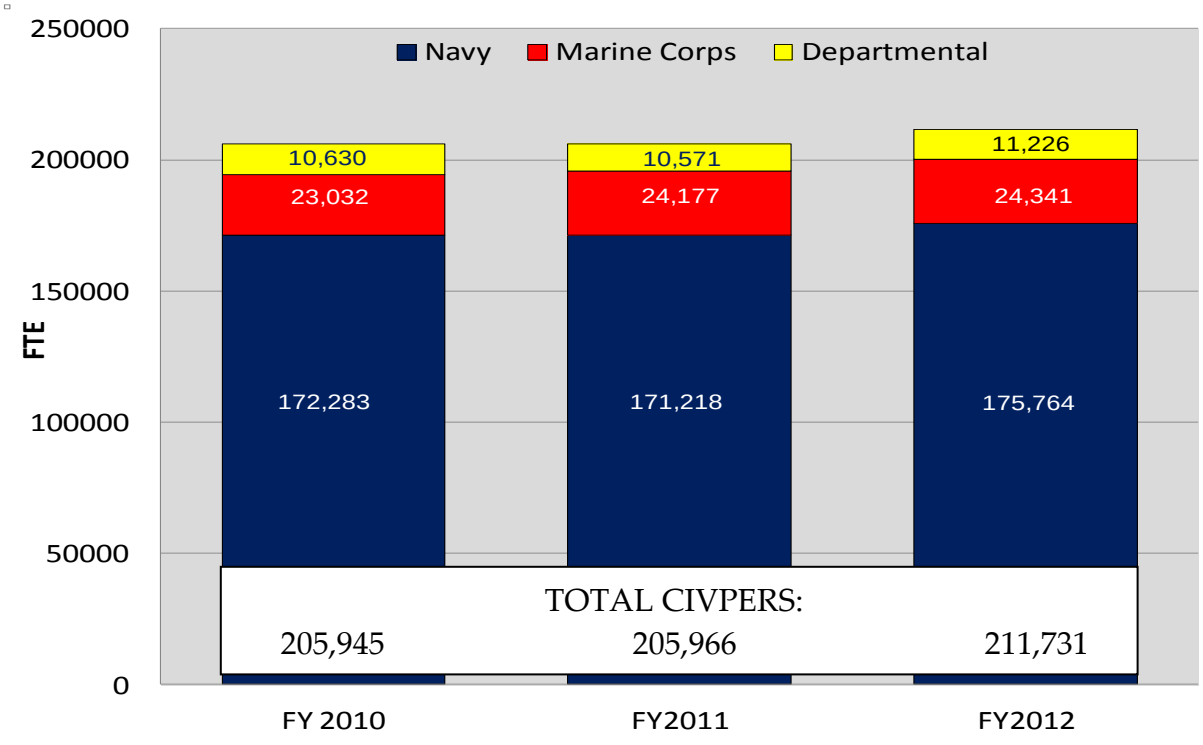
** Operating under a Full Year CR the Department of the Navy cannot make the final military payroll of the year*

CIVILIAN PERSONNEL

DON civilians support the mission and daily functions of the Navy and Marine Corps, and are an integral part of the total workforce. The Department's civilian personnel constitute the cadre of corporate knowledge necessary to sustain and support operations. From wage grade workers to renowned scientists, a versatile and agile workforce is required to meet this challenge. Today's civilian personnel are employed in a variety of fields including installation management, research and development, engineering and acquisition, medical, Fleet activities, logistics, depot maintenance, and administrative support. The majority of these functions are financed by the Operation and Maintenance appropriations and the Navy Working Capital Fund. The FY 2012 civilian personnel budget reflects efforts to maintain FY 2010 budgeted levels for direct funded personnel, while also recognizing growth in limited critical operational requirements.

The Department of the Navy includes the following civilian personnel Full-Time Equivalent (FTE) estimates:

Figure 17 - Civilian Personnel FTEs



Managing the Multi-Sector Workforce

The Department uses both federal employees and private sector contractors to provide goods and services to citizens. To operate at optimal levels, management practices must recognize the proper role of each sector's labor force and draw on their respective skills. The Department is developing an initial framework which focuses on workforce planning, sourcing determination, and overall management to identify the right skills, functionalities, and competencies to achieve Navy and Marine Corps missions. In-sourcing, A-76 studies, strategic sourcing, military to civilian conversions, and other workforce planning tools are available to deliver the most efficient and effective labor force.

Acquisition Workforce

The Department recognizes the need for a renewed investment in the acquisition workforce. Responding to the need for greater organic oversight of major acquisition programs, particularly in the development and production phases, the requirement for trained and certified acquisition personnel in several specialties has increased. This corresponds with an expansion of the Department of the Navy Acquisition Intern program and the active recruitment and retention of qualified personnel at the middle and senior career levels. Resources from the Department of Defense Acquisition Workforce Development Fund (DAWDF) support the expansion of recruitment at all levels including interns, journeyman, and highly qualified experts. In FY 2012, DAWDF personnel will begin the transition to permanent positions in their assigned command at the end of the respective one to three-year term appointment. DAWDF funds are also being used for the retention and credentialing of personnel through educational and developmental activities. The number of Defense Acquisition Workforce Improvement Act (DAWIA) certified personnel at Levels II and III will increase each year commensurate with overall programmatic requirements. The Department is committed to preventing capability gaps in the acquisition workforce, with a view of ensuring the Navy and Marine Corps maintain a healthy technical authority within the Department.

National Security Personnel System (NSPS)

In compliance with the FY 2010 National Defense Authorization Act, the Department of Defense has halted NSPS conversions and the majority of employees have reverted to their previous pay system. The remainder will convert to an alternate approved pay system by 1 January 2012.

Civilian Personnel Levels

Figure 18 displays total civilian personnel FTEs by component, appropriation, and special interest area. The increases in civilian personnel levels are largely attributable to the acquisition workforce, in-sourcing, and additional Navy Working Capital Fund workload.

Figure 18- DON Civilian Manpower Full-Time Equivalent

	FY 2010	FY 2011 PB Req	FY 2012
Total — Department of the Navy	205,945	205,966	211,731
By Component			
Departmental	10,630	10,571	11,226
Navy	172,283	171,218	176,164
Marine Corps	23,032	24,177	24,341
By Type Of Hire			
Direct	195,078	195,309	200,321
Indirect Hire, Foreign National	10,867	10,657	11,410
By Appropriation/Fund			
Operation and Maintenance, Navy	105,714	103,104	108,162
Operation and Maintenance, Navy Reserve	993	1,034	876
Operation and Maintenance, Marine Corps	20,148	21,689	21,450
Operation and Maintenance, Marine Corps Reserve	273	295	316
Total - Operation and Maintenance	**127,128**	**126,122**	**130,804**
Military Construction, Navy	0	2,684	0
Research, Development, Test & Evaluation, Navy	1,188	1,419	1,414
Military Assistance	69	69	69
Family Housing (N/MC)	711	764	746
Total - Other	**1,968**	**4,936**	**2,229**
Total - Working Capital Funds	**76,849**	**74,908**	**78,698**
Select Special Interest Areas			
Installation Mgmt/Base Support	40,211	42,820	42,288
Warfare Centers	31,247	31,017	33,045
Shipyards	29,542	27,388	31,370
Engineering/Acquisition Commands	22,638	21,345	21,696
Medical (DHP)	13,248	14,111	13,448
Fleet Activities	9,567	12,528	10,576
Aviation/MC Depots	11,429	10,795	11,270
Departmental *(includes PEO acquisition)*	10,630	10,571	11,226
Military Support	11,626	11,890	11,007
Supply/Distribution/Logistics Centers	9,437	8,494	9,507
Transportation	8,166	8,006	7,815

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SECTION IV – PROTECTING READINESS TO MEET TODAY'S CHALLENGES

OVERVIEW

Operational readiness is the catalyst that brings naval power to bear whenever it is needed. Our budget supports requirements for our Carrier Strike Groups (CSGs), Expeditionary Strike Groups (ESGs), and Marine Expeditionary Forces (MEFs) to execute the National Military Strategy and respond to persistent as well as emerging threats.

The security environment today has created new demands for naval forces. This demand includes support for security, stabilization, transition and reconstruction operations, support for homeland security, and continued preparedness for contingency operations. The evolving dynamics of the 21st-century security environment require our forces to be ready to deploy globally. We continue funding the necessary requirements to ensure our ability to protect vital U.S. interests, assure and assist our friends in crisis situations, and prevent, deter, or resolve conflict. This budget provides for the necessary costs to generate trained and ready forces and supports our forward deployed engagement and presence requirements. It includes support for baseline deployed and non-deployed steaming days, the associated flight hours, and related ship and aircraft maintenance.

As a part of a Department of Defense-wide initiative, the Navy completed an efficiency review that included a thorough assessment of its FY 2012 Readiness programs. The objective of this effort was capturing costs of certain infrastructure and support functions in the budget, and reinvesting these resources into critical warfighting elements within the Navy and Marine Corps. In FY 2012, the Navy and Marine Corps identified more than $1.3 billion in Operation and Maintenance (O&M) resources for reinvestment, supporting the Department's effort to meet ongoing budget challenges while maintaining a capability that provides a forward

presence, deterrence, power projection, sea control, maritime security, humanitarian assistance, and disaster response.

The Navy's FY 2012 allocation of O&M resources is tightly focused on meeting increased Combatant Commander OPTEMPO requirements, properly sustaining and maintaining ships and aircraft to reach expected service lives, sustaining the enduring T-2.5/T-2.0 USN/USMC flight hours readiness requirement in the base budget, and funding price increases. Additionally, aircraft depot maintenance funding provides required aircraft and engine availability to the fleet, to include meeting engine readiness goals through increased inductions/repairs and funding component depot-level repairs associated with the ramp up of JSF, MV-22 and KC-130J contract logistics support programs. The FY 2012 O&M budget is increased over FY 2011 based on these requirements.

Seabee skill sets are in great demand both now and into the foreseeable future. The balance of the active and reserve naval construction force provides a total force solution to meet the increased demand signals for Seabee Forces in support of operations overseas, HADR, and COCOM Theater Engagement Plans. Beginning in FY 2012 three Seabee Battalions and two Mobile Expeditionary Security Force Squadrons are converting from Active units to Reserve units.

The USMC is funded to operate across a full spectrum of operations from warfare to military operations other than war by ensuring enough forces are trained, rested and ready. The Marine Corps will continue to provide COCOMs with flexible, agile, and scalable Marine Expeditionary Units (MEUs). Additionally, a task organized unit specifically designed to address requirements to build partner nations will be available to the COCOMs. The Security Cooperation Marine Air Ground Task Force (SC MAGTF) will have capabilities, mobility, and sustainability commensurate with its requirements to provide training to less developed military forces. These units are tailored to specific geographic areas and possess a regional orientation with specialized manpower and training to include foreign area officers, linguists, and other personnel with regional expertise.

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

The role of the Navy and Marine Corps on the world stage is evident throughout the budget. From contributions to multilateral operations under United Nations/NATO auspices to cooperative agreements with allied Navies, international engagement efforts cross the entire spectrum of the Department's missions and activities. Our naval capabilities are often demonstrated through participation with allies and other foreign countries, through joint and combined exercises, port visits, and exchange programs.

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

SHIP OPERATIONS

The Ship Operations program provides the Navy with critical mission capabilities. The Department's goal is to deliver the capability to manuever and engage in combat operations in all enviroments to achieve these objectives. Sustaining this force application capability requires a robust logistics force able to effectively support operations, extend operational reach, and provide the joint force commander the freedom of action necessary to meet mission objectives. The Department's budget request represents the appropriate and necessary balance between combat and logistics forces to ensure mission accomplishment.

Battle Force Ships

The budget provides for a deployable battle force of 288 ships in FY 2012, as shown in Figure 19. This level of operational funding supports 11 aircraft carriers and 30 large amphibious ships that serve as the foundation upon which our carrier and expeditionary strike groups are based. These ships, when formed into strike groups that include surface combatants, logistics support forces and attack submarines when required, provide the capability to dynamically deploy, maneuver and ultimately engage potential enemies in all environments. The robust and consistent capabilities they bring to the fight enable our Navy to meet our nation's strategic and the geographic COCOM's objectives. Included in our battle force is an inherent capability to sustain the Navy's forces using highly capable logistics support ships and planes that can strategically and operationally manuever as required to meet all support requirements.

In FY 2012 seven battle force ships will be delivered: One Nuclear Attack Submarine (SSN), one Transport Docks (LPD), one Dry-Cargo Ammunition ships (T-AKE), two Littoral Combat Ships (LCS), one Oiler (T-AO), and one Ammunition ship (T-AE).

Three battle force ships will be retired: Three Frigates (FFGs).

Figure 19 – DON Battle Force Ships

	FY 2010	FY 2011 PB Req*	FY 2012
Aircraft Carriers	11	11	11
Fleet Ballistic Missile Sub	14	14	14
Guided Missile (SSGN) Subs	4	4	4
Nuclear Attack Submarines	53	53	54
Surface Combatants	112	112	111
Expeditionary Warfare Ships (Amphibious)	31	29	30
Combat Logistics Ships	32	29	31
Mine Warfare Ships	14	14	14
Support Ships	17	18	19
Battle Force Ships	**288**	**284**	**288**

** FY 2011 readiness level will be degraded due to operations under a Full Year CR*

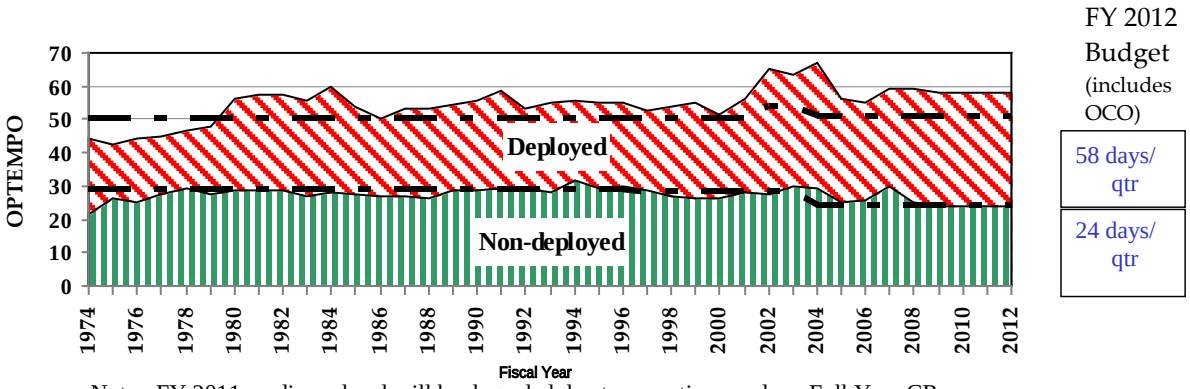
Active Forces

The Department is committed to providing naval forces with an inherent ability to quickly maneuver and engage our country's adversaries, whether they are conventional blue water based navies or unconventional terror based organizations. Additionally, we must be able to assure our allies of our steadfast abilities as partners while at the same time continuing to actively prosecute terrorism around the globe. To ensure the full readiness of the CSGs and ESGs, the budget provides the requisite resources to train, equip, operate and support these forces for extended periods while in harm's way. Strike groups, along with their associated logistics support forces, are the foundation of the Navy's ability to apply force as required to achieve mission objectives. For FY 2012, deployed ship operations are budgeted to maintain ready forces prepared to operate jointly across the full-spectrum of military activities, and to meet forward deployed commitments in support of the National Military Strategy. The FY 2012 budget request supports the FRP, enabling ships to surge and reconstitute by maintaining the continuous flow of ships from maintenance after deployment, through basic phase training back to ready assets. This concept enables the Department to provide multiple CSGs within required time frames to meet the threat and deliver decisive military force if necessary. The DON will support these goals and respond to global challenges by planning for 45 underway days per quarter for the active OPTEMPO of our deployed forces and 20 underway days per quarter for non-deployed forces in the baseline (58/24 days with OCO). These levels are below our peacetime readiness requirements based on the continuing assumption that overseas contingency operations will reduce training and routine deployment opportunities.

Non-deployed OPTEMPO provides primarily for the training and assessment of Fleet units, including participation in individual unit training exercises, multi-unit exercises, joint exercises, sustainment training, and various other training exercises and assessment opportunities. The training period under FRP supports our ability to meet rotational force requirements and ensures a surge capable force with a robust ability to maneuver as required and to successfully engage any enemy in the pursuit of our national interests.

Figure 20 illustrates historical and budgeted OPTEMPO. The lines are the deployed and non-deployed goals. Fluctuations from the goals reflect real world operations and revised requirements. FY 2012 reflects baseline and overseas contingency operations funded OPTEMPO. Requested funding for contingency operations will support deployed steaming of approximately 13 days per quarter.

Figure 20 - Active Force Ship OPTEMPO



Note: FY 2011 readiness level will be degraded due to operations under a Full Year CR

Mobilization

The Navy's mobilization forces, displayed in Figure 21, provide logistics capability that enables rapid response to contingencies world-wide. The prepositioning ship squadrons are forward deployed in key ocean areas to provide the initial military equipment and supplies for a contingency. The prepositioned response is followed by the surge ships, which are maintained in a reduced operating status from four to thirty days. The number of days indicates the time from ship activation until the ship is available for tasking; e.g., Reduced Operating Status 5 (ROS-5) indicates it will take five days to make the ship ready to sail, fully crewed and operational. Ships in reduced operating status have a small cadre of crew members aboard to ensure the readiness of propulsion and other primary systems if the need arises to activate the ship. Crew size varies based on ship type and time spent in reduced operating status. Only ROS-5 ships are considered in the surge capacity in Figure 21.

Figure 21 – Strategic Sealift

	FY 2010	FY 2011 PB Req*	FY 2012
Prepositioning Ships:			
Maritime Prepo Ships (O&M,N)	16	17	18
USPACOM Ammo Prepo (O&M,N)	1	1	0
Army Prepo Ships (O&M,A)	5	6	7
Air Force Prepo Ships (O&M,AF)	2	2	2
DLA Prepo Ships (DWCF)	1	1	1
Surge Ships:			
Large Medium-Speed RORO Ships (NDSF)	10	10	10
Aviation Logistics Support (NDSF)	2	2	2
Hospital Ships (NDSF)	2	2	2
Ready Reserve Force Ships (NDSF)	49	49	48
Prepositioning Capacity (millions of square feet)	5.2	5.5	5.8
Surge Capacity (millions of square feet)	8.7	8.7	8.7
Total Sealift Capacity (millions of square feet)	13.9	14.2	14.5

** FY 2011 readiness level will be degraded due to operations under a Full Year CR*

Each of three Maritime Prepositioning Ships (MPS) squadrons supports a Marine Expeditionary Brigade for 30 days. The MPS increase is due to the delivery of two T-AKEs from new construction, which is part of the transition from leased foreign-built ships to government-owned U.S.-built ships. Operating costs of prepositioning ships and exercise costs for surge ships are reimbursed in the National Defense Sealift Fund (NDSF) by the operations account of the requiring Defense component, as noted parenthetically in the figure above. The hospital ship missions and biennial exercise costs of the aviation maintenance ships are reimbursed out of the DON operation and maintenance appropriations, which also fund the daily operating costs of the MPS. Navy's Strategic Sealift ships provide the DOD the lift needed to respond quickly to immediate missions with a sustained force.

The Defense Logistics Agency (DLA) Offshore Petroleum Distribution System (OPDS) is a contracted active prespositioning vessel that is used to meet the offshore petroleum discharge requirement. A second Maritime Administration (MARAD) ship maintained in ROS supports the OPDS capability.

The ten Navy Surge Large, Medium Speed Roll-On/Roll-Off ships (LMSR) are maintained in a five-day ROS and provide the initial surge sealift capacity required

to transport combat forces equipment from Continental United States (CONUS) to an area of operations to satisfy warfighting requirements. As a part of the Department of Defense's reform agenda, in FY 2012 the Department of the Navy (DON) will invest $65 million in modifications to three BOB HOPE class LMSR ships to enable them to operate with the Maritime Prepositioning Force (MPF). This investment marks the first step in a multi-year restructuring of the MPF that will ensure delivery of this valuable asset to the warfighter at significantly reduced operating costs. The number of squadrons will change from three in Full Operating Status (FOS) to two enhanced FOS squadrons and one in ROS. The two enhanced squadrons will be able to deliver more capability earlier in the fight. Anticipated modification and incorporation of the three LMSRs will enable the Marine Corps to reshape its MPF operational capability and respond more effectively to evolving national security crisis.

Two hospital ships, the *USNS Mercy* and the *USNS Comfort*, are maintained in a five-day ROS and provide the initial surge hospital capability to support warfighting and HADR efforts. In FY 2010, the *USNS Comfort* surged to respond to the earthquake in Haiti in addition to *USNS Mercy's* scheduled deployment to Southeast Asia. In FY 2011 and FY 2012, the Navy will continue the annual deployment of one hospital ship per year, recognizing the goodwill continuously generated by these humanitarian aid and disaster relief missions.

The Ready Reserve Force (RRF) funding level meets required readiness and allows the ships to activate in time to deliver cargo to a given area of operations and satisfy COCOMs' critical warfighting requirements.

Ship Maintenance

The Department's organic ship maintenance program is mission funded in Operation and Maintenance. It provides funding for the Navy's public shipyards, regional maintenance centers, and intermediate maintenance facilities. Ship maintenance work is also contracted through private vendors and shipyards. This construct supports the Fleet Response Plan by allowing Fleet Commanders to control maintenance priorities in order to provide the right match of capabilities to requirements. Specifically, the fleets are supporting our nation's maritime strategy by quickly and efficiently allocating work to ships that are required to

provide sea control, forward presence and power projection in order to influence actions and activities both at sea and ashore. The ship maintenance budget supports an integrated capabilities-based force though the maintenance and modernization of the right portfolio of ships to provide the optimum mix of force application and logistics to respond to crises and provide naval presence.

Ship maintenance funding reflects the Navy's commitment to the 30 year plan for a ship force to provide sustainable global presence. Attaining this goal requires that ships be properly sustained for current operations and to reach expected service lives; the Ship Maintenance and Ship Depot Operations Support budgets reflect this commitment.

Mission funding maintains cost visibility and performance accountability by providing a consistent financial system across all ship maintenance activities, improved efficiency and cost consciousness. The Department's active ship maintenance baseline budget supports 79 percent of the notional O&M maintenance projections in FY 2012. An additional 15 percent of the total requirement is supported in the request driven by overseas contingency operations. Projected work on refueling overhauls remains 100 percent funded in FY 2012.

The nation's public and private shipyards make up the Navy's repair base and in total have the capability to execute ship maintenance as well as those deferred maintenance amounts reflected in Figure 22. Annual deferred maintenance is work that was not performed when it should have been due to fiscal constraints. This includes items that were not scheduled or not included in an original work package due to fiscal constraints, but excludes those items that arose since a ship's last maintenance period. As the execution year progresses, the workload can fluctuate, impacted by factors such as growth in scope and new work on maintenance availabilities, changes in private shipyard cost and shipyard capacity. While some amount of prior years' deferred maintenance may be executable in following years (depending on deployment schedules and shipyard capacity), the numbers in Figure 22 reflect only those individual years' deferred maintenance, not a cumulative amount.

Figure 22 - Department of the Navy Ship Maintenance

(Dollars in Millions)	FY2010	FY2011 PB Req*	FY2012
Active Forces			
Ship Maintenance	$4,285	$4,762	$4,973
Depot Operations Support	$1,173	$1,345	$1,304
Baseline Ship Maintenance (O&M,N)	**$5,458**	**$6,107**	**$6,277**
Overseas Contingency Operations	$1,988	$1,267	$998
Total Ship Maintenance (O&M,N)	**$7,446**	**$7,374**	**$7,275**
Percentage of Projection Funded	100%	97%	94%
Annual Deferred Maintenance	$0	$172	$367
CVN Refueling Overhauls (SCN)	1,770	1,664	530
% of SCN Estimates Funded	100%	100%	100%

Note: Totals may not add due to rounding.

** FY 2011 readiness level will be degraded due to operations under a Full Year CR*

AIR OPERATIONS

Active Tactical Air Forces

The budget provides for the operation, maintenance, and training of ten active Navy Carrier Air Wings (CVWs) and three Marine Corps Air Wings. Naval aviation is divided into three primary mission areas: Tactical Air/Anti-Submarine Warfare (TACAIR/ASW), Fleet Air Support (FAS), and Fleet Air Training (FAT). TACAIR squadrons conduct strike operations and support the Marine Air Ground Task Force (MAGTF) by providing

flexibility in moving to a position of advantage in air and surface environments in order to provide logistics, command and control, battlespace awareness, and force application capabilities to the Fleet and COCOMs. TACAIR integration ensures that Navy and Marine Corps units are effectively incorporated in the CVWs and MAGTFs to achieve maximum force application capabilities at sea, land and air. ASW squadrons locate, destroy, and provide force support and command and control capabilities while conducting maritime surveillance operations. FAS squadrons provide consistent and vital fleet logistics and battlespace awareness capabilities. In FAT, the Fleet Replacement Squadrons (FRS) provide force support capabilities by training pilots to become proficient in their specific type of aircraft while transitioning to fleet operations, and Chief of Naval Air Training (CNATRA) provides basic flight proficiency training for first-time Naval aviators.

Figure 23 – DON Aircraft Force Structure

	FY 2010	FY 2011 PB Req*	FY 2012
Active Forces	**21**	**21**	**21**
Navy Carrier Air Wings	10	10	10
Marine Air Wings	3	3	3
Patrol Wings	4	4	4
Helicopter Maritime Strike Wings	2	2	2
Helicopter Combat Support Wings	2	2	2
Primary Authorized Aircraft (PAA) - Active	**2,972**	**2,999**	**3,051**
Navy	1,990	1,976	2,000
Marine Corps	982	1,023	1,051
Total Aircraft Inventory (TAI)	**3,885**	**3,957**	**3,987**
Active	3,565	3,633	3,668
Reserve	320	324	319

** FY 2011 readiness level will be degraded due to operations under a Full Year CR*

Aircraft OPTEMPO

FRP provides for a tiered T-2.5 readiness level across the notional Inter-Deployment Readiness Cycle (T-1.7 while deployed, T-2.0 pre-deployment, T-2.2 post-deployment, and T-3.3 during the maintenance/training phase). The Marine Corps maintains a level of readiness of T-2.0 throughout pre- and post-deployment periods

as well as while forward deployed in support of the MAGTF. By maintaining these readiness levels, the Navy and the Marine Corps stand ready to provide force application capabilities to the COCOMs when required.

The flying hour program is budgeted based upon a thorough and rigorous review of recent cost per hour experience and executable flight hours.

The base budget Flying Hour Program (FHP) meets FY 2012 training and readiness demands associated with an inventory increase of 29 tactical and training aircraft, and funds the enduring T2.5/T2.0 USN/USMC readiness requirement in the base budget. The FY 2012 base FHP is built upon an extensive and thorough review of the previous execution experience for both flight hours and cost-per-hour drivers. This process includes removing one-time and OCO-related costs and properly pricing aircraft systems and upgrades across all Navy & Marine Corps platforms. In addition, the number of budgeted flying hours represents the peacetime hours that are executable given current contingency operations. Also in FY 2012, enduring funding for the Flying Hour Support (FO) program migrates into the baseline budget from the OCO.

FRS operations are budgeted at 88 percent in FY 2012 for student training requirements. Student levels are established by TACAIR/ASW force level requirements, aircrew personnel rotation rates, and student output from the undergraduate pilot/naval flight officer training program. In FY 2012, FAS is funded to meet 94 percent of the total notional hours required. Figure 24 displays active flying hour readiness indicators.

Figure 24 – DON Flying Hour Program

	FY 2010	FY 2011 PB Req*	FY 2012	GOAL
Active				
TACAIR- Navy	*T-2.5*	*T-2.5*	*T-2.5*	*T-2.5*
TACAIR- USMC	*T-2.0*	*T-2.0*	*T-2.0*	*T-2.0*
Fleet Replacement Squadrons (%)	*103%*	*84%*	*88%*	*94%*
Monthly Flying Hours per Crew (USN & USMC)	16.6	20.1	18.1	N/A
with overseas contingency operations	21.2	22.5	21.5	N/A

** FY 2011 readiness level will be degraded due to operations under a Full Year CR*

Aircraft Depot Maintenance

The Aircraft Depot Maintenance program funds repairs, overhauls, and inspections within available capacity, to ensure sufficient quantities of aircraft are available to operational units. The readiness-based model determines airframe and engine maintenance requirements based on the squadron inventory authorization necessary to execute assigned missions. The aircraft depot maintenance program has the capability to perform routine inspections to determine the level of maintenance required, including restoring and recapitalizing airframes and engines to serviceable condition, and to service airframes and engines at scheduled intervals as a form of preventative maintenance. Airframe workload is calendar-based, while engine requirements are established based upon planned flight hours. The airframe and engine rework program objectives are to induct sufficient levels of scheduled airframes and engines to meet Fleet Response Plan requirements. Any cumulative airframes or engines not completed from previous years are carried over as backlog and are not Ready-For-Use (RFU) until repaired. A one-year backlog is the threshold for what can be effectively accomplished with no additional tooling, equipment, or space; the manageable one-year backlog cannot exceed 100 airframes and 340 engines across the Active and Reserve Components. The depot repair of components is also performed for a number of programs including the Executive Helicopter program, Special Project Aircraft, E-6 Repair of Repairables, and ALQ-99 pods.

The Aviation Logistics program funds Contractor Logistics Support (CLS) and Performance Based Logistics (PBL) contracts for the KC-130J Hercules, MV-22 Osprey, and F-35 Joint Strike Fighter. CLS is the performance of maintenance and material management functions by a commercial activity. PBL is the purchase of support as an integrated performance package to optimize system readiness and meet performance goals.

The FY 2012 budget provides optimized capability within fiscal constraints. 95 percent of the Aircraft Depot Maintenance requirement is supported in the budget resulting in a yearly backlog of 22 airframes and 148 engines. 91 percent of the Aviation Logistics requirement is also supported in the budget. Figure 25 displays the funding and readiness indicators for aircraft depot maintenance and aviation logistics.

The AIRSpeed aviation strategy continues to focus on reducing the cost of doing business, increasing productivity, and improving customer satisfaction in order to support ready-for-tasking aircraft in a cost-wise readiness manner. Furthering efficiencies and inter-service cooperation, Navy and Marine Corps aircraft and engines are in some cases repaired at Army and Air Force depot maintenance activities. In return, Fleet Readiness Center Cherry Point conducts repairs and overhauls on select Air Force and Army helicopters.

Figure 25 - Aircraft Depot Maintenance and Aviation Logistics

Aircraft Depot Maintenance

(Dollars in Millions)	FY 2010	FY 2011 PB Req*	FY 2012
Airframes	$566	$510	$522
Engines	$310	$448	$479
Components	$52	$55	$55
Baseline	**$928**	**$1,013**	**$1,056**
Overseas Contingency Operations	$159	$176	$174
Total	**$1,087**	**$1,189**	**$1,230**
Percent Funded of Total Requirement	98%	96%	95%
Airframes Yearly Backlog	1	15	22
Engines Yearly Backlog	126	176	148

Aviation Logistics

(Dollars in Millions)	FY 2010	FY 2011 PB Req	FY 2012
KC-130J Hercules	$48	$54	$51
MV-22 Osprey	$99	$115	$109
F-35 Joint Strike Fighter	$0	$40	$78
Baseline	**$147**	**$209**	**$238**
Overseas Contingency Operations	$35	$27	$51
Total	**$182**	**$236**	**$289**
Percent Funded of Total Requirement	90%	89%	91%

** FY 2011 readiness level will be degraded due to operations under a Full Year CR*

Navy Expeditionary Forces

Navy Expeditionary Combat Command (NECC) is a global force provider of expeditionary combat service support and force protection capabilities to joint warfighting commanders, centrally managing the current and future readiness, resources, manning, training, and equipping of a scalable, self-sustaining and integrated expeditionary force of active and reserve sailors. Expeditionary sailors are deployed from around the globe in support of the new "Cooperative Strategy for 21st Century Seapower." NECC forces and capabilities are integral to executing the maritime strategy which is based on expanded core capabilities of maritime power: forward presence, deterrence, sea control, power projection, maritime security, humanitarian assistance and disaster relief. To enable these, NECC provides a full spectrum of operations, including effective waterborne and ashore anti-terrorism force protection; theater security cooperation and engagement; and humanitarian assistance and disaster relief. NECC is also a key element of the Navy's operational Irregular Warfare (IW) efforts in the area of operational support to the Navy forces in OIF and OEF.

NECC provides our most highly integrated force, smoothly combining active and reserve forces, highlighted by the seamlessly integrated operational forces of naval construction (Seabees), maritime expeditionary security (formerly coastal warfare), navy expeditionary logistics (Cargo Handling Battalions), and the remaining mission capabilities throughout the command. Beginning in FY2012 three Seabee Battalions and two Mobile Expeditionary Security Force Squadrons are converting from Active units to Reserve units.

NECC is not a standalone or combat force, but rather a force protection and combat service force of rapidly deployable mission specialists that fill the gaps in the joint battle space and compliment joint and coalition capabilities.

MARINE CORPS OPERATIONS

Active Operations

In the FY 2012 budget, the United States continues responding to a wide range of challenges to include prosecuting contingency operations across the spectrum of conflict and around the globe. This includes kinetic operations against terrorist organizations, rebuilding Afghanistan into a peaceful, productive member of the world community, and assisting in evolving humanitarian and nation building challenges. In this era, the nation needs forces that are highly mobile, flexible, well trained, and adaptable to a wide array of situations. These characteristics define the Marine Corps, and they must continue to do so in the future.

America's Marines are fully engaged in the fight for freedom, peace, and security around the globe. Therefore, our Marines and Sailors in combat are the number one priority. In order to ensure our efforts are sustainable, the Marine Corps maintains an active duty force with an end strength of 202,100. This structure allows the Marine Corps to prevail in today's conflicts while continuing to prepare and train for tomorrow's demands. The FY 2012 budget continues support for the Marine Corps reshaping the force by synchronizing infrastructure increases and equipment procurement to match the mission. This reshapes the Marine Corps for the next contingency and resets the force stressed by the current conflicts to ensure our nation has a force that is fully prepared for employment as a MAGTF across the spectrum of engagements. Additionally, the FY 2012 budget supports the priorities of resetting the force and modernizing for tomorrow. Extensive equipment usage passed the test of sustained operations. As next generation engagements demand more of the force, the cost of resetting equipment to ensure unit readiness increases. Ensuring unit readiness along with optimum allocation of scarce resources, priorities were made between equipment replacement and modernization with the next generation of equipment.

The FY 2012 budget supports the Marine Corps in its continued role in overseas contingency operations, while simultaneously supporting the Corps' need to train,

sustain, and modernize its expeditionary capabilities. The Marine Corps' equipment usage rates are as much as seven times greater than originally programmed (peacetime rates), tremendously decreasing equipment availability. Equipment stored aboard the Marine Corps' MPSRONs has been used to support deployed Marines, but only as a last resort. Equipment was heavily drawn from the Maritime Preposition Force (MPF) and Marine Corps Prepositioning Program-Norway (MCPP-N) to support end strength increases and in support of OIF in 2004-2008. The Marine Corps has reset almost all equipment aboard the MPFs and MCCP-N is projected to be reset by 2013. All equipment stocks need to be replenished so as to remain responsive to emerging threats. Congress has responded rapidly and generously to requests for equipment and increased protection of our Marines and Sailors. Prudently managing these resources, while transitioning to modernization, remains a primary responsibility.

The FY 2012 budget is also structured to preserve and enhance the quality of life for our Marines and their families. This budget provides family support programs within morale, welfare and recreation. These programs include family member employment, personal financial management and volunteerism, exceptional family member and new parent support.

Furthermore, this budget continues the Marine Corps efforts in irregular warfare and building partnership capacity training. These training efforts include the support for Marine Corps Tactics and Operation Group and the Marine Corps Air Ground Combat Command, which provides advanced training and certification to the operations staff and fires teams at the battalion and regimental levels. The instruction is focused on integrated ground combat element operations in a MAGTF context, using combined arms as a defining factor in all operational design and tactical execution, and finally unit training management and readiness as the means of codifying operational excellence. Furthermore, the Marine Corps Air Ground Combat Command and the Tactical Training Exercise Control Group supports explosive ordinance disposal, and range maintenance training. Together these training initiatives will ensure Marine forces receive proper operational instruction prior to deploying into future combat operations. These additional training efforts will provide the agility necessary to allow the training continuum to keep pace with the dynamic nature of irregular warfare. In addition to advanced integrated tactical training, the Marine Corps continues to develop and invest in training its forward deployed units in advanced cultural and linguistic skills.

Figure 26 – DON Marine Corps Land Forces

	FY 2010	FY 2011 PB Req*	FY 2012
Total USMC End Strength	202,554	202,100	202,100
Navy End Strength Support	9,535	9,572	9,766
Number of Marine Expeditionary Forces	3	3	3
Number of Active Infantry Battalions	27	27	27
Number of Reserve Infantry Battalions	9	9	9
Infantry and Supporting Unit	1 Regimental HQ 1 Artillery Battery 2 Amphibious Vehicle 1 Counter Battery Platoon 1 JSF Training Squadron 1 Air Traffi c Control Det 1 Tactical Air Control Det 1 Marine Air Communication Plus up - Logistics, Maintainers, Communications Technicians	2 CH-53E Squadrons 1 H-1 Squadron 1 Logistics Company 2 Bridge Companies Plus up Foreign/Regional Officers (24) 1 MC Training Advisory Group (29	Plus up Recon (90) Joint Tactical Air Control 1 JSF Squadron Unmanned Aerial System (UAS), Tier II Marine Wing Support Det Plus up Camp Mujuk, Korea (32) Guam Base Support 3rd Echelon Maintenance

** FY 201 readiness level will be degraded due to operations under a Full Year CR*

As reflected in Figure 26, the operation and maintenance budget supports the Marine Corps operating forces, which are comprised of three active MEFs. Each MEF consists of a command element, one infantry division, one aircraft wing, and one Marine logistics group. Each MEF provides a highly trained, versatile expeditionary force capable of rapid response to global contingencies. The inherent flexibility of the MEF organization, combined with Maritime Prepositioning Force (MPF) assets, allows for the rapid deployment of appropriately sized and equipped forces. Embedded within each MEF are three Marine Expeditionary Units which deploy regularly in the ESGs. Each MEF also has an embedded capability to source a Marine Expeditionary Brigade (MEB). These scalable forces possess the firepower and mobility needed to achieve success across the full operational spectrum in either joint or independent operations. The Marines have a saying, "Every Marine is a Rifleman," and that extends to Navy Corpsmen serving in Marine units. Other Naval personnel providing vital support to the Marine Corps include religious ministry support, medical staff, administrative and logistical support.

Ground Equipment Depot Maintenance

Repair/rebuild is accomplished on a scheduled basis to maintain the readiness of the equipment inventory necessary to support operational needs. Items programmed for repair are screened to ensure that a valid stock requirement exists and that the repair or rebuild of the equipment is the most cost effective means of satisfying the requirement. This program is closely coordinated with the efforts funded in the Marine Corps procurement appropriation to ensure that the combined repair/procurement program provides a balanced attainment of inventory objectives for major equipment. Thus, the specified items to be rebuilt, both principal end items and components, are determined by a process which utilizes cost-benefit considerations as a prime factor. The rebuilding costs for each item are updated annually on the basis of current applicable cost factors at the performing activities.

Figure 27 -- Marine Corps Ground Equipment Depot Maintenance

(Dollars in Millions)	**FY 2010**		**FY 2011 PB Req***		**FY 2012**	
Funding Profile:						
Baseline	$78.70		$78.90		$190.70	
Overseas Contingency Operations	$421.30		$523.30		$251.10	
Total	**$500.00**		**$602.20**		**$441.80**	
Active Forces		*% Rqmt*		*% Rqmt*		*% Rqmt*
Combat Vehicles	$133.00	100%	$220.50	100%	$199.50	100%
Tactical Missiles	$0.00	100%	$2.00	100%	$0.00	100%
Ordnance	$27.90	100%	$39.80	100%	$34.80	100%
Electrical Communication	$49.10	100%	$81.70	100%	$29.60	100%
Constructive Equipment	$41.80	100%	$34.60	100%	$69.70	100%
Automotive Equipment	$248.10	100%	$223.60	100%	$108.30	100%
Total Active Forces	**$500.00**	**100%**	**$602.20**	**100%**	**$441.80**	**100%**

** FY 2011 readiness level will be degraded due to operations under a Full Year CR*

Employed in multiple combat and stability operations for most of the past decade, the Marine Corps utilized wartime supplemental funding sources to address the majority of its equipment repair and restoration requirements. As a result, baseline funding for depot maintenance was depressed to minimal levels necessary to sustain core depot business operations and maintenance of remain behind home-station training equipment.

The FY12 budget includes restoration of baseline funding to reduce the Marine Corps' reliance on supplemental appropriations. The Marine Corps FY12 budget request seeks to re-establish its baseline funding for non-deployed war fighting systems. While we continue to acknowledge equipment reset requirement related to our deployed systems our enhanced baseline request does not mitigate the need for future funding. Anticipation of future supplemental appropriation to support reset requirements remains critical to our ability to reinstitute equipment availability and material readiness.

RESERVE OPERATIONS

The mission of the Department's Reserve Components (RC) is to provide strategic depth and deliver operational capabilities to our Navy and Marine Corps team and Joint forces, from peace to war. In FY 2012, the Reserve Components will continue to contribute significantly to the effectiveness of the Department's Total Force. The Navy and Marine Corps Reserve budgets support the day-to-day costs of operating Reserve Component forces and maintaining assigned equipment at a state of readiness that will permit rapid deployment in the event of full or partial mobilization and meet fleet operational support requirements. This budget ensures the RC remains "Ready Now. Anytime, Anywhere."

The Department's RC operating forces consist of aircraft, ships, combat equipment and support units, and their associated weapons. The Navy and Marine Corps Reserve end-of-year operating aircraft inventory totals 260 airframes in FY 2012. The Navy Reserve ship inventory remains at seven Battle Force ships. Funding is also provided to operate and maintain Reserve Component activities and commands in all fifty states. There will be 134 Navy Reserve and 189 Marine Corps Reserve facilities at the end of FY 2012.

Navy Reserve Ships

The Navy's RC will support our Maritime Strategy by steaming 45 days underway per quarter for deployed forces and 20 days underway per quarter for non-deployed forces within the baseline. The non-deployed OPTEMPO provides for the training of units when not deployed, including participation in individual unit training exercises, multi-unit exercises, joint exercises, sustainment training, and various

other training requirements. Requested funding for contingency operations will support deployed steaming of approximately 6 days per quarter. Navy RC Battle Force ships provide force application as well as command and control capabilities with seven frigates assigned at the close of FY 2012.

Figure 28 – Navy Reserve Battle Force Ships

	FY 2010	FY 2011 PB Req**	FY 2012
Surface Combatants	9	7	7
Reserve Battle Force Ships*	**9**	**7**	**7**

**Also included in Figure 19*

*** FY 2011 readiness level will be degraded due to operations under a Full Year CR*

Navy Reserve Ship Maintenance

RC ship maintenance is integrated with the Active Component program. The funding decrease from FY 2011 to FY 2012 is driven by the differences in the maintenance induction schedule. In FY 2012, less Docking Selected Restricted Availabilities (DSRA) and less Selected Restricted Availabilities (SRA) are scheduled to occur. The shipyards have the capability to execute the FY 2012 ship maintenance schedule as well as the deferred maintenance amounts reflected in Figure 29.

Figure 29 - Navy Reserve Ship Maintenance

(*Dollars in Millions*)	FY 2010	FY 2011 PB Req*	FY 2012
Reserve Forces			
Baseline Ship Maintenance	$46	$91	$54
Overseas Contingency Operations	$14	$1	$0
Total Ship Maintenance	**$60**	**$92**	**$54**
Percentage of Projection Funded	100%	99%	98%
Annual Deferred Maintenance	**$0**	**$1**	**$1**

** FY 2011 readiness level will be degraded due to operations under a Full Year CR*

Reserve Component Air Forces

RC flying hour funding enables ready Navy and Marine Corps Reserve aviation forces to operate, maintain, and deploy in support of the National Military Strategy.

Navy and Marine Corps RC aviation forces will continue to provide vital logistics, force application, force support, battlespace awareness, command and control, and net-centric capabilities to the Fleet and COCOMs through participation in global deployment and various exercises. The Naval Air Force Reserve consists of one Logistics Support Wing (fifteen squadrons), one Tactical Support Wing (six squadrons), two Helicopter Sea Combat squadrons, two integrated Helicopter Mine Countermeasures squadrons, two Maritime Patrol squadrons, and one Helicopter Anti-Submarine Squadron Light. The 4th Marine Aircraft Wing (MAW) consists of nine squadrons and supporting units.

In FY 2012 the Logistics Support Wing will be reduced to 12 squadrons through the disestablishment of VR-46 (C-9B/JRB Fort Worth, TX), VR-48 (C-20G/JB Andrews, MD), and VR-52 (C-9B/JB McGuire, NJ) and all UC-12B aircraft. This will be a net reduction of 17 total aircraft. Navy can mitigate this risk until all C-40A aircraft are operational.

Figure 30 – Reserve Component Aircraft Force Structure

	FY 2010	FY 2011 PB Req*	FY 2012
Reserve Forces	**3**	**3**	**3**
Navy Tactical Support Air Wing	1	1	1
Navy Logistics Support Air Wing	1	1	1
Marine Aircraft Wing	1	1	1
Primary Authorized Aircraft (PAA) – Reserve	**274**	**277**	**260**
Navy	165	168	151
Marine Corps	109	109	109

** FY 2011 readiness level will be degraded due to operations under a Full Year CR*

The Navy's RC fulfills the preponderance of the Department's adversary and intra-theater logistics requirements. The Navy RC helicopter footprint in Iraq and the CENTCOM Area of Responsibility (AOR) has been continuous since 2003, supporting special operations ground force missions in urban and rural areas, psychological operations, and medical and casualty evacuations. The FY 2012 request continues the transition of HSC-84 and HSC-85, to Special Operating Forces Helicopter Sea Combat squadrons. Located in Norfolk, VA, and San Diego, CA, the two integrated squadrons will grow as they exclusively fly the HH-60H aircraft and focus on the Special Warfare mission.

The Tactical Support Wing (TSW) provides a strategic reserve and operates alongside the Active Component in carrier air wing workups and exercises around the globe and rotationally deploys EA-6B electronic warfare aircraft in support of contingency operations. E-2C Hawkeye Airborne Early Warning aircraft of the TSW deploy six months every year to the SOUTHCOM AOR providing counter-narcotics operations. Navy reservists are not only ready to support national defense missions, but also civil-military missions such as providing disaster relief. RC aircrews and maintainers also conduct mine warfare operations in multiple theaters, train naval aviators, and augment global maritime patrol deployments.

The 4th MAW conducts air operations in support of the Fleet Marine Forces worldwide, in areas including anti-aircraft warfare, offensive air support, assault support, electronic warfare, aerial reconnaissance, control of aircraft and missiles, and as a collateral function, to participate as an integral component of naval aviation in the execution of such other Navy functions as directed. Marine Corps RC helicopters, KC-130T refueling tankers, and F/A-18 strike fighter aircraft have been activated and repeatedly deployed around the globe, including Iraq and Afghanistan. The 4th MAW also augments the Marine Corps Active Component by providing all aviation support to Mojave Viper and OEF pre-deployment training for all infantry battalions held in Twentynine Palms, CA.

Figure 31 displays RC flying hour readiness indicators. Combined baseline and contingency funding allows Navy and Marine Corps RC aircrews to meet minimum flight time requirements, maintain readiness in all mission areas and meet operational demands.

Figure 31 – Reserve Component Flying Hour Program

	FY 2010	FY 2011 PB Req*	FY 2012	GOAL
TACAIR - Navy	*T-2.6*	*T-2.6*	*T-2.6*	*T-2.6*
TACAIR - USMC	*T-2.0*	*T-2.0*	*T-2.0*	*T-2.0*
Reserve Squadrons (%)	*98%*	*97%*	*97%*	*98%*
Monthly Flying Hours per Crew (USNR & USMCR)	12.7	12.8	13.0	N/A

** FY 2011 readiness level will be degraded due to operations under a Full Year CR*

Reserve Component Aircraft Depot Maintenance

The RC aircraft depot maintenance program is integrated with the Active Component program to fund repairs, overhauls, and inspections, within available capacity, and to ensure sufficient quantities of aircraft are available to operational units. Similar to the active program, any cumulative airframes or engines not completed from previous years are carried over as backlog and are not Ready-For-Use (RFU) until repaired. A one-year backlog is the threshold for what can be effectively accomplished with no additional tooling, equipment, or space; the manageable one-year backlog cannot exceed 100 airframes and 340 engines across the Active and Reserve Components.

The FY 2012 budget provides optimized capability within fiscal constraints. 96 percent of the cumulative requirement is supported in the budget resulting in a yearly backlog of 14 engines. Figure 32 displays baseline and overseas contingency operations funding requests and readiness indicators for RC aircraft depot maintenance.

Figure 32 - Reserve Component Aircraft Depot Maintenance

Aircraft Depot Maintenance

(Dollars in Millions)	FY 2010	FY 2011 PB Req*	FY 2012
Reserve Forces			
Airframes	$97	$99	$88
Engines	$33	$42	$36
Baseline Reserve Aircraft Depot Maintenance	**$130**	**$140**	**$124**
Overseas Contingency Operations	$26	$18	$11
Total Reserve Aircraft Depot Maintenance	**$156**	**$158**	**$135**
Percent Funded of Total Requirement	100%	97%	99%
Reserve Forces			
Airframes Yearly Backlog	0	2	1
Engines Yearly Backlog	1	16	14

** FY 2011 readiness levels will be degraded due to operation under a full year CR*

Navy Reserve Expeditionary Forces

The Reserve Component expeditionary forces are integrated with the Active Component forces to provide a continuum of capabilities unique to the maritime environment within the NECC. Blending the AC and RC brings strength to the force and is an important part of the Navy's ability to carry out the Naval Maritime Strategy from blue water into green and brown water and in direct support of the Joint Force. The Navy Reserve trains and equips over half of the Sailors supporting NECC missions, including naval construction and explosive ordnance disposal in the CENTCOM AOR, as well as maritime expeditionary security, expeditionary logistics (cargo handling battalions), maritime civil affairs, expeditionary intelligence, and other mission capabilities seamlessly integrated with operational forces around the world.

Marine Corps Reserve Operations

The Marine Corps Reserve is a full partner in the Marine Corps' Total Force concept. Reserve Marines continue to prove their dedication to their country and fellow citizens. Marine Corps Reserve units, Individual Ready Reserve Marines, and Individual Mobilization Augmentees continue to fill critical requirements of national defense. Infantry battalions, armor, reconnaissance, and transportation units from the 4th Marine Division have served with distinction in Iraq and elsewhere, seamlessly integrating with their Active Component counterparts. Additionally, reserve aviation units from the 4th Marine Aircraft Wing have deployed to support combat operations abroad. At home, Marine Forces Reserve maintains Reserve Marines and assets pre-positioned throughout the country, ready to assist with not only national defense missions, but also civil-military missions such as providing disaster relief. Marine Forces Reserve, with its well-equipped, well-led, and well-trained professional men and women, will continue to be integral to the Marine Corps of the future. This budget supports that Marine reserve force that remains ready and able to support and augment when and where needed. The Department's FY 2012 budget ensures that the readiness of the reserve force will be maintained by providing increased funding for training, base support, and the operation and maintenance of equipment.

Figure 33 below reflects Marine Corps Reserve Ground Equipment Depot Maintenance.

Figure 33 -- Marine Corps Reserve Ground Equipment Depot Maintenance

(Dollars in Millions)	FY 2010		FY 2011 PB Req*		FY 2012	
Funding Profile:						
Baseline	$13.30		$16.40		$16.40	
Total	**$13.30**		**$16.40**		**$16.40**	
Reserve Forces		*% Rqmt*		*% Rqmt*		*% Rqmt*
Combat Vehicles	$5.40	100%	$14.10	100%	$2.20	100%
Tactical Missiles	$0.00	100%	$0.00	100%	$0.00	100%
Ordnance	$0.10	100%	$0.30	100%	$0.50	100%
Electrical Communication	$0.40	100%	$0.00	100%	$7.60	100%
Constructive Equipment	$0.50	100%	$0.80	100%	$2.00	100%
Automotive Equipment	$6.80	100%	$1.30	100%	$4.00	100%
Total Reserve Forces	**$13.30**	**100%**	**$16.40**	**100%**	**$16.40**	**100%**

** FY 2011 readiness level will be degraded due to operations under a Full Year CR*

SECTION V – INVESTING EFFICIENTLY TO MEET GLOBAL REQUIREMENTS

OVERVIEW

In keeping with the priorities of the Secretary of Defense, the FY 2012 budget incorporates various investment efficiency measures while continuing to institutionalize and enhance our capabilities to fight today's wars, the most-likely future conflict scenarios, while maintaining a hedge against other risks and contingencies.

The FY 2012 budget continues investment in platforms and systems that maintain the advantage against future threats and across the full spectrum of operations. Procurement of the Littoral Combat Ship (LCS), Intelligence, Surveillance and Reconnaissance (ISR), Unmanned Aerial Vehicles (UAVs) and other programs that support irregular warfare and capacity building also continue to be emphasized. However, as the Department continues to shift resources and institutional weight towards supporting the current conflicts and other potential irregular campaigns, we still must contend with the security challenges posed by the military forces of other countries - from those actively hostile to those at strategic crossroads.

The Department of the Navy is dedicated to procuring a naval force that is both affordable and meets 21st century national security requirements. Our naval forces will remain sea based, with global speed and persistence provided by forward deployed forces and supplemented by rapidly deployable forces through the Fleet Response Plan (FRP). This capabilities-based, threat-oriented fleet can be disaggregated and distributed world-wide to support current COCOM demands. The resulting distributed and netted force, working in conjunction with our joint and maritime partners, will provide both actionable intelligence and the ability to take action where and when the threat is identified in today's unstable environment. That same force can be rapidly aggregated to provide the strength needed to defeat any potential adversary in more conventional operations.

SHIP PROGRAMS

The Navy's shipbuilding budget increases since the FY 2011 FYDP and procures 55 battle force ships from FY 2012 to FY 2016 and one Oceanographic Research Ship. The budget funds a continuum of forces ranging from the covert Virginia class submarine, the multi-mission DDG-51 destroyer, the multi-role Landing Platform Dock (LPD 27), to the LCS and the Joint High Speed Vessel (JHSV) with its greater access to littoral areas. This balance continues to pace future threat capabilities while fully supporting current irregular warfare operations and supporting maritime security and stability operations in the littorals.

The FY 2012 shipbuilding budget funds approximately $14 billion per year in new construction, as show in the below figure.

Figure 34 –Shipbuilding Plan

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 12-16
CVN 21	-	-	1	-	-	-	1
SSN 774	2	2	2	2	2	2	10
DDG 51	2	1	2	2	2	1	8
LCS	2	4	4	4	4	3	19
LPD 17	-	1	-	-	-	-	1
LHA (R)	1	-	-	-	-	1	1
T-ATF	-	-	-	-	1	-	1
MLP	1	1	1	-	-	-	2
JHSV	1	1	2	2	2	1	8
T-AO(X)		-	-	1	1	1	3
T-AGOS		-	1	-	-	-	1
New Construction Total	9	10	13	11	12	9	55
LCAC SLEP	4	4	4	4	4	4	20
Oceanographic Ships	1	1	-	-	-	-	1
Shore to Shore Connector*	1	-	-	1	2	5	8
Moored Training Ships	-	-	-	-	1	-	1
CVN RCOH	-	-	1	-	-	1	2

**Lead Shore to Shore Connector is funded in RDT&E*

***FY 2011 Shipbuilding plan predicated on obtaining the full FY 2011 President's Budget request.*

The FY 2012 shipbuilding budget funds ten battle force ships, including two *Virginia* class submarines, the fourth JHSV for the Navy, one LPD 17, the second Mobile

Landing Platform (MLP), four LCS, and one *Arleigh Burke* Class destroyer. Additionally, the Navy plans to procure a second Oceanographic Research Ship.

Surface Ship Programs

The next generation aircraft carrier, the *Ford* Class, will be the future centerpiece of the carrier strike group and a major contributor to the future expeditionary strike force as envisioned in *Sea Power 21*. Taking advantage of the *Nimitz* Class hull form, the *Ford* Class will feature an array of advanced technologies designed to improve warfighting capabilities and allow significant manpower reductions. The FY 2012 budget provides advance procurement for CVN 79 as well as advance procurement funding for the Refueling Complex Overhaul (RCOH) of the *USS Abraham Lincoln* (CVN 72).

To support amphibious ship requirements, FY 2012 funds LPD 27, the twelfth and last LPD-17 class ship. FY 2012 also includes the second increment of full funding for the Amphibious Assault Ship for LHA-7, the second ship of the *America*-class. LHA-7 will provide the Marine Corps with a continued means of ship-to-shore movement by air as well as by landing craft.

Surface combatants are the workhorses of our Fleet and central to our traditional Navy core capabilities. The Navy continues to be concerned about evolving capability gaps in the outer air battle in the blue water, particularly against improved ballistic missile capabilities emerging worldwide. The FY 2012 budget requests funding for one DDG 51, a proven, multi-mission, guided missile destroyer and one of the Navy's most capable ships against ballistic missile threats. In FY 2013, the Department intends to pursue a Multi-Year Procurement (MYP) strategy in support of this capable platform. By leveraging the tenants of an MYP, the Department was able to procure an additional ship in FY 2014.

In concert with the recent change in the LCS acquisition strategy, the Department's budget supports a 20 ship block buy with teams led by Lockheed Martin and Austal, through FY 2014. The LCS is a fast, agile and stealthy surface combatant capable of operating against anti-access, asymmetric threats in the littorals. LCS will influence behavior and deter adversaries by its ability to operate in environments previously impractical for larger multi-mission ships. LCS uses architectures and interfaces that permit tailoring tactical capabilities

to various LCS missions. These mission module packages are easily interchangeable as operational conditions warrant. The primary mission areas of LCS are small boat prosecution; mine countermeasures; shallow water anti-submarine warfare; and intelligence, surveillance, and reconnaissance activities. Secondary missions include homeland defense, maritime interception, and special operation forces support. The FY 2012 budget includes the procurement of 4 LCS seaframes and 2 mission packages.

The Guided Missile Cruiser (CG 47 Class) modernization program (CG Mod) supports modernization of the AEGIS cruisers, commencing with the older Baseline 2 and 3 ships. The CG Mod program delivers rapid introduction of critical new warfighting capabilities by providing enhanced air dominance and C4I capabilities, an improved gun weapon system and force protection systems, and a commercial off-the-shelf (COTS) computing architecture. Hull, mechanical and electrical (HM&E) upgrades will also contribute to extending the mission service life of the cruisers to 35 years. The FY 2012 budget includes funds for three CG Mod availabilities, and the long lead-time procurement of equipment for the modernization of three additional CGs.

The Guided Missile Destroyer (DDG 51 Class) Modernization program (DDG Mod) is a significant, integrated advancement in class combat systems and HM&E systems. This investment enables core modernization of DDG combat systems to keep pace with the 2020 threat environment and extend the mission service life of the ships to 35 years. Enhancements added to the program are included in the areas of air dominance, force protection, C4I, ballistic missile defense capability, and mission life extension upgrades. The FY 2012 budget includes funds for three DDG Modernization availabilities and the long lead-time procurement of equipment for the modernization of two DDGs.

Submarine Programs

The Navy continues the effort to modernize the fleet of submarines. *Virginia* Class fast attack submarines are joining the existing fleet of *Los Angeles* and *Seawolf* Class submarines to provide covert force application throughout the world's oceans.

Construction of the *Virginia* Class continues to be performed under a teaming arrangement between General Dynamics Electric Boat and Northrop Grumman Shipbuilding, Newport News. The sixth *Virginia* Class submarine (SSN-779) was delivered to the fleet in December 2009. FY 2009 funded the first of eight *Virginia* Class submarines under a new multi-year procurement (MYP) contract awarded in December 2008. FY 2012 funds the fifth and sixth Virginia Class submarines in the MYP contract and advance procurement funding for future submarines. The Department will continue to procure two SSNs per year in the FYDP.

Logistics Platforms

The Department intends to procure a second MLP in FY 2012 and the third in FY 2013. These MLP's, a lower-cost variant of the MPF (F) MLP program, will be an ALASKA class crude oil carrier modified to be a float-on/float-off vessel. The MLPs will supplement the current maritime prepositioning force and will provide in-theater capability to support resupplying a Marine Expeditionary Brigade (MEB).

The FY 2012 budget procures the Navy's fourth JHSV and supports COCOM requirements for the rapid intra-theater lift of medium payloads of military rolling stock and cargo along with cohesive units of military personnel.

The Landing Craft Air Cushion (LCAC) craft modernization program continues with a service life extension for four craft in FY 2012. LCACs provide rapid over the horizon movement of USMC forces from the sea base to the beach. Additionally, the budget requests RDT&E funding to procure the lead Ship to Shore Connector (SSC), which is the follow-on to the LCAC program.

Ship Research and Development

OHIO Replacement

Continuing in FY 2012, the department has budgeted $1,067 million, which represents a significant increase in funding for the *Ohio* Class submarine replacement program (SSBN(X)). Research and development efforts will focus on the propulsion plant, missile compartment development, and platform development technologies like the propulsor, electric actuation, maneuvering/ship control, and signatures. These funds provide for joint development of missile launch technologies in support of longstanding bilateral agreements with the United Kingdom. Additionally, the Department is investing in design for affordability, with $50 million in FY 2012, aimed at reducing future ship construction costs. These RDT&E efforts are critical to meeting required procurement and delivery dates

needed to support the OHIO replacement program and to reducing the cost to build the submarines once they start construction.

Fleet Oiler Replacement (T-AO(X))

To support fleet oiler recapitalization beginning in FY 2014, the Department added $5 million in FY 2012 for research and development efforts such as ship design development, requirements definition, and concept of operations development. Replacement fleet oilers are expected to be double-hulled to comply with the Oil Pollution Control Act of 1990 and meet International Maritime Pollution convention.

Air and Missile Defense Radar (AMDR)

The budget requests $167 million to complete the Air and Missile Defense Radar's Technology Development phase in FY 2012 in preparation for Milestone B in the first quarter of FY 2013. The radar is an open-architecture solution to the requirement for Ballistic Missile Defense, while also improving the DDG-51 class air defense capabilities. AMDR is envisioned to go on the FY 2016 DDG Flight III ship.

VIRGINIA Class

Virginia Class research and development efforts continue to focus on cost reduction efforts, operational evaluation testing, development of sonar, combat control, and electronic support systems, and submarine multi-mission team trainer efforts. The FY 2012 budget of $98 million funds bow array efforts, integrated low pressure electrolyzer development, system level and subsystem improvements to *Virginia* Class electronic systems, and Block IV reduced Total Ownership Costs.

AVIATION PROGRAMS

Aircraft Programs

Navy and Marine Corps aviation continues to provide forward deployed air presence in support of our national strategy. Positioned to support the joint warfighter, the FY 2012 budget provides the Department with the best balance

of naval aviation requirements. The proposed FY 2012 multi-year aircraft procurement contracts for MH-60R/S airframes and the Common Cockpit are projected to provide significant savings, stretching available procurement funds. Development funding continues for the F-35, P-8A, CH-53K, and Broad Area Maritime Surveillance (BAMS) Unmanned Aerial System (UAS). The Department remains dedicated to increasing UAS use in naval aviation as evidenced by accelerating the commencement of the Unmanned Carrier Launched Airborne Surveillance and Strike (UCLASS) development program to begin in FY 2012 to meet a limited operational capability by FY 2018. Additionally, the Department is accelerating the development of the Medium Range Maritime Unmanned Aerial System (MRMUAS) in order to achieve an FY 2019 initial operational capability, and accelerating the procurement of MQ-8B Fire Scout aircraft.

Figure 35 –Major Aircraft Programs

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FYDP
Fixed Wing							
F-35B (STOVL JSF)	13	6	6	8	12	18	50
F-35C (CV JSF)	7	7	12	14	19	20	72
F/A-18E/F	22	28	28	11	-	-	67
EA-18G	12	12	12	-	-	-	24
E-2D AHE*	4	6	7	8	8	8	37
P-8A (MMA)	7	11	13	17	21	30	92
C-40A	-	-	-	3	-	2	5
KC-130J (NAVY)	-	-	-	1	-	2	3
KC-130J (USMC)	-	1	-	3	3	2	9
Rotary Wing							
AH-1Z/UH-1Y*	31	26	27	27	27	27	134
CH-53K	-	-	-	-	-	2	2
MV-22B	30	30	23	23	23	23	122
MH-60R	24	24	24	24	31	37	140
MH-60S	18	18	18	18	8	-	62
UAV							
MQ-8B (VTUAV)	3	12	10	13	10	12	57
BAMS UAS	-	-	-	4	4	4	12
STUAS	18	8	4	4	4	-	20
Training							
T-6A/B (JPATS)	38	36	24	-	-	-	60
Total Major Aircraft Programs	**227**	**225**	**208**	**178**	**170**	**187**	**968**

**Includes Overseas Contingency Operations request*
***FY 2011 Aircraft program predicated on obtaining the full FY 2011 President's Budget request.*

Fixed Wing

Navy and Marine Corps aviation provide the combatant commanders with air superiority and the persistent ability to strike opponents with several platforms. The F-35B Short Takeoff and Vertical Landing (STOVL) variant will be a multi-role strike fighter to replace the AV-8B and F/A-18A/B/C/D for the Marine Corps.

The F-35C carrier variant provides the Navy with a multi-role stealthy strike fighter to complement the F/A-18. The F-35 brings improved stealth and countermeasures, and incorporates the latest available technology for advanced avionics, data links and adverse weather precision targeting. It has increased range and includes weaponry upgrades which are superior to the weapons currently employed in the fleet. This state of the art aircraft will enable the Navy and Marine Corps team to command and maintain global air superiority in an increasingly dynamic and dangerous world. FY 2012 is the fifth LRIP for STOVL variant and the third for the carrier variant with six and seven aircraft respectively. The FY 2012 JSF budget supports the revised program schedule that was reviewed and approved as part of the Department of Defense assessment of the JSF program As part of this assessment, F-35B STOVL quantities were reduced from 14 to 6 in FY 2012 and by 65 over the FYDP. Additionally, STOVL was decoupled from the other two variants and given a two year period to resolve technical challenges. The Navy has added $133 million in FY 2012 for additional research and development activities and $2.8 billion of the $4.6 billion total JSF program research and development increase over the FYDP.

The Super Hornet (F/A-18E/F) currently leads naval aviation in the fighter/attack role. The FY 2012 budget continues a cost saving multi-year procurement of twenty-eight F/A-18E/F aircraft. As part of the Front End Assessment and the JSF program restructure, the Department added 41 F/A-18E/Fs to the program to ensure sufficient quantities of strike aircraft are maintained.

The EA-18G Growler, which replaces the EA-6B, continues to assume the airborne electronic attack role, supporting all operational requirements and fully integrating into strike packages. Ongoing joint demand for electronic attack in theater has led the Department of Defense to extend EA-6B aircraft in the inventory until FY 2014. A joint, long-term expeditionary electronic attack capability provides the increased

procurement of EA-18G aircraft, with twelve EA-18Gs being procured per year in FY 2012 and FY 2013.

The E-2D Advanced Hawkeye program begins Full Rate Production with the procurement of five aircraft in FY 2012. This next generation, carrier based early warning, command and control aircraft will provide improved battle space detection, support Theater Air Missile Defense (TAMD), and offer improved operational availability. The E-2D combined with SM-6, Cooperative Engagement Capability (CEC) and the AEGIS combat system is a key component of Naval Integrated Fire Control – Counter Air (NIFC-CA), enabling use of the missile at its maximum kinetic range. The E-2D will ensure the "eyes" of the nation's sea-based strike capability remain focused on emerging threat systems.

Sustainment of the missions performed by the fatigued P-3 Orion fleet remains a priority for the Department. The P-8A Multi-Mission Maritime Aircraft (MMA), based on the Boeing 737 platform, begins replacing the P-3, with an Initial Operating Capability (IOC) in 2013. The P-8A's ability to perform undersea warfare, surface warfare and ISR missions make it a critical force multiplier for the joint task force commander. Additionally, the P-8A, which is authorized by the Defense Acquisition Board to have a Full Rate Production (FRP) award of eleven aircraft in FY 2012, will have increased capabilities over the P-3 as it addresses emerging technologies and ever evolving irregular threats.

Rotary Wing

The UH-1Y/AH-1Z aircraft fulfills the Marine Corps attack and utility helicopter missions. The FY 2012 budget supports the AH-1Z new build strategy with construction of six AH-1Z aircraft in FY 2012. The budget also includes the remanufacture of four AH-1Z aircraft and the new construction of fifteen UH-1Y aircraft for a total of twenty-five aircraft. Although the total quantity of aircraft required under the program remains unchanged at 349, the Department has adjusted the mix of aircraft types to conform to the changes outlined in the 2011 Marine Corps Aviation Campaign Plan, reflecting operational experience in Iraq and Afghanistan. The revised mix of AH-1Zs and UH-1Ys has been changed from 226 and 123, to 189 and 160, respectively. These aircraft types have 84% commonality and provide airborne command and control, armed escort, armed reconnaissance, search and rescue,

medical evacuation, close air support, anti-armor operations and anti-air warfare. The UH-1Y entered FRP in FY 2008 and the AH-1Z will enter FRP in FY 2011.

The Osprey MV-22B Tilt Rotor continues multi-year procurement with the Air Force which extends through FY 2012. The MV-22B fills a critical capability role with the Marine Corps by incorporating the advantages of a Vertical/Short Takeoff and Landing (V/STOL) aircraft that can rapidly self-deploy to any location in the world. The joint program will procure MV and CV variants to support the Marine Corps and Air Force respective requirements.

The Department supports the multi-year procurement (FY 2012-FY 2016) of both the MH-60R Seahawk and MH-60S Knighthawk helicopters, which are part of a joint contract with the Army's UH-60M Blackhawk. FY 2012 starts the next MH-60R/S common cockpit and mission systems multi-year procurement. The MH-60R replaces the aging SH-60B and SH-60F helicopters, whose primary mission areas are undersea warfare and surface warfare. This platform will have numerous capability improvements including airborne low frequency sonar, multi-mode radar, electronic support measures, and forward looking infra-red sensor.

The MH-60S, which is primarily employed as a logistics platform, will sustain the forward deployed fleet in missions ranging from rapid airborne delivery of materials and personnel to support amphibious operations through search and rescue coverage. Armed helicopter and organic airborne mine countermeasures are mission areas which will be added as block upgrades.

Unmanned Aerial Vehicles

The FY 2012 budget accelerates the goal of transforming the force with unmanned vehicles by investing in a broad range of unmanned platforms in support of Joint Force and Combatant Commander demands for increased ISR capability and capacity. These programs support the warfighter by providing a persistent ISR capability through the continued development, acquisition, and fielding of UAV systems such as the MQ-8 Vertical Take Off and Landing Tactical UAV (VTUAV), the RQ-7 Marine Corps Tactical Unmanned Aerial System (MCTUAS), the Small Tactical Unmanned Aircraft System

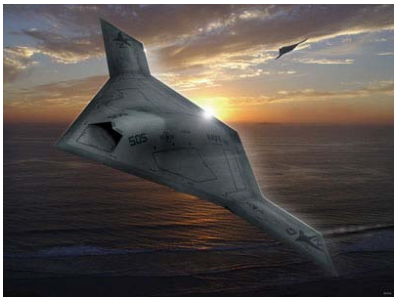
(STUAS), and RQ-4 Broad Area Maritime Surveillance (BAMS) system. Additionally, the Department is funding future unmanned development, including the technology demonstration of the Navy Unmanned Combat Aerial System (NUCAS), an accelerated Unmanned Carrier Launched Airborne Surveillance and Strike (UCLASS) system development, and a Medium Range Maritime Unmanned Aerial System (MRMUAS) development effort.

The MQ-8 VTUAV conducts missions including over-the-horizon tactical reconnaissance, classification, targeting, laser designation, and battle management. The MQ-8 launches and recovers vertically and can operate from air capable ships (DDG, CG, LCS), as well as confined area land bases. The Department has accelerated the fielding of the MQ-8 and increased procurement to ten aircraft in FY 2012. In accordance with enduring Special Operations Force (SOF) Intelligence, Reconnaissance, and Surveillance (ISR) requirements, the Defense Department has identified the MQ-8 as the medium-term SOF ISR solution. Accordingly, the Navy has added 32 extended range and payload airframes and $721 million in research and development and procurement funds to the FYDP to support this joint mission.

The RQ-7 MCTUAS was procured through joint efforts with the Army's Shadow program. The USMC will continue to field Tactical Common Data Link (TCDL) modifications in FY 2012. The USMC will sustain the current UAS inventory with replacement of components and systems based on attrition rates in FY 2012 and future years. The Shadow UAS is providing Marine Tier III UAS capability to the MAGTF commander, while replacing the legacy Pioneer UAS. The RQ-7 Shadow UAS is interoperable, compatible, and maintainable with Army Shadow units.

The STUAS is a combined Navy and Marine Corps program for a common solution that provides Persistent Intelligence, Surveillance, and Reconnaissance/Target Acquisition (ISR/TA) support for tactical level maneuver decisions and unit level force defense/force protection for naval amphibious assault ships (multi-ship classes) and Navy and Marine land forces. Development efforts continue in FY 2012. STUAS will be used to complement other high demand, low density (HDLD) manned and unmanned platforms. STUAS will be available to operate from ship/shore scenarios where those HDLD assets may not be available to ship or other Navy unit commanders. This system will fill the ISR capability shortfalls currently filled by ISR services contracts.

RQ-4 BAMS system development and demonstration continues in FY 2012 with $548 million to provide a High Altitude-Long Endurance Unmanned Aircraft System designed to provide persistent maritime ISR of nearly all the world's high-density sea-lanes, littorals, and areas of national interest. Envisioned as an unmanned adjunct to the P-8A MMA, and crucial to the recapitalization of Navy's airborne maritime ISR capability, the system will seek to leverage Maritime Patrol and Reconnaissance Force (MPRF) manpower, training and maintenance efficiencies. The BAMS UAS air vehicle features sensors designed to provide near worldwide coverage through a network of five CONUS and OCONUS orbits, with sufficient air vehicles to remain airborne for 24 hours a day, 7 days a week, out to ranges of 2,000 nautical miles. Onboard sensors will provide detection, classification, tracking and identification of maritime targets and include maritime radar, electro-optical/infrared (EO/IR), and Electronic Support Measures (ESM) systems. Additionally, BAMS will have a communications relay capability designed to link dispersed forces in the theater of operations and serve as a node in the Navy's FORCEnet strategy.



The FY 2012 budget also includes $198 million to continue the NUCAS program's carrier demonstration of a tailless platform. The NUCAS program will demonstrate carrier operations, including Autonomous Aerial Refueling (AAR), in order to mature carrier-based unmanned air technologies.

Initially programmed to begin in FY 2013, the FY 2012 budget accelerates the Navy's carrier-based unmanned aerial vehicle efforts, providing initial funding for the development and rapid deployment of the Unmanned Carrier Launched Airborne Surveillance and Strike (UCLASS) system. UCLASS will incorporate control technologies and subsystems demonstrated by NUCAS to provide a Limited Operational Capability (LOC) to Carrier Battle Group Commanders in support of COCOM requirements in FY 2018.

The Medium Range Maritime Unmanned Aerial System (MRMUAS) program will develop a follow-on ship based, medium range UAS capable of conducting multi-INT ISR for enduring Navy and SOF ISR mission sets in the littoral and maritime domains. The program is projected to IOC in FY 2019. The MRMUAS will operate from any air capable ship and will provide enhanced performance attributes including increased range, time on station, payload, and weapons integration.

MRMUAS will leverage the existing UAS infrastructure from the MQ-8 VTUAV and RQ-4 BAMS programs.

Training

The Department of the Navy continues to procure the T-6B Texan II. The T-6B, commonly referred to as the Joint Primary Aircraft Training Systems (JPATS), replaces the Navy's T-34 primary flight trainer for entry level student naval aviators and student naval flight officers. The JPATS' upgraded avionics, communications and navigation systems will provide our student aviators and naval flight officers with aircraft systems more representative of what they will ultimately fly.

Aviation Research and Development

RDT&E, N initiatives support both traditional and irregular warfare demands in several aviation programs. The Advanced Hawkeye will have CEC to modernize the E-2C weapon systems and also provide effective surveillance and battle management in support of battlespace awareness. Tactical Aircraft Directed Infrared Countermeasures (TADIRCM) continues to develop to provide the warfighter protection against surface and air-to-air missiles.

The Super Stallion CH-53E, the only heavy-lift helicopter specifically configured to support Marine missions, entered the fleet in 1980. An improved CH-53K is required to support Marine Air-Ground Task Force heavy-lift requirements in the 21st century joint environment. A cross functional platform with a logistics and force application role, the CH-53K will conduct expeditionary heavy-lift transport of armored vehicles, equipment and personnel to support distributed operations deep inland from a sea-based center of operations. In FY 2012, the system demonstration phase continues with a production readiness review and an integrated logistics assessment. The first ground test vehicle and engineering development model will deliver in FY 2012 and the first flight will occur in FY 2013.

The V-XX Presidential Helicopter program in FY 2012 includes $296 million for program definition and initiation of a follow-on program to replace the legacy VH-3 and VH-60 Presidential helicopters.

Weapons Programs

Figure 36 –Weapons Quantities

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 12 - 16
Ship Weapons							
TACTOM	196	196	196	196	196	196	980
SM2 (AUR)	8	0	0	0	0	0	0
SM6 (AUR)	59	89	121	129	152	168	659
SM2 MODS (IIIB)	0	0	0	0	0	0	0
RAM (AUR)	90	61	62	64	90	90	367
ESSM	33	35	35	51	94	94	309
TRIDENT II MODS	24	24	0	0	0	0	24
MK 48 HWT	46	48	56	70	78	84	336
MK 54 LWT	0	45	97	190	286	286	904
Aircraft Weapons							
AIM-9X	155	132	145	185	188	179	829
AMRAAM	101	161	210	216	244	232	1,063
JSOW C	223	266	342	414	414	409	1,845
AARGM	44	72	104	194	227	274	871
HELLFIRE	1,369	421	1,000	1,022	428	715	3,586
SOPGM	0	150	0	0	0	0	150
JAGM	0	0	0	0	164	290	454
SDB II	0	0	0	0	0	90	90
APKWS	600	1,656	1,000	2,321	1,541	2,062	8,580
TOTAL	**2,948**	**3,356**	**3,368**	**5,052**	**4,102**	**5,169**	**21,047**

**Includes Overseas Contingency Operations request*
***FY 2011 Hellfire quantity includes Stand-Off Precision Guided Munitions (SOPGM)*
****FY 2011 Weapons program predicated on obtaining the full FY 2011 President's Budget request.*

Ship Weapons

The Tactical Tomahawk missile provides a premier attack capability against long range, medium range, and tactical targets on land and can be launched from both surface ships and submarines. The Tomahawk program continues full rate production in FY 2012 at the minimum sustaining rate. By improving command and control systems, the Navy will maximize the flexibility and responsiveness inherent in the Tactical Tomahawk Weapons System.

The Standard Missile (SM) program replaces less effective, obsolete inventories with the more capable SM-6 Extended Range Active Missile (ERAM). The SM-6 missile program starts with FRP in FY 2012. The SM-6 and its associated NIFC-CA, which was developed to provide defense for Sea Shield and enable Sea Basing and Sea Striking, will provide the capability to employ these missiles at their maximum kinematic range. Investments in advanced technology such as the SM-6 and its associated NIFC-CA capabilities will enable the Navy to keep pace with the evolving threat and thereby continue to maintain our conventional warfare edge. The Department has decided to terminate the SM-2 modification program in FY 2012; as a result of reviewing future threats and capabilities it was determined that this modification program was no longer required.

The Rolling Airframe Missile (RAM) is a high firepower, low cost, lightweight ship self-defense system designed to engage anti-ship cruise missiles and asymmetric threats. FY 2012 is the first year under Low Rate Initial Production for Block 2 missiles to bring greater capability to the fleet to include a more effective range and deliver a significant improvement in maneuverability.

The TRIDENT II D5 Submarine Launched Ballistic Missile (SLBM) provides a credible and affordable sea-based strategic deterrent that is survivable, safe, reliable and compliant with all arms control agreements. In its fourth year of procurement, the TRIDENT II SLBM program continues at full rate production in FY 2012. Investment in this important program ensures that all *Ohio* Class submarines will deploy fully loaded, while guaranteeing sufficient inventory exists for periodic required test launches. The Department's budget increases by over $900 million across the FYDP to address a significant increase in the cost of the solid rocket motor (SRM) component of the TRIDENT II D5 SLBM as a result of a shrinkage and reorganization of the national SRM industrial base.

The MK 48 Advanced Capability (ADCAP) heavyweight torpedo is used solely by submarines and is employed as the primary anti-submarine warfare and anti-surface warfare weapon aboard attack, ballistic missile, and guided missile submarines. With sophisticated sonar, all digital guidance and control systems, and propulsion improvements, the last ADCAP heavyweight torpedo was delivered in 1996, with modifications and improvements to existing weapons occurring since 1997. FY 2012 efforts will continue to focus on Common Broadband Advanced Sonar System (CBASS), as well as Guidance and Control (G&C) modifications to the

existing torpedo, optimizing the weapon for both deep and littoral waters and adding advanced counter-countermeasure capabilities.

The MK 54 lightweight torpedo is used to attack submarines from surface and airborne platforms and is the payload for the vertical launched anti-submarine rocket. The MK 54 lightweight torpedo uses existing torpedo hardware and software from the MK 46, MK 48, and MK 50 torpedo programs and adds state-of-the-art COTS digital signal-processing technology to provide improved performance against modern day threats. FY 2012 will be the second year of production (first option year) for the competitive contract to be awarded in FY 2011.

Aircraft Weapons

Aircraft weapons in the force application capability portfolio arm the warfighter with lethal, interoperable, and cost effective weapons systems. The AIM-9X (Sidewinder) missile is a "launch-and-leave" air combat munition that employs passive infrared energy for acquisition and tracking of enemy aircraft. The continued procurement of the AIM-9X in FY 2012 enables the Department to maintain air superiority in the short-range air-to-air missile arena through the missile's ability to counter current and emerging threats against enemies using infrared countermeasures. In FY 2012, the Navy continues procuring the Block I of the AIM-9X while investigating the additional capabilities of a Block II. The AIM-9X complements the Advanced Medium Range Air-to-Air Missile (AMRAAM), a next-generation, all-weather, all-environment radar-guided missile that is designed to counter existing air vehicle threats having advanced electronic attack capabilities operating at high or low altitude. Upgrades to the AMRAAM incorporate an active radar in conjunction with an inertial reference unit and microcomputer system which makes the missile less dependent upon the aircraft fire control system. This advanced capability enables the pilot to aim and fire several missiles at multiple targets.

The Joint Standoff Weapon (JSOW) is a 1,000-pound-class, air-to-ground weapon, which carries several different lethal packages. JSOW procurement in FY 2012 and beyond focuses on the "unitary" variant, which carries the Broach Lethal Package warhead system and provides a unique autonomous capability to engage and

destroy a variety of point targets vulnerable to blast and fragmentation kill mechanisms.

The AGM-88E Advanced Anti-Radiation Guided Munition (AARGM) program upgrades the legacy AGM-88 High Speed Anti-Radiation Missile (HARM) with multi-mode guidance and targeting capability. The AARGM systems development and demonstration program will integrate multi-mode guidance (passive anti-radiation homing/active millimeter wave radar/global positioning system/inertial navigation system) on the HARM AGM-88 missile. LRIP 1 deliveries began in FY 2010, with FY 2012 funding providing for procurement of 72 modification kits for All Up Rounds and Captive Air Training missiles.

The AGM-114 Hellfire is a family of laser guided missiles employed against point and moving targets by both rotary and fixed wing aircraft. The variants include shaped charge warheads for use against armored targets and blast fragmentation warheads for use against urban structures. The AGM-114N is a thermobaric blast fragmentation warhead that maintains the capability provided by the AGM-114M while adding a unique capability against confined compartmented spaces, a typical target type observed in current combat operations. The versatility of the Hellfire missile helps make it the "weapon of choice" in overseas contingency operations. Because of the AH-1/H-60 armed helicopter requirements, this weapon is essential to Sea Shield and Sea Strike.

Capitalizing on previous Army efforts and Congressional support, the first procurement of the Advanced Precision Kill Weapons System (APKWS) occurred in FY 2010. APKWS provides a relatively inexpensive, small, lightweight, precision guided weapon that is effective against soft and lightly armored targets and which enhances crew survivability with increased standoff range. APKWS offers precision, maximum kills per aircraft sortie, minimum potential for collateral damage, and increased effectiveness over legacy unguided rockets.

Ground Weapons

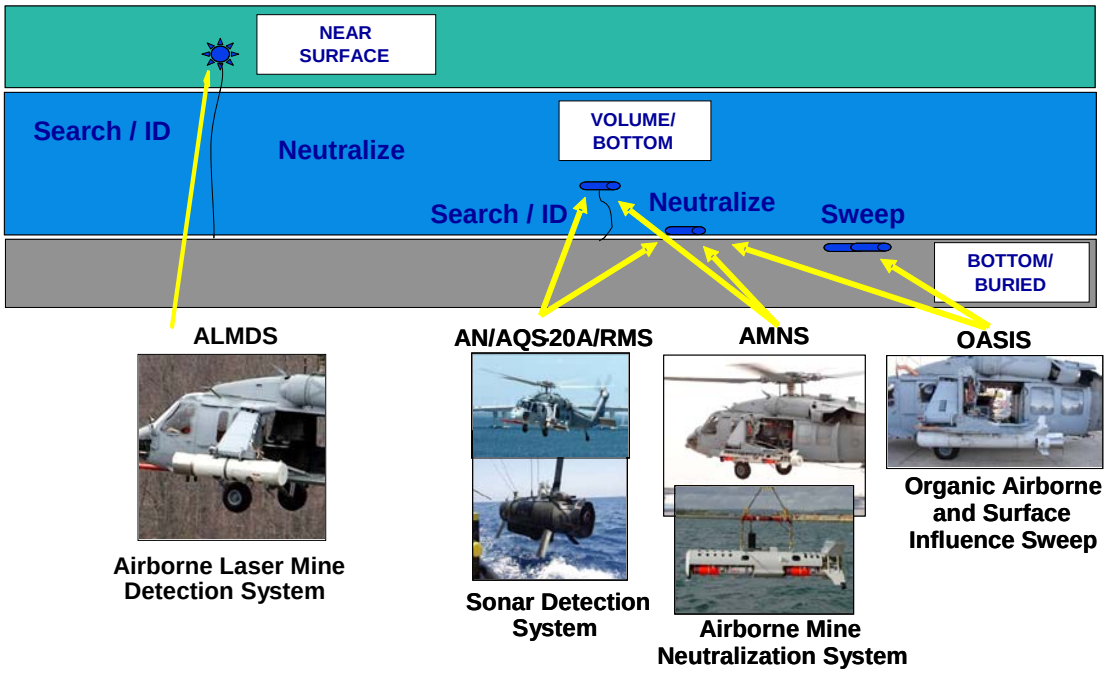
Ground-based, indirect fires are a key component of the reach and lethality of the MAGTF. The Marine Corps' fire support triad includes three systems supported by

funding in the FY 2012 budget. The first element, the Light Weight 155mm Howitzer, is 40% lighter than the aging and less mobile M198 Howitzer allowing for greater tactical mobility and range, with improved weapon stability, accuracy, and durability. The second element, the High Mobility Artillery Rocket System (HIMARS) vehicle and launcher, combined with the Guided Multiple Launch Rocket System (GMLRS) provides accurate and rapid precision fires in general support of maneuver forces at ranges exceeding 60 km. Rocket munition hardware is funded in FY 2012. The Expeditionary Fire Support System (EFSS) is the third and final element in the land-based fire support triad with 7 systems being procured in FY 2012. Internally transportable via the MV-22 and CH-53E, the EFSS will be the primary indirect fire capability to the vertical assault element of the Ship-To-Objective-Maneuver (STOM) force, providing unprecedented flexibility in direct support of indirect fires.

MINE WARFARE

Mines remain a significant asymmetrical threat presenting anti-access challenges that can disrupt our ability to execute our mission. Sea mines can prevent access to naval and commercial vessels, negate our maritime capability advantages and disrupt or slow operations in the littorals. The FY 2012 Mine Countermeasure Master Plan ensures that sufficient quantities of mission packages will be procured to successfully prosecute major combat operations. Research and development efforts remain on track to deliver the mine countermeasures capability to LCS, and to continue to advance the mine countermeasures roadmap through the sustained development and application of new technologies. Figure 37 displays Mine Warfare efforts included in the FY 2012 budget.

Figure 37 – Mine Warfare



Major Programs

The Organic Airborne Mine Countermeasures (OAMCM) program continues development of five systems for the LCS Mine Warfare (MIW) mission package. The Organic Airborne and Surface Influence Sweep (OASIS) fielded on the MH-60S platform provides a rapid response sweeping capability against bottom and moored acoustic and magnetic or combination acoustic/magnetic influence mines. Also fielded on the MH-60S, the Airborne Laser Mine Detection System (ALMDS) uses a laser imaging detection and ranging blue-green laser to detect, localize and classify near surface, moored and floating sea mines. The AN/AQS-20 is an underwater towed mine hunting sonar system used to detect and identify deeper moored mines and visible bottom mines. The Airborne Mine Neutralization System (AMNS) is a mine destroying wire-guided munition with homing capability. The Remote Mine Hunting System (RMS), used on LCS, uses a robust unmanned, semi-submersible, semi-autonomous vehicle that can be adapted to a broad spectrum of applications and missions, including towing variable-depth sensors to detect, localize, classify and identify undersea threats at a safe distance from friendly ships. The Remote Multi-Mission Vehicle (RMMV) provides all-weather, low-observable operations, high endurance, interchangeable mission system electronics, and real-time data transfer capability beyond line of sight.

The FY 2012 budget continues to support the Coastal Battlefield Reconnaissance and Analysis (COBRA) system, the Intelligence, Surveillance, Reconnaissance/Targeting (ISR/T) part of the Assault Breaching System. The COBRA system will be a modular payload architecture, integrated with the MQ-8B Fire Scout VTUAV which will serve as the assault breaching detection system within the LCS Mine Countermeasures (MCM) mission package.

Mine Warfare Research and Development

The AN/AQS-20A Sonar Mine Detecting Set was decertified from operational testing due to reliability and maintainability issues with the MH-60S Block 2A Carriage, Stream, Tow and Recovery System (CSTRS). Operational Testing is planned to begin in the first quarter of FY 2011. OAMCM systems already delivered to the first LCS MCM Mission Package include the ALMDS and the AMNS. Other systems being developed for introduction in subsequent LCS Mission Modules include OASIS. Additionally, the OAMCM program provides funding for integration and testing of each MCM system on the MH-60S through a common console interface. These vital systems will provide the fleet with a flexible, organic MCM capability.

NETWORKS AND C4I PROGRAMS

The Navy's Command, Control, Communication, Computers, and Intelligence (C4I) programs are the backbone of naval combat capability. The evolutionary C4I plan revolves around four key elements: connectivity, common operational and tactical picture, a "Sensor-to-Shooter" emphasis, and information operations. In support of this plan, the development of a robust networked naval force continues in the FY 2012 budget. The cornerstone architecture will integrate sensors, networks, decision aids, combat systems and weapons into an adaptive human control maritime system in order to achieve dominance across all warfare spectrums. In concert with C4I, cyberspace capabilities are critical to achieving DON objectives in every warfighting domain and enterprise business model. The Department of Defense is undergoing a significant transformation in organization, structure, and alignment to enable the full range of operations in cyberspace.

Accordingly, the DON must enhance the way it is organized to man, train, and equip for its cyberspace missions and tasks. The associated cyberspace mission areas of computer network operations, Network Operations (NETOPS), and Information Assurance (IA) will be enabled by common technologies and must be highly synchronized. DON is reducing IT infrastructure cost and cyber vulnerabilities by consolidating Enterprise IT contracts, data centers, and application reductions.

Figure 38 displays major C4I programs included in the FY 2012 budget by their capability area.

Figure 38 – Major C4I Programs

Major C4I Programs *(Dollars in Millions)*			
Capability Area / Program	**FY 2010**	**FY 2011**	**FY 2012**
NMCI *(Note 1)*	$1,490	$0	$0
NGEN /CoSC *(Note 1)*	$186	$1,861	$1,738
CANES	$45	$117	$225
ADNS	$45	$56	$53
MDA	$24	$29	$24
JTRS	$870	$725	$732
MUOS	$908	$912	$482
DCGS	$37	$70	$72
Tactical Command System	$90	$88	$88
Satellite Communications Systems	$60	$30	$29
Submarine Communications Program	$70	$79	$99
NMT	$143	$177	$139

Note 1: Programs (with the exception of NMCI and NGEN) include investment and R&D funding only.

Continuity of Service Contract (CoSC) is the DON's shore-based enterprise network. The DON awarded the CoSC which began on 1 October 2010, to maintain the existing Navy Marine Corps Intranet (NMCI) network services and provide for the necessary transition support for migration to NGEN.

CoSC provides a NMCI-like single, integrated, secure Information Technology (IT) environment for reliable, stable information transfer and is a bridge contract to NGEN. CoSC represents about 70 percent of all DON IT operations and is second only to the internet in size.

The Next Generation Enterprise Network (NGEN) will improve upon the successes of NMCI. A significant distinction is that NGEN will ultimately be government managed and controlled. NGEN management will be more centralized to support the computing demands of the DON enterprise, and fully aligned with and supported by the respective Navy and Marine Corps network operation commands. NGEN will support net-centric operations and position the DON for transition to the Naval Networking Environment (NNE) vision for FY 2016. NGEN forms the foundation for the NNE, and will be interoperable with, and leverage, other DoD-provided Net-Centric Enterprise Services (NCES).

The FY 2012 budget supports the CoSC and NGEN program. The CoSC will provide for a phased buyback of select computing assets, intellectual property, and infrastructure (hardware/software). Also included are personnel to support command and control network operations, network defense, and security.

The Consolidated Afloat Networks and Enterprise Services (CANES) program provides Navy ships and submarines, with reliable, high-speed local area networks at all classification levels. CANES provides for near real-time information exchange within the ship, between ships, and their commanders. This program reduces the need for various C4I programs to procure similar networking equipment, which reduces total lifecycle cost and physical footprint on ships.

The FY 2012 investment transitions from the Engineering Manufacturing Development (EMD) phase to the Limited Deployment (LD) phase. Engineering Development Model (EDM) units will be installed on unit level platforms to support Initial Operational Test & Evaluation (IOT&E). FY 2012 investment also funds procurement, integration, associated costs for pre-installation design, and installation on force, unit level platforms and shore sites. CANES is planned to achieve Milestone C in FY 2012.

Automated Digital Network System (ADNS) provides routing, switching, configuration and monitoring capabilities for interconnecting naval, coalition, and joint network enclaves worldwide using off the shelf equipment and network protocols as specified by the Joint Technical Architecture. ADNS provides access between platform Local Area Networks (LANs) and the Navy's Tactical network via multiple Satellite, Line-Of-Sight and Piers communications paths. ADNS Increment III (INC III) converges all Navy tactical voice,

video, and data requirements into a converged Internet Protocol (IP) data stream. INC III inter-operates with higher bandwidth satellites, supporting up to 25 megabits per second (Mbps) of throughput on unit level ships and up to 50 Mbps on force level ships. INC III architecture also incorporates an IPv4/IPv6 dual stack, cipher text security to align to joint and coalition networks, streamline architecture, enhance Quality of Service, and provide consolidation of Wide Area Network routing to support CANES. ADNS will investigate emerging technologies to integrate with additional DoD C4I programs to improve inter-strike group networking and extend the network to the tactical edge. FY 2012 efforts will include continued production and fielding of surface and submarine units.

Maritime Domain Awareness (MDA) is the effective understanding of anything associated with the global maritime domain that could impact the security, safety, economy, or environment of the United States. MDA objectives include persistent monitoring, accessing, and maintaining data on vessels, cargo, people, and infrastructure, as well as the ability to collect, fuse, analyze, and share information with US and partner nations across the non-classified, unclassified, and classified enclaves. FY 2012 provides funding for continued operational sustainment of MDA Spiral 1 and for acquisition activities associated with maritime fusion and analysis services for alignment with Distributed Common Ground System-Navy (DCGS-N) Increment 2 program.

The FY 2012 budget continues to fund **Joint Tactical Radio System (JTRS)** development and procurement of multiple terminal programs. The JTRS program has evolved from separate radio replacement programs to an integrated effort to network multiple weapon system platforms and forward combat units where it matters most – the last tactical mile. The goal is to produce a family of interoperable, modular software-defined radios which operate as nodes in a network to ensure secure wireless communication and networking services for mobile and fixed forces. FY 2012 funding continues research and development for the various JTRS systems and provides procurement of JTRS Airborne Mobile Fixed (AMF) and Ground Mobile Radio (GMR) systems.

The advanced **Ultra High Frequency (UHF) Mobile User Objective System (MUOS)** development and procurement funding continues in the FY 2012 budget, supporting on-orbit capability in FY 2012 and full operational capability in FY 2015. Funding for launch vehicle four is included in FY 2012. MUOS will provide the DoD's UHF satellite communication capability for the 21st century.

The **Distributed Common Ground System – Navy (DCGS-N)** is the Navy's portion of the defined DoD DCGS ISR systems architecture. Data collected from satellites, aircraft, Unmanned Aerial Systems (UASs), ships, submarines, or data contained in intelligence databases from all intelligence producers is exploited and shared across a joint enterprise. DCGS-N FY 2012 funds support the procurement and installation of DCGS-N Increment 1 Block 1 systems as well as testing of DCGS-N Increment 1 Block 2 systems. FY 2012 funds also support initial EDM efforts for DCGS-N Increment 2. DCGS-N systems are replacing the currently fielded Joint Services Imagery Processing System – Navy (JSIPS-N) and Joint Fires Network (JFN) systems.

The **Tactical Command System** upgrades the Navy's Command, Control, Computer and Intelligence (C3I) systems and processes C3I information for all warfare mission areas including planning, direction and reconstruction of missions for peacetime, wartime and times of crises. A major component of the Tactical Command System is the Global Command and Control System-Maritime (GCCS-M). GCCS-M is the Navy's fielded command and control system, a key component of the FORCEnet Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) strategy. GCCS-M Increment 1 is the maritime component of the GCCS Family of Systems (FoS). It provides maritime commanders at all echelons of command with a single, integrated, scalable C4I system that fuses, correlates, filters, maintains, and displays location and attribute information on friendly, hostile, and neutral land, sea, and air forces, integrated with available intelligence and environmental information, to support command decision making.

GCCS-M Increment 2 will continue the fielding of a GCCS FoS based system aboard force level ships and major command centers. The GCCS-M program office will look to field a more readily scalable and modular Command and Control capability aboard unit and group level ships. The FY 2012 budget supports continued fielding and support of GCCS-M Increment 1 in addition to the development activities and test events associated with the release of GCCS-M Increment 2.

Navy Multiband Terminal (NMT) is the replacement for existing protected and wideband military SATCOM terminals. The program provides Navy units with the ability to access the next generation of military SATCOM satellites. The system also provides increased capacity, mitigates service denial in a jamming environment and supports execution of the Ballistic Missile Defense mission. The common suite of equipment

simplifies logistics support while reducing the footprint of equipment on space constrained ships and submarines.

Satellite Communications (SATCOM) Systems provide for shipboard terminal equipment for ship-to-ship, ship-to-shore, and ship-to-aircraft tactical communications. This includes radio frequency equipment and baseband equipment assembled and grouped into systems and subsystems structured to address specific naval communications requirements. These systems provide processors and peripheral equipment that control the radio frequency (RF) links for message traffic, direct data transfer and secure voice communications. The Navy continues to conduct research in this area to increase bandwidth and survivability of off-ship connectivity.

The **Submarine Communications Program** has a mission to create a common, automated, open system architecture radio room for all submarine classes, bringing network-centric warfare to the submarine force. The program addresses the unique demands of submarine communications, obsolescence issues, and higher data rate requirements. It also procures and installs antenna modifications to support new satellite communications and data link capability. This evolutionary system achieves unmatched capability, cost reduction, and future technology integration via a multimedia, circuit sharing, and COTS based open architecture that serves as the shipboard automated communications control system. The next version of Common Submarine Radio Room (CSRR) will replace legacy crypto with modern crypto, bringing an updated ADNS and the Navy Multiband Terminal (NMT) to all submarines. Development and procurement funding supports the transition of the *Los Angeles* class radio room to the common submarine radio room and upgrades to *Seawolf*, *Virginia* and *Ohio* class submarine radio rooms.

Other Select C4I Programs

The **Maritime Operations Center (MOC)** project networks maritime headquarters with common architectures, processes, training and systems enabling command and control at the operational level of war. MOC capabilities include planning, guiding, monitoring and assessing joint and multinational operations; developing and maintaining local, regional and global maritime domain awareness; collaborative and global maritime planning, execution and assessment through globally networked MOCs; and maintaining certifications to joint standards to assume duties

in joint force as the overall commander or maritime component of the joint command structure. Variance has been reduced and baselines established among the MOCs, and most recently incorporation of command and control of ballistic missile defense including additional needs of Commander, Naval Forces Europe/Commander, Sixth Fleet (CNE/C6F), and expansion of cyber mission capability through the creation of Cyber Tenth Fleet (C10F). Beginning in FY 2012, a common enterprise network infrastructure will be developed for the MOCs as well as completing full inclusion of CNE/C6F and Cyber Tenth Fleet into the MOC baseline.

Information Warfare/Command and Control Warfare 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. The **Information Systems Security Program (ISSP)** FY 2012 funding also continues to provide cryptologic equipment and secure communications equipment for Navy ships, shore sites, aircraft, Marine Corps and Coast Guard.

Shipboard information warfare equipment includes radio receivers, management systems, recorders, distribution systems, antennas and related equipment. The Navy uses this equipment to exploit adversarial transmissions across the entire electromagnetic spectrum to better anticipate threats to Navy assets. **Ship Signal Exploitation Equipment (SSEE)** Increments E and F are tactical cryptological and information operations exploitation and attack systems fielded and in development. Increment E is a highly sensitive automated electronic support measure and electronic attack system that provides automatic signal acquisition, direction finding, target geo-location and Information Operations capability fielded on over forty surface combatants. FY 2012 funding will support the low rate initial production installations and the procurement of ten full rate production SSEE Increment F systems. Funding will also be used to expand existing processing capability to allow collection of the newest high priority threat signals outside the frequency range of existing systems.

The **Fixed Submarine Broadcast System (FSBS)** is utilized to deliver Force Direction and Force Management Nuclear Command Control and Communication (NC3) Emergency Action Messages (EAMs) to SSBNs, SSGNs and SSNs. The FSBS enables informed and timely decisions by the President, the sole authority for nuclear employment, and execution of Presidential nuclear response options. The FSBS provides the

only continuous strategic and tactical communications link to submarines without risking mast exposure.

Marine Corps Radio and Switching Modernization: The Marine Corps will continue to procure the latest state of the art tactical radio systems for the warfighter, and will continue to upgrade multi-channel radio systems with hardware and software that increases bandwidth, reliability, and security for our tactical C2 users. Additional investments include COMSEC upgrades to existing radio systems, and continued Very Small Aperture Terminal (VSAT) procurements that have become the backbone of small units C2 in OEF.

The **Command and Control Processor (C2P)** program is in the process of making modifications to the Next Generation Command and Control Processor (NGC2P) system to accommodate changes from ADNS upgrades. The changes to the NGC2P software baseline will be part of the Common Data Link Monitoring System (CDLMS) version 3.7. CDLMS 3.7 will process Link 16 Imagery messages from aircraft. This upgrade will handle the digital image messages and provide an operator interface to send and receive Link 16 messages.

Deployable Joint Command and Control (DJC2) is a SECDEF and CJCS priority initiative that provides Geographic Combatant Commanders (GCCs) with a standardized, deployable, and scalable joint C2 headquarters capability tailored to support Joint Task Force (JTF) operations. DJC2 enables a GCC to rapidly deploy and activate a JTF headquarters equipped with a common C2 package with which to plan, control, coordinate, execute, and assess operations across the spectrum of conflict and domestic disaster relief.

The FY 2012 DJC2 funding continues to integrate COTS and GOTS systems into DJC2 systems of the 21st Century. FY 2012 funding execution is focused on increasing system C2 capabilities, reducing system footprint/transport requirements, and increasing scalability/flexibility to support a broader range of operations. FY 2012 funding also continues to research and evaluate information technology, intelligence and communications equipment for integration and incorporation into Joint Command and Control operational commands.

Marine Corps C2 Modernization: Three C2 systems will provide improved command and control capability for the MAGTF as a result of procurement and R&D efforts in FY 2012. Continued procurement of Combat Operations Center (COC) Systems provides a critical, deployable and adaptable capability for the austere conditions that our Command and Ground Combat Elements face.

In addition, the Marine Corps will improve its logistical support by procuring the Global Combat Support System-Marine Corps (GCSS-MC) for the Logistics Combat Element. GCSS-MC completed a Milestone C in 3rd quarter of FY 2010. GCSS-MC is the primary technology enabler for the Marine Corps' Logistics Modernization Strategy, and will greatly increase the Commanders C2 capabilities across the Logistics Warfighting function.

Common Aviation Command and Control Systems (CAC2S) is an aviation modernization effort that will replace existing aviation C2 equipment, and provide a common equipment set for aviation C2 units to control aviation functions for the Commander. CAC2S will consist of a Processing and Display Subsystem COC, and Communication Subsystem (AN/MRQ-12 Radio System), and the Sensor and Data Subsystem (SDS), which is still in development. In FY 2012, the Marine Corps will continue Research and Development of the SDS, and will procure COC and Engineering Change Proposal Kits for Communication Subsystems. The COC and Communication Subsystems will be integrated into a common operational platform in preparation for future SDS technology insertions.

The **Tactical Mobile (TacMobile)** program provides evolutionary systems and equipment upgrades to support the Maritime Component commanders and Maritime Patrol and Reconnaissance Force commanders with the capability to plan, direct and control the tactical operations of joint and naval expeditionary forces and other assigned units within their respective area of responsibility. These missions are supported by the Tactical Operations Centers, the Mobile Tactical Operations Centers, and the Joint Mobile Ashore Support Terminal. During FY 2012, the program will be concluding the test and evaluation of Increment 2.1 which will support the P-8A, followed by commencement of full rate production and fielding of Increment 2.1 and associated technical refreshes to support P-8A initial operational capability in 2013.

The **Commercial Broadband Satellite Program (CBSP)** is the next generation Commercial Satellite Communications (COMSATCOM) capability in the fleet, replacing the legacy AN/WSC-8 and Inmarsat terminals. The purpose of

COMSATCOM on ships is to augment the bandwidth needed by the warfighter at sea, not otherwise available from Military Satellite (MILSATCOM).

MARINE CORPS GROUND EQUIPMENT

Marine Corps continues to balance its ground equipment procurement and system development efforts to ensure that Marines are supported in the current fight and to recapitalize and modernize to support future contingencies. The Marine Corps has reduced critical equipment shortfalls for operational units in dwell by 20 percent, enhancing key command, control, and logistics support capabilities for those units. These efforts will directly impact Unit Equipment Readiness, and allow pre-deployment preparations to be accomplished earlier in the training cycle. Baseline budget procurement addresses the spectrum of combat capability. Whether buying force protection and individual combat equipment for the individual Marine, continuing procurement of mature systems such as the Logistics Vehicle System Replacement (LVSR) to recapitalize our logistics support capabilities, or continuing the research and acquisition of our ground tactical mobility portfolio, our efforts ensure that Marines will have what they need regardless of whether they're engaged in irregular warfare, joint forcible entry operations, or sustained operations ashore.

Major Programs

The LVSR is the Marine Corps' heavy tactical distribution system. Operating throughout the MAGTF, the LVSR comes in the cargo, wrecker, and tractor variants. The Internally Transportable Vehicle (ITV) is a highly mobile, weapons-capable, light strike vehicle platform that is transportable in CH-53E and MV-22 aircraft. The ITV will play a key role in (STOM) with its mobility and mounted heavy or medium weapons.

While the Marine Corps is committed to providing the nation's amphibious capability, it was determined that the Expeditionary Fighting Vehicle (EFV) program's high ownership cost was neither affordable nor sustainable in the current fiscal environment and has been recommended for termination. Regardless of the EFV's termination, a modern amphibious vehicle remains the means towards providing the Nation with the amphibious capability it needs in facing what will continue to be a complex security environment. The Marine Corps is dedicating resources to extending the service life of legacy Amphibious Assault Vehicles (AAVs) and accelerating procurement of the Marine Personnel Carrier (MPC) to address mobility and lethality issues until a new amphibious vehicle is developed.

This new amphibious vehicle is key to allowing ship-to-shore operations in permissive, uncertain, and hostile environments, assuring access where infrastructure is destroyed or nonexistent; and creating joint access in defended areas.

In preparation for future contingencies, the Marine Corps is pursuing a restructured development of the Joint Light Tactical Vehicle (JLTV). The JLTV will replace the High Mobility Multipurpose Wheeled Vehicle (HMMWV) fleet with multiple variants providing the MAGTF commander with a family of tactical vehicles tailored for unique mission tasks.

RESEARCH AND DEVELOPMENT SUPPORT

The Department of the Navy's Research, Development, Test and Evaluation (RDT&E) program supports the Department's vision for future capabilities by providing the ability to enable research, development, experimentation and studies that are vital in the support of all nine joint capability areas. Over half of the FY 2012 RDT&E program supports the force application capability, while remaining funds support battlespace awareness, logistics, net-centric, command and control, protection, and corporate management and support efforts. The Department's RDT&E program begins with the corporate strategy that directs its science and technology program, leveraging innovative concept development and experimentation programs. These efforts, along with the efficient execution of management and support programs, provide the foundation to support delivery of major platforms and capabilities to our Sailors and Marines.

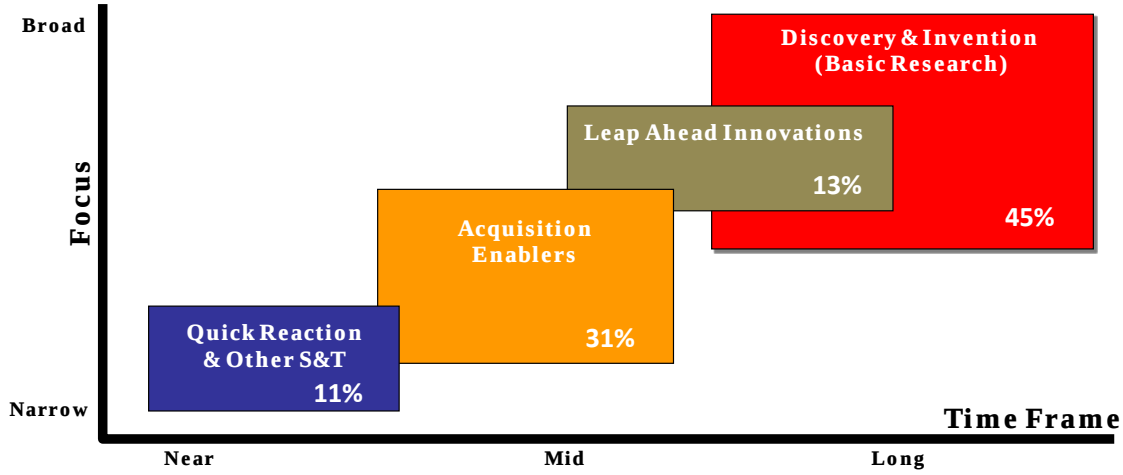
Science and Technology (S&T)

The FY 2012 budget requests $2 billion for the S&T program. The FY 2012 S&T budget request supports the Naval S&T Strategic Plan which was approved by the Department of the Navy's S&T Corporate Board and updated in February 2009. By design, it is a broad strategy that provides strong direction for the future, but also retains sufficient flexibility and freedom of action to allow the Navy to meet emerging challenges or quickly alter course as directed by senior leadership.

The basic research and applied research components of S&T fall primarily within the corporate management and support capability portfolio, along with studies and analyses. The advanced technology component of S&T supports a number of capabilities. The FY 2012 S&T portfolio is aligned to support 13 discrete naval S&T focus areas composed of: 1) power and energy; 2) operational environments; 3) maritime domain awareness, 4) asymmetric and irregular warfare, 5) information superiority and communication; 6) power projection; 7) assure access and hold at risk; 8) distributed operations; 9) naval warrior performance and protection; 10) survivability and self-defense; 11) platform mobility; 12) fleet/force sustainment; and 13) total ownership.

Figure 39 displays the percentage of S&T funding by program area.

Figure 39 – S&T Funding



Discovery & Invention (D&I): This area consists of basic research and the early stages of applied research. D&I is the genesis of future naval technologies and systems. It provides technology options, maintains S&T capacity vital to naval interests, and is an important component in the development of the next generation of the S&T workforce. The D&I portfolio, by design, has a broad focus, and programs are selected based on naval relevance and scientific and technological opportunity. An important aspect of D&I is the investment in essential and unique disciplines, such as the National Naval Responsibility (NNR) including ocean acoustics, underwater weapons, underwater medicine, and naval engineering. D&I investments are planned and coordinated to leverage other military services, government agency, industry, international, and general research community investments. While most of the D&I program is performed by university

researchers, the Naval Research Laboratory and Naval Warfare Centers supporting NAVAIR, NAVSEA, and SPAWAR also execute a substantial portion of the D&I portfolio.

Acquisition Enablers: This portion of the S&T portfolio is focused on Future Naval Capabilities (FNCs) and the transition of advanced technologies to acquisition programs of record and to the Fleet. These efforts translate maturing technology into requirements-driven products in the late stages of applied research and advanced technology development. In addition to the FNCs, Small Business Innovation Research (SBIR), Manufacturing Technology programs, and Rapid Technology Transition are used to foster other aspects critical to naval acquisition program success.

Leap Ahead Innovations: Innovative Naval Prototypes and Swamp Works projects comprise the bulk of the S&T investment in the Leap Ahead Innovation portfolio. These technology investments are selected because of their potential to be "game changing" or "disruptive" in nature. Innovative Naval Prototypes (INP) programs develop and integrate technologies that can change the way naval forces operate and fight. Programs in this category may be disruptive technologies that, for reasons of high risk or radical departure from established requirements and concepts of operation, are unlikely to survive without top leadership endorsement, and are initially too high risk for a firm transition commitment from the acquisition community. Approval for INPs is provided by the Naval S&T Corporate Board. Swamp Works programs, although potentially high risk and disruptive in nature, are smaller than INPs and are intended to produce results in one to three years. Swamp Works efforts have substantial flexibility in planning and execution, with a streamlined approval process, shortening the innovation time cycle. Although a formal transition agreement is not required, Swamp Works programs characteristically have strong advocacy, either from the acquisition community, the Fleet, or the Fleet Marine Forces. Frequently, Swamp Works products are inserted into Fleet experimentation, and if successful can provide the impetus for new acquisition requirements.

Quick Reaction and other S&T programs: This portion of the S&T portfolio includes quick-reaction projects such as Technology Solutions and Experimentation which are responsive to immediate needs identified by the Fleet, operating forces, or Navy leadership. Technology Solutions address urgent needs identified by the fleet with research that provides an S&T solution that meets or exceeds the need, with short-term programs and rapid solutions. Experimentation employs the Naval Warfare Development Command and the Marine Corps Warfighting Laboratory, in

partnership with the Office of Naval Research, to explore future war fighting concepts and evaluate the capability potential of emerging technologies.

Processes for Innovation

One of the efforts supporting several capability portfolios is *Sea Trial*, the Department's process for integration of emergent concepts and technologies leading to continuous improvements in warfighting effectiveness and a sustained commitment to innovation. *Sea Trial*, led by the Navy Warfare Development Command (NWDC), continuously surveys the changing frontier of technology and identifies candidates with the greatest potential to provide dramatic increases in warfighting capability.

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

The FY 2012 budget continues to support Marine Corps Warfighting Laboratory operational improvement efforts, investigating new and potentially valuable technologies, and evaluating their impact on how the Marine Corps organizes, equips, and trains to fight in the future. This includes improvements to:

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

In addition, the FY 2012 budget continues to finance joint non-lethal weapons research, development and testing; a program for which the Marine Corps serves as the executive agent.

Management and Support

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

- Research and development installations
- Efforts required for general research and development use
- Operation of the Navy's test range sites and facilities
- Operational Test and Evaluation
- Dedicated research and development aircraft and ship operations
- Target and threat simulator development efforts
- S&T Management

Seventy-five percent of management and support funding in FY 2012 supports the Major Range and Test Facilities Base, necessary to conduct independent test and evaluation assessments for all Navy ship, submarine, aircraft, weapons, combat systems, and other development, acquisition, and operational system improvements.

The remaining research activities support platform research and development efforts discussed in the previous sections. Figure 40 provides Research, Development, Test and Evaluation, Navy summary data at the budget activity level.

Figure 40 – DON RDT&E Activities

(Dollars in Millions)

RDT&E,N Activities	FY 2010	FY 2011 PB Req*	FY 2012
Science and Technology	$2,089	$1,961	$2,009
Basic Research	$544	$556	$577
Applied Research	$728	$679	$784
Advanced Technology Development	$817	$726	$648
Advanced Component Development	$4,266	$3,914	$4,481
System Development and Demonstration	$7,857	$6,852	$6,476
RDT&E Management Support	$1,373	$849	$859
Operational Systems Development	$4,184	$4,117	$4,131
Total RDT&E,N	**$19,769**	**$17,693**	**$17,956**

**FY 2011 RDT&E,N activity level will be degraded due to operations under a Full Year CR*

SECTION VI – REVITALIZING THE FORCE ASHORE

Providing Sailors, Marines, and the Department's civilians with high quality facilities, information technology, and an environment to achieve their goals is fundamental to mission accomplishment. The ability to project power through forward deployed naval forces relies heavily on a strong and efficient shore infrastructure.

MILITARY CONSTRUCTION

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

- Improving Quality of Life
- Enhancing the Global Defense Posture
- Replacing Aging Facilities
- Supporting New Systems
- Upgrading Operations, Training and Security Facilities
- Energy Savings

The FY 2012 budget request achieves the Department's key goals, financing 65 military construction projects. Of these: 27 are for the active Navy and 36 for the active Marine Corps, 1 for the Navy Reserve Component and 1 for the Marine Corps Reserve Component.

Figure 41 - Summary of MILCON Funding

Military Construction Summary (Active and Reserve)

(Dollars in Millions)	FY 2010	FY 2011 PB Req*	FY 2012
Navy	1,005	1,099	1,085
Marine Corps	2,473	2,720	1,316
Planning and Design	183	122	87
TOTAL	**$3,661**	**$3,941**	**$2,488**

*FY 2011 Milcon plan predicated on obtaining the full FY 2011 President's Budget request.

Improving Quality of Life

The Department continues to improve the quality of life for our Sailors and Marines. The FY 2012 program provides a total of $328 million for quality of life initiatives. Projects include:

- BEQ, homeport ashore, Norfolk, VA ($81 million)
- BEQ, NSA, Bahrain ($55 million)
- BEQ, Camp Lemonnier, Djibouti ($44 million)
- BEQ, Quantico, VA ($31 million)
- BEQ Lejeune, NC ($27 million)
- Fitness center, North Island, CA ($47 million)
- Fitness center, Twentynine Palms, CA ($19 million)
- Child Development Center, Twentynine Palms, CA ($24 million)

Enhancing the Global Defense Posture - Defense Policy Review Initiative

The construction program supports improvements in the Navy's global defense posture. As part of the Defense Policy Review Initiative, an international alliance to enhance the security environment was initiated whereby the United States and the Government of Japan signed an agreement for the relocation of U. S. Marines from Okinawa to Guam. The result will be the relocation of approximately 8,000 Marines and their family members. As part of a cost-sharing arrangement, the Japanese government is providing funding to support the overall relocation effort. The FY 2012 military construction program on Guam takes into account ongoing efforts to address complex policy and construction planning issues. Supporting the relocation effort in FY 2012, the Department's budget provides $156 million for Guam projects as follows:

- AAFB North Ramp Utilities ($79 million)
- Finegayan Water Utilities & Site Prep ($77 million)

The FY 2012 budget also supports improvements in global posture supporting other missions. Projects include Quality of Life facilities in support of CENTCOM and AFRICOM. Some examples include:

- Waterfront development, phase 4, NSA, Bahrain ($45 million)
- BEQ, Camp Lemonnier, Djibouti ($45 million)
- Aircraft Logistics Apron, Camp Lemonnier, Djibouti ($35 million)

Facility Improvements

As facilities reach the end of their service life, they must be modernized or replaced. These projects recapitalize critical shipyard maintenance facilities, ensure environmental compliance, enhance operational capabilities and replace outdated facilities. Some examples include:

- Controlled Industrial Facility (CIF), Norfolk, VA ($75 million)
- Integrated dry dock water treatment, Kitsap, WA ($13 million)
- Navy information operations center facility, Pearl Harbor, HI ($7 million)

Supporting New Systems

As new systems are introduced into service, supporting facilities are required. These new systems include the F-35 JSF, BAMS UAV, E-2D aircraft, P-8A aircraft, and MH-60 rotary aircraft. Some associated military construction projects include:

- JSF Double Aircraft Maintenance Hangar, Yuma, AZ ($82 million)
- Rotary aircraft depot maintenance facility, North Island, CA ($62 million)
- Aircraft prototype facility, Patuxent River, MD ($46 million)
- JSF Auxiliary Landing Field, Yuma, AZ ($41 million)
- JSF Aircraft Maintenance Hangar, Yuma, AZ ($40 million)
- P-8A training facility, Jacksonville, FL ($26 million)
- E-2D aircrew training facility, Point Mugu, CA ($15 million)
- P-8A hangar upgrades, Jacksonville, FL ($6 million)
- BAMS operator training facility, Jacksonville, FL ($4 million)

Operations, Training and Security Facilities

These projects range from strategic operations, non-potable water mitigation, operational training upgrades, and Reserve Component facilities. Some examples include:

- Potable water plant modernization, Diego Garcia ($35 million)
- EOD applied instruction facilities, NAS Whiting Field, Milton, FL ($21 million)
- Armed Forces Reserve Center, Pittsburgh, PA ($14 million)

Nuclear Weapons Security

The Navy is seeking to eliminate potential security vulnerabilities for nuclear weapons. These projects will help provide a secure environment to safeguard those weapons. Explosives Handling Wharf 2 at Kitsap, WA commencing in FY 2012 and will be incrementally funded across four years as approved by the Office of Management and Budget (OMB).

- Explosives Handling Wharf (EHW) 2, Kitsap, WA ($93 million)
- Crab Island security enclave, Kings Bay, GA ($53 million)
- Waterfront Restricted Area (WRA) vehicle barriers, Kitsap, WA ($18 million)
- WRA land/water interface, Kings Bay, GA ($33 million)
- EHW security force facility, Kitsap, WA ($26 million)

Energy Savings Initiative

The Navy is seeking to achieve energy compliance mandates and provide increased energy security. These projects directly contribute to reduced energy usage and significant long term savings.

- Decentralize steam system, Great Lakes, IL ($91 million)
- Decentralize steam system, Indian Head, MD ($68 million)
- Decentralize steam system, Norfolk, VA ($27 million)
- Replace electrical distribution system, PMRF, HI ($10 million)

FAMILY HOUSING

The Department continues its reliance on the private sector as the primary source of housing for Sailors, Marines, and their families. The family housing budget includes the operation, maintenance, and recapitalization of the family housing units remaining in the Department's inventory of government-owned housing. The budget request represents the funding level necessary to ensure government-owned housing remains adequate for Sailors, Marines, and their families.

To date, the Department has awarded 38 military family housing privatization projects totaling over 63,426 homes for Sailors, Marines, and their families. Over

90 percent of Navy and Marine Corps family housing has been privatized. As a result of these projects, almost $9 billion has been invested through the privatization program for the construction of new housing and the replacement or renovation of existing housing. The Department has contributed approximately $1 billion towards this initiative, thus leveraging its resources by nine to one. Furthermore, the Department's approach to privatization will ensure that quality of the privatized housing is sustained over the long term.

The Department's FY 2012 Family Housing construction budget does not contain any new construction funding; however, $74 million is budgeted in post-acquisition construction for the improvement and repair of 363 homes and apartment units located overseas in Cuba, Japan, and Spain. The DON's budget also includes $341 million for the operation, maintenance and leasing of more than 14,400 units located worldwide.

The Marine Corps FY 2012 request for post-acquisition construction includes $26 million for the improvement and repair of 76 townhomes and apartment units located at Marine Corps Air Station, Iwakuni, Japan. The Marine Corps' budget also includes $26 million for the operation, maintenance and leasing of approximately 1,100 units located worldwide.

Figure 42 - Family Housing Units

	FY 2010	FY 2011	FY 2012
New construction projects	2	1	0
New construction units	30	71	0
New privatization projects/units	1 / 231	2/ 324	0
Housing inventory	9,360	10,286	9,972

FACILITY SUSTAINMENT, RESTORATION, AND MODERNIZATION

Appropriate investment in Facility Sustainment, Restoration and Modernization (FSRM) is necessary to maintain an inventory of installations that can provide required capabilities in support of the National Security Strategy. These installations are a major component of the force support joint capability area. The FSRM program ensures our current inventory of facilities continues to be maintained in good working order, while preventing premature degradation of facility condition.

DoD develops its annual facilities sustainment requirement using an empirical model called the Facility Sustainment Model (FSM). The model takes into account facility type/use, industry metrics for similar facilities, geographic location, and economic indicators, as well as a number of other factors. Our inventory of facilities has been further updated to provide a more accurate account of the quantity, condition, and configuration of the Navy's shore infrastructure. The FY 2012 budget funds Navy facility sustainment at a rate of 80 percent of the modeled value. We believe active management of Navy's unique portfolio of infrastructure focused on flexible, tailored responses to priority needs is a sound approach to facilities management that yields comparable results. Marine Corps sustainment remains at 90 percent to reflect requirements at their older land bases, while properly anticipating increased FSM requirements commensurate with Grow The Force (GTF) increases in manpower.

The DoD uses an industry-based facility investment model to keep facility inventory at an acceptable level of quantity and quality through life-cycle maintenance, repair, and disposal. Facility recapitalization, occurs through restoration or modernization of aged and sub-optimally performing facilities. DoD's empirical based Facility Modernization Model (FMM) measures recapitalization rate as a "percentage" of model requirement. DoD has not established a goal for this model, so Figure 43 displays the funding applied to restoration and modernization efforts. The Navy is increasing its investment in recapitalization of permanent party barracks, thereby improving quality of life for our sailors. These efforts directly support the goal of 90% of barracks inventory in a good or fair condition (Q1/Q2). Funding for Base

Operating Support (BOS) and FSRM has been reallocated to more effectively support Joint Bases and continues to align funds for enduring requirements from OCO into the baseline budget.

The Navy continues with and the Marine Corps is expanding energy-related renovations and facility retrofits to achieve compliance with Energy Independence and Security Act and other DON energy initiatives. Efforts include utility metering enhancements, replacement of Heating, Ventilation, and Air Conditioning (HVAC) systems with more energy efficient units, and building envelope repairs that reduce energy consumption. The Restoration and Modernization (R&M) investments include operation & maintenance, BRAC, NWCF, OCO funds, and a reduced restoration component of Navy MILCON.

Figure 43 summarizes the Department's FSRM program.

(In Millions of Dollars)	FY2010	FY2011 PB Req*	FY2012
Facility Sustainment Funding			
Navy	$1,462	$1,541	$1,408
Marine Corps	$589	$617	$628
Total DON Facility Sustainment (all Appropriations)	**$2,051**	**$2,158**	**$2,036**
Annual Unfunded Sustainment			
Navy	$106	$134	$348
% of Model Funded*	88%	92%	80%
Marine	$65	$68	$70
% of Model Funded	90%	90%	90%
Total DON Unfunded Sustainment	**$171**	**$202**	**$418**
* Navy % model funded for FY11 includes increased funding for Joint Base (JB) functional transfers that occurred after model requirements were not updated to account for the JB facilities.			
Restoration and Modernization (R&M) Funding			
Navy	$1,406	$1,096	$1,072
Marine Corps	$161	$172	$379
Total DON R&M (All appropriations)	**$1,567**	**$1,268**	**$1,451**
** FY 2011 readiness level will be degraded due to operations under a Full Year CR*			

NAVY WORKING CAPITAL FUND (NWCF)

The NWCF is a revolving fund that finances DON activities providing product and services on a reimbursable basis, based on a customer-provider relationship between operating units and the NWCF support organizations. Customers send funded orders to the NWCF providers who furnish the services or products, pay for incurred expenses, and bill the customers, who in turn authorize payment. Unlike profit-oriented commercial businesses, NWCF activities strive to break even over the budget cycle.

NWCF activity groups comprise five primary areas: Supply Management, Depot Maintenance, Research and Development, Base Support and Transportation. The wide range of goods and services provided by NWCF activities are crucial to the DON's conventional and irregular warfare capabilities as well as its ongoing roles in OCO. The value of goods and services provided by NWCF activities in FY 2012 is projected to be approximately $28 billion. FY 2012 NWCF budget estimates reflect the impacts of a number of efficiency and overhead reduction initiatives such as the reduction of Supply related information technology and inventory costs through the use of Navy Enterprise Resource Planning (ERP), limiting facilities sustainment expenses to 80 percent of requirements, curtailing cell phone/PDA expenses, elimination of some low-use/high cost infrastructure, overhead function consolidation, "lean" project team operations, and support services reductions. The cumulative effect of these cost saving reductions through FY 2012 is over $220 million dollars and they are reflected in the revised rates charged to NWCF customers.

Supply Management

Supply Management performs inventory management functions that result in the sale of aviation and shipboard components, ship's store stock, repairables, and consumables to a wide variety of customers. A key component of the logistics capability area, Supply Management is the central element assuring DON and DoD operating forces and their equipment have the necessary supplies, spare parts, and components to conduct OCO engagements, various types of training, and any potential contingency. Ensuring the right material is provided at the proper place, time, and cost is vital to equipping and sustaining Navy and Marine Corps warfighting units.

Supply Management also supports contracting, resale, transportation, food service, and other quality of life programs. Costs related to supplying material to customers are recouped through stabilized rate recovery elements.

Navy Supply continues deployment of the Navy ERP system. ERP implementation at all U.S.-based Fleet Industrial Supply Centers (FISCs) is nearing completion; FISC Yokosuka and FISC Sigonella will go live in FY 2012. The phased implementation of ERP was scheduled in order to minimize impact to the Fleet.

During this period, the major cost drivers in the supply management inventory are aviation weapons systems for the CH-53D, EA-6B, and F/A-18 A-D. Aircraft engine procurement due to increased attrition, as well as population increases for the V-22, F/A-18 E/G, and H-60 R/S platforms are also contributing to increased supply management requirements. The Marine Corps continues to experience high demand for Mine Resistant Ambush Protected (MRAP) vehicle repair and rebuild operations, Light Armored Vehicle and Amphibious Assault Vehicle repair parts, as well as providing joint support for Army MRAP repair requirements. For both Navy and Marine Corps, Operations Tempo in the CENTCOM theater continues to drive corrosion, wear, and tear, contributing to the overall velocity of supply management operations.

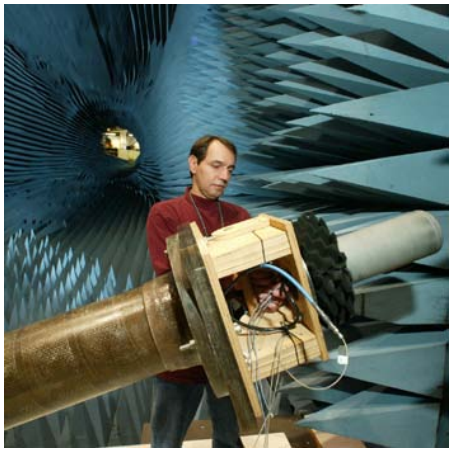
Depot Maintenance

The Fleet Readiness Centers (FRCs) and Marine Corps Depots perform depot maintenance functions to ensure repair, overhaul, and timely updates of the right types and quantities of weapons systems and support equipment so that deployed and soon-to-deploy units have the battle-ready items they need to fight and win both ongoing OCO engagements and potential confrontations. Forward-deployed individuals perform time-critical repair and upgrade functions in-theater, alongside the service members they support.

The FRCs are essential for mobilization; repair of aircraft, engines, and components; and the manufacture of parts and assemblies. They provide engineering services in the development of hardware design changes and furnish technical and other professional services on maintenance and logistics issues. The FRCs overhaul and repair a wide range of equipment and components. Contractors are used to supplement the organic workforce during workload peaks.

MRAP vehicle workload continues to grow at the Marine Corps Depots and includes repairs and upgrades to vehicles in-theater as well as the depots. Current projections of other workload include repair of combat-damaged equipment and weapons systems returning from OIF/OEF as well as armor/ballistic protection upgrades prior to OCO deployments. The impacts of the changing force levels associated with OCO continue to develop and will have an impact on depot maintenance operations.

Research and Development



Research and Development includes the Warfare Centers and the Naval Research Laboratory. R&D activities are very heavily involved in the development, engineering, acquisition and in-service support of weapons systems and equipment for the air, land, sea, and space operating environments. These efforts are key to the success of DON and DoD operations now and in the future. Other areas where the R&D activities make major contributions are battle-space awareness, net-centric operations (connectivity and interoperability), and command and control. Their contributions are evidenced through their research, engineering and testing efforts in the fields of space, aerial, surface and sub-surface sensors, communications systems, multi-media data fusion, and battle management systems. In accordance with the defense acquisition workforce initiative, R&D activities are implementing improvements and greater standardization thereby contributing to the progression of overall acquisition process and execution improvements.

Certain R&D activities support logistics through the repair and maintenance of select items of operating forces weapons and equipment. This is done in those instances in which the work is limited in scope, irregular in schedule and/or very specialized (and therefore not sufficient to warrant fully dedicated depot facilities or commercial source interest). Success in the logistics area is vital to ensuring the necessary mission capabilities of the operating forces. Workload at R&D activities remains robust and relatively constant between FY 2010 and FY 2012, at approximately $13 billion annually.

Additionally, NWCF R&D activities have been at the forefront of implementing Navy ERP. Navy ERP came on-line at Naval Air Warfare Center and at the Space and Naval Warfare Systems Centers in FY 2008 and FY 2010, respectively. Navy

ERP is expected to go-live at Naval Surface Warfare Center and Naval Undersea Warfare Center in FY 2012.

- Space and Naval Warfare System Centers (SSCs) provide fleet support for command, control, and communication systems, and ocean surveillance, and the integration of those systems that overarch platforms.
- Naval Air Warfare Center provides fleet support for naval aircraft, engines, avionics, aircraft support systems and ship/shore/air operations.
- Naval Surface Warfare Center provides fleet support for hull, mechanical, and electrical systems, surface combat systems, coastal warfare systems, and other offensive and defensive systems associated with surface warfare.
- Naval Undersea Warfare Center provides fleet support for submarines, autonomous underwater systems, and offensive and defensive systems associated with undersea warfare. This budget reflects the realignment of the Naval Sea Logistics Center (NSLC) from mission funding to the NWCF beginning in FY 2012. NSLC's four primary business areas are acquisition, supply support, maintenance, and sustainment.
- Naval Research Laboratory operates as the DON's full spectrum corporate laboratory, conducting a broadly based multidisciplinary program of scientific research and advanced technological development directed toward maritime applications of new and improved materials, techniques, equipment, systems, and ocean, atmospheric, and space sciences and related technologies.

Base Support

The Base Support business area is comprised of the Facilities Engineering Commands (FECs) and the Naval Facilities Engineering Service Center (NFESC).

The FECs provide a broad range of services in the force support area by ensuring that DON and DoD facilities and installations have reliable access to utilities services such as electricity, water, steam and natural gas and building/facilities repair, maintenance and modernization services. In order to achieve facility energy and utility distribution system efficiencies and reduce the DON's overall energy consumption levels, the FECs will be implementing steam plant production and distribution improvements, chiller plant replacements with high efficiency systems, and installation of network wide digital control and monitoring systems. NFESC is a DON-wide technical center delivering quality products and services in energy and utilities, amphibious and expeditionary systems, environment and shore, and ocean and waterfront facilities. In addition, energy efficiency improvements in both buildings and support vehicles are being implemented by Base Support activities in order to conserve DON and DoD resources. Facility-related technology development and environmental testing is also performed by this group.

Transportation

While over-ocean movement of supplies and provisions to the operating forces is a primary focus of this group, it also maintains prepositioned equipment and supplies as well as other special mission services.

Transportation is comprised of the Military Sealift Command (MSC) whose major clients include the fleets, Naval Sea Systems Command, and Space and Naval Warfare Systems Command. The three programs budgeted by MSC through the NWCF are: 1) Naval Fleet Auxiliary Force which provides support using civilian mariner manned non-combatant ships for material support, ocean going tugs, and salvage ships; 2) Special Mission Ships which provide unique seagoing platforms, operation of Navy command ships, and contracted harbor tugs; and 3) Afloat Prepositioning Force Navy which deploys advance material for strategic lift in support of the Marine Expeditionary Forces.

Activation changes in FY 2012 are for the delivery of two T-AKEs. There are no deactivations planned for FY 2012.

NWCF Cash

The Department's goal is to maintain the cash balance in the seven to ten day range based on the average daily expenditure rate for two fiscal years plus a six month projection of outlays to procure capital investments. The cash forecast of collections and disbursements considers cyclical timing (e.g., payroll disbursements based on payroll periods, timing of major disbursements including capital purchases, vendor payments within and outside government, long lead contract accruals, and transfers if known). The NWCF cash balance fluctuates primarily from the return of excess accumulated operating results for prior year gains and the transition to Navy ERP.

Figure 44 shows a summary of NWCF costs.

Figure 44 - Summary of NWCF Costs

COST ***(In Millions of Dollars)***	**FY 2010**	**FY 2011**	**FY 2012**
Supply (Obligations)	6,007	6,739	6,820
Depot Maintenance - Aircraft	2,180	1,845	2,191
Depot Maintenance - Ships	9	0	0
Depot Maintenance - Marine Corps	575	577	443
Transportation	2,746	2,733	2,746
Research and Development	11,986	12,891	12,881
Base Support	2,921	2,938	3,079
TOTAL	**$26,424**	**$27,723**	**$28,160**

CAPITAL INVESTMENT	**FY 2010**	**FY 2011**	**FY 2012**
Supply	2	7	7
Depot Maintenance - Aircraft	45	44	45
Depot Maintenance - Ships	0	0	0
Depot Maintenance - Marine Corps	9	11	11
Transportation	15	16	23
Research and Development	111	128	121
Base Support	26	23	24
TOTAL	**$208**	**$229**	**$231**

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SECTION VII – IMPROVING PERFORMANCE

The Department of the Navy continues its commitment to building a performance based culture and has actively developed process improvements to improve and measure performance. Working in cooperation with the DoD enterprise, we will continue to improve performance measurement and budget reporting and to strengthen links between performance and budget. DON successes as well as major ongoing initiatives are addressed in this section.

BUSINESS TRANSFORMATION

The Department of the Navy continues to develop its vision for Business Transformation. Because of the size and complexity of DON's business operations it is imperative that the Navy-Marine Corps team continues to change its business practices to be more agile, efficient, and increasingly responsive to the warfighter.

In these times of fiscal constraint, the DON is challenged to make necessary investments in future capabilities while sustaining current warfighting effectiveness. As part of a strategy to achieve these competing ends, the DON has adopted business transformation policy designed to:

- Employ business process change to create more effective operations at reduced costs.

- Exploit process improvements, technology enhancements, and an effective human capital strategy to ensure continued mission superiority.

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

Navy Enterprise Resource Planning: The Navy ERP program was created to modernize, streamline and standardize how the Navy manages people, money, programs, equipment and supplies. Navy ERP combines Business Process Reengineering (BPR) and industry best practices, supported by commercial off-the-shelf software, and integrates all facets of Navy business operations, using a single database to manage shared common data. The program enables DON compliance with the Chief Financial Officers Act of 1990 and the DoD Information Assurance Certification and Accreditation Process.

Additional benefits of the program include the delivery of transparent and timely financial information improving decision making and reducing business operating costs. Standardizing and automating key business practices across the DON will create efficiencies, reduce the cost of business and enable easier career mobility within the workforce. Cost savings will be realized by the retirement of redundant, stove-pipe, legacy IT systems, a reduction in supply inventories due to improved inventory management and visibility, and increased business process efficiencies.

The Navy ERP system Release 1.0 (Acquisition and Financial Management functionality) has been operational since October 2007 and is currently deployed to approximately 44,000 users at NAVAIR, NAVSUP, NAVSEA and SPAWAR. The Commander, Operational Test and Evaluation Force (COMOPTEVFOR) stated, in July 2009, that Navy ERP was operationally effective and suitable and recommended full fielding of Release 1.0. Implementation of Release 1.1 (Wholesale and Retail Supply functionality) began in Spring 2010. When the Program of Record deployments are completed in October 2012, Navy ERP will serve over 65,000 users and be used to manage over 50 percent of the Navy Total Obligation Authority (TOA). Plans are being made to extend Navy ERP to the rest of the DON.

Financial Improvement Program: DON continues to make significant progress with its Financial Improvement Program (FIP). The goal of the FIP is to enhance the effectiveness of Navy-Marine Corps business processes and the systems supporting the processes; establish a Department-wide regime of key internal controls over the processes and systems; and to ensure that the controls are periodically tested and deemed effective. The FIP process will lead to higher-quality business data which is accurate, reliable, accessible, and complete. The result will be a stable business environment which can maintain the confidence of Congress and the taxpayer, and one which can ultimately achieve uniformly positive audit results. FIP primary achievements include: 1) Leading the Department of Defense in readying business

areas for audit, in concert with the Financial Improvement and Audit Readiness (FIAR) efforts; the primary DON accomplishments are (a) achieving audit readiness for and undergoing a subsequent audit of the Marine Corps Statement of Budgetary Resources (SBR), the first Military Department financial statement to go to audit, and (b) asserting auditability for varying business processes: Environmental Liabilities, Civilian Pay, Travel using Defense Travel System, and Funds Receipt and Distribution; in addition, DON asserted Existence and Completeness for 94 percent of its estimated valuation of Military Equipment (approximately $180 billion), as well as for Ordnance, estimated at $32 billion. 2) Refining the DON FIP methodology into an understandable and repeatable process which can be readily implemented at major commands with proper leadership; the FIP is a key enabler to positive change in the business culture Department-wide. 3) In addition, DON has set a goal to achieve audit readiness on the Departmental SBR by 31 December 2012. To do this, DON, in conjunction with improving controls over business processes and systems, must also develop repeatable capabilities to support a controlled financial environment, including cash reconciliation and end-to-end traceability of transactions; and DON must continue to build an audit support infrastructure prior to SBR assertion.

The DON FIP, in concert with the continuing roll-out of Navy ERP and other enterprise business initiatives, will transform the Department's business environment into a "best practices," auditable end-state. This transformed environment will be both transparent and accountable to DON's stakeholders – the Department of Defense, Congress, and the American taxpayer.

DON OBJECTIVES AND PERFORMANCE METRICS

The Department of the Navy FY 2012 performance metrics are aligned with the National Defense Strategy and the FY 2010 Quadrennial Defense Review (QDR) Risk Management Framework as illustrated in Figure 47. As an organizing framework, the 2010 QDR used risk categories that have been employed since 2001. The Department's goals are aligned to this framework as follows:

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

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

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

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

Throughout this overview book, we have addressed our metrics as well as the Department of the Navy goals and objectives. Many of these metrics are also contained in budget justification materials supporting our budget request.

Figure 45 which follows provides page references to the performance information contained in this document supporting current DON objectives and the FY 2012 budget submission.

Figure 45 – Objective and Performance Metrics

Risk Category	Defense Strategy	DON Objective	Performance Metrics	Page #
Operational Risk	**Prevail in Today's Wars**	**Use the Navy-Marine Corps Team to aggressively prosecute the Global War on Terrorism**	Number of Deployed Marines	1-12
			Ships Deployed	1-12
			Ships Underway	1-12
			Active/Reserve Navy/Marine Corps Strength	1-12
			OCO Request	2-5
			Battle Force Ships	4-4
			Active Steaming Days Per Quarter	4-6
			Surge Sealift Ships and Capacity	4-7
			Prepositioning Ships and Capacity	4-7
			Reserve Battle Force Ships	4-21
			Reserve Steaming Days Per Quarter	4-20
			Ship Maintenance % Requirement Funded	4-10, 4-21
			Deferred Ship Maintenance	4-10
			Active Air Wings	4-11
			Active Primary Authorized Aircraft (PAA)	4-11
			Active Flying Hours T-Rating	4-12
			Airframe Availability/PAA	4-14, 4-22
			Aircraft Engine Bare Firewalls	4-14,4-25
			Aircraft Engine Spares Ready-to-Issue	4-14, 4-25
			Reserve Air Wings	4-22
			Reserve Flying Hours T-Rating	4-24
			Reserve Primary Authorized Aircraft (PAA)	4-22
			Ship Construction Plan	5-2
			Aviation Procurement Plan	5-7
Force Management Risk	**Preserving and Enhancing the All-Volunteer Force**	**Provide a Total Naval Workforce capable and optimized to support the National Defense Strategy**	Navy – Active End Strength	3-4
			Navy – Enlisted Accessions	3-5
			Navy - Number of Recruiters	3-5
			Navy - Number of Recruits	3-5
			Navy - Size of Delayed Entry Program	3-5
			Navy - Enlisted Attrition Rates	3-5
			Navy – Active Enlisted Reenlistment Rates	3-5
			Navy – Reserve End Strength	3-7
			Navy - Costs for Accession/Basic Skills/Advanced Training	A-5

Risk Category	Defense Strategy	DON Objective	Performance Metrics	Page #
			Marine Corps – Active End Strength	3-8
			Marine Corps – Enlisted Accessions	3-8
			Marine Corps – Active Enlisted Reenlistment Rates	3-8
			Number of Marine Expeditionary Forces	4-18
			Number of Marine Battalions	4-18
			Marine Corps – Reserve End Strength	3-11
			Marine Corps - Costs for Accession/Basic Skills/Advanced Training	A-6
			Civilian Personnel Levels	3-12,3-14
Future Challenges	**Preparing for a wide range of contingencies.**	**Build the Navy-Marine Corps Force for Tomorrow**	Aviation/Ship Weapons Quantities	5-14
			Funding for R&D Activities	5-34
			FSRM Recapitalization Rate	6-8
			Family housing units	6-5
			Number of Privatization Projects	6-5
			Number of Reserves Activated	1-12
			Number of Deployed Sailors	1-12

SECTION VIII - FINANCIAL SUMMARY

Total Obligation 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 direct 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 Figure 46 below, result from a combination of several factors.

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

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

Figure 46 – TOA vs BA

(In Millions of Dollars)	**FY 2010**	**FY 2011**	**FY 2012**
Total Obligational Authority (TOA)	**$176,979**	**$179,143**	**$176,426**
Concepts	21	-284	-284
Financing Adjustment	-716	-4,186	-
Total Budget Authority	**$176,284**	**$174,673**	**$176,142**

Note: Includes Overseas Contingency Operations.

The Concepts category includes receipts and other funds that are reflected in BA, but not in TOA. Offsetting receipts, including 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, are also in this category. Further, Trust Funds and Interfund Transaction Accounts established for the Navy General Gift Fund, Environmental Restoration of Kaho'olawe Island in Hawaii, Ships' Stores Profits, and the Naval Academy Gift and Museum Fund are included.

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

Expiring balances also contribute to the difference between TOA and BA. Expiring balances are funds that were included in BA available for FY 2010 accounts, but were not obligated prior to the end of the fiscal year. These amounts are included in BA totals, but not TOA. Rescissions of prior year programs are reflected in TOA available but not as BA in the year they are rescinded.

Navy Working Capital Fund Contract Authority is offset by Contract Authority liquidated and reflects the use of authority to place orders in advance of actual sales. This amount is included in BA, but not TOA.

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

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

Outlays represent the net of expenditures and collections from the Treasury of the United States Government. Outlays in a given fiscal year may represent the liquidation of obligations incurred over a number of years. The TOA and BA levels for FY 2010 through FY 2012 along with DON outlay estimates are summarized in Figure 47.

Figure 47 - TOA, BA, and Outlays

Department of the Navy
Summary of Direct Plan (TOA), Budget Authority, and Outlays
(Dollars in Millions)

	TOA			BA			OUTLAYS		
Account	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2010**	**FY 2011**	**FY 2012**
MPN*	27,170	27,130	28,074	27,039	26,812	28,074	27,074	27,039	27,303
MPMC	13,755	13,895	14,249	13,724	13,712	14,249	13,582	13,675	13,576
RPN	1,947	1,993	2,006	1,945	1,949	2,006	1,901	1,962	2,012
RPMC	676	648	678	681	677	678	657	685	658
DHAN	1,826	1,843	1,807	1,826	1,841	1,807	1,826	1,841	1,807
DHAMC	1,136	1,142	1,125	1,136	1,142	1,125	1,136	1,142	1,125
DHANR	234	242	236	234	242	236	234	242	236
DHAMCR	129	132	135	129	132	135	129	132	135
OMN	43,297	47,081	46,371	43,214	42,475	46,371	46,805	46,959	45,528
OMMC	10,096	9,727	9,531	10,266	9,692	9,531	10,171	10,466	7,789
OMNR	1,419	1,462	1,396	1,418	1,410	1,396	1,320	1,491	1,434
OMMCR	312	315	307	310	310	307	326	318	291
ERN	-	305	309	-	286	309	-	132	247
NWCF	204	-	-	-	-	-	-	-	-
APN	19,787	18,929	19,318	19,791	19,710	19,318	14,338	18,205	19,146
WPN	3,377	3,453	3,448	3,352	3,398	3,448	3,068	3,333	3,363
SCN	13,844	15,725	14,929	13,806	15,156	14,929	11,893	13,937	13,332
OPN	5,926	6,930	6,567	5,797	5,609	6,567	6,239	5,917	5,924
PMC	3,741	3,122	2,654	3,658	2,559	2,654	5,819	3,911	3,249
PANMC	1,489	1,383	1,037	1,489	1,474	1,037	1,315	1,542	1,458
RDTEN	19,906	17,754	18,010	19,938	20,008	18,010	19,506	20,758	19,364
NDSF	1,686	935	1,127	1,668	1,668	1,127	2,111	2,659	2,395
Total DoD Bill	**171,957**	**174,146**	**173,314**	**171,421**	**170,262**	**173,314**	**169,450**	**176,346**	**170,372**
MCN	3,544	3,879	2,461	3,373	3,483	2,461	3,748	4,412	4,360
MCNR	126	62	27	126	126	27	57	96	108
BRCIV	235	162	129	235	228	129	236	215	179
BRCV	592	342	26	592	342	26	907	514	280
FHCON	151	186	101	147	147	101	87	279	308
FHOPS	374	366	368	369	369	368	375	368	384
Total MILCON	**5,022**	**4,997**	**3,112**	**4,842**	**4,695**	**3,112**	**5,410**	**5,884**	**5,619**
Receipts and Other Funds				**21**	**-284**	**-284**	**21**	**-284**	**-284**
Total, DON	**$176,979**	**$179,143**	**$176,426**	**$176,284**	**$174,673**	**$176,142**	**$174,881**	**$181,946**	**$175,707**

* OCO is included. Totals may not add due to rounding.

Derivation of FY 2011 Estimates

Figure 48 displays a track of changes to Department of the Navy appropriations for FY 2011, beginning with the FY 2011 President's Budget request. The changes reflect funding impacts associated with operating under a congressional resolution extending appropriations for the entire fiscal year, based on the FY 2010 DoD Appropriations (P.L. 111-118) and Supplemental Appropriations (P.L. 111-212) Acts.

Figure 48 - Derivation of FY 2011 Estimates

(In Millions of Dollars)	FY 2011 Baseline Request	FY 2011 OCO Request	FY 2011 President's Budget Request	FY 2010 Annualized Funding Adjustment	FY 2011 Full Year Continuing Resolution
Military Personnel, Navy	25,951	1,179	27,130	-415	26,715
Military Personnel, Marine Corps	13,250	645	13,895	-183	13,712
Reserve Personnel, Navy	1,944	49	1,993	-44	1,949
Reserve Personnel, Marine Corps	617	31	648	28	676
Health Accrual, Navy	1,817	26	1,843	-26	1,817
Health Accrual, Marine Corps	1,142		1,142		1,142
Health Accrual, Navy Reserve	242		242		242
Health Accrual, Marine Corps Reserve	132		132		132
Operation & Maintenance, Navy	38,134	8,947	47,081	-4,604	42,477
Operation & Maintenance, Marine Corps	5,590	4,137	9,727	-34	9,693
Operation & Maintenance, Navy Reserve	1,368	94	1,462	-52	1,410
Operation & Maintenance, MC Reserve	285	30	315	-4	311
Environmental Restoration, Navy	305		305	-19	286
Aircraft Procurement, Navy	18,509	420	18,929	613	19,542
Weapons Procurement, Navy	3,360	93	3,453	-55	3,398
Shipbuilding & Conversion, Navy	15,725		15,725	-1,886	13,839
Other Procurement, Navy	6,450	480	6,930	-1,237	5,693
Procurement, Marine Corps	1,344	1,778	3,122	-563	2,559
Procurement of Ammunition, Navy/MC	818	565	1,383	91	1,474
Research, Development, Test & Eval, Navy	17,694	60	17,754	2,254	20,008
National Defense Sealift Fund	935		935	733	1,668
Military Construction, Navy	3,879		3,879	-362	3,517
Military Construction, Naval Reserve	62		62		62
Family Housing Construction, N & MC	186		186		186
Family Housing Operations, N & MC	366		366	2	368
Navy Working Capital Fund	-		-		-
Base Realignment and Closure	504		504		504
TOTAL	**$160,609**	**$18,534**	**$179,143**	**-$5,763**	**$173,380**

MILITARY PERSONNEL, NAVY

Table A-1a

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

	FY 2010	FY 2011 PB Req	FY 2012
Pay and Allowances of Officers	6,834	6,993	7,400
Pay and Allowances of Enlisted	16,763	16,755	17,356
Pay and Allowances of Midshipmen	73	75	76
Subsistence of Enlisted Personnel	1,061	1,069	1,082
Permanent Change of Station Travel	940	880	1,033
Other Military Personnel Costs	207	179	208
Sub Total: MPN	**$25,879**	**$25,951**	**$27,155**
Overseas Contingency Operations *	1,291	1,179	919
Total: FY 2011 PB Request		**$27,130**	
Full Year CR Appropriation Delta		-415	
Total: MPN	**$27,170**	**$26,715**	**$28,074**

MEDICARE-ELIGIBLE RETIREE HEALTH FUND CONTRIBUTION, NAVY

Table A-1b

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

	FY 2010	FY 2011 PB Req	FY 2012
Health Accrual	1,826	1,817	1,807
Sub Total: DHAN	**$1,826**	**$1,817**	**$1,807**
Overseas Contingency Operations*	-	26	-
Total: FY 2011 PB Request		**$1,843**	
Full Year CR Appropriation Delta		-26	
Total: DHAN	**$1,826**	**$1,817**	**$1,807**

*FY2010 OCO is Cost of War Report

MILITARY PERSONNEL, MARINE CORPS

Table A-2a

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

	FY 2010	FY 2011 PB Req	FY 2012
Pay and Allowances of Officers	2,547	2,646	2,774
Pay and Allowances of Enlisted	9,151	9,173	9,330
Subsistence of Enlisted Personnel	719	807	785
Permanent Change of Station Travel	521	523	579
Other Military Personnel Costs	140	101	107
Sub Total: MPMC	**$13,078**	**$13,250**	**$13,574**
Overseas Contingency Operations*	677	644	675
Total: FY 2011 PB Request		**$13,894**	
Full Year CR Appropriation Delta		-183	
Total: MPMC	**$13,755**	**$13,711**	**$14,249**

MEDICARE-ELIGIBLE RETIREE HEALTH FUND CONTRIBUTION, MARINE CORPS

Table A-2b

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

	FY 2010	FY 2011 PB Req	FY 2012
Health Accrual	1,136	1,142	1,125
Total: FY 2011 PB Request		**$1,142**	
Full Year CR Appropriation Delta		0	
Total: DHAMC	**$1,136**	**$1,142**	**$1,125**

* FY2010 OCO is Cost of War Report

RESERVE PERSONNEL, NAVY

Table A-3a

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

	FY 2010	FY 2011 PB Req	FY 2012
Reserve Component Training and Support	1,907	1,944	1,961
Sub Total: RPN	**$1,907**	**$1,944**	**$1,961**
Overseas Contingency Operations *	40	49	45
Total: FY 2011 PB Request		**$1,993**	
Full Year CR Appropriation Delta		-44	
Total: RPN	**$1,947**	**$1,949**	**$2,006**

*FY2010 OCO is Cost of War Report

MEDICARE-ELIGIBLE RETIREE HEALTH FUND CONTRIBUTION, NAVY RESERVE

Table A-3b

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

	FY 2010	FY 2011 PB Req	FY 2012
Health Accrual	234	242	236
Total: FY 2011 PB Request		**$242**	
Full Year CR Appropriation Delta		0	
Total: DHANR	**$234**	**$242**	**$236**

RESERVE PERSONNEL, MARINE CORPS

Table A-4a

Department of the Navy

Reserve Personnel, Marine Corps

(Dollars in Millions)

	FY 2010	FY 2011 PB Req	FY 2012
Reserve Component Training and Support	645	617	653
Sub Total: RPMC	**$645**	**$617**	**$653**
Overseas Contingency Operations*	31	31	25
Total: FY 2011 PB Request		**$648**	
Full Year CR Appropriation Delta		28	
Total: RPMC	**$676**	**$676**	**$678**

* FY2010 OCO is Cost of War Report

MEDICARE-ELIGIBLE RETIREE HEALTH FUND CONTRIBUTION, MARINE CORPS RESERVE

Table A-4b

Department of the Navy

Medicare-Eligible Retiree Health Fund Contribution, Marine Corps Reserve

(Dollars in Millions)

	FY 2010	FY 2011 PB Req	FY 2012
Health Accrual	129	132	135
Total: FY 2011 PB Request		**$132**	
Full Year CR Appropriation Delta		0	
Total: DHAMCR	**$129**	**$132**	**$135**

OPERATION AND MAINTENANCE, NAVY

Table A-5

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

	FY 2010	FY 2011 PB Req	FY 2012
Operating Forces			
Air Operations	5,651	6,255	8,423
Ship Operations	9,720	10,532	10,832
Combat Operations/Support	3,000	3,349	3,139
Weapons Support	2,066	2,184	2,242
Base Support	6,780	7,224	7,528
Total - Operating Forces	**$27,217**	**$29,544**	**$32,164**
Mobilization			
Ready Reserve and Prepositioning Forces	400	424	493
Activations/Inactivations	216	185	212
Mobilization Preparedness	51	98	97
Total - Mobilization	**$667**	**$707**	**$802**
Training and Recruiting			
Accession Training	289	295	309
Basic Skills and Advanced Training	2,266	2,405	945
Recruiting & Other Training and Education	551	567	555
Total - Training and Recruiting	**$3,106**	**$3,267**	**$1,809**
Administration and Servicewide Support			
Servicewide Support	1,863	1,935	1,915
Logistics Operations and Technical Support	1,682	1,511	1,542
Investigations and Security Programs	1,161	1,164	1,126
Support of Other Nations	5	6	6
Total - Administration and Servicewide Support	**$4,711**	**$4,616**	**$4,589**
Sub Total: O&MN	**$35,701**	**$38,134**	**$39,364**
Overseas Contingency Operations*	7,596	8,947	7,007
Total: FY 2011 PB Request		**$47,081**	
Full Year CR Appropriation Delta		-4,604	
Total: O&MN	**$43,297**	**$42,477**	**$46,371**

OPERATION AND MAINTENANCE, MARINE CORPS

Table A-6

Department of the Navy
Operation and Maintenance, Marine Corps

(Dollars in Millions)

	FY 2010	FY 2011 PB Req	FY 2012
Operating Forces			
Expeditionary Forces	1,386	1,483	1,584
USMC Prepositioning	76	72	101
Base Support	2,927	2,801	3,032
Total - Operating Forces	**$4,389**	**$4,356**	**$4,717**
Training and Recruiting			
Accession Training	17	17	19
Basic Skills and Advanced Training	440	443	444
Recruiting & Other Training and Education	313	315	248
Base Support	0	0	0
Total - Training and Recruiting	**$770**	**$775**	**$711**
Administration and Servicewide Support			
Servicewide Support	431	371	441
Base Support	0	0	0
Logistics OPS & Technical Support	0	88	91
Total - Administration and Servicewide Support	**$431**	**$459**	**$532**
Sub Total: O&MMC	**$5,590**	**$5,590**	**$5,960**
Overseas Contingency Operations*	4,506	4,137	3,571
Total: FY 2011 PB Request		**$9,727**	
Full Year CR Appropriation Delta		-34	
Total: O&MMC	**$10,096**	**$9,693**	**$9,531**

*FY2010 OCO is Cost of War Report

OPERATION AND MAINTENANCE, NAVY RESERVE

Table A-7

Department of the Navy

Operation and Maintenance, Navy Reserve

(Dollars in Millions)

	FY 2010	FY 2011 PB Req	FY 2012
Operating Forces			
Air Operations	739	756	764
Ship Operations	120	157	104
Combat Operations/Support	158	156	169
Weapons Support	5	5	7
Base Support	282	269	256
Total - Operating Forces	**$1,304**	**$1,343**	**$1,300**
Administration and Servicewide Support			
Servicewide Support	20	20	19
Logistics Operations and Technical Support	4	4	3
Total - Administration and Servicewide Support	**$24**	**$24**	**$22**
Sub Total: O&MNR	**$1,328**	**$1,367**	**$1,322**
Overseas Contingency Operations *	91	94	74
Total: FY 2011 PB Request		**$1,461**	
Full Year CR Appropriation Delta		-52	
Total: O&MNR	**$1,419**	**$1,409**	**$1,396**

* FY2010 OCO is Cost of War Report

OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

Table A-8

Department of the Navy
Operation and Maintenance, Marine Corps Reserve

(Dollars in Millions)

	FY 2010	FY 2011 PB Req	FY 2012
Operating Forces			
Expeditionary Forces	81	121	111
Base Support	123	139	137
Total - Operating Forces	**$204**	**$260**	**$248**
Administration and Servicewide Support			
Servicewide Support	19	26	23
Base Support	0	0	0
Total - Administration and Servicewide Support	**$19**	**$26**	**$23**
Sub Total: O&MMCR	**$223**	**$286**	**$271**
Overseas Contingency Operations *	89	30	36
Total: FY 2011 PB Request		**$316**	
Full Year CR Appropriation Delta		-4	
Total: O&MMCR	**$312**	**$312**	**$307**

* FY2010 OCO is Cost of War Report

ENVIRONMENTAL RESTORATION, NAVY

Table A-9

Department of the Navy
Environmental Restoration, Navy
(Dollars in Millions)

	FY 2010	FY 2011 PB Req	FY 2012
Environmental Restoration Activities	0	305	309
Total: FY 2011 PB Request		**$305**	
Full Year CR Appropriation Delta		-19	
Total: ERN	**$0**	**$286**	**$309**

Note: These funds are transferred to O&M,N after appropriation and reported in executed balances there.

AIRCRAFT PROCUREMENT, NAVY

Table A-10

Department of the Navy

Aircraft Procurement, Navy

(Dollars in Millions)

	FY 2010		FY 2011 PB Req		FY 2012	
	QTY	$	QTY	$	QTY	$
Combat Aircraft	164	14,489	165	14,882	166	14,428
Airlift Aircraft	1	74	0	0	0	0
Trainer Aircraft	37	255	38	266	36	267
Other Aircraft	11	298	21	71	21	292
Modification of Aircraft	0	1,862	0	1,624	0	1,830
A/C Spares & Repair Parts	0	1,261	0	1,245	0	1,332
A/C Support Equip & Facilities	0	493	0	421	0	438
Sub Total: APN	**213**	**$18,732**	**224**	**$18,509**	**223**	**$18,587**
Overseas Contingency Operations*	2	1,055	3	420	4	731
Total: FY 2011 PB Request				**$18,929**		
Full Year CR Appropriation Delta				613		
Total: APN	**215**	**$19,787**	**227**	**$19,542**	**227**	**$19,318**

* FY2010 OCO is Cost of War Report

WEAPONS PROCUREMENT, NAVY

Table A-11

Department of the Navy

Weapons Procurement, Navy

(Dollars in Millions)

	FY 2010		FY 2011 PB Req		FY 2012	
	QTY	$	QTY	$	QTY	$
Ballistic and Other Missiles						
TRIDENT II Mods	24	1,047	24	1,107	24	1,309
ESSM	43	51	33	48	35	48
Tomahawk	196	276	196	300	196	303
AMRAAM	71	138	101	156	161	188
Sidewinder	45	54	146	52	132	47
JSOW	313	142	223	131	266	138
STANDARD	45	189	67	296	89	420
RAM	90	70	90	75	61	66
Hellfire	801	58	575	43	281	23
Aerial Targets	-	48	-	44	-	46
Other	142	705	77	684	72	373
Torpedoes and Related Equipment						
Mk-54 Torpedo Mods	120	90	-	42	45	78
Mk-48 Torpedo ADCAP Mods	85	56	46	44	48	42
Torpedo Support Equipment	-	35	-	44	-	43
Other	-	27	-	29	-	50
Other Weapons/Spares						
CIWS MODS	20	158	2	41	-	38
Gun Mount Mods	-	24	-	44	-	44
Other	-	97	-	120	-	95
Spares and Repair Parts	-	61	-	59	-	56
Sub Total: WPN		**$3,326**		**$3,359**		**$3,407**
Overseas Contingency Operations*		51		93		41
Total: FY 2011 PB Request				**$3,452**		
Full Year CR Appropriation Delta				-55		
Total: WPN		**$3,377**		**$3,397**		**$3,448**

* FY2010 OCO is Cost of War Report

SHIPBUILDING AND CONVERSION, NAVY

Table A-12

Department of the Navy
Shipbuilding and Conversion, Navy

(Dollars in Millions)	FY 2010		FY 2011 PB Req		FY 2012	
	QTY	$	QTY	$	QTY	$
New Construction						
CVN-21	0	1,220	0	2,640	0	555
SSN-774	1	3,957	2	5,133	2	4,757
DDG-51	1	2,484	2	2,970	1	2,081
DDG-1000	0	1,379	0	186	0	454
LCS	2	1,077	2	1,509	4	1,802
LPD-17	0	1,153	0	0	1	1,847
LHA(R)	0	169	1	950	0	2,019
JHSV	1	177	1	181	1	185
T-AKE	2	*	0	0	0	0
MLP	0	0	1	*	1	*
Total New Construction	**7**	**$11,616**	**9**	**$13,569**	**10**	**$13,700**
Other						
CVN RCOH	0	1,770	0	1,664	0	530
Moored Training Ship	0	0	0	0	0	155
LCAC SLEP	3	64	4	83	4	84
Oceanographic Ships	0	0	1	89	1	89
Outfitting/Post Delivery	0	386	0	307	0	293
Completion of PY Shipbuilding Program	0	0	0	0	0	74
Service Craft	0	8	0	14	0	4
Total Other	**-**	**$2,228**	**-**	**$2,157**	**-**	**$1,229**
Total: SCN	**7**	**$13,844**	**9**	**$15,726**	**10**	**$14,929**
Total: FY 2011 PB Request				**$15,726**		
Full Year CR Appropriation Delta				-1,886		
Total: SCN	**7**	**$13,844**	**9**	**$13,840**	**10**	**$14,929**

OTHER PROCUREMENT, NAVY

Table A-13

Department of the Navy

Other Procurement, Navy

(Dollars in Millions)

	FY2010	FY 2011 PB Req	FY2012
Ship Support Equipment	1,737	2,329	2,408
Communications and Electronics Equipment	1,907	1,932	2,063
Aviation Support Equipment	367	345	352
Ordnance Support Equipment	674	776	669
Civil Engineering Support Equipment	86	97	82
Supply Support Equipment	108	95	78
Personnel and Command Support Equipment	344	660	425
Spares and Repair Parts	233	216	208
Sub Total: OPN	**$5,456**	**$6,450**	**$6,285**
Overseas Contingency Operations*	470	481	282
Total: FY 2011 PB Request		**$6,931**	
Full Year CR Appropriation Delta		-1,237	
Total: OPN	**$5,926**	**$5,694**	**$6,567**

* FY2010 OCO is Cost of War Report

PROCUREMENT, MARINE CORPS

Table A-14

Department of the Navy
Procurement, Marine Corps

(Dollars in Millions)

	FY 2010	FY 2011 PB Req	FY 2012
Weapons and Combat Vehicles			
LW155MM Lightweight Howitzer	7	10	6
HIMARS	67	22	15
LAV-PC	35	41	147
AAV7A1 PIP	5	8	10
Weapons and Combat Vehicles under $5 million	16	26	15
MOD Kits	33	41	54
Other	44	23	26
Guided Missiles and Equipment			
Ground Based Air Defense (GBAD)	2	5	12
Other	77	46	70
Communication and Electronics Equipment			
Repair and Test Equipment	32	26	24
Comm Switching & Control Systems	92	32	17
Common Computer Resources	119	259	219
Radio Systems	47	41	89
Night Vision Equipment	10	0	7
Comm & Elec Infrastructure Support	16	15	48
Command Post Systems	48	33	85
Other	150	249	220
Support Vehicles			
5/4T Truck HMMWV (MYP)	9	5	0
Logistics Vehicle System Rep.	214	134	1
Other	74	64	56
Engineer And Other Equipment	355	251	272
Spares and Repair Parts	35	14	0
Sub Total: PMC	**$1,487**	**$1,345**	**$1,393**
Overseas Contingency Operations*	2,254	1,778	1,261
Total: FY 2011 PB Request		**$3,123**	
Full Year CR Appropriation Delta		-563	
Total: PMC	**$3,741**	**$2,560**	**$2,654**

* FY2010 OCO is Cost of War Report

PROCUREMENT OF AMMUNITION, NAVY AND MARINE CORPS

Table A-15

Department of the Navy

Procurement of Ammunition, Navy and Marine Corps

(Dollars in Millions)

	FY2010	FY 2011 PB Req	FY2012
Navy Ammunition	422	459	395
Marine Corps Ammunition	391	359	325
Sub Total: PANMC	**$813**	**$818**	**$720**
Overseas Contingency Operations*	676	565	317
Total: FY 2011 PB Request		**$1,383**	
Full Year CR Appropriation Delta		91	
Total: PANMC	**$1,489**	**$1,474**	**$1,037**

* FY2010 OCO is Cost of War Report

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, NAVY

Table A-16

Department of the Navy

Research, Development, Test and Evaluation, Navy

(Dollars in Millions)

	FY2010	FY 2011 PB Req	FY2012
Basic Research	544	556	577
Applied Research	728	679	784
Advanced Technology Development	817	726	648
Advanced Component Development	4,266	3,914	4,481
System Development and Demonstration	7,857	6,852	6,476
RDT&E Management Support	1,373	849	859
Operational Systems Development	4,184	4,117	4,131
Sub Total: RDT&E,N	**$19,769**	**$17,693**	**$17,956**
Overseas Contingency Operations*	137	60	54
Total: FY 2011 PB Request		**$17,753**	
Full Year CR Appropriation Delta		2,254	
Total: RDT&E,N	**$19,906**	**$20,007**	**$18,010**

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NATIONAL DEFENSE SEALIFT FUND

Table A-17

Department of the Navy
National Defense Sealift Fund

(Dollars in Millions)

	FY2010	FY 2011 PB Req	FY2012
Strategic Sealift Acquisition	1,104	411	450
DoD Mobilization Assets	199	159	319
Strategic Sealift Support	5	5	0
Research and Development	73	28	49
Ready Reserve Force	305	332	309
Total: FY 2011 PB Request	**$1,686**	**$935**	**$1,127**
Full Year CR Appropriation Delta		733	
Total: NDSF	**$1,686**	**$1,668**	**$1,127**

MILITARY CONSTRUCTION, NAVY AND MARINE CORPS – ACTIVE AND RESERVE

Table A-18

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

	FY2010	FY 2011 PB Req	FY2012
Significant Programs			
Major Construction	3,342	3,738	2,356
Minor Construction	12	21	21
Planning and Design	180	120	84
Foreign Currency	10	-	-
Total: FY 2011 PB Request*	**$3,544**	**$3,879**	**$2,461**
Full Year CR Appropriation Delta		-362	
Total: Navy	**$3,544**	**$3,517**	**$2,461**
Naval Reserve			
Major Construction	123	57	22
Minor Construction	-	2	2
Planning and Design	3	2	3
Total: FY 2011 PB Request	**$126**	**$61**	**$27**
Full Year CR Appropriation Delta		1	
Total: Naval Reserve	**$126**	**$62**	**$27**

FAMILY HOUSING, NAVY AND MARINE CORPS

Table A-19

Department of the Navy

Family Housing, Navy and Marine Corps

(Dollars in Millions)

	FY2010	FY 2011 PB Req	FY2012
Navy			
Construction	57	68	75
O&M	340	340	341
Total: Navy	**$397**	**$408**	**$416**
Marine Corps			
Construction	94	118	26
O&M	34	26	27
Total: Marine Corps	**$128**	**$144**	**$53**
Total: FY 2011 PB Request	**$525**	**$552**	**$469**
Full Year CR Appropriation Delta		**2**	
Total: FH,N&MC	**$525**	**$554**	**$469**

BASE REALIGNMENT AND CLOSURE ACCOUNTS

Table A-20

Department of the Navy

Base Realignment and Closure Accounts

(Dollars in Millions)

	FY2010	FY2011	FY2012
Base Realignment and Closure IV	235	162	129
Base Realignment and Closure V	592	342	26
Total: BRAC	**$827**	**$504**	**$155**

NAVY WORKING CAPITAL FUND

Table A-21

Department of the Navy

Navy Working Capital Fund

(Dollars in Millions)

	FY2010	FY2011	FY2012
Navy Working Capital Fund	-	-	-
Overseas Contingency Operations*	204	-	-
Total: NWCF	**$204**	**$0**	**$0**

* FY2010 OCO is Cost of War Report

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LIST OF ACRONYMS

A

AAR- Autonomous Aerial Refueling
AARGM - Advanced Anti-Radiation Guided Munition
AC - Active Component
ADCAP – Advanced Capability
ADNS - Automated Digital Networking System
ALMDS - Airborne Laser Mine Detection System
AMDR –Air and Missile Defense Radar
AMF- Airborne Mobile Fixed
AMNS - Airborne Mine Neutralization System
AMRAAM - Advanced Medium Range Air-to-Air Missile
AOA - Analysis of Alternatives
AOR – Area of Responsibility
APKWS - Advanced Precision Kill Weapon System

B

BA - Budget Authority
BAMS - Broad Area Maritime Surveillance
BEQ – Bachelor Enlisted Quarters
BOS – Base Operating Support

C

CAC2S - Common Aviation Command and Control Systems
CANES - Consolidated Afloat Networks and Enterprises Services
CBASS - Common Broadband Advanced Sonar System
CBSP – Commercial Broadband Satellite Program
CDLMS – Common Data Link Monitoring System
CEC - Cooperative Engagement Capability
CENTCOM - US Central Command
CG - Cruiser
CIF – Controlled Industrial Facility
CLS – Contracted Logistics Support
CNATRA - Chief of Naval Air Training
COBRA - Coastal Battlefield Reconnaissance and Analysis
COC - Combat Operations Center
COCOMs - Combatant Commanders
COMOPTEVFOR – Commander, Operational Test and Evaluation Force
COMSATCOM - Commercial Satellite Communications
CONUS – Continental United States
COTS - Commercial Off-the-Shelf
CoSC – Continuity of Service Contract
CSGs - Carrier Strike Groups
CSTRS - Carriage, Stream, Tow, and Recovery System
CSRR – Common Submarine Radio Room
CV – SOCOM/USAF Variant
CVN – Nuclear Aircraft Carrier
CVW – Carrier Air Wing
C10F - Cyber Tenth Fleet
C2 – Command and Control
C2P – Command and Control Processor
C3I - Command, Control, Computer, and Intelligence
C4I - Command, Control, Communication, Computers and Intelligence
C4ISR - Command, Control, Communications, Computer, Intelligence Surveillance and Reconnaissance

D

DAWDF – Defense Acquisition Workforce Development Fund
DAWIA – Defense Acquisition Workforce Improvement Act
DCGS - Distributed Common Ground System
DDG – Guided Missile Destroyer
DEP – Delayed Entry Program
D&I - Discovery and Invention
DJC2 – Deployable Joint Command and Control
DLA - Defense Logistics Agency
DoD – Department of Defense

DON – Department of the Navy
DSRA – Docking Selective Restricted Availability

E

EAM – Emergency Action Message
EDM – Engineering Development Model
EFSS - Expeditionary Fire Support System
EHW – Explosive Handling Wharf

EFV - Expeditionary Fighting Vehicle
EMD – Engineering, Manufacturing, Development
EMIO – Expanded Maritime Interdiction Operations
EOD - Explosive Ordnance Disposal
EO/IR – Electro-Optical/Infrared
ERAM - Extended Range Active Missile
ERP - Enterprise Resource Planning
ESGs - Expeditionary Strike Groups
ESM - Electronic Support Measures

F

FAS - Fleet Air Support
FAT - Fleet Air Training
FEA – Front End Assessment
FECs - Facilities Engineering Commands
FHP – Flying Hour Program
FIAR - Financial Improvement and Audit Readiness
FIP - Financial Improvement Program
FISC – Fleet Industrial Supply Center
FMM – Facility Modernization Model
FNCs - Future Naval Capabilities
FRC - Fleet Readiness Center
FRP - Fleet Response Plan, Full Rate Production
FSM – Facility Sustainment Model
FRS - Fleet Replacement Squadrons
FSBS – Fixed Submarine Broadcast System
FSRM – Facility Sustainment, Restoration, and Modernization
FTE - Full-Time Equivalent
FTS - Full Time Support
FYDP - Future Years Defense Plan

G

GCCS - Global Command and Control System
G&C – Guidance and Control
GMLRS - Guided Multiple Launch Rocket System
GMR – Ground Mobile Radio
GTF – Grow the Force

H

HADR – Humanitarian Assistance and Disaster Relief
HARM - High-Speed Anti-Radiation Missile
HDLD - High Demand, Low Density
HIMARS - High Mobility Artillery Rocket System
HM&E - Hull, Mechanical and Electrical
HMMWV – High Mobility Multi-purpose Wheeled Vehicle

I

IA – Individual Augmentee, Information Assurance
IED – Improvised Explosive Device
INC III - Increment III
INP - Innovative Naval Prototypes
IOC - Initial Operational Capability
IOT&E - Initial Operational Test & Evaluation
IP - Internet Protocol
ISR - Intelligence, Surveillance and Reconnaissance
ISR/T - Intelligence, Surveillance and Reconnaissance/Targeting
ISSP – Infromation Systems Security Program
IT – Information Technology
ISR/TA - Intelligence, Surveillance and Reconnaissance/Target Acquisition
ITV - Internally Transportable Vehicle
IW – Irregular Warfare

J

JFN - Joint Fires Network
JHSV - Joint High Speed Vessel
JLTV - Joint Light Tactical Vehicle

JPATS - Joint Primary Aircraft Training System
JSF - Joint Strike Fighter
JSIPS-N – Joint Services Imagery Processing System - Navy
JSOW - Joint Standoff Weapon
JTF - Joint Task Force
JTRS - Joint Tactical Radio System

L

LAN – Local Area Network
LCAC - Landing Craft Air Cushion
LCS - Littoral Combat Ship
LD - Limited Deployment
LMSR - Large, Medium Speed Roll-On/Roll-Off
LOC – Limited Operational Capability
LPD – Amphibious Dock Ship
LSD - Dock Landing Ship
LVSR - Logistic Support Vehicle Replacement

M

MAGTF - Marine Air-Ground Task Force
MARFOR - Marine Corps Forces
MAW—Marine Air Wing
MCM - Mine Countermeasures
MCTUAS - Marine Corps Tactical Unmanned Aircraft System
MDA - Maritime Domain Awareness
MEB - Marine Expeditionary Brigade
MEF - Marine Expeditionary Force
MEUs - Marine Expeditionary Units
MILCON - Military Construction
MILSATCOM - Military Satellite Communications
MIW – Mine Warfare
MLP - Mobile Landing Platform
MMA - Multi-Mission Maritime Aircraft
MOC - Maritime Operations Center
MOS – Military Occupational Specialty
MPF – Maritime Prepositioning Force
MPRF - Maritime Patrol and Reconnaissance Force
MPS - Maritime Prepositioning Ships
MRAP - Mine Resistant Ambush Protected vehicle
MRMUAS – Medium Range Maritime Unmanned Aerial System
MSC - Military Sealift Command
MUOS - Mobile User Objective System
MV – Marine Variant
MYP – Multi-Year Procurement

N

NATO – North Atlantic Treaty Organization
NAVAIR – Naval Air Systems Command
NAVSUP – Naval Supply Systems Command
NC3 - Nuclear Command, Control, and Communication
NCES – Net Centric Enterprise Services
NDSF - National Defense Sealift Fund
NECC - Navy Expeditionary Combat Command
NETOPS – Network Operations
NFESC - Naval Facilities Engineering Service Center
NGC2P - Next Generation Command and Control Processor
NGEN - Next Generation Network
NGJ- Next Generation Jammer
NIFC-CA - Naval Integrated Fire Control - Counter Air
NMCI – Navy-Marine Corps Intranet
NMT - Navy Multiband Terminal
NNE – Naval Networking Environment
NNR - National Naval Responsibilities
NSPS - National Security Personnel System
NSLC – Naval Sea Systems Command Logistics Center
NUCAS – Navy Unmanned Combat Air System
NWCF - Navy Working Capital Fund
NWDC - Navy Warfare Developmental Command

O

OAMCM - Organic Airborne Mine Countermeasures
OASIS - Organic Airborne and Surface Influence Sweep System
OCO – Overseas Contingency Operations

OCONUS – Outside Continental United States
OEF - Operation Enduring Freedom
OIF - Operation Iraqi Freedom
O&M – Operation & Maintenance
OMB – Office of Management and Budget
OND – Operation New Dawn
OPDS - Offshore Petroleum Distribution System
OPTEMPO - Operational Tempo
OSC – Operational Stress Control

P

PAA - Primary Authorized Aircraft
PACOM – Pacific Command
PBL – Performance Base Logistics
PTSD – Post Traumatic Stress Disorder

Q

QDR - Quadrennial Defense Review

R

RAM - Rolling Airframe Missile
RC - Reserve Component
RCOH - Refueling Complex Overhaul
R&D – Research & Development
RDT&E – Research, Development, Test and Evaluation
RF – Radio Frequency
RFU – Ready for Use
R&M - Restoration and Modernization
RMS – Remote Mine Hunting System
RMMV – Remote Multi-Mission Vehicle
ROS - Reduced Operating Status
RRF - Ready Reserve Force

S

SBR – Statement of Budgetary Resources
SATCOM – Satellite Communication
SBIR - Small Business Innovation Research
SC MAGTF – Security Cooperation Marine Air Ground Task Force
SELRES – Selected Reservists
SLBM - Submarine Launched Ballistic Missile
SLEP - Service Life Extension Program
SM - Standard Missile
SMCR - Selected Marine Corps Reserve
SPAWAR – Space and Naval Warfare Systems Command
SSBN – Nuclear Ballistic Submarine
SSC – Ship to Shore Connector, Space and Naval Warfare Systems Center
SSEE - Ship Signal Exploitation Equipment
SSN - Nuclear Attack Submarine
S&T - Science and Technology
STOM - Ship-to-Objective Maneuver
STOVL - Short Takeoff and Vertical Landing
STUAS - Small Tactical Unmanned Aircraft System

T

TACAIR – Tactical Air
TACAIR/ASW - Tactical Air/Anti-Submarine Warfare
TADIRCM - Tactical Aircraft Directed Infrared Countermeasures
TAGOS - Ocean Surveillance Ship
TAI - Total Aircraft Inventory
T-AKE - Dry-Cargo Ammunition Ship
TAMD – Theater Air Missile Defense
TAO – Fleet Replenishment Oiler
TBI – Traumatic Brain Injury
TCDL – Tactical Common Data Link
TOA - Total Obligation Authority
TSW - Tactical Support Wing

U

UAS - Unmanned Aerial System
UAV - Unmanned Aerial Vehicle
UCLASS – Unmanned Carrier Launched Airborne Surveillance and Strike
USMC – United States Marine Corps
UHF - Ultra High Frequency
UUV – Unmanned Undersea Vehicle

V

VSAT - Very Small Aperture Terminal
V/STOVL – Vertical/Short Take Off and Vertical Landing

VTUAV - Vertical Take Off and Landing
Tactical Unmanned Aerial Vehicle

W

WRA – Waterfront Restricted Area

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