DEPARTMENT OF THE NAVY
FISCAL YEAR (FY) 2012
BUDGET ESTIMATES

JUSTIFICATION OF ESTIMATES
FEBRUARY 2011

NAVY WORKING CAPITAL FUND

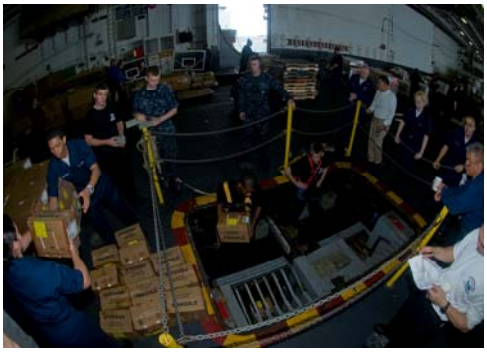
Page Intentionally Blank

NAVY WORKING CAPITAL FUND (NWCF)

The NWCF is a revolving fund that finances Department of the Navy (DON) activities providing products and services on a reimbursable basis, based on a customer-provider relationship between operating units and 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 for-profit 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 Overseas Contingency Operations (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/Personal Digital Assistant 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 Department of Defense (DoD) operating forces their equipment has 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

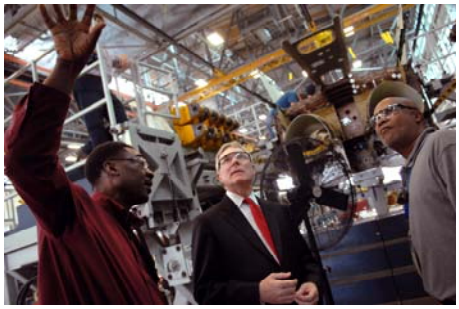
Management also supports contracting, resale, transportation, food service, and other quality of life programs. Costs related to supplying material to customers are recouped through stabilized rate recovery elements.

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 Navy 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 Central Command (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.

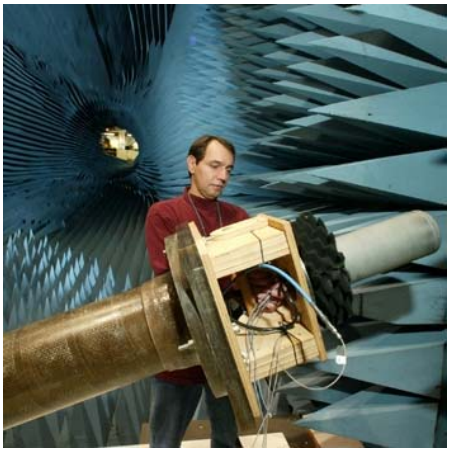


The FRCs are essential for mobilization; repair of aircraft, engines, and components; and the manufacture of parts and assemblies. They provide engineering services in the development of hardware design changes and furnish technical and other professional services on maintenance and logistics issues. The FRCs over-haul 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 Operation Iraqi Freedom / Operation Enduring Freedom (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 systems that connect different 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

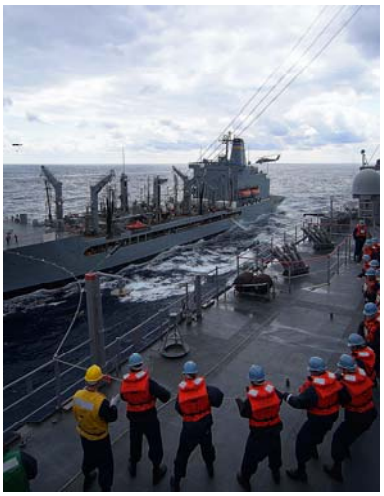
The Base Support business area is comprised of the Facilities Engineering Commands (FECs) and the Naval Facilities Engineering Service Center (NFESC).

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 Auxiliary Cargo and Ammunition Ships. 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.

(Dollars in millions)

New Orders	**FY 2010**	**FY 2011**	**FY 2012**
Supply – Navy	5,863.8	5,873.8	6,213.9
Supply - Marine Corps	181.9	134.3	136.5
Depot Maintenance - Ships	na	na	na
Depot Maintenance - Aircraft	2,166.1	1,912.5	2,083.2
Depot Maintenance - Marine Corps	611.7	381.3	363.9
R&D - Air Warfare Center	4,257.2	4,189.7	4,148.0
R&D - Surface Warfare Center	4,111.2	4,051.7	3,987.6
R&D - Undersea Warfare Center	1,183.3	1,147.3	1,236.3
R&D - SPAWAR Systems Center	2,450.9	2,582.7	2,508.7
R&D - Naval Research Laboratory	683.6	717.7	717.8
Transportation - MSC	2,283.5	2,653.0	2,734.4
Base Support – FECs	2,791.0	2,924.5	2,949.5
Base Support - NFESC	87.0	105.2	102.5
Totals	**26,671.2**	**26,673.7**	**27,182.2**

(Dollars in millions)

Revenue	**FY 2010**	**FY 2011**	**FY 2012**
Supply – Navy	6,045.7	6,382.5	6,418.5
Supply - Marine Corps	163.0	144.5	133.5
Depot Maintenance - Ships	6.3	0.0	0.0
Depot Maintenance - Aircraft	2,171.1	1,895.1	2,178.3
Depot Maintenance - Marine Corps	579.7	591.8	428.6
R&D - Air Warfare Center	3,760.0	4,234.6	4,169.6
R&D - Surface Warfare Center	4,017.0	4,122.2	3,986.7
R&D - Undersea Warfare Center	1,138.7	1,180.7	1,243.9
R&D - SPAWAR Systems Center	2,469.5	2,611.2	2,528.2
R&D - Naval Research Laboratory	689.1	724.7	732.7
Transportation - MSC	2,699.8	2,653.0	2,734.4
Base Support – FECs	2,806.2	2,920.1	2,989.6
Base Support - NFESC	96.2	104.9	104.6
Totals	**26,642.4**	**27,565.5**	**27,648.8**

Cost of Goods Sold: (Operating)
Total operating obligations for supply functions and cost of goods and services sold for industrial functions are as follows:

	(Dollars in millions)		
Operating Costs	**FY 2010**	**FY 2011**	**FY 2012**
Supply - Navy	5,876.1	6,612.3	6,690.9
Supply - Marine Corps	130.5	127.0	129.4
Depot Maintenance - Ships	8.7	0.0	0.0
Depot Maintenance - Aircraft	2,180.0	1,844.7	2,190.7
Depot Maintenance - Marine Corps	575.0	577.0	443.4
R&D - Air Warfare Center	3,739.7	4,210.2	4,223.2
R&D - Surface Warfare Center	3,954.7	4,128.3	4,112.3
R&D - Undersea Warfare Center	1,143.2	1,179.1	1,259.4
R&D - SPAWAR Systems Center	2,458.5	2,645.7	2,540.8
R&D - Naval Research Laboratory	690.8	727.3	744.7
Transportation - MSC	2,745.7	2,732.9	2,745.9
Base Support - FECs	2,824.6	2,834.2	2,974.0
Base Support - NFESC	96.7	104.1	104.9
Totals	**26,424.2**	**27,722.9**	**28,159.5**

Net Operating Results:
Revenue, excluding surcharge collections and extraordinary expenses, less the cost of goods and services sold to customers is as follows:

(Dollars in millions)

Net Operating Results	FY 2010	FY 2011	FY 2012
Supply - Navy	-54.3	175.6	-12.7
Supply - Marine Corps	5.6	0.1	2.0
Depot Maintenance - Ships	-2.3	0.0	0.0
Depot Maintenance - Aircraft	-8.9	50.4	-12.4
Depot Maintenance - Marine Corps	4.7	11.1	-20.8
R&D - Air Warfare Center	20.2	24.5	-53.7
R&D - Surface Warfare Center	62.3	-6.1	-125.5
R&D - Undersea Warfare Center	-4.5	1.6	-15.5
R&D - SPAWAR Systems Center	11.0	-40.6	-17.4
R&D - Naval Research Laboratory	-3.6	-2.7	-11.9
Transportation - MSC	-45.9	-79.9	-11.5
Base Support - FECs	-18.1	85.9	15.6
Base Support - NFESC	-0.4	0.9	-0.2
Totals	**-34.3**	**220.8**	**-264.0**

(Dollars in millions)

Accumulated Operating Results	FY 2010	FY 2011	FY 2012
Supply - Navy	-162.9	12.7	0.0
Supply - Marine Corps	-2.0	-2.0	0.0
Depot Maintenance - Ships	11.2	0.0	0.0
Depot Maintenance - Aircraft	-38.1	12.4	0.0
Depot Maintenance - Marine Corps	9.8	20.8	0.0
R&D - Air Warfare Center	29.2	53.7	0.0
R&D - Surface Warfare Center	131.6	125.5	0.0
R&D - Undersea Warfare Center	13.8	15.5	0.0
R&D - SPAWAR Systems Center	58.0	17.4	0.0
R&D - Naval Research Laboratory	14.6	11.9	0.0
Transportation - MSC	91.5	11.5	0.0
Base Support - FECs	-101.5	-15.6	0.0
Base Support - NFESC	-0.7	0.2	0.0
Totals	**54.5**	**264.0**	**0.0**

Workload:
Workload projections for NWCF activities are consistent with Navy force structure and attendant support levels as well as those factors unique to each group. The table below displays year-to-year percentage changes in transportation ship days for MSC, changes in program costs for Base Support – FECs, and change in direct labor hours for all other industrial activity groups. For supply business areas, workload changes are indicated by gross sales:

Workload	FY 2011	FY 2012
Supply - Navy	4.3%	1.9%
Supply - Marine Corps	-10.5%	-7.3%
Depot Maintenance - Ships	na	na
Depot Maintenance - Aircraft	-10.6%	6.4%
Depot Maintenance - Marine Corps	-3.3%	-20.4%
R&D - Air Warfare Center	8.6%	1.5%
R&D - Surface Warfare Center	-1.4%	-0.1%
R&D - Undersea Warfare Center	-2.0%	10.9%
R&D - SPAWAR Systems Center	3.3%	0.3%
R&D - Naval Research Laboratory	1.8%	1.0%
Transportation - MSC	0.8%	-23.3%
Base Support - FECs	0.3%	4.9%
Base Support - NFESC	-6.9%	-0.6%

(Dollars in millions)

Treasury Cash	**FY 2010**	**FY 2011**	**FY 2012**
Beginning Cash Balance	**1,171.1**	**992.7**	**1,167.7**
Collections	26,050.4	27,739.3	27,687.3
Disbursements	26,432.3	27,624.3	27,925.2
Fuel Supplemental	203.5	0.0	0.0
Consumable Item Transfer	0.0	60.0	78.0
Ending Cash Balance	**992.7**	**1,167.7**	**1,007.9**

Customer Rate Changes:
Approved composite rate changes from FY 2009 to FY 2010 and from FY 2010 to FY 2011 are displayed below. Proposed composite rate changes from FY 2011 to FY 2012 (designed to achieve an accumulated operating result of zero) are as follows:

	(Percent Change)		
Customer Rate Change	**FY 2010**	**FY 2011**	**FY 2012**
Supply:			
Navy - Aviation Consumables	-3.1%	-2.6%	3.6%
Navy - Shipboard Consumables	1.6%	4.2%	-2.2%
Navy - Aviation Repairables	2.2%	3.7%	1.0%
Navy - Shipboard Repairables	1.6%	4.2%	-2.2%
MARCORPS Repairables	6.4%	5.6%	-4.6%
Depot Maintenance - Ships	na	na	na
Depot Maintenance - Aircraft	-0.6%	0.4%	0.0%
Depot Maintenance - Marine Corps	0.5%	-3.1%	-5.4%
R&D - Air Warfare Center	2.7%	1.3%	-2.0%
R&D - Surface Warfare Center	2.2%	2.4%	-3.6%
R&D - Undersea Warfare Center	1.2%	3.2%	-2.9%
R&D - SPAWAR Systems Center	2.1%	-2.1%	2.0%
R&D - Naval Research Laboratory	4.6%	3.9%	0.6%
Transportation - MSC			
Fleet Auxiliary	3.0%	7.5%	3.1%
Special Mission Ships	4.0%	6.0%	N/A
Afloat Prepositioning Ships	11.4%	8.6%	17.2%
Base Support - FECs			
East Coast Utilities	1.7%	8.5%	-0.8%
East Coast - Other	-0.4%	2.0%	1.8%
West Coast Utilities	4.4%	12.1%	1.8%
West Coast - Other	1.5%	1.2%	1.8%
Base Support - NFESC	1.9%	1.8%	-0.3%

Unit Costs:

Unit Cost is the method established to authorize and control costs. Unit cost goals allow activities to respond to workload changes in execution by encouraging reduced costs when workload declines and allowing appropriate increases in costs when their customers request additional services.

Unit Cost	FY 2010	FY 2011	FY 2012
Supply - Navy (cost per unit of sales[1]):			
Wholesale	1.051	1.065	1.054
Retail	0.924	1.001	1.001
Supply - Marine Corps (cost per unit of sales[1]):			
Wholesale	0.725	0.813	0.948
Retail	0.974	1.002	1.002
Depot Maintenance - Ships ($/Direct Labor Hour[2])	na	na	na
Depot Maintenance - Aircraft ($/Direct Labor Hour)	185.73	175.92	196.54
Depot Maintenance - Marine Corps ($/Direct Labor Hour)	126.86	131.68	127.17
R&D - Air Warfare Center ($/Direct Labor Hour[2])	96.77	93.22	91.28
R&D - Surface Warfare Center ($/Direct Labor Hour[2])	97.59	102.56	100.41
R&D - Undersea Warfare Center ($/Direct Labor Hour[2])	101.03	104.41	100.25
R&D - SPAWAR Systems Center ($/Direct Labor Hour[2])	109.10	105.14	104.39
R&D - Naval Research Laboratory ($/Direct Labor Hour[2])	141.99	144.46	147.54
Transportation - MSC			
Fleet Auxiliary ($/day)	96,824	104,622	108,008
Special Mission Ships ($/day)	23,701	26,290	50,757
Afloat Prepositioning Ships ($/day)	66,821	71,829	72,632
Base Support - FECs Cost of Services	various	various	various
Base Support - NFESC ($/direct Labor Hour[2])	97.87	91.67	98.31

[1] *excludes inventory augmentation and war reserve material obligations*

[2] *includes direct labor plus overhead costs*

Staffing:
Total civilian and military personnel employed at NWCF activities are displayed in the following tables.

(Strength in Whole Numbers)

Civilian End Strength	FY 2010	FY 2011	FY 2012
Supply - Navy	6,723	6,939	7,109
Supply - Marine Corps	24	24	24
Depot Maintenance - Ships	na	na	na
Depot Maintenance - Aircraft	8,982	8,695	8,804
Depot Maintenance - Marine Corps	2,433	2,468	2,415
R&D - Air Warfare Center	11,995	13,043	13,146
R&D - Surface Warfare Center	15,930	15,441	15,441
R&D - Undersea Warfare Center	4,302	4,326	4,751
R&D - SPAWAR Systems Center	7,144	7,029	7,048
R&D - Naval Research Laboratory	2,435	2,485	2,520
Transportation - MSC	6,335	6,465	6,390
Base Support - FECs	9,611	9,756	9,943
Base Support - NFESC	410	404	404
Totals	**76,324**	**77,075**	**77,995**

(Workyears in Whole Numbers)

Civilian Workyears	FY 2010	FY 2011	FY 2012
Supply - Navy	6,893	6,932	7,087
Supply - Marine Corps	24	24	24
Depot Maintenance - Ships	na	na	na
Depot Maintenance - Aircraft	8,947	8,749	8,835
Depot Maintenance - Marine Corps	2,482	2,457	2,435
R&D - Air Warfare Center	11,709	12,872	12,969
R&D - Surface Warfare Center	15,314	15,394	15,371
R&D - Undersea Warfare Center	4,224	4,250	4,705
R&D - SPAWAR Systems Center	6,878	6,822	6,825
R&D - Naval Research Laboratory	2,372	2,385	2,410
Transportation - MSC	8,166	8,083	7,815
Base Support - FECs	9,437	9,640	9,823
Base Support - NFESC	403	399	399
Totals	**76,849**	**78,007**	**78,698**

(Strength in Whole Numbers)

Military End Strength	**FY 2010**	**FY 2011**	**FY 2012**
Supply - Navy	365	365	365
Supply - Marine Corps	0	0	0
Depot Maintenance - Ships	na	na	na
Depot Maintenance - Aircraft	109	123	120
Depot Maintenance - Marine Corps	17	12	12
R&D - Air Warfare Center	144	232	241
R&D - Surface Warfare Center	215	183	178
R&D - Undersea Warfare Center	37	39	41
R&D - SPAWAR Systems Center	76	78	78
R&D - Naval Research Laboratory	74	69	58
Transportation - MSC	386	413	324
Base Support - FECs	70	78	78
Base Support - NFESC	3	3	3
Totals	**1,496**	**1,595**	**1,498**

(Workyears in Whole Numbers)

Military Workyears	**FY 2010**	**FY 2011**	**FY 2012**
Supply - Navy	365	365	365
Supply - Marine Corps	0	0	0
Depot Maintenance - Ships	na	na	na
Depot Maintenance - Aircraft	99	123	120
Depot Maintenance - Marine Corps	11	12	12
R&D - Air Warfare Center	152	176	167
R&D - Surface Warfare Center	170	185	178
R&D - Undersea Warfare Center	35	34	36
R&D - SPAWAR Systems Center	72	78	78
R&D - Naval Research Laboratory	69	69	58
Transportation - MSC	359	405	319
Base Support - FECs	79	78	78
Base Support - NFESC	3	3	3
Totals	**1,414**	**1,528**	**1,414**

Performance Budgeting. The NWCF utilizes a wide range of cascading performance information in support of a broad spectrum of financial and program performance metrics employed in the Department of Defense. By its very nature as a revolving fund, the NWCF budget can be viewed as a performance budget that routinely identifies the full cost of specific business activity (such as Fleet Readiness Centers or Supply Management) including identification of all financing sources to meet customer driven workload. As such, performance indicators (financial and programmatic) listed throughout the NWCF justification book, as well as the myriad of performance information contained in the various appropriation justification books, have supported the hierarchical composition starting with Department of the Navy metrics and merging with DoD metrics. Key financial/program indicators include: Net Operating Results (NOR), Accumulated Operating Results (AOR), Sources of Revenue, NWCF Cash, Manpower Staffing, Unit Cost, Cost of Goods Sold, and Capital Investment Program.

Key NWCF Performance Integration:	DON Metrics	DoD Metrics
Fleet Readiness Centers:	Combat Capability	Operational Risk
Marine Corps Depots:	Combat Capability	Operational Risk
R&D Warfare Centers:	Tech Insertion	Future Challenges
Military Sealift Command	Combat Capability	Operational Risk
Facilities Engineering Commands:	Improved Business	Institutional Risk
Supply Management:	Combat Capability	Operational Risk

(Dollars in Millions)

Capital Purchase Program	**FY 2010**	**FY 2011**	**FY 2012**
Supply - Navy	2.3	7.3	7.3
Supply - Marine Corps	0.0	0.0	0.0
Depot Maintenance - Ships	na	na	na
Depot Maintenance - Aircraft	44.6	43.6	45.5
Depot Maintenance - Marine Corps	9.4	11.0	10.9
R&D - Air Warfare Center	38.0	38.1	42.2
R&D - Surface Warfare Center	32.4	40.8	34.5
R&D - Undersea Warfare Center	16.0	18.9	16.9
R&D - SPAWAR Systems Center	11.7	16.5	13.5
R&D - Naval Research Laboratory	13.1	13.6	13.7
Transportation - MSC	14.5	16.1	23.2
Base Support - FECs	25.6	23.3	23.6
Base Support - NFESC	0.5	0.0	0.0
Totals	**208.1**	**229.2**	**231.3**

Equipment (Non-ADPE/Telecom)	113.2	118.4	115.1
ADPE and Telecommunications Equip	40.4	38.3	39.8
Software Development	13.3	20.2	18.5
Minor Construction	41.3	52.2	57.8
Totals	**208.1**	**229.2**	**231.3**

DEPOT MAINTENANCE SIX PERCENT CAPITAL INVESTMENT PLAN
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
AMOUNT IN MILLIONS

	Revenue 3-Year Average			Budgeted Capital			Percent of Revenue		
	07-09	08-10	09-11	FY 2010	FY 2011	FY 2012	FY 2010	FY 2011	FY 2012
Revenue							6%	6%	6%
Working Capital Fund	2,603.4	2,707.0	2,662.7	127.6	117.7	200.3			
Appropriations	0.0	0.0	0.0						
Total Revenue	2,603.4	2,707.0	2,662.7						
							156.2	162.4	159.8
Working Capital Fund Depot Maintenance Investment									
Facilities Sustainment, Restoration and Modernization				50.7	47.2	42.2			
Equipment				18.0	16.0	13.8			
Equip purchase by Depots < Exp/Invest Threshold				13.6	11.6	12.2			
Equip purchase by Other Orgs < Exp/Invest Threshold				3.7	3.7	1.6			
Equip purchase by Other Ors >Exp/Invest Threshold				0.7	0.7	0.0			
Capital Investment Program				54.0	54.6	56.3			
Productivity Enhancements				0.0	0.0	0.0			
Total WCF Investment				122.7	117.7	112.4			
Appropriated Funding									
Facilities Sustainment, Restoration and Modernization				0.0	0.0	0.0			
Equipment				0.0	0.0	0.0			
Equip purchase by Depots < Exp/Invest Threshold				0.0	0.0	0.0			
Equip purchase by Other Orgs < Exp/Invest Threshold				0.0	0.0	0.0			
Equip purchase by Other Ors >Exp/Invest Threshold				0.0	0.0	0.0			
Capital Investment Program				0.0	0.0	0.0			
Productivity Enhancements				0.0	0.0	0.0			
Military Construction (MILCON)				4.9	0.0	87.9			
Total Appropriated Funding				4.9	0.0	87.9			
							Budget Minus 6% Revenue Difference		
Component Total				127.6	117.7	200.3	-28.6	-44.7	40.5

The table above reflects data for the two NWCF activity groups: the Fleet Readiness Centers and the Marine Corps Depots. The six percent threshold is applicable at the Department of the Navy level, to include both NWCF and appropriated fund (shipyard) activities. When shipyard results are added to the NWCF profile, the DON exceeds the threshold.

Page Intentionally Blank

TAB 1 - Fleet Readiness Centers

Back of Tab

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE
FLEET READINESS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

ACTIVITY GROUP FUNCTION

To provide responsive worldwide maintenance, engineering, and logistics support to the Naval Aviation Enterprise (NAE). The Fleet Readiness Centers (FRCs) ensure a core industrial resource base essential for mobilization; repair aircraft, engines, and components, and manufacture parts and assemblies; provide engineering services in the development of hardware design changes, and furnish technical and other professional services on maintenance and logistics problems.

ACTIVITY GROUP COMPOSITION

Activities	Location
FRC, EAST	Cherry Point, NC
FRC, SOUTHEAST	Jacksonville, FL
FRC, SOUTHWEST	San Diego, CA

BUDGET HIGHLIGHTS

Significant Changes since FY 2011 President's Budget

There are no significant changes in the activity group or composition since the FY 2011 President's Budget

Efficiencies and Cost Reductions

The FRCs' FY 2012 budget estimates reflect the impact of a number of efficiency efforts, overhead cuts, and other cost reductions to include: limiting facility sustainment costs to eighty percent of requirements, curtailing cell phone/personal digit assistant costs, and savings from reduced aviation material costs, to include reductions to aviation consumables and repairables, as well as DLA funded materials and supplies. The impact of these efficiencies/cost reductions on current budget estimates is an annual cost reduction of approximately $18.0M beginning in FY 2011. BRAC V consolidation actions remain unchanged from the FY 2011 President's Budget.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE
FLEET READINESS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Summary of Operations – Fleet Readiness Centers
($ in Millions)

	FY 2010	FY 2011	FY 2012
Orders	2,166.1	1,912.5	2,083.2
Revenue	2,171.1	1,895.1	2,178.3
Cost of Goods and Services	2,180.0	1,844.7	2,190.7
Operating Results	-8.9	50.4	-12.4
Net Operating Result (NOR)	-8.9	50.4	-12.4
Other Changes Affecting AOR	1.7	0	0
Accumulated Operating Result (AOR)	-38.1	12.4	0

In order to ensure achievement of zero AOR in FY 2012, the correct computation of rates, and the proper resourcing of customer accounts, NWCF budget and manpower estimates have been updated from the FY 2011 President's Budget to reflect all known pricing and program/workload assumptions.

Orders- New Reimbursable Orders for FY 2010, FY 2011 and FY2012 are $2,166.1M, $1,912.5M, and $2,083.2M respectively.

Revenue- Revenue for FY 2010, FY 2011, and FY 2012 are $2,171.1M, $1,895.1M, and $2,178.3M respectively.

Cost of Goods & Services Sold- Cost of Goods and Services Sold is $2,180.0M in FY 2010, $1,844.7M in FY 2011, and $2,190.7M in FY 2012. FY 2011 Cost of Goods and Services Sold decreased from the President's Budget by -$18.0M due to efficiencies for direct cost savings and limiting facility sustainment costs to 80% of the requirement.

Net Operating Results- Revenue less cost of goods and services sold for FY 2010, FY 2011, and FY 2012 is -$8.9M, $50.4M, and -$12.4M, respectively.

Treasury Cash- Net outlays are -$18.0M in FY 2010, -$63.5M in FY 2011, and $9.5M in FY 2012.
($ in Millions)

	FY 2010	FY 2011	FY 2012
Disbursements	$2,125.5	$1,805.7	$2,181.4
Collections	$2,143.9	$1,869.2	$2,171.9
Net Outlays	-$18.4	-$63.5	$9.5

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE
FLEET READINESS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Stabilized Customer Rates-
($ in Millions)

	FY 2010	FY 2011	FY 2012
Composite Hourly Rate	$192.19	$192.93	$192.92
Percent Year to Year Change		.4%	.0%

Unit Cost Goals. The budget reflects the following FY 2010-2012 unit cost goals:
($ and DLHs in Millions)

	FY 2010	FY 2011	FY 2012
Total Operating Cost	$2,177.49	$1844.54	$2,191.79
Direct Labor Hours (DLH)	11.724	10.485	11.152
Unit Cost	$185.73	$175.92	$196.54

- DLH includes direct labor hours worked by civilians, contractors and military personnel.

SUMMARY OF PERSONNEL RESOURCES

	FY 2010	FY 2011	FY 2012
Civilian Personnel:			
End Strength	8,979	8,695	8,804
FTE Workyears	9,007	8,748	8,835
Military Personnel:			
End Strength	109	123	120
Workyears	99	123	120
Contractor Personnel:			
Workyears	997	1,209	1,318

The FRCs budget reflects civilian workforce levels necessary to accommodate firm workload without the use of excessive overtime. Contract personnel are used by the FRCs to support perturbations in workload.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE
FLEET READINESS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

SUMMARY OF WORKLOAD INDICATORS:

(Inducted Units)

	FY 2010	FY 2011	FY 2012
AIRFRAMES	**487**	**398**	**404**
O&M,N	428	347	350
O&M,NR	37	32	27
RDT&E	12	13	21
Other	10	6	6
ENGINES	**1,417**	**1,734**	**1,630**
O&M,N	1,279	1,653	1,549
O&M,NR	27	12	12
RDT&E	14	12	12
Other	97	57	57

PERFORMANCE INDICATORS:

(Units)

	Goal	FY 2010	FY 2011	FY 2012
Aircraft Scheduled		486	450	472
Aircraft Completed on Time		437	405	425
% Scheduled Work Completed on Time	90%	90%	90%	90%
Components Scheduled		38,725	44,216	44,216
Components Completed on Time		36,789	42,005	42,005
% Scheduled Work Completed on Time	95%	95%	95%	95%
Engines Scheduled		1,261	1,643	1,542
Engines Completed on Time		1,160	1,512	1,419
% Scheduled Work Completed on Time	92%	92%	92%	92%

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE
FLEET READINESS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

CARRYOVER:

The FRCs' FY 2010 carryover level exceeded their ceiling by $21.7M because of the schedule impacts of F/A-18 crash damaged aircraft, P-3 wing component repair/replacement (associated with severe structural corrosion), Overseas Contingency Operations related engine workload, and delays in receipt of material for F414 engine repairs.

In FY 2011 and FY 2012, carryover is projected to be within the ceilings.

($ in Millions)

Depot Maintenance - Aircraft	FY 2010	FY 2011	FY 2012
New Orders	$2,166.1	$1,912.5	$2,083.2
Less Exclusions:			
Foreign Military Sales	$50.6	$26.7	$30.8
Base Realignment & Closure	$0.5	$2.6	$0.8
Other Federal Depts & Agencies	$0.9	$3.0	$2.7
Non-Federal & Others	$84.2	$74.2	$79.4
Major Range & Test Facility Base	$0.0	$0.0	$0.0
Orders for Carryover Calculation	$2,029.9	$1,806.0	$1,969.5
Composite Outlay Rate	63.3%	61.3%	62.8%
Carryover Ceiling Rate	36.7%	38.7%	37.2%
Carryover Ceiling	$745.9	$698.1	$732.9
Balance of Customer Orders at Yr End	$885.0	$902.3	$807.1
Less WIP	$45.2	$44.5	$36.7
Less Exclusions:			
Foreign Military Sales	$38.8	$57.7	$45.3
Base Realignment & Closure	$0.2	$2.7	$1.3
Other Federal Depts & Agencies	$12.3	$13.9	$7.6
Non-Federal & Others	$20.9	$86.9	$72.7
Major Range & Test Facility Base	$0.0	$0.0	$0.0
Carryover Budget	$767.6	$696.6	$643.5

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE
FLEET READINESS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

SUMMARY OF CAPITAL INVESTMENT PROGRAM (CIP):

($ in Millions)

	FY 2010	FY 2011	FY 2012
Equipment-non ADPE &TELECOM	36.3	32.4	38.6
Minor Construction	4.5	8.6	3.8
Equipment-ADPE &TELECOM	3.8	2.6	3.1
Software Development	0	0	0
Total	$44.6	$43.6	$45.5

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

	FY 2010	FY 2011	FY 2012
Revenue:			
Gross Sales			
Operations	2134.5	1849.9	2133.4
Surcharges	0	0	0
Depreciation excluding Major Construction	36.6	45.3	45
Other Income			
Total Income	2171.1	1895.1	2178.3
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	10.1	10.4	10
Civilian Personnel	840.6	800.8	816.1
Travel and Transportation of Personnel	23.3	24.2	18.1
Material & Supplies (Internal Operations)	587.3	412.1	615.2
Equipment	311.6	254.7	313.1
Other Purchases from NWCF	20.1	15.7	16
Transportation of Things	3	3	2.8
Depreciation - Capital	36.6	45.3	45
Printing and Reproduction	1.3	2.3	1.6
Advisory and Assistance Services	15.8	0.2	0.2
Rent, Communication & Utilities	42.2	48	42.1
Other Purchased Services	285.4	227.9	311.6
Total Expenses	2177.5	1844.5	2191.8
Work in Process Adjustment	6	0.2	-1.1
Comp Work for Activity Retention Adjustment	-3.5	0	0
Cost of Goods Sold	2180	1844.7	2190.7
Operating Result	-8.9	50.4	-12.4
Less Surcharges	0	0	0
Plus Appropriations Affecting NOR/AOR	0	0	0
Other Changes Affecting NOR/AOR	0	0	0
Extraordinary Expenses Unmatched	0	0	0
Net Operating Result	-8.9	50.4	-12.4
Other Changes Affecting AOR	1.7	0	0
Accumulated Operating Result	-38.1	12.4	0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

	FY 2010	FY 2011	FY 2012
1. New Orders	2166.1	1912.5	2083.2
a. Orders from DoD Components:	1408.9	1255.6	1378.9
Department of the Navy	1357.9	1200.2	1311.9
O & M, Navy	922.6	755.1	866.1
O & M, Marine Corps	0.1	0.9	0.8
O & M, Navy Reserve	60	50.2	38
O & M, Marine Corp Reserve	0	0	0
Aircraft Procurement, Navy	346.1	365.2	336.7
Weapons Procurement, Navy	0	0	0
Ammunition Procurement, Navy/MC	0.3	0.3	0.3
Shipbuilding & Conversion, Navy	0	1.1	2.1
Other Procurement, Navy	1.7	0.5	0.5
Procurement, Marine Corps	0	0	0
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	26.8	26.9	67.5
Military Construction, Navy	0.2	0	0
National Defense Sealift Fund	0	0	0
Other Navy Appropriations	0	0	0
Other Marine Corps Appropriations	0	0	0
Department of the Army	0.9	1.5	1.5
Army Operation & Maintenance	0.3	0.4	0.4
Army Res, Dev, Test, Eval	0	0	0
Army Procurement	0.5	1	1
Army Other	0	0	0
Department of the Air Force	46.5	49	62.7
Air Force Operation & Maintenance	43.8	48.7	59.4
Air Force Res, Dev, Test, Eval	0.2	0	0
Air Force Procurement	2.5	0.3	3.3
Air Force Other	0	0	0
DOD Appropriation Accounts	3.7	4.9	2.8
Base Closure & Realignment	0.5	2.6	0.8
Operation & Maintenance Accounts	1.2	1.7	1.5
Res, Dev, Test & Eval Accounts	0.6	0.2	0.2
Procurement Accounts	1.4	0.1	0.3
Defense Emergency Relief Fund	0	0.4	0
DOD Other	0	0	0
b. Orders from other Fund Activity Groups	621.4	553	591.4
c. Total DoD	2030.3	1808.6	1970.2
d. Other Orders:	135.7	103.8	112.9
Other Federal Agencies	0.9	3	2.7
Foreign Military Sales	50.6	26.7	30.8
Non Federal Agencies	84.2	74.2	79.4
2. Carry-In Orders	890	885	902.3
3. Total Gross Orders	3056	2797.4	2985.5
a. Funded Carry-Over before Exclusions	885	902.3	807.1
b. Total Gross Sales	2171.1	1895.1	2178.3
4. End of Year Work-In-Process (-)	-45.2	-44.5	-36.7
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-72.1	-161.2	-126.9
6. Net Funded Carryover	767.6	696.6	643.5

Note: Line 4 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
DOLLARS IN MILLIONS

	Total Cost
FY 2010 Actuals	**2,177.5**
FY 2011 President's Budget	**1,871.1**
Pricing Adjustments:	**-8.6**
Impact of Civilian Pay Freeze	-8.6
Productivity Initiatives and Other Efficiencies:	**-18.0**
Aviation Consumables Cost Reduction	-2.1
Aviation Repairables Cost Reduction	-6.2
DLA Materials and Supplies Cost Reduction	-7.4
Reduce Facilities Sustainment to 80 Percent of Requirement	-2.3
Program Changes:	**0.0**
Other Changes (incl Depreciation):	**0.0**
FY 2011 Current Estimate:	**1,844.5**

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
DOLLARS IN MILLIONS

	Total Cost
FY 2011 Current Estimate:	**1,844.5**
Pricing Adjustments:	**14.4**
Annualization of Pay Raises	**0.0**
Civilian Personnel	0.0
Military Personnel	0.0
Pay Raise	**0.0**
Civilian Personnel	0.0
Military Personnel	0.0
Fuel Changes	0.2
Material/Supplies/Equipment	10.8
Intrafund	-0.3
Travel/Transportation	0.1
Other Purchases	3.6
Productivity Initiatives and Other Efficiencies:	**-0.1**
Cellphone Cost Reductions	-0.1
Program Changes:	**336.9**
Airframes work	-9.1
Engines work	88.1
Components work	132.4
Other Support work	34.5
Modification work	50.3
Logistics/Engineering work	40.7
Other Changes (incl Depreciation):	**-3.9**
Depreciation	-0.3
Federal Employee Compensation Act	0.3
Volunteer Separation Incentive Program	-0.9
Defense Finance and Accounting Service	1.2
Other Indirect (Material, Intrafund Purchases, etc.)	-4.2
FY 2012 Estimate:	**2,191.8**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

		FY 2010		FY 2011		FY 2012	
Line #	**Description**	**Quantity**	**Total Cost**	**Quantity**	**Total Cost**	**Quantity**	**Total Cost**
1	Non-ADPE and Telecom Equipment						
	- Replacement Capability	39	$32.392	40	$30.750	32	$33.067
	- Productivity Capability	1	$0.550	2	$1.100	6	$4.820
	- New Mission Capability	3	$3.394	2	$0.600	1	$0.750
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
		43	**$36.336**	**44**	**$32.450**	**39**	**$38.637**
2	ADPE and Telecom Equipment						
	- Computer Hardware (Production)	0	$0.000	0	$0.000	0	$0.000
	- Computer Software (Operating)	3	$2.175	2	$1.025	1	$0.360
	- Telecommunications	1	$1.600	1	$0.025	0	$0.000
	- Oth Computer & Telecom Spt Equip	0	$0.000	1	$1.500	2	$2.700
		4	**$3.775**	**4**	**$2.550**	**3**	**$3.060**
3	Software Development						
	- Projects = or > $1M (List Separately)	0	$0.000	0	$0.000	0	$0.000
	- Projects < $1M	0	$0.000	0	$0.000	0	$0.000
		0	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
4	Minor Construction						
	- Replacement Capability	14	$3.424	10	$4.060	9	$2.530
	- Productivity Capability	6	$0.950	7	$4.050	3	$1.300
	- New Mission Capability	2	$0.100	2	$0.515	0	$0.000
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
		22	**$4.474**	**19**	**$8.625**	**12**	**$3.830**
	Grand Total	**69**	**$44.585**	**67**	**$43.625**	**54**	**$45.527**
	Total Capital Outlays		**$32.290**		**$44.978**		**$39.495**
	Total Depreciation Expense		**$36.611**		**$45.265**		**$44.951**

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)				FISCAL YEAR (FY) 2012 BUDGET ESTIMATES					
Department of the Navy / Fleet Readiness Centers	#001 - Non-ADPE and Telecommunications								
	FY 2010			**FY 2011**			**FY 2012**		
Non-ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Equipment	39	831	32,392	40	769	30,750	32	1,033	33,067
Productivity Equipment	1	550	550	2	550	1,100	6	803	4,820
New Mission Equipment	3	1,131	3,394	2	300	600	1	750	750
Environmental Compliance Equipment									
Total	43	845	36,336	44	738	32,450	39	991	38,637

Justification:

ITEM 1 APPLIES TO ALL EQUIPMENT <$1M
1) The existing equipment allows the three Fleet Readiness Centers(FRCs)to achieve our mission by performing routine and emergency maintenance, repair, and modifications for Navy and Marine aircraft, and associated systems and components. Aircraft supported include the F/A 18 Hornet, E-2C Hawkeye, C-2A Greyhound, S-3 Viking, P-3 Orion, H-53 Sea Stallion, SH-60 Seahawk, EA-6B Prowler, UH-1N Huey, AH-1 Super Cobra, AV-8B Harrier and the CH-46 Sea Knight.

REPLACEMENT EQUIPMENT
1) The proposed capital investments maintain the FRC's equipment infrastructure by replacing existing plant equipment that has reached the end of their economic life due to age and wear. This equipment includes such items as automated wire analyzers, overhead cranes, microprocessors, grinders, microscopes, lathes, mills, material handling systems, rectifiers, measuring machines, paint systems, material handling systems, mobile tool room system, wire analyzers, test stands, compressor, calibrators, and a variety of process and test equipment. Replacement of this equipment will continue to allow the FRCs to maintain the depots' infrastructure and their capability to achieve their individual missions.
2) Project analyses have been performed as applicable.
3) There are no savings or cost avoidances.
4) If the equipment is not replaced the FRCs would lose the capability to perform their mission.

- Continued on Next Page

PRODUCTIVITY EQUIPMENT
1) The new equipment will provide productivity enhancements that are not achievable with current equipment. Items to be procured include a test stand, material handling systems, rapid prototyping system, rotary fixture, overhead crane, and a grinder.
2) Project analyses have been performed as applicable.
3) There are no savings, just cost avoidances. The new equipment will provide capabilities that are not currently available at FRCSE and FRCSW.
4) If the equipment is not acquired it will limit the productivity and efficiency of the FRCs.

NEW MISSION EQUIPMENT
1) The existing equipment allows Fleet Readiness Center North Island (FRC SW) to achieve our mission by performing routine and emergency maintenance, repair, and modifications for Navy and Marine aircraft, and associated systems and components. Aircraft supported include the F/A 18 Hornet, E-2C Hawkeye, C-2A Greyhound, CH-53E Sea Stallion, and SH-60 Seahawk.
2) The new equipment will provide new capability and capacity that cannot be met with current equipment and facilities. Items to be procured include a heating system, overhead bridge rail systems, 5-axis machining center, variable electron microscope, and microprocessor.
3) Project analyses have been performed as applicable.
4) There are no cost savings or avoidances as the projects are based upon capability or capacity requirements, not dollar savings.
5) If the projects are not implemented, the FRC's capability and capacity will be restricted resulting in longer turn-around-times to provide aircraft and parts to the fleet.

PROJECTS ABOVE $1M:

FY 10
REPLACE KOMO™ #4 AXIS MILL - CHERRY POINT
1) This project plans to remanufacture the KOMO™ 4 Axis Mill in shop 93552, Building 137, Equipment Identification Number (EIN) 65923023050. The KOMO™ is a 3 axis machining center with an add on 4th axis rotary table. The KOMO™ is a traveling column machine tool with a fixed bed. The weight capacity is unlimited. The feature that makes the KOMO™ unique at the FRC is the length of the bed in X axis. The bed is 120" long. This length gives us capability to machine large parts such as the CH 53 cargo tracks currently being machined on the KOMO™ that are over 10 feet long.
The manufacturing machine shop has always had a long bed milling center to provide this capability. The machine tool that the KOMO™ replaced was also a 120" machine. This machine was a Monarch Vertical Machining Center (VMC) 200. The KOMO™ has out lived its life expectancy. The equipment is often inoperable due to maintenance repairs. For some parts there is no back up machine for processing parts, therefore they are either sent to Jacksonville for processing or remain idle until machine is operable again. The original equipment manufacturer no longer exists, making it impossible to locate replacement parts.

- Continued on Next Page

2) The machine controls are becoming unreliable. Electrical breakdowns are becoming more frequent. The ways of the machine are worn making holding tolerance difficult. KOMO™ experiences software and mechanical systems failures. Need more up to date machine tool with high speed spindle and better accuracy. Tool changer and spindle were recently repaired. Repair caused 8 weeks downtime. With the new equipment the shop requested a larger bed (10 ft. to 12 ft) to enable the ability to continously process larger parts.
3) a. Status quo: Current status is a worn out machine that no longer operates. Workload is delayed whenever machine is down due to no backup. b. Rebuild: This alternative has been explored. However, the original equipment manufacturer no longer exists. c. Replace: Considered to be the most cost effective alternative.
4) During downtime, there is an alternative for processing some parts. Other parts have to wait until machine can operate again. While the economic payback exceeds 4.5 years and/or the Rate of Return is less than 20%; due to Warfighter mission criticality and capabilities this project supports; and as cited within this Cost Benefit Analysis; justification is warranted.
5) Not Applicable.

FY 11
PROCURE TERRYDYNE SPECTRUM FRCSW-NORTH ISLAND
1) To provide a single Automated Test Stand that will replace the model AAI5565, Ironman and Watkins Johnson (WJ) Automated Test Equipment (ATE) that is currently located in the Avionics Branch.
2) The AAI5565, Ironman and Watkins Johnson Automated Test Equipment are antiquated and unable to test all parameters of specific components due to system failure. Avionics is unable to find contracting support or parts to repair the test stand thus unable to meet testing specifications called out in NAVAIR Instruction manuals.
3) Development and fabrication of only the most economical strategy will be implemented.
4) The impact of not providing this automated test stand will be to lose capability to repair TACAN SRAs (radio navigation). AIC 14A circuit cards (aircraft inter-phone communications) and LM2500 circuit cards (engine control systems).
5)Not Applicable

REPLACE RADIATION SHIELDED ENCLOSURE SYSTEM FRCSW-NORTH ISLAND
1) This project is for the procurement and installation of a radiographic shielding enclosure system to be installed in Building 250.
2) Code 93705 shops are currently utilizing several buildings at FRCSW. Airspeed and Lean Six Sigma initiatives have resulted in the production shops consolidating work space by moving out of building 379 and into Building 250. Because the X-ray vault in Building 379 is constructed as part of the actual building structure it can not be disassembled and moved.
3) An alternative that was considered was to out-source the Non-Destructive Inspection workload the shop currently performs in Building 379. This was rejected as it would increase costs and increase the turn-around-time for the production of parts.
4) The impact of not acquiring this system is the loss of workload and excessive production expenditures to out-sourcing.
5) Not Applicable

REPLACE WALK-IN BLAST BOOTH B794 FRCSE - JACKSONVILLE
1) This project will remove, replace, and upgrade three(3) walk-in blast booths and the dust collectors.
2) After 15+ years of continuous use, the walk-in blast booths require excessive maintenance and are an environmental hazard/risk due to wear and media leakage. The booths and collectors must be replaced in order to maintain existing capability and avoid environmental fines.
3) Continue to repair the old walk-in blast booths and collectors. This method is becoming less reliable, and more costly. If the equipment cannot be repaired, it will cause a work stoppage. Contracting out workload at a higher rate can also be considered, but is not a desirable alternative.
4) Work stoppages due to these booths and collectors can seriously affect engine and other critical component schedules and could cause the grounding of aircraft.
5) Not Applicable.

REPLACE 94400 BOOST COMPRESSOR FRCE - CHERRY POINT
1) This project will replace one 850 psig compressor with a new one before a work stoppage occurs.
2) The current compressor is performing erratically and shows signs of imminent failure. It currently requires an excessive amount of downtime and money to keep operable.
3) Continue to try extending the life of the unit which is not economically viable.
4) The current 850 pounds per square inch guage (psig) boost compressor does not have a back up. Therefore, if the current 850 psig boost compressor goes down, testing of the hot air valves comes to an abrupt stopping point. F-18 and several other aircraft would be negatively impacted by the compressor failure.
5) Not Applicable

REPLACE TRUMPH PUNCH PRESS FRCE - CHERRY POINT
1) This project will replace the inoperable Trumph Punch Press with a new one.
2) The existing punch press is inoperable and is causing undo strain on other support equipment as the workload has been shifted. The addition of an operating punch press will allow the workload to be shifted back to this machine and reduce man hours needed to process the workload.
3) Continue to run the workload on the current machine causing undo strain on the equipment and employees.
4) If not acquired, the FRC will continue to be at high risk for a critical work stoppage since the existing Trumph is inoperable and the existing Strippit is a single point failure for specific types of template workload.
5) Not Applicable

- Continued on Next Page

UPGRADE B777 ENGINE HUSH HOUSE COMPUTER CONTROL SYSTEM FRCSE - JACKSONVILLE
1) Upgrade computer controlled jet engine test system in Building 777 (Hush House) similar to systems currently installed at other Navy and Air Force facilities. This project will allow testing of higher-thrust engines that our current test cells in Building 873 cannot test. Projected engine workload requires this higher-thrust capability.
2) Our current configuration in Building 777 can not test higher-thrust jet engines. This package will allow testing of broader range of jet engines and improve FRCSE's capacity for current and future work loads.
3) Leaving building as is, this would block FRCSE from exploring additional workloads and hinder the planned future engine programs.
4) FRCSE will not be able to test higher-thrust engines that are currently scheduled for 2013 and also preclude FRCSE from pursuing next generation jet engines.
5) Not Applicable.

FY 12
REPLACE HORIZONTAL MILL (WOTON™) FRCE - CHERRY POINT
1) Replace the WOTON™ Horizontal Milling Machine Equipment Identification Number (EIN) 65923011386 in the machine shop 93552. The WOTON™ machines both the AV8B Harrier Wing Landing Gear. The current plan is to maintain this aircraft through 2018
2) The machine now has a hydraulic leak under the rotary table that consumes five gallons of fluid a month. The repair of the leak will cost $50,000 and 6 week down time. The hydraulic fluid frequently over heats and shuts the machine down. The ways of the machine are worn making holding tolerance difficult. The electronics are outdated and break down intermittently and spare parts are getting scarce.
3) No alternatives available.
4) This will result in FRCE not having the ability to maintain the AV8B Harrier Landing Gear, thereby impacting fleet readiness.
5) Not Applicable

REPLACE LARGE ITEM STACKER (LIS) 2 AUTOMATED STORAGE KITTING AND RETRIEVAL SYSTEM (ASKARS) STACKERS FRCE - CHERRY POINT
1) Replace three (3) ASKARS unit load stackers (Large Item Storage 2 [LIS2] subsystem in Building 137) interfacing with existing aisles and storage pallets in those aisles. Also, reconfigure/improve some storage rack locations for increased capacity.
2) Downtime is a consistent problem due to part failure. Their downtime delays provision of aircraft kits and parts to the shops for assembly. In turn, product turn-around-time is always impacted, which in turn impacts cost. The eventual failure beyond repair is inevitable and perhaps imminent.
3) Status quo: Current status is worn out storage stackers that are operable but with periods of downtime. There is no backup system for ASKARS. Rebuild: This alternative has been explored. However, it is not feasible since replacement parts for many components are no longer available. Replace: Considered to be the most cost effective alternative.
4) A complete halt to storage and retrieval of parts, and in turn, production will result.
5) Not Applicable

- Continued on Next Page

UPGRADE F402 TEST CELL FRCE - CHERRY POINT
1) This FY12 project proposes to upgrade the computers, software, and hardware in the F402 test cell. Additional upgrade requirements to the test cell will be to replace the Coriolis flow meters, as well as, make modifications or corrections to the inlet temperature, air hoist (three of them), Foreign Object Debris(FOD)/corrosion issues and the Statistical Process Control (SPC) programs.
2) Currently, there are FOD and corrosion issues in the exhaust of the test cell. With this issue, there is a danger of damaging a jet engine while the engine is being run full throttle during the testing phase.
3) No other alternatives have been considered since this is the only engine test cell capability onsite.
4) The current Data Acquisition Display and Controls System will become unsupportable and require continuing maintenance actions.
5) Not Applicable

REPLACE MAGNAFLUX NON DESTRUCTIVE INSPECTION LINE FRCE - CHERRY POINT
1) This project will replace the current Magnaflux Non Destructive Inspection line with a new one. An increase in workload has prompted the need for the replacement.
2) There are high maintenance costs and it is getting too expensive to maintain this equipment. The alignment of the conveyor system is not accurate. Racks move from their alignment when traveling from station to station.
3) Status Quo – Shop 93668 cannot inspect parts on a timely basis. Downtime will continue to increase. The shop will not be as selective as where an engineering investigation can be done. Maintenance costs will continue to rise astronomically. It will become more difficult to obtain parts when the machine fails. Equipment will continue to breakdown if machine is not replaced.
4) Shop 93668 cannot inspect parts for cracks and support workload for the CH-46 SEA KNIGHT, CH-53 SEA STALLION and AV-8B HARRIER aircraft.
5) Not Applicable.

PROCURE NON-DESTRUCTIVE INSPECTION (NDI)/CLEANING LINE B724 FRCSE - JACKSONVILLE
1) Procurement of a NDI/Cleaning line in Building 724 to support expanding engine programs. Two engine programs are expected to be relocated into Building 724 to accommodate increased workload. The NDI/Cleaning line will support these two engine programs.
2) The increased production of these engine programs within a limited amount of space causes congestion and delays in production.
3) Engine parts could be sent to the NDI/Cleaning line in Building 794, but the additional transportation and handling of parts increases the risk of damage. Procurement of an NDI/Cleaning line for Bldg. 724 is the preferred alternative. This solution reduces the need to transport parts back and forth across the base and minimizes risk of damage.
4) Risk of damage from the transportation and handling of parts and any associated cost to repair damage engine parts.

- Continued on Next Page

REPLACE HIGH-SPEED BLADE TIP GRINDER FRCSE - JACKSONVILLE
1) Replace high speed grinder Plant Account # 65887-701136 (manufactured 1/1/1983) with a new unit. The new grinder will be used in support of the FRCSE Strategic Business Plan and will accommodate the most common parts for the programs scheduled to be relocated to the facility by FY 2013.
2) The present machine is not adequate to grind the projected workload. The proposed unit will be larger and will be able to grind and measure all the workload and to the highest required tolerance.
3) Utilize the existing grinder until it becomes inoperable, at which time the FRC will have a work stoppage and lose program capability.
4) Extensive turnaround time due to long lead time from using outside contractors which would cause missed Engine Program schedules.
5) Not Applicable.

REPLACE VERTICAL TURRET LATHE FRCSE - JACKSONVILLE
1) Replace vertical turret lathe Plant Account # 65886-000205 (manufactured 1/1/1985) with a new unit.
2) The present lathe is not adequate to turn the projected work load. The proposed unit will be larger and will be able to produce all the work load and to the highest required tolerance.
3) Utilize the existing lathe until it becomes inoperable, at which time the FRC will have a work stoppage and lose program capability. Contract out the workload to a shop that has been or will be certified for "Flight Critical" component repair or manufacture.
4) Extensive turnaround time due to long lead time from using outside contractors which would cause missed Engine Program schedules.
5) Not Applicable.

PROCURE MATERIAL HANDLING SYSTEM FOR ENGINE COMPLEX FRCSE - JACKSONVILLE
1) The basic intent of the project is to purchase and install heavy duty material handling systems sized to handle increased loads for all jet engine and modules in reusable containers, on transportation vehicles or as independent suspended loads.
2) Current systems in place do not provide adequate shop floor coverage to handle rearrangement or placement of programs into area.
3) Current material handling systems on east side of building support multiple shop areas. A-Frames, portable engine hoists and/or independent jib cranes are useful and can and will be used until project is completed.
4) Shop areas to be positioned under areas scheduled for material handling system would need to have alternate lifting capability to perform work.
5) All systems installed will require proper design in accordance with strict adherence to the Naval Facilities Engineeering Command (NAVFAC) P307 Management of Weight Handling Equipment Manual which governs the depots safe operation of the cranes.

UPGRADE STACKER SYSTEM FRCSE - JACKSONVILLE
1) Project consists of renovation/resizing of automated storage system in Bldg. 797. Storage shelving to be right sized to meet storage size demands of current jet engine overhaul shops
2) Current deficiency/problem is the stacker system is no longer efficiently storing parts/materials. The dimensions of the storage envelope are too small/large for current needs.
3) Status quo- leave as is

4) If not acquired, the FRCSE engines facility will continue to have issues with lack of efficient storage. Production space will also continue to be an issue as programs expand with workload demands in the future.
5) Not Applicable.

REPLACE GAP GRINDER FRCSW - NORTH ISLAND
1) This project is to replace one of our existing gap grinders. The one to be replaced is over is 30 years old. The replacement assets will provide the innovative grinders with a new geometry to produce a quality and timely part. The old equipment has lost geometric and alignment specsifications. Producing a quality part on the existing grinders requires additional care, time and procedures because of extensive wear.
2) The current deficiency is that these assets have lost all of it's geometry functions. The gap Grinder consisted of two machine functions, traverse and plunge grinding, one operation was eliminated due to erosion of the machine ways. The new Gap Grinder will insure and maintain the expected components tolerances of the prospected repair packages. An advance and innovative machine will improve turn-around time (TAT) of the product and reduce waste. With the replacement of this asset, we will regain full use of the grinder as it was intended.
3) a. Contracting or Outsourcing to Private Industry: Contracting out is not desirable because of the work flow of landing gear produced on this grinder. b. Moving workload to another machine: Moving the workload to a different asset is also not desirable because of existing workload already assigned.
4)If these assets are not acquired, landing gear workload requirements will be pushed back and aircraft commitments will be delayed to Navy fleet.
5)Not applicable.

REPLACE SPRINGFIELD VERTICAL GRINDER FRCE - CHERRY POINT
1.) This machine was built in December, 1990. Parts are removed from an old Springfield Grinder that is not repairable nor operational to keep the functional grinder operational. The manufacturer no longer supports this machine. Also, a crane system will be required to lift parts, fixture and machine components.
2.) The spare electronic or control parts that are for the old Springfield Grinder will last approximately one year. When these parts are gone, Shop 93201 will have to obtain these parts from a third party. However, it will be very expensive. The Original Equipment Manufacturer (OEM) does not support the control system and software.
It is difficult to obtain mechanical parts to repair machine when it fails.
3) Replace - There will be increased production and reduction in overtime.
4) There would be a risk for potential workload backup; subsequently, the shop would not meet the production schedules for engine and component support. Additionally, FRCE could not support the T64 engine parts nor support the repair parts that are under the Performance Based Logistics (PBL) contract between the FRCE and General Electric. Additional resources and overtime will be required to meet engine program schedule, if it would be possible at all.
5) Not Applicable.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)				FISCAL YEAR (FY) 2012 BUDGET ESTIMATES					
Department of the Navy / Fleet Readiness Centers	#002 - ADPE and Telecommunications Capabilities								
	FY 2010			**FY 2011**			**FY 2012**		
ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)									
Computer Software (Operating System)	3	725	2,175	2	513	1,025	1	360	360
Telecommunications	1	1,600	1,600	1	25	25			
Other Computer & Telecommunications Spt Equip.				1	1,500	1,500	2	1,350	2,700
Total	4	944	3,775	4	638	2,550	3	1,020	3,060

Justification:

APPLIES TO PROJECTS <$1M

COMPUTER SOFTWARE (OPERATING SYSTEM)
1) The existing software provides various data management services to the Fleet Readiness Center.
2) The subject project will provide a complete enterprise monitoring solution for the Data Management (DM) system and also provide a means to track and document internal audits within the FRC.
3) Project analyses have been performed as applicable to determine the least costly methods.
4) There are no cost savings or avoidances associated with these projects.
5) If not implemented, the FRC will be greatly restricted in its DM operations.

TELECOMMUNICATIONS
1) The existing equipment provides various telecommunications and Data Management (DM) services throughout the Fleet Readiness Centers.
2) The subject project will provide enhancements and equipment to the telecommunications system.
3) Project analyses have been performed as applicable to determine the least costly methods.
4) There are no cost savings or avoidances associated with these projects.
5) If not implemented, the FRCs will experience diminished DM and communication capabilities which will have a detrimental effect on day to day operations.

- Continued on Next Page

OTHER COMPUTER & TELECOMMUNICATION SUPPORT EQUIPMENT
1) The existing equipment provides various telecommunications and Data Management (DM) services throughout the Fleet Readiness Centers.
2) The subject project will provide enhancements to various business process applications, replacement of aging servers, and data center upgrades.
3) Project analyses have been performed as applicable to determine the least costly methods.
4) There are no cost savings or avoidances associated with these projects.
5) If not implemented, the FRCs will experience diminished DM and communication capabilities which will have a detrimental effect on day to day operations.

PROJECTS ABOVE $1M:

FY 10
LAN EQUIPMENT/TELECOMMUNICATIONS FOR P-974 $1.60M FRC EAST-CHERRY POINT
1) New facility that has no access to the depot's Local Area Network (LAN) and telecommunications resources.
2) This project will provide data communications and telecommunications capability for the corresponding MILCON to construct Engineering Product Support Facility P-974.
3) An economic analysis has not been performed.
4) There are no cost savings or avoidances associated with this project.
5) If not implemented, personnel will have no access to telecommunications or Local Area Network (LAN) services.

FY 10, FY 11
UPGRADE WORKLOAD MANAGEMENT SYSTEM FRC EAST-CHERRY POINT AND FRC SW-NORTH ISLAND
1) The existing In-Service Support Centers (ISSCs) Fast Forward (FF) software application provides for workload management and performance measurement at the FRCs.
2) This project will upgrade the aging ISSC FF application to enable the use of factual data for the management and measurement of workload projections against actual to improve quality of products and services, increase productivity, reduce costs, and to forecast impact of changes.
3) A qualitative economic analysis was performed.
4) There will be no cost savings or avoidances. There is no alternative but to upgrade the system.
5) Denial of this effort will adversely impact the FRC's ability to effectively manage and measure workflow.

- Continued on Next Page

FY 11, FY 12
AUTOMATION OF FRC DATA FY11 - $1.500M and FY12 - 1.200M FRC EAST-CHERRY POINT
1) The existing system provides technical data and information to production personnel at the Fleet Readiness Center.
2) This project will modernize and allow for the digitization of maintenance data and technical information for integration with automated systems.
3) An economic analysis has not been performed.
4) There will be no cost savings or avoidances. There is no alternative but to upgrade the system.
5) If not implemented, maintenance data and technical information will continue to be maintained outside of newly acquired configuration controlled electronic systems.

FY 12
NAIBI COE FRCSW - NORTH ISLAND
1) The Naval Aviation Industrial Business Intelligence (NAIBI) is an integrated data environment that provides partners with the intelligence needed to make fact-based strategic decisions giving a single version of the truth. The purpose is to provide partners with data that can be trusted when performing data mining, workload forecasting, trend analysis, ad-hoc queries, and addressing what-if questions to make strategic business decision.
2) The current deficiency is disparate data producing unreliable results; the inability to drill down to the lowest level of information; requires a high level of technical knowledge to create reports; and data redundancy. NAIBI will provide a single version of the truth supporting best business practices across the Enterprise.
3) Oracle Forms and Discoverer were considered, but were found to be insufficient in their ability to allow non-technical report writers to create reports, as well as the ability to create dashboards and other analytical visuals with drill down capability.
4) Data across the Enterprise will not be reliable and cannot be trusted to make sound business decisions. Performing trend analysis, data mining, workload forecasting and addressing what-if questions would be difficult and very time consuming due to data complexity.
5) Not Applicable.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)				FISCAL YEAR (FY) 2012 BUDGET ESTIMATES					
Department of the Navy / Fleet Readiness Centers				#005 - Minor Construction					
	FY 2010			**FY 2011**			**FY 2012**		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	14	245	3,424	10	406	4,060	9	281	2,530
Productivity	6	158	950	7	579	4,050	3	433	1,300
New Mission	2	50	100	2	258	515			
Environmental									
Total	22	203	4,474	19	454	8,625	12	319	3,830

Justification:

APPLIES TO ALL PROJECTS:

1) The existing facilities allow the three Naval Air Fleet Readiness Centers (FRCs) to achieve our mission by performing routine and emergency maintenance, repair, and modifications for Navy and Marine aircraft, and associated systems and components. Aircraft supported include the F/A 18 Hornet, E-2C Hawkeye, C-2A Greyhound, S-3 Viking, P-3 Orion, H-53 Sea Stallion, SH-60 Seahawk, EA-6B Prowler, UH-1N Huey, AH-1 Super Cobra, AV-8B Harrier and the CH-46 Sea Knight.
2) New minor construction projects will allow the FRCs to design, construct, upgrade, restore, and replace the facilities and structures that are required to achieve their mission. No project is greater than the $750,000 maximum threshold.
3) Project analyses were performed as applicable to determine the least costly method to achieve the desired results.
4) No cost avoidance or savings were estimated. Minor construction projects provide the facilities in which work is to be performed, not to provide savings.
5) If minor projects are not approved the facilities will deteriorate and adversely affect mission achievement.

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

Projects on the FY 2011 President's Budget

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation/ Reason for Change
2011	Equipment except ADPE and TELECOM	$ (0.100)	$ 32.550	$ 32.450	$ 0.100	Three projects had price increases. Three projects had price decreases. Fourteen projects were added due to emergent req. Eleven projects were cancelled. Eight projects were deferred.
2011	Equipment - ADPE and TELECOM	$ (2.015)	$ 4.565	$ 2.550	$ 2.015	No project had price increases. Two projects had price decreases. No projects were added due to emergent req. Two projects were cancelled. One project was deferred.
2011	Software Development	0.000	0.000	0.000	0.000	
2011	Minor Construction	$ 0.475	$ 8.150	$ 8.625	$ (0.475)	One project had price increases. Four projects had price decreases. Nine projects were added due to emergent req. Six projects were cancelled. Six projects were deferred.
	Total FY 2011 Capital Purchase Program	$ (1.640)	$ 45.265	$ 43.625	$ 1.640	

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
AMOUNT IN MILLIONS

FY 2010

			----- Peacetime -----	
	Total	Mobilization	Operating	Other
Material Inventory BOP	$ 43.2	$ -	$ 43.2	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 904.6	$ -	$ 904.6	$ -
B. Purchase of long lead items in advance of customer orders	-	-	-	-
C. Other Purchases	-	-	-	-
D. Total Purchases	$ 904.6	$ -	$ 904.6	$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	$ 899.0	$ -	$ 899.0	$ -
B. Disposals, theft, losses due to damages	-	-	-	-
C. Other reductions	-	-	-	-
D. Total inventory adjustments	$ 899.0	$ -	$ 899.0	$ -
Material Inventory EOP	$ 48.8	$ -	$ 48.8	$ -

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
AMOUNT IN MILLIONS

FY 2011

			----- Peacetime -----	
	Total	Mobilization	Operating	Other
Material Inventory BOP	$ 48.8	$ -	$ 48.8	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 657.1	$ -	$ 657.1	$ -
B. Purchase of long lead items in advance of customer orders	-	-	-	-
C. Other Purchases	-	-	-	-
D. Total Purchases	$ 657.1	$ -	$ 657.1	$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	$ 666.9	$ -	$ 666.9	$ -
B. Disposals, theft, losses due to damages	-	-	-	-
C. Other reductions	-	-	-	-
D. Total inventory adjustments	$ 666.9	$ -	$ 666.9	$ -
Material Inventory EOP	$ 39.0	$ -	$ 39.0	$ -

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
AMOUNT IN MILLIONS

FY 2012

	Total	Mobilization	----- Peacetime ----- Operating	Other
Material Inventory BOP	$ 39.0	$ -	$ 39.0	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 931.0	$ -	$ 931.0	$ -
B. Purchase of long lead items in advance of customer orders	-	-		-
C. Other Purchases	-	-	-	-
D. Total Purchases	$ 931.0	$ -	$ 931.0	$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	$ 928.3	$ -	$ 928.3	$ -
B. Disposals, theft, losses due to damages	-	-	-	-
C. Other reductions	-	-	-	-
D. Total inventory adjustments	$ 928.3	$ -	$ 928.3	$ -
Material Inventory EOP	$ 41.7	$ -	$ 41.7	$ -

SIX PERCENT CAPITAL INVESTMENT PLAN
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

Total

	Revenue 3-Year Average			Budgeted Capital			Percent of Revenue		
	07-09	08-10	09-11	FY 2010	FY 2011	FY 2012	FY 2010	FY 2011	FY 2012
Revenue							6%	6%	6%
Working Capital Fund	2,066.2	2,133.2	2,075.8	101.6	92.1	166.3			
Appropriations	0.0	0.0	0.0						
Total Revenue	2,066.2	2,133.2	2,075.8						
							124.0	128.0	124.5
Working Capital Fund Depot Maintenance Investment									
Facilities Sustainment, Restoration and Modernization				39.0	32.5	27.5			
Equipment				18.0	16.0	13.8			
Equipment purchase by Depots under Expense/Investment Threshold				13.6	11.6	12.2			
Equipment purchase by Other Organizations under Expense/Investment Threshold				3.7	3.7	1.6			
Equipment purchase by Other Organizations above Expense/Investment Threshold				0.7	0.7	0.0			
Capital Investment Program				44.6	43.7	45.5			
Productivity Enhancements				0.0	0.0	0.0			
Total WCF Investment				101.6	92.1	86.9			
Appropriated Funding									
Facilities Sustainment, Restoration and Modernization				0.0	0.0	0.0			
Equipment				0.0	0.0	0.0			
Equipment purchase by Depots under Expense/Investment Threshold				0.0	0.0	0.0			
Equipment purchase by Other Organizations under Expense/Investment Threshold (Aircraft				0.0	0.0	0.0			
Equipment purchase by Other Organizations above Expense/Investment Threshold (Aircraft				0.0	0.0	0.0			
Capital Investment Program				0.0	0.0	0.0			
Productivity Enhancements				0.0	0.0	0.0			
Military Construction (MILCON)				0.0	0.0	79.4			
Total Appropriated Funding				0.0	0.0	79.4			
							Budget Minus Six Percent of Revenue Difference		
Component Total				101.6	92.1	166.3	-22.4	-35.9	41.8

TAB 2 - Marine Corps Depots

Back of Tab

DEPARTMENT OF NAVY
NAVY WORKING CAPITAL FUND
MARINE CORPS DEPOT MAINTENANCE
MARINE CORPS DEPOT MAINTENANCE ACTIVITY GROUP
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
February 2011

Activity Group Functions:

The mission of the Depot Maintenance Activity Group (DMAG) to provide quality products and responsive maintenance support services required to maintain a core industrial base in support of mobilization, surge and reconstitution requirements. The maintenance functions, performed by the DMAG include repair, rebuild, modification, and Inspect and Repair Only as Necessary (IROAN) for all types of ground combat and combat support equipment. Marine Corps, other Department of Defense (DOD) activities, as well as Foreign Military Sales (FMS) customers utilize the DMAG maintenance services. Performance of maintenance related services such as preservation, testing, technical evaluation, calibration, and fabrication of automated test equipment are examples of other functions performed.

Activity Group Composition:

Activities	Location
MC Maintenance Center	Albany, GA
MC Maintenance Center	Barstow, CA

Significant Changes in Activity Group:

There are no significant changes in the activity group or composition since the FY 2011 President's Budget.

Special Interest Items

Consistent with estimates in the FY 2011 President's Budget, the impact of Base Realignment and Closure (BRAC) 2005 Recommendation #57 and #177 Marine Corps depot maintenance operations are reflected in this budget. BRAC Recommendation #57 disestablishes and consolidates specified workload to Anniston Army Depot, AL and Letterkenny Army Depot, PA. The Supply, Storage, and Distribution Management Reconfiguration BRAC Recommendation #177 also impacts the Marine Corps depot maintenance operations. The recommendation realigns Marine Corps Logistics Base, Albany, GA and Barstow, CA, by consolidating the supply, storage, and distribution functions and associated inventories.

BUDGET HIGHLIGHTS

General

The DMAG Fiscal Year (FY) 2012 President's Budget submission continues to reflect significant fluctuations in FY 2010 - 2012 workload as a result of battle-damaged equipment and weapons systems returning from the current Overseas Contingency Operations (OCO). Marine Corps equipment requires timely repair in order to reconstitute the Operating Forces and the Marine Corps' Maritime Prepositioning Forces (MPF) Program.

FY 2010 actual Net Operating Results (NOR) was $4.7 million, an increase of $12.9 million from the FY 2011 President's Budget that occurred primarily due to increased workload in support of OCO. The DMAG Budget depicts a positive NOR of $11.1 million in FY 2011 and $20.8 million negative NOR for FY 2012 to achieve a zero AOR.

Summary of Operations

($ in Millions)

	FY 2010	FY 2011	FY 2012
Orders	611.7	381.3	363.9
Revenue	579.7	591.8	428.6
Cost of Goods Sold	575.0	577.0	443.4
Revenue less Costs (NOR)	4.7	14.8	-14.8
Surcharges (CIP)	0	-3.7	-6.0
Other Changes Affecting AOR	5.1	0.0	0.0
Accumulated Operating Result (AOR)	9.8	20.8	0.0

In order to ensure achievement of zero AOR in FY 2012, the correct computation of rates, and the proper resourcing of customer accounts, NWCF budget and manpower estimates have been updated from the FY 2011 President's Budget to reflect all known pricing and program/workload assumptions.

Orders: New reimbursable orders for FY 2010, FY 2011, and FY 2012 are $611.7 million, $381.3 million, and $363.9 million respectively and include the anticipated receipt of supplemental funding. FY 2010 and FY 2011 new reimbursable orders increase of $336.7 million and $86.0 million respectively from the FY 2011 President's Budget is mainly attributed to receipt of unplanned funding for the repair of combat-ravaged equipment and weapons systems returning from the current OCO. FY 2012 new orders are planned to decrease $17.4 million from FY 2011. The change in new orders in all years is mainly attributed to change in program due to current operating tempo in theater.

Revenue: Revenue is $579.7 million for FY 2010, $591.8 million for FY 2011, and $428.6 million for FY 2012.

Costs of Goods Sold: Cost of Operations is $575.0 million in FY 2010, $577.0 million in FY 2011, and $443.4 million in FY 2012.

Revenue less cost: Revenue less cost of goods sold for FY 2010, FY 2011 and FY 2012 is +$4.7 million,+$14.8 million, and -$14.8 million respectively.

Surcharge: The $3.7 million and $6.0 million surcharges reflected for FY 2011 and FY 2012 respectively are for the Capital Investment Program.

Net Cash Outlays

($ in Millions)

	FY 2010	FY 2011	FY 2012
Collections	587.7	583.2	429.5
Disbursements	577.8	615.5	438.3
Net Outlays	-9.8	32.3	8.8

Performance Indicators

	FY 2010	FY 2011	FY 2012
Schedule Conformance	99.8%	99.8%	99.8%
Quality Deficiency Reports	.1%	.1%	.1%
Inventory Turnover Ratio	6.3:1	6.8:1	5.5:1

Stabilized Customer Rates

	FY 2010	FY 2011	FY 2012
Composite Hourly Rate	$131.47	$127.37	$120.44
Percent Year to Year Change	.45%	-3.12%	-5.44%

Unit Cost Goals. The budget reflects the following FY 2010-2012 unit cost goals:

($ and DLHs in Millions)

	FY 2010	FY 2011	FY 2012
Total Operating Cost	$574.6	$577.0	$443.4
Direct Labor Hours (DLH)	4.529	4.382	3.486
Unit Cost	$126.86	$131.68	$127.17

DLH and unit cost based on civilian and contractor personnel direct labor hours.

SUMMARY OF PERSONNEL RESOURCES

	FY 2010	FY 2011	FY 2012
Civilian Personnel:			
End Strength	2,433	2,468	2,415
FTE Workyears	2,482	2,457	2,435
Military Personnel:			
End Strength	17	12	12
Workyears	11	12	12

The DMAG budget reflects civilian workforce levels necessary to accommodate planned workload without the use of excessive overtime. The Maintenance Centers are using Contract personnel to supplement their workforce and meet demand fluctuations in workload.

CARRYOVER

In FY 2010, the Marine Corps DMAG exceeded the carryover ceiling by $19.1M due to OCO - related workload for Combat Vehicles, Amphibious Vehicles, Combat Construction Support Vehicles, Construction Equipment, Communications Equipment and Support Equipment. These items represent emergent workload and/or special design/fabrication tasks which involve longer completion schedules. Marine Corps DMAG is projected to be below the outlay-based carryover ceiling for FY 2011 and FY 2012.

(Dollars in Millions)

Carryover ($M)	FY 2010	FY 2011	FY 2012
New Orders	611.7	381.3	$363.9
Less Exclusions:			
FMS	0.0	0.0	0.0
BRAC	-0.2	0.0	0.0
Other Federal Depts. & Agencies	0.0	0.0	0.0
Non-Federal & Others	2.7	0.0	0.0
Orders for Carryover Calculation	609.2	381.3	363.9
Composite Outlay Rate (SSRCO)	48.6%	46.2%	45.3%
Carryover Ceiling Rate	51.4%	53.8%	54.7%
Carryover Ceiling	296.0	176.2	164.8
Balance of Customer Orders at Yr End	319.8	109.3	44.6
Less Work in Process	0.1	0.2	0.2
Less Exclusions			
FMS	0.4	0.3	0.3
BRAC	2.9	2.9	1.6
Other Federal Depts. & Agencies	0.0	0.0	0.0
Non-Federal & Others	1.4	0.3	0.2
Carryover Budget	315.0	105.8	42.4

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
ACTIVITY GROUP: MC DMAG
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

	FY 2010	FY 2011	FY 2012
Revenue:			
Gross Sales			
Operations	576.1	583.8	417.4
Surcharges	0	-3.7	-6.0
Depreciation excluding Major Construction	3.6	4.3	5.2
Other Income			
Total Income	579.7	591.8	428.6
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	0.9	1.0	1.0
Civilian Personnel	212.8	212.2	195.8
Travel and Transportation of Personnel	5.7	5.1	3.9
Material & Supplies (Internal Operations)	226.2	236.8	161.3
Equipment	0	0	0
Other Purchases from NWCF	1.4	2.1	2.0
Transportation of Things	0	0	0
Depreciation - Capital	3.6	4.3	5.2
Printing and Reproduction	0.2	0.1	0.1
Advisory and Assistance Services	0	0	0
Rent, Communication & Utilities	9.1	10.6	8.6
Other Purchased Services	114.7	104.8	65.6
Total Expenses	574.6	577.0	443.4
Work in Process Adjustment	0.5	0	0
Comp Work for Activity Retention Adjustment	0	0	0
Cost of Goods Sold	575	577.0	443.4
Operating Result	4.7	14.8	-14.8
Less Surcharges	0	-3.7	-6.0
Plus Appropriations Affecting NOR/AOR	0	0	0
Other Changes Affecting NOR/AOR	0	0	0
Extraordinary Expenses Unmatched	0	0	0
Net Operating Result	4.7	11.1	-20.8
Other Changes Affecting AOR	0.5	0	0
Accumulated Operating Result	9.8	20.8	0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
ACTIVITY GROUP: MC DMAG
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

	FY 2010	FY 2011	FY 2012
1. New Orders	611.7	381.3	363.9
a. Orders from DoD Components:	600.7	368.1	362.8
Department of the Navy	566.7	365.2	360.5
O & M, Navy	2.6	0	0
O & M, Marine Corps	462.5	319.6	328.3
O & M, Navy Reserve	0	0	0
O & M, Marine Corp Reserve	12.1	8.7	8.7
Aircraft Procurement, Navy	0.3	0	0
Weapons Procurement, Navy	0	0	0
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	0	0	0
Other Procurement, Navy	1.1	0	0
Procurement, Marine Corps	87.9	35.8	22.5
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	0.3	0	0
Military Construction, Navy	0	0	0
National Defense Sealift Fund	0	0	0
Other Navy Appropriations	0	0.5	0.5
Other Marine Corps Appropriations	0	0.5	0.5
Department of the Army	30.1	2.2	2.2
Army Operation & Maintenance	30.0	1.2	1.2
Army Res, Dev, Test, Eval	0	0	0
Army Procurement	0.1	0	0
Army Other	0	1.0	1.0
Department of the Air Force	3.6	0.7	0
Air Force Operation & Maintenance	2.6	0.7	0
Air Force Res, Dev, Test, Eval	1	0	0
Air Force Procurement	0	0	0
Air Force Other	0	0	0
DOD Appropriation Accounts	0.3	0	0
Base Closure & Realignment	-0.2	0	0
Operation & Maintenance Accounts	0	0	0
Res, Dev, Test & Eval Accounts	0	0	0
Procurement Accounts	-0.4	0	0
Defense Emergency Relief Fund	0	0	0
DOD Other	0.9	0	0
b. Orders from other Fund Activity Groups	8.3	13.2	1.2
c. Total DoD	609.0	381.3	363.9
d. Other Orders:	2.7	0	0
Other Federal Agencies	0	0	0
Foreign Military Sales	0.1	0	0
Non Federal Agencies	2.7	0	0
2. Carry-In Orders	287.8	319.8	109.3
3. Total Gross Orders	899.5	701.1	473.3
a. Funded Carry-Over before Exclusions	319.8	109.3	44.6
b. Total Gross Sales	579.7	591.8	428.6
4. End of Year Work-In-Process (-)	-0.1	-0.2	-0.2
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-4.6	-3.5	-2.2
6. Net Funded Carryover	315.1	105.6	42.3

Note: Line 4 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB

CHANGES IN THE COSTS OF OPERATION
DEPARTMENT OF THE NAVY
MARINE CORPS DEPOT MAINTENANCE
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

			Total Cost
1	**FY 2010**	**Actuals**	574.6
2	**FY 2011**	**President's Budget:**	348.1
3		**Estimated Impact in FY 2011 of Actual FY2010 Experience:**	**0.0**
4		**Pricing Adjustments:**	**-3.0**
		a. FY 2011 Pay raise	
		(1) Impact of Civilian Pay Freeze	-3.1
		(2) Military Personnel	0.0
		b. Annualization of Prior Year Pay Raise	
		(1) Civilian Personnel	0.1
		(2) Military Personnel	0.0
		c. General Inflation	0.0
5		**Program Changes:**	**177.9**
		a. Workload Changes	
		(1) Direct Labor	29.5
		(2) Direct Materiel & Supplies	105.9
		(3) Direct Contract/Other Purchases	42.5
6		**Other Changes**	**54.0**
		a. Indirect Labor	14.2
		b. Indirect Materiel	12.9
		c. Depreciation	-2.0
		d. Contract Services	28.6
		e. VERA/VSIP	0.0
		f. Other	0.3
7	**FY 2011**	**Current Estimate:**	**577.0**

			Total Cost
8		**Pricing Adjustments:**	**-2.2**
		a. FY 2012 Pay raise	
		(1) Civilian Personnel	0.0
		(2) Military Personnel	0.0
		b. Annualization of Prior Year Pay Raise	
		(1) Civilian Personnel	0.0
		(2) Military Personnel	0.0
		c. Working Capital Fund	-4.5
		d. General Inflation	2.2
		e. Fuel Price Changes	0.1
9		**Program Changes:**	**-103.1**
		a. Workload Changes	
		(1) Direct Labor	-11.7
		(2) Direct Material & Supplies	-64.6
		(3) Direct Contract/Other Purchases	-26.8
10		**Other Changes**	**-28.3**
		a. Indirect Labor	-4.8
		b. Indirect Materiel	-7.3
		c. Depreciation	0.9
		d. Contract Services	-16.7
		e. VERA/VSIP	0.0
		f. Other	-0.4
11	**FY 2012**	**Current Estimate**	**443.4**

DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
FISCAL YEAR (FY) 2012 BUDGT ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

Line #	Description	FY 2010 Quantity	FY 2010 Total Cost	FY 2011 Quantity	FY 2011 Total Cost	FY 2012 Quantity	FY 2012 Total Cost
1	Non-ADPE and Telecom Equipment	10	$4.204	7	$7.600	5	$3.293
	- Replacement Capability	1	$0.274	0	$0.000	2	$1.275
	- Productivity Capability	9	$3.930	7	$7.600	3	$2.018
	- New Mission Capability	0	$0.000	0	$0.000	0	$0.000
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
2	ADPE and Telecom Equipment	0	$0.000	2	$0.866	4	$2.356
	- Computer Hardware (Production)	0	$0.000	2	$0.866	2	$0.866
	- Computer Software (Operating)	0	$0.000	0	$0.000	0	$0.000
	- Telecommunications	0	$0.000	0	$0.000	0	$0.000
	- Oth Computer & Telecom Spt Equip	0	$0.000	0	$0.000	2	$1.490
3	Software Development	0	$0.000	0	$0.000	0	$0.000
	- Projects = or > $1M (List Separately)	0	$0.000	0	$0.000	0	$0.000
	- Projects < $1M	0	$0.000	0	$0.000	0	$0.000
4	Minor Construction	8	$5.219	3	$2.500	7	$5.217
	- Replacement Capability	0	$0.000	1	$1.250	1	$0.747
	- Productivity Capability	8	$5.219	2	$1.250	6	$4.470
	- New Mission Capability	0	$0.000	0	$0.000	0	$0.000
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
	Grand Total	**18**	**$9.423**	**12**	**$10.966**	**16**	**$10.866**
	Total Capital Outlays	**0**	**$3.507**	**0**	**$11.107**	**0**	**$5.302**
	Total Depreciation Expense	**0**	**$3.647**	**0**	**$4.313**	**0**	**$5.169**

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)				**Fiscal Year (FY) 2012 Budget Estimates February 2011**					
Department of the Navy / Depot Maintenance - Marine Corps Depots	#001 - Non-ADPE and Telecommunications Equipment								
	FY 2010			**FY 2011**			**FY 2012**		
Non-ADPE and Telecommunications	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Capability	1	274	274				2	638	1,275
Productivity Capability	9	437	3,930	7	1,086	7,600	3	673	2,018
New Mission									
Environmental Capability									
Total	10	420	4,204	7	1,086	7,600	5	659	3,293

Justification:

FY 2010
Cross Drive Dynamometer (MCQ), Productivity
Dyno for Large Engines (MCA), Productivity
Addition CNC Machine (MCA), Productivity
Wire Electro-Static Discharge Machine (EMD) (MCB), Replacement
Hydraulic Test Bench (MCB), Productivity
Machine Cell (MCB), Productivity
Cold Spray Technology (MCB), Productivity
PY Projects, Productivity/ Replacement
Enhanced Wire Integrity System (EWIS), Productivity

FY 2011
100 Ton Crane (4) for 2200 Craneway (MCA), Productivity
100 Ton Crane for 2242 (MCA)
Modular Air Pollution Control System (MCB), Productivity
Omax Water Jet (MCB), Productivity
Automated Shelving Unit (MCB), Productivity
M777 Non Destuctive Test (NDT) Work Cell (MCB), Productivity
Modeling Prototype Technology (MCB), Productivity

FY 2012
New CNC Machine (MCA), Productivity
Parkeization /Plating System (MCB),Replacement
Vertical Machining Center (MCB), Replacement
6 KW Laser Cutting Machine Center ((MCB), Productivity
Caustic Cleaning System (MCB), Productivity

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)				**Fiscal Year (FY) 2012 Budget Estimates February 2011**					
Department of the Navy / Depot Maintenance - Marine Corps Depots	#002 - ADPE and Telecommunications Equipment								
	FY 2010			**FY 2011**			**FY 2012**		
ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)				2	433	866	2	433	866
Computer Software (Operating System)									
Telecommunications									
Other Computer & Telecommunications Spt Equipment							2	745	1,490
Total				2	433	866	4	589	2,356

Justification:

FY 2011
NGEN Tech Refresh (MCA), Computer Hardware (Production)
NGEN Tech Refresh (MCB), Computer Hardware (Production)

FY 2012
Wireless Lan (MCA)
Wireless Lan (MCB), Other Computer & Telecommunications Spt Equipment
NGEN Tech Refresh (MCA), Computer Hardware (Production)
NGEN Tech Refresh (MCB), Computer Hardware (Production)

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)				**Fiscal Year (FY) 2012 Budget Estimates February 2011**					
Department of the Navy / Depot Maintenance - Marine Corps Depots	#004 - Minor Construction								
	FY 2010			**FY 2011**			**FY2012**		
Minor Construciton	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Capability				1	1,250	1,250	1	747	747
Productivity Capability	8	652	5,219	2	625	1,250	6	745	4,470
New Mission									
Environmental									
Total	8	652	5,219	3	833	2,500	7	745	5,217

Justification:

Minor Construction:

FY 2010
Automotive Facility (MCB, Productivity)
Light Armor Facility (MCB, Productivity)
Forward Kit Staging Facility (MCB), Productivity
Armor Disassembly/Repair Facility (MCB), Productivity
Alleyway Clearspan (MCA), Productivity
Touch Up Paint Facility (MCA), Productivity
Vehicle Yellow/Green Tag Facility (MCA), Productivity
Clearspan for 2222/2236 (MCA), Productivity

FY2011
Test Track Renovation/Upgrade, (MCA), Replacement
Hard Stand at Front Fence (MCA), Productivity
Abrasive Blast Upgrade (MCA), Productivity

FY2012
2460 Floor/Ends (MCA), Productivity
Vehicle Air Conditioner Maintenance Facility (MCA), Productivity
Hazmat Distribution/Management Facility (MCA), Productivity
Clear Span Over Main Crane Out Door Extension (MCA), Productivity
Clear Span at Building 2235 (MCA), Productivity
Security Control Facility (MCB), Replacement
Equipment Blow Down & Prep Facility (MCB), Productivity

DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
CAPITAL BUDGET EXECUTION
Fiscal Year (FY) 2012 Budget Estimates
February 2011
(Dollars in Millions)

FY 2011 BUDGET ESTIMATE

FY	Approved Project Title	Reprogs	Approved Project Cost	Current Project Cost	Asset/ Deficiency	Explanation
	Equipment except ADPE and TELECOM					
2011	Robotic Camouflage Painting System (MCB)	-3.000	3.000	0.000	0.000	Replacement Canceled
2011	Radiator Repair/Rebuild System (MCB)	-0.330	0.330	0.000	0.000	Replacement Moved to FY12
2011	Steam Cleaning System (MCB)	-1.070	1.070	0.000	0.000	Replacement Canceled
2011	In Line Dyno (3) (MCA)	-1.350	1.350	0.000	0.000	Move to OEM
2011	100 Ton Cranes (4) for 2200 Craneway (MCA)	2.256	0.000	2.256	0.000	Productivity
2011	100 Ton Crane for 2242 (MCA)	0.500	0.000	0.500	0.000	Productivity
2011	Modular Air Pollution Control System (MCB)	1.000	0.000	1.000	0.000	Productivity
2011	Omax Water Jet (MCB)	0.450	0.000	0.450	0.000	Productivity
2011	Automated Shelving Unit (MCB)	1.649	0.000	1.649	0.000	Productivity
2011	M777 Non Destructive Test (NDT) Work Cell (MCB)	1.000	0.000	1.000	0.000	Productivity
2011	Modeling Prototype Technology (MCB)	0.745	0.000	0.745	0.000	Productivity
2011	**Sub-total Equipment**	**1.850**	**5.750**	**7.600**	**0.000**	
	Equipment - ADPE and TELECOM					
2011	Wireless Lan (MCA)	-0.745	0.745	0.000	0.000	Replacement Moved to FY12
2011	NGEN Tech Refresh (MCA)	0.000	0.433	0.433	0.000	Rplcmt of NMCI Equipment -Computer Hardware
2011	NGEN Tech Refresh (MCB)	0.000	0.433	0.433	0.000	Rplcmt of NMCI Equipment -Computer Hardware
	Subtotal Equip - ADPE and TELECOM	**-0.745**	**1.611**	**0.866**	**0.000**	
	Minor Construction					
2011	Construct Clear span West end B2200(MCA)	-0.745	0.745	0.000	0.000	Productivity Moved to FY12
2011	Building for Composites (MCA)	0.000	0.000	0.000	0.000	Productivity Moved to FY15
2011	Floor and Enclose Building 2460 (MCA)	-0.745	0.745	0.000	0.000	Productivity Moved to FY12
2011	Construct Clear span West end 2222/B2236(MCA)	-0.745	0.745	0.000	0.000	Productivity Moved to FY12
2011	Vehicle Yellow/Green Tag Facility (MCA)	-0.670	0.670	0.000	0.000	Productivity Moved
2011	Fluid Recovery Facility (MCB)	-0.700	0.700	0.000	0.000	Environmental Moved to FY12
2011	Test Track Renovation/upgrade (MCA)	1.250	0.000	1.250	0.000	Replacement
2011	Hardstand at front fence line (MCA)	0.340	0.000	0.340	0.000	Productivity
2011	Abrasive Blast #6 Upgrade/Grit Recover System (MCA)	0.910	0.000	0.910	0.000	Productivity
	Sub-total Minor Construction	**-1.105**	**3.605**	**2.500**	**0.000**	
	FY 2011 Estimate	**0.000**	**10.966**	**10.966**	**0.000**	

DEPARTMENT OF THE NAVY
MARINE CORPS DEPOT MAINTENANCE ACTIVITY GROUP
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
MATERIAL INVENTORY DATA
FEBRUARY 2011
(DOLLARS IN MILLIONS)
FISCAL YEAR 2010

	Total	Mobilization	Peacetime	
			Operating	Other
Material Inventory BOP*	95.2	0.0	95.2	0.0
Purchases				
A. Purchases to Support Customer Orders	180.2	0.0	180.2	0.0
B. Purchases of long lead times in advance of customer orders (+)	0.0	0.0	0.0	0.0
C. Other Purchases (list) (+)				
Materials & Supplies	0.0	0.0	0.0	0.0
D. Total Purchases	180.2	0.0	180.2	0.0
Material Inventory Adjustment				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	188.7	0.0	188.7	0.0
B. Disposals, theft, losses due to damage (-)*	0.0	0.0	0.0	0.0
C. Other reductions (list) (-)	0.0	0.0	0.0	0.0
D. Total inventory adjustment	188.7	0.0	188.7	0.0
Material Inventory EOP*	86.7	0.0	86.7	0.0

*Inventory (DBC 1400) less Work In Process (DBC 1414)

DEPARTMENT OF THE NAVY
MARINE CORPS DEPOT MAINTENANCE ACTIVITY GROUP
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
MATERIAL INVENTORY DATA
FEBRUARY 2011
(DOLLARS IN MILLIONS)
FISCAL YEAR 2011

	Total	Mobilization	Peacetime	
			Operating	Other
Material Inventory BOP*	86.7	0.0	86.7	0.0
Purchases				
A. Purchases to Support Customer Orders	207.2	0.0	207.2	0.0
B. Purchases of long lead times in advance of customer orders (+)	0.0	0.0	0.0	0.0
C. Other Purchases (list) (+)				
Materials & Supplies	0.0	0.0	0.0	0.0
D. Total Purchases	207.2	0.0	207.2	0.0
Material Inventory Adjustment				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	209.6	0.0	209.6	0.0
B. Disposals, theft, losses due to damage (-)*	0.0	0.0	0.0	0.0
C. Other reductions (list) (-)	0.0	0.0	0.0	0.0
D. Total inventory adjustment	209.6	0.0	209.6	0.0
Material Inventory EOP*	84.3	0.0	84.3	0.0

*Inventory (DBC 1400) less Work In Process (DBC 1414)

DEPARTMENT OF THE NAVY
MARINE CORPS DEPOT MAINTENANCE ACTIVITY GROUP
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
MATERIAL INVENTORY DATA
FEBRUARY 2011
(DOLLARS IN MILLIONS)
FISCAL YEAR 2012

	Total	Mobilization	Peacetime	
			Operating	Other
Material Inventory BOP*	84.3	0.0	84.3	0.0
Purchases				
A. Purchases to Support Customer Orders	134.5	0.0	134.5	0.0
B. Purchases of long lead times in advance of customer orders (+)	0.0	0.0	0.0	0.0
C. Other Purchases (list) (+)				
Materials & Supplies	0.0	0.0	0.0	0.0
D. Total Purchases	134.5	0.0	134.5	0.0
Material Inventory Adjustment				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	141.8	0.0	141.8	0.0
B. Disposals, theft, losses due to damage (-)*	0.0	0.0	0.0	0.0
C. Other reductions (list) (-)	0.0	0.0	0.0	0.0
D. Total inventory adjustment	141.8	0.0	141.8	0.0
Material Inventory EOP*	77.0	0.0	77.0	0.0

*Inventory (DBC 1400) less Work In Process (DBC 1414)

SIX PERCENT CAPITAL INVESTMENT PLAN
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
February 2011
(IN MILLIONS)

	Revenue - 3 Year Average						Percent of Revenue		
	07-09	08-10	09-11	FY 2010	FY 2011	FY 2012	FY 2010 6%	FY 2011 6%	FY 2012 6%
Revenue									
Working Capital Fund	537.2	573.8	586.9	26.0	25.6	34.0			
Appropriations	0.0	0.0	0.0						
Total Revenue	537.2	573.8	586.9				32.2	34.4	35.2
Working Capital Fund Depot Maintenance Investment									
Facility Sustainment, Restoration and Modernization				11.7	14.7	14.7			
Equipment				0.0	0.0	0.0			
Equipment purchase by Depots under Expense/Investment Threshold				0.0	0.0	0.0			
Equipment purchase by Other Organizations under Expense/Investment Threshold				0.0	0.0	0.0			
Equipment purchase by Other Organizations above Expense/Investment Threshold				0.0	0.0	0.0			
Capital Investment Program				9.4	10.9	10.8			
Productivity Enhancements				0.0	0.0	0.0			
Total WCF Investment				21.1	25.6	25.5			
Appropriated Funding									
Facility Sustainment, Restoration and Modernization				0.0	0.0	0.0			
Equipment				0.0	0.0	0.0			
Equipment purchase by Depots under Expense/Investment Threshold				0.0	0.0	0.0			
Equipment purchase by Other Organizations under Expense/Investment Threshold				0.0	0.0	0.0			
Equipment purchase by Other Organizations above Expense/Investment Threshold				0.0	0.0	0.0			
Capital Investment Program				0.0	0.0	0.0			
Productivity Enhancements				0.0	0.0	0.0			
Military Construction (MILCON)				4.9	0.0	8.5			
Total Appropriated Funding				4.9	0.0	8.5			
Component Total				26.0	25.6	34.0			
				5%	4%	6%	-6.2	-8.8	-1.2

Exhibit Fund -6
Six Percent Capital Investment

TAB 3 - Naval Air warfare Center

Back of Tab

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Mission Statement / Overview

The Naval Air Warfare Center (NAWC) budget submission includes the Aircraft Division (AD) and the Weapons Division (WD). The NAWCAD mission is to remain the Navy's principal RDT&E, engineering and Fleet support activity for naval aircraft engines, avionics, aircraft support systems and ship/shore/air operations. The scope of the Aircraft Division mission includes the acquisition and in-service support of manned and unmanned air vehicles (UAVs), and training simulation as well as air operations ashore and afloat. The NAWCWD mission is to be the Navy's full spectrum research, development, test, evaluation, and in-service engineering center for weapons systems associated with air warfare (except antisubmarine warfare systems), missiles and missile subsystems, aircraft weapons integration, and assigned airborne electronic warfare systems, and to maintain and operate the air, land, and sea Naval Western Test Range complex. NAWC receives Major Range Test Facility Base funding (RDT&E,N appropriation) to maintain and support designated range facilities.

Financial Highlights/Assumptions

- The Budget reflects workload changes as indicated from NAWC customers. The increase of workload over the FY 2011 President's Budget required increases to direct workforce, direct costs, and revenue.
- Cash management continues to be a high priority within NAWC. NAWC has established realistic and sustainable treasury cash balances.
- Carryover estimates are within the allowable ceilings. Management of carryover continues to be a high priority of the NAWC.

Activity Group Composition:

The NAWC is comprised of two business units, the Aircraft Division (AD), with the primary location at Patuxent River, MD, and the Weapons Division (WD), with the primary location at China Lake, CA.

Significant Changes Since the FY 2011 President's Budget:

There are no significant changes within the activity group composition since the FY 2011 President's Budget.

Efficiencies and Cost Reductions:

NAWC's FY 2012 budget estimates reflect the impact of a number of efficiency efforts, overhead cuts, and other cost reductions, such as reduction of overhead by $23M in FY 2012, which will result in reduced customer rates. Other overhead savings initiatives include reduction of Facility Sustainment expenses by $1.3M and $1.8M in FY 2011 and

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

FY 2012, respectively and reduction of cell phone expenses by $808K in FY 2012. The benefits of these efficiencies will result in lower stabilized rates and the savings have been applied to DON's force structure and modernization requirements.

Financial Profile:

Revenue/Expense/NOR/AOR ($M)	**FY 2010**	**FY 2011**	**FY 2012**
Revenue	$3,760.0	$4,234.6	$4,169.5
Expense	$3,739.8	$4,210.1	$4,223.2
Operating Results	$20.2	$24.5	-$53.7
Other Changes Affecting AOR	19.5	0.0	0.0
Accumulated Operating Results (AOR)	$29.2	$53.7	$0.0

In order to ensure achievement of zero AOR in FY 2012, the correct computation of rates, and the proper resourcing of customer accounts, NWCF budget and manpower estimates have been updated from the FY 2011 President's Budget to reflect all known pricing and program/workload assumptions.

Revenue and Expense: The trend in revenue and expense across the budget years reflects updated estimates for workload and pricing adjustments.

Collections/Disbursements/Outlays ($M)	**FY 2010**	**FY 2011**	**FY 2012**
Collections	$3,659.1	$4,234.3	$4,175.4
Disbursements	$3,711.9	$4,190.1	$4,209.3
Outlays	$52.8	-$44.2	$33.9

Reimbursable Orders ($M)	**FY 2010**	**FY 2011**	**FY 2012**
Current Estimate	$4,257.2	$4,189.7	$4,148.0

Direct Labor Hours (000)	**FY 2010**	**FY 2011**	**FY 2012**
Current Estimate	17,762	19,287	19,577

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Performance Indicator:

Unit Cost	**FY 2010**	**FY 2011**	**FY 2012**
Total Stabilized Cost ($M)	$1,718.9	$1,798.0	$1,787.0
Workload (DLHs) (000)	17,762	19,287	19,577
Unit cost (per DLH)	$96.77	$93.22	$91.28

Unit cost is the method established to authorize and control costs. Unit cost goals allow activities to respond to workload changes in execution by encouraging reduced costs when workload declines and allowing appropriate increases in costs when their customers request additional services.

Stabilized / Composite Rates	**FY 2010**	**FY 2011**	**FY 2012**
Stabilized Rate	$108.29	$109.57	$98.41
Change from Prior Year	+5.57%	+1.19%	-10.19%
Composite Rate Change	+2.72%	+1.32%	-1.96%

Rate changes reflect overhead and efficiency savings, adjustments to workload and pricing changes.

Staffing Profile:

Civilian/Military ES & Workyears	**FY 2010**	**FY 2011**	**FY 2012**
Civilian End Strength	11,995	13,043	13,146
Civilian Workyears (Less OT)	11,709	12,872	12,969
Military End Strength	144	232	241
Military Workyears	152	176	167

Civilian Personnel: Civilian end strength and workyear data is based on coordination with customers. Hiring actions are also kept in synchronization with customer demand.

Military Personnel**:** Military end strength and workyear numbers are increased slightly and match authorized billets.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Capital Investment Program (CIP) Budget Authority:

Capital Investment Program ($M)	**FY 2010**	**FY 2011**	**FY 2012**
Equipment, Non-ADP / Telecom	$20.0	$20.9	$22.0
Equipment, ADPE / Telecom	8.6	8.9	10.1
Software Development	1.8	.3	0.9
Minor Construction	7.6	8.0	9.2
Total	$38.0	$38.1	$42.2

Carryover Compliance:

Carryover ($M)	**FY 2010**	**FY 2011**	**FY 2012**
New Orders	$4,257.2	$4,189.7	$4,148.0
Less Exclusions:			
Foreign Military Sales	150.3	150.4	143.6
Base Realignment and Closure	24.4	13.3	18.8
Other Federal Departments & Agencies	104.8	39.7	34.8
Non-Federal Agencies & others	15.6	15.7	18.1
Major Range & Test Facility Base	332.8	321.2	293.7
Orders for Carryover Calculation	$3,629.3	$3,649.4	$3,639.0
Composite Outlay Rate	51.7%	52.9%	52.6%
Carryover Ceiling Rate	48.3%	47.1%	47.4%
Carryover Ceiling	$1,752.2	$1,720.5	$1,726.6
Balance of Customer Orders at Year End	$2,129.0	$2,084.0	$2,062.4
Less Work-in-Process	0	0	0
Less Exclusions			
Foreign Military Sales	152.9	162.6	161.0
Base Realignment and Closure	11.7	8.1	6.3
Other Federal Departments & Agencies	94.9	101.7	103.9
Non-Federal Agencies & Others	18.4	18.8	16.2
Major Range & Test Facility Base	138.8	165.2	165.6
Carryover Budget	$1,712.3	$1,627.6	$1,609.4

Budgeted carryover is within the ceiling allowed by outlay rates.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

	FY 2010	FY 2011	FY 2012
Revenue:			
Gross Sales			
Operations	3,709.4	4,193.6	4,126.7
Surcharges	0.0	0.0	0.0
Depreciation excluding Major Construction	50.6	41.0	42.8
Other Income			
Total Income	3,760.0	4,234.6	4,169.6
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	15.2	13.9	13.0
Civilian Personnel	1,458.1	1,614.7	1,613.0
Travel and Transportation of Personnel	89.5	63.1	63.2
Material & Supplies (Internal Operations)	315.1	339.0	338.3
Equipment	29.4	29.1	29.5
Other Purchases from NWCF	97.7	114.6	116.1
Transportation of Things	4.4	2.9	2.9
Depreciation - Capital	50.6	41.0	42.8
Printing and Reproduction	0.9	1.1	1.1
Advisory and Assistance Services	1.7	0.5	0.5
Rent, Communication & Utilities	69.1	83.8	83.8
Other Purchased Services	1,608.0	1,906.5	1,919.0
Total Expenses	3,739.7	4,210.2	4,223.2
Work in Process Adjustment	0.0	0.0	0.0
Comp Work for Activity Retention Adjustment	0.0	0.0	0.0
Cost of Goods Sold	3,739.7	4,210.2	4,223.2
Operating Result	20.2	24.5	-53.7
Less Surcharges	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR	0.0	0.0	0.0
Other Changes Affecting NOR/AOR	0.0	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Net Operating Result	20.2	24.5	-53.7
Other Changes Affecting AOR	19.5	0.0	0.0
Accumulated Operating Result	29.2	53.7	0.0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

	FY 2010	FY 2011	FY 2012
1. New Orders	4,257.2	4,189.7	4,148.0
a. Orders from DoD Components:	3,912.2	3,900.6	3,859.9
Department of the Navy	3,037.6	3,274.4	3,219.1
O & M, Navy	601.7	544.4	514.6
O & M, Marine Corps	20.9	14.1	15.3
O & M, Navy Reserve	0.7	0.6	0.6
O & M, Marine Corp Reserve	0.2	0.4	0.3
Aircraft Procurement, Navy	655.5	682.8	744.6
Weapons Procurement, Navy	71.4	43.4	56.8
Ammunition Procurement, Navy/MC	27.6	26.8	27.1
Shipbuilding & Conversion, Navy	65.2	70.5	68.8
Other Procurement, Navy	136.1	92.0	81.6
Procurement, Marine Corps	34.4	10.5	10.3
Family Housing, Navy/MC	0.0	0.0	0.0
Research, Dev., Test, & Eval., Navy	1,422.1	1,787.9	1,698.3
Military Construction, Navy	0.1	0.1	0.1
National Defense Sealift Fund	0.6	0.0	0.0
Other Navy Appropriations	1.1	1.0	0.9
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	399.7	220.4	211.9
Army Operation & Maintenance	49.3	47.8	45.9
Army Res, Dev, Test, Eval	46.9	55.0	39.7
Army Procurement	239.8	117.1	113.1
Army Other	63.7	0.5	13.2
Department of the Air Force	152.5	118.6	118.3
Air Force Operation & Maintenance	27.9	26.5	24.4
Air Force Res, Dev, Test, Eval	44.3	35.6	34.0
Air Force Procurement	80.2	56.3	59.7
Air Force Other	0.0	0.2	0.1
DOD Appropriation Accounts	322.4	287.2	310.7
Base Closure & Realignment	24.4	13.3	18.8
Operation & Maintenance Accounts	113.6	102.3	110.3
Res, Dev, Test & Eval Accounts	129.2	114.6	118.3
Procurement Accounts	48.6	50.2	56.5
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	6.7	6.8	6.7
b. Orders from other Fund Activity Groups	74.2	83.3	91.6
c. Total DoD	3,986.4	3,983.9	3,951.5
d. Other Orders:	270.8	205.8	196.5
Other Federal Agencies	104.8	39.7	34.8
Foreign Military Sales	150.4	150.4	143.6
Non Federal Agencies	15.6	15.7	18.1
2. Carry-In Orders	1,620.6	2,129.0	2,084.0
3. Total Gross Orders	5,877.8	6,318.7	6,232.0
a. Funded Carry-Over before Exclusions	2,129.0	2,084.0	2,062.4
b. Total Gross Sales	3,748.8	4,234.6	4,169.6
4. End of Year Work-In-Process (-)	0.0	0.0	0.0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-416.7	-456.5	-453.0
6. Net Funded Carryover	1,712.3	1,627.6	1,609.5

Note: Line 4 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB

DEPARTMENT OF THE NAVY
CHANGES IN COST OF OPERATIONS
RESEARCH AND DEVELOPMENT/NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2012 PROGRAM BUDGET ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

		Total Costs
FY 2010 Actual	**$**	**3,739.7**
FY 2011 Estimate in FY 2011 President's Budget	**$**	**3,712.7**
Pricing Adjustments	**$**	**(17.6)**
Impact of Civilian Pay Freeze	$	(17.6)
Program Changes	**$**	**504.8**
Fixed Wing Aircraft	$	173.7
Guided Weapons	$	28.4
Rotor Craft	$	40.1
Unmanned Aircraft System	$	53.0
Avionics	$	113.5
Other	$	96.2
Productivity and Other Efficiencies	**$**	**(1.3)**
Reduce Facilities Sustainment to 80 percent of requirement	$	(1.3)
Other Changes (incl Depreciation)	**$**	**11.6**
FECA	$	(0.7)
DFAS	$	(0.0)
Depreciation	$	2.6
Navy ERP	$	1.4
All Other Changes	$	8.3
FY 2011 Current Estimate	**$**	**4,210.2**

DEPARTMENT OF THE NAVY
CHANGES IN COST OF OPERATIONS
RESEARCH AND DEVELOPMENT/NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2012 PROGRAM BUDGET ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

Pricing Adjustments	**$**	**36.4**
Annualization of Pay Raises	$	-
Civilian Personnel	$	-
Military Personnel	$	-
Pay Raise	$	-
Civilian Personnel	$	-
Military Personnel	$	-
Working Capital Fund Price Changes	$	1.0
General Purchases Inflation	$	35.4
Program Changes	**$**	**(15.7)**
Fixed Wing Aircraft	$	(11.7)
Guided Weapons	$	1.4
Rotor Craft	$	(6.0)
Avionics	$	4.4
Other	$	(3.8)
Productivity and Other Efficiencies	**$**	**(24.5)**
Cellphone/Personal Digital Assistant Cost		-$0.8
Reduce Facilities Sustainment to 80 percent of requirement	$	(0.5)
Overhead Civilian Labor Efficiencies		-$11.6
Support Contractor Reductions		-$9.5
Travel Cost Reduction		-$0.7
Training/Tuition Cost Reduction		-$1.4
Other Changes (incl Depreciation)	**$**	**16.9**
FECA	$	0.2
DFAS	$	0.6
Depreciation	$	1.8
Navy ERP	$	0.1
Impact of FY 2012 FEC Rates Increases	$	2.5
Contractor Services	$	8.6
All Other Changes	$	3.0
FY 2012 Current Estimate	**$**	**4,223.2**

DEPARTMENT OF THE NAVY
CAPITAL INVESTMENT SUMMARY
RESEARCH AND DEVELOPMENT / NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

		FY 2010 Actual		FY 2011		FY 2012	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADPE and Telecom Equipment						
	- Replacement Capability	15	$8.703	10	$5.142	4	$3.051
	- Productivity Capability	12	$7.234	16	$8.215	18	$13.853
	- New Mission Capability	9	$4.107	15	$7.603	9	$5.095
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
		36	$20.044	41	$20.960	31	$21.999
2	ADPE and Telecom Equipment						
	- Computer Hardware (Production)	1	$0.600	3	$0.934	6	$2.486
	- Computer Software (Operating)	3	$2.231	1	$0.630	0	$0.000
	- Telecommunications	10	$4.313	11	$7.300	14	$7.608
	- Oth Computer & Telecom Spt Equip	3	$1.433	0	$0.000	0	$0.000
		17	$8.577	15	$8.864	20	$10.094
3	Software Development						
	- Projects = or > $1M (List Separately)	0	$0.000	0	$0.000	0	$0.000
	- Projects < $1M	3	$1.846	1	$0.300	2	$0.870
		3	$1.846	1	$0.300	2	$0.870
4	Minor Construction						
	- Replacement Capability	0	$0.000	0	$0.000	0	$0.000
	- Productivity Capability	0	$0.000	0	$0.000	0	$0.000
	- New Mission Capability	10	$7.581	9	$7.959	9	$9.196
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
		10	$7.581	9	$7.959	9	$9.196
	Grand Total	66	$38.048	66	$38.083	62	$42.159
	Total Capital Outlays		$33.583		$33.767		$36.621
	Total Depreciation Expense		$50.579		$41.025		$42.841

Capital Investment Justification ($ in Thousands)				Fiscal Year (FY) 2012 Budget Estimates February 2011								
Department of the Navy / Naval Air Systems Command	#001 - Non-ADPE and Telecommunications									NAWC		
				FY 2010			FY 2011			FY 2012		
Non-ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Equipment				15		8,703	10		5,142	4		3,051
Productivity Equipment				12		7,234	16		8,215	18		13,853
New Mission Equipment				9		4,107	15		7,603	9		5,095
Environmental Compliance												
Total				36		20,044	41		20,960	31		21,999

Justification:

1 . Projects within this capability will assist NAWC in creating solutions that will address deficiencies in capabilities that will allow us to better perform mission efforts. Existing equipment provides limited capabilities due to age of equipment, speed of operation, and technological advances. New technologies, processes, and advances in various areas of engineering, research and development, and testing that is done at NAWC creates a need to procure investment equipment.

Equipment replacement will benefit equipment processors and mechanical systems that are slow and afford limited abilities to record, mix or process energetic materials and test processes. New equipment will provide process control of energetic operations, test operations and data collection. Ordnance hazard test facilities will be upgraded to improve data acquisition, digitized high speed video coverage and improved communications. High speed spectroscopy equipment will enable improved analysis of lab scale combustion experiments. Increased work loads in laser technology and high energy lasers have exceeded the capacity and capabilities of current equipment. A high energy laser laboratory and improved laser characterization equipment will provide an increased ability to develop and evaluate the effects of directed energy devices. Sensors and support equipment will be acquired for the development and evaluation of high power microwave devices. Improved equipment is required to characterize and coat dielectric and optical windows used in advanced seeker, sensor and directed energy components. Electromagnetic testing capabilities need to be expanded to higher frequencies to meet the requirements of future systems. Airborne instrumentation capability for testing of countermeasure systems is limited by the unavailability of suitable aircraft. Improved airborne instrumentation pods with expanded sensing capability will allow a broader range of data to be gathered in flight testing on available aircraft. Testing of electronic warfare equipment is limited by an insufficient number of radar environment simulators. An additional Advanced Multiple Environment Simulator will provide an enhanced capability to support the development of Electronic Warfare (EW) suites in a more cost effective and timely manner. Radio Frequency (RF) chamber upgrades will allow testing of medium and high power jamming testing without the restrictions of open air testing. Ultra High Frequency/Very High Frequency (UHF/VHF) chambers will be upgraded for improved accuracy, fidelity and efficiency. Upgraded materials testing equipment such as scanning electron microscopes and Instron mechanical test machines will provide more efficient and accurate characterization of materials. Installation of new controllers for climatic chambers will provide continued and improved testing of operational hardware and fleet weapons systems. Increased capacity will allow longer run times for testing of high speed propulsion systems and components and expanded aerothermal testing. An expanded storage tank capability will allow more effective testing of electronic safe arm devices. Signal generator and sensors will enable upgrading of reprogrammable, adaptable ground targets to meet customer needs.

Upgrades to productivity equipment will benefit support equipment for antennas, radars, networks, ID Friend or Foe, heat treatment, hydraulic press, valve plug lathe, dust chamber, cylindrical grinder . Laboratories that will be upgraded include the antenna lab, and battery lab, unmanned aircraft lab, rapid prototype lab, microanalysis lab, fuel cell lab, altitude and dynamic breathing lab, . Other capabilities to be upgraded include the ejection tower, windblast efforts, avionics, and sensor integration work.

New mission equipment will support various NAWC efforts, including pulsed power load banks, the synthetic lab, radio frequency and microwave electronic systems, crashworthy systems, cold atom magnetometers, and sand and dust chamber. Additional efforts will procure equipment that will help in developing weaponization of unmanned vehicles and development of new high energy laser systems in support of war fighter operations. Beam control equipment and ion beam coating systems will complement the development of high energy laser systems. War fighter will be able to find, track, target and destroy enemy assets without putting themselves in harms way utilizing newly developed materials and components. A new capability for hands free prototyping will allow around the clock fabrication support for the warfighter. New capabilities in photonics will be initiated. Specialized equipment will enable the exploration of innovative, renewable energy technologies. An integrated suite of tools and sensors will lead to a unique capability in advanced radar processing and exploitation. Electromagnetic sensor and laboratory equipment will provide the capability to evaluate the effect of threat pulse power systems on electronic components. Hardware will be acquired allowing the evaluation of countermeasures against a new generation of threat systems. A new capability in in-service support of Electronic Warfare payload systems will be developed. Existing facilities and equipment will be upgraded to provide a new capability for analysis and evaluation of reactive liners for insensitive munitions.

2. The investment will enable NAWC to meet customer's expectations, improve in operational efficiencies, and provide new state-of-the-art technology to increase NAWC's customer support for all mission efforts.

3. Economic analysis were performed.

4. Cost avoidance will begin upon project completion.

5. If investment is not made, NAWC would be limited in the ability to increase capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals, and reduce overall Naval warfighting effectiveness.

Capital Investment Justification ($ in Thousands)		Fiscal Year (FY) 2012 Budget Estimates February 2011								
Department of the Navy / Research and Development / Naval Air Warfare Center	#002 - ADPE and Telecommunications Capabilities				NAWC					
		FY 2010			FY 2011			FY 2012		
ADPE and Telecommunications Equipment		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)		1		600	3		934	6		2,486
Computer Software (Operating System)		3		2,231	1		630			
Telecommunications		10		4,313	11		7,300	14		7,608
Other Computer & Telecommunications Spt Equipment		3		1,433						
Total		17		8,577	15		8,864	20		10,094

Justification:

ADPE and Telecommunications: FY 2010-FY 2012

1. Projects will support various NAWC areas to include networks, ADPE security, analysis tools, simulators, acoustic warfare, modeling and simulation, servers, technology enhancement, test environment development and engineering computer upgrades. Current capability in network connectivity is inadequate to participate to the extent required in network centric operations. Improvements are required to upgrade information sharing capability for developing and testing of network centric systems. Improved servers and software will be acquired to support Command, Control , Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) and precision targeting efforts. Video production and archiving will be transferred to high definition digital equipment and media, thus conforming with current standards. Present computer assets do not permit full application of current and future tools used in advanced computational fluid dynamics, aerodynamic analysis and thermal analysis. Current systems for these analyses are at full capacity with no capability to support additional customer needs. The current system will be upgraded by implementing a high performance computational cluster. ADPE equipment will be upgraded for guidance navigation and control embedded software lab and assault aircraft survivability equipment integration lab.

2. The projects will enable NAWC to meet customer's expectations, improve in operational efficiencies, and provide new state-of-the-art technology to increase NAWC's customer support for all mission efforts.

3. Economic analysis were developed and included with individual project submissions.

4. Cost avoidance for the equipment in this capability will begin upon project completion.

5. If investment is not made, NAWC would be limited in the ability to increase our existing capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval warfighting effectiveness.

FY2010-FY2012
Greater than $1M:
EA & EW UxS FACILITY EQUIPMENT (2 PHASES)

1. The purpose is to create a facility/environment that will have the capability of integrating EA/EW (Electronic Attack/Electronic Warfare) systems into UxS (air, ground, surface). This will include internal integration and external podded system integrations and will support actual platform and simulated systems integration (i.e guidance control section, flight control system, engines etc).This procurement will be used to obtain the equipment required to support integration of Electronic Warfare (EW) Systems into Unmanned and externally controlled systems and to obtain upgrades that augment existing lab capabilities that exist today in order to put WD in a good position to capitalize on new capabilities and opportunities. It will support integration of the increasing number of EA/EW systems into unmanned systems.

2. The environment required to support the development, sustainment, integration and test of EA/EW systems into unmanned platforms does not currently exist.

3. An economic analysis has been performed for this project included in this capability.

4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.

5. NAWCWD will not be able to stand up the facility and support the EA/EW systems for unmanned platforms, causing inability to support the EA/EW integration.

FY2010-FY2012
Greater than $1M:
WSL COMMUNICATIONS UPGRADE

1. This project will replace existing communications between test sites at the Weapons Survivability Laboratory. The project will provide upgraded fiber, supporting equipment, data acquisition, controls, phone and computer networking needed to communicate between WSL test sites and with the outside world.

2. The current system does not provide an integrated capability, is subject to frequent maintenance issues and associated system downtime. The need to communicate with test participants and between test facilities is critical to safe and timely test operations. This project will provide WSL with an integrated, reliable communications, data acquisition, and controls capability.

3. An economic analysis has been performed for this project included in this capability.

4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.

5. If the system is not acquired, maintenance issues will become more acute until at some point we are unable to maintain the existing hardware due to unavailability of parts. Test downtimes will increase as maintenance of the existing system becomes more difficult and takes longer to fix. One of a kind test articles requiring multiple instrumentation channels (100+) can cost an upwards of $2M to re-create. Other common test platforms with 100 or less channels can cost up to $200K to re-create.

FY2010-2012
Greater than $1M:
Video Technologies Refreshment

1. The purpose of this project is to install the hardware and software required for technology refreshment of video services to Naval Air Warfare Center Aircraft Division (NAWCAD) customers. This application will allow for the following types of services: video teleconferencing (VTC), data collaboration, Closed Circuit Television (CCTV), Visions (NAS Patuxent River's dedicated training channel), networked distance learning, streaming audio and video broadcasts. Upgrading, modernizing and increasing the capacity of existing systems will facilitate the use of video technologies to conduct long-distance meetings and training thereby reducing travel.

2. NAWC continues to benefit from efficiencies realized by the centralization of video services. To ensure the delivery of reliable services, video hardware and software must be periodically refreshed. This refresh includes end user systems, conference bridges, and gateway servers. The goal is to sustain reliable services, maintain compatibility among systems, minimize hardware maintenance costs, and reduce the mean time between failures for all video system components.

3. Economic analysis were developed and included with individual project submissions.

4. Cost avoidance for the equipment in this capability will begin upon project completion.

5. If investment is not made, NAWCAD would be limited in our ability to increase our capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy.

FY2010-2012
Greater than $1M:
Operations Research Immersive & Optimization Network

1. Operations Research Immersive and Optimization Network (ORION) is necessary to support Naval Air Warfare Center Aircraft Division's (NAWCAD) effort to use modeling and simulation to analyze and streamline aviation shipboard operations. ORION provides the resources to visualize the ship state dynamically as various ship systems are exercised, straining both physical space and personnel resources. An immersive presentation technique allows subject matter experts (SMEs) to easily see what is going on, experience the problem, and possibly formulate a solution without ever reading a simulation report, or viewing model data.

2. The Immersive Design and Optimization Environment (IDOS) system currently employed to accomplish much of the visualization tasks at NAWCAD provides only one of a set of solutions to accomplish the visualization, and is currently capable of only helping a single customer at a time. ORION will provide additional services for more simultaneous customers, and will be less expensive than before. The Modeling and Simulation spaces at Lakehurst will be revitalized with the addition of more resolute projectors and modern computer systems. ORION will augment this with new technologies such as stereo projection, head mounted displays, 3D plasma displays (which do not require glasses), Virtual Reality (VR) tablets, and Web technologies. All enhancements will enable the proper level of emersion to be provided to the customer, in a less restrictive manner than is currently possible, and in the location where the system is being tested. Two specific areas can finally be addressed. They are the maintenance and team VR. In addressing maintenance, VR can help with assembly issues, parts and tool placement, and space arrangement (as in weapon assembly magazines). Team VR allows each person to see the others but move and act independently in the environment. This will allow several designers to use the VR space as a team would on the ship. Currently, VR is generally used from a single person perspective. Web technologies will also be available in ORION. VR can then be more easily shared with remote sites with little or no specialized equipment, allowing more broad based collaboration. Through the use of the existing network, these views of the ship's state will be synchronized, and present the same view to all those participating. These views of ship state will be generated by a series of process models, starting with the flight deck and working down to the lower levels of the ship (as in the case for weapons).

3. An economic analysis has been performed for this project included in this capability.

4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.

5. If investment is not made, NAWC will be limited in the ability to support the programs for developing enhanced capabilities in modeling and simulation and virtual reality.

FY2010-2012
Greater than $1M:
SIPRNET Web and Database Environment

1. The SIPRNET web and database environment/services initiative will upgrade the classified network by including necessities such as document management, collaboration, workflow, database, web application development platform, and web development services. Currently these services are not readily available on SIPRNET due to lack of infrastructure and software. The result is redundancies and/or development using non-standard technologies that are not compliant with functional area manager (FAM), cyber asset reduction security (CARS), and other Navy level consolidation efforts. This initiative will provide the infrastructure to greatly increase efficiencies and interoperability among many disparate platforms, systems, databases, and applications by leveraging new technology standards on the classified side.

2. There is neither the capability, mechanism, nor infrastructure in place on SIPRNET to build & maintain the web services described above that automate business processes, consolidate and portalize redundant applications, and reduce the IT footprint using existing technologies. This project will provide the hardware, software, and resources necessary to build and maintain an infrastructure which enables developing & hosting multiple web services in direct support of warfighter initiatives. Disparate pockets of personnel are addressing this problem in an isolated and stovepiped manner. Consolidation of these efforts is essential for security, cost savings and interoperability.

3. Economic analysis were developed and included with individual project submissions.

4. Cost avoidance for the equipment in this capability will begin upon project completion.

5. If investment is not made, NAWCAD would be limited in the ability to increase capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval warfighting effectiveness.

FY2010-2012
Greater than $1M:
SE & ALRE Design & Analysis Lab

1. The Support Equipment (SE) and Aircraft Launch and Recovery Equipment (ALRE) Design and Analysis Lab provides engineers with the latest state of the art design tools to perform complex designs and engineering analysis to support critical Fleet requirements. This project expands the high powered design and analysis capability from the initial lab to engineers performing complex design and engineering analysis located at Lakehurst and Patuxent River. This expanded capability will link NAVAIR sites, Carrier Suitability, land based Fleet Readiness Centers (FRCs), Aircraft Intermediate Maintenance Departments (AIMDs), and deployed ships for support of ALRE and SE In-Service Engineering functions. For example, performance, diagnostic, testing and/or engineering data will be transmitted real-time or near real-time for evaluation among engineering and/or maintenance facilities. Deployed ships at sea will also have the capability to transmit real-time or near real-time performance and diagnostic data for evaluation by engineers to prevent system problems or failures before they occur.

2. Currently, Design and In-Service Engineers do not have a sufficient number of high powered engineering workstations, software and system software interfaces to perform complex designs or engineering analysis on assigned projects. This results in delays in design project schedules and engineering investigations. High end engineering work stations, analytical software, and interfaces to SE/ALRE system software are necessary to perform the complex designs and engineering analysis. With an adequate number of high powered work stations and software, design projects and engineering investigations can be performed quickly without having to share work stations or having to utilize contract support services. With adequate engineering tools, engineers will be able to execute design and engineering investigations more efficiently. Today, engineers must travel to testing facilities, AIMDs, and ships to assess and trouble shoot SE/ALRE system performance problems. The new hardware and software will enable engineers to analyze system performance and diagnostics at their desk top rather then traveling to testing sites and ships.

3. Economic analysis were developed and included with individual project submissions.

4. Cost avoidance for the equipment in this capability will begin upon project completion.

5. If the investment is not made, NAWC engineers will not be able to perform design and in-service engineering functions across these NAVAIR sites, AIMDs, Competencies, Deployed Ships, etc. as efficiently and effectively as is possible. Being able to assess system performance data at their desk top will enable engineers to assess multi-ship problems at once resulting in major improvements to Fleet Readiness.

FY2010-2012
Greater than $1M:
Secure Horizontal Access to RDT&E Enterprise Network

1. The Secure Horizontal Access to RDT&E Enterprise Network (SHARE-Net) project will build on a streamlined information architecture within the NAWCAD RDT&E enterprise by tying together a significantly reduced number of websites, servers, applications, and databases in a secure, Intranet environment using commercial web services and sophisticated, multi-level information assurance technologies. The result will be a shared data environment that facilitates RDT&E collaboration on technical engineering and testing information across the NAWCAD enterprise, as well as with other Naval systems and operational commands. This alternative will provide significantly reduced operating and support costs, when compared with other methods of operation.

2. With increased pressure for systems interoperability across Naval Aviation and other Naval and Joint Warfare communities, technical collaboration had become extremely important. However, current methods for sharing technical information tend to be cumbersome, inefficient and costly, due to an information infrastructure that is unable to fully exploit emerging commercial Internet-based technologies. The SHARE-Net project converts existing databases to XML format and enables full connectivity of technical information sources via powerful and cost-effective web services technologies. The result is shared RDT&E technical communication in a secure, easily-maintainable operating environment.

3. Economic analysis were developed.

4. Cost avoidance for the equipment in this capability will begin upon project completion.

5. If investment is not made, NAWCAD would be limited in the ability to increase our capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval warfighting effectiveness.

FY2010-2012
Greater than $1M:
SE/ALRE Integrated Supt Environment Information System

1. The Support Equipment (SE) and Aircraft Launch and Recovery Equipment (ALRE) Integrated Support Environment (ISE) Information System (IS) project will provide an over-arching environment that links SE/ALRE System design, tech data, training and system/equipment existing and future information systems into one cohesive integrated system. This project will leverage the existing and future fleet support initiatives being implemented. ISE IS will create a support infrastructure for new and legacy systems that can be adaptable to ALRE and SE systems of varying complexity. The ISE IS will be an environment built upon near and real time information exchange between design, supply, and maintenance environments utilizing contemporary engineering, acquisition, prognostics, and supply chain management methodologies. The integration of SE/ALRE ISE IS Systems will enable the efficient transmitting of needed information throughout the SE/ALRE community including engineering, program management, logistics, and the Fleet. ISE IS effort will be targeted to the advanced recovery control system, expeditionary airfield (EAF) systems, and consolidated automated support system.

2. Currently the numerous SE/ALRE design, technical data, training, and system support information systems are not integrated or linked. This results in fragmented, out dated, or conflicting information being provided to system users. Current integrated support solutions being developed for weapons systems platforms, such as autonomic logistics, have created fleet expectations of support levels that are unable to be achieved by the current ALRE/SE support infrastructure. Without a comprehensive program to create an overarching support environment for the many individual ALRE/SE systems, many sub-optimized support approaches will be developed.

3. Economic analysis were developed and included with individual project submissions.

4. Cost avoidance for the equipment in this capability will begin upon project completion.

5. Without a comprehensive program to create an overarching support environment for the many individual ALRE/SE systems, many sub-optimized support approaches will be developed.

FY2010-2012
Greater than $1M:
SUN Server/SAN Upgrade

1. The purpose of this project is to upgrade and consolidate selected Naval Air Warfare Center Aircraft Division (NAWCAD) SUN servers and Storage Area Network (SAN) hardware. The SUN enterprise series servers offer dynamic system domains and system partitioning that creates self-contained servers within a single physical server. Processors, memory, and input/output (I/O) can be expanded seamlessly and transparently, with non-linear increases in overall system, user, and application performance. Mainframe like partition capabilities permit extremely flexible processor and memory configurations that improve resource management and availability. SAN technology provides for the height availability, protection, management, and retrieval of corporate data. SAN technology reduces processor loading on servers allowing for more efficient use of hardware resources. This upgrade effort will provide robust platforms for the hosting of corporate applications and data, while reducing the overall IT footprint required in the B1490 data center.

2. Many of the current SUN and SAN systems will approach end of life in FY 2011. NAWC's data center continues to grow as our IT office takes on new work for customers throughout the command. Investment in new systems will permit the data center to efficiently respond to new hosting requirements while controlling support costs and making the best use of facility resources. The goal of this project is to manage resources at an optimal service level for the lowest possible cost to the organization, thereby improving efficiencies. When systems are consolidated and new technology is deployed, an experienced system administrator can do a much better job of bringing together multiple, disparate platforms and run them as a single, seamless environment.

3. Economic analysis were developed and included with individual project submissions.

4. Cost avoidance for the equipment in this capability will begin upon project completion.

5. If investment is not made, NAWCAD would be limited in the ability to increase capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval warfighting effectiveness.

Capital Investment Justification ($ in Thousands)		Fiscal Year (FY) 2012 Budget Estimates February 2011								
Department of the Navy / Research and Development / Naval Air Warfare Center	#003 - Software				NAWC					
		FY 2010			FY 2011			FY 2012		
Software		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Projects <$1M		3		1,846	1		300	2		870
Projects = or > $1M										
TOTAL		3		1,846	1		300	2		870

Justification:

Software: FY2010-FY2012

1. Projects within this category and capability will assist NAWC in creating solutions to address deficiencies in capabilities and better perform mission efforts. New technologies, processes, and advances in various areas of engineering, research and development, and testing that is done at NAWC creates a need for mission efforts. Projects will support various NAWC areas to include test management and reporting tools, radar and computational electromagnetics modeling lab, multispectral image processing and advanced tracking, as well as mission task and conceptual rotorcraft analysis efforts.

2. The projects will enable NAWC to meet customers' expectations, improve operational efficiencies, and provide new state-of-the-art technology to increase NAWC customer support for all mission efforts.

3. Economic analysis were developed and included with individual project submissions.

4. Cost avoidance for the equipment in this capability will begin upon project completion.

5. If investment is not made, NAWC would be limited in the ability to increase capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and will have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy.

Capital Investment Justification ($ in Thousands)		Fiscal Year (FY) 2012 Budget Estimates February 2011								
Department of the Navy / Research and Development / Naval Air Warfare Center	#004 - Minor Construction				NAWC					
		FY 2010			FY 2011			FY 2012		
Minor Construction		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement										
Productivity										
New Mission		10		7,581	9		7,959	9		9,196
Environmental										
Total		10		7,581	9		7,959	9		9,196

Justification:

Minor Construction: FY2010-FY2012

1. Projects within this category and these capabilities will assist NAWC in creating solutions to address deficiencies in capabilities and enhance the performance of mission efforts. Minor Construction projects work to modify existing spaces, replace obsolete facilities, and contruct new facilities that allow for improved efficiencies and provide greater security and suitable space to research, develop, acquire, test and evaluate aircraft systems (often in a secure environment) for the War fighter. Projects will support various NAWC areas including test team facilities, control station center, sonobuoy test site, annodize lab facility, ejection windblast facility, catapult windlab facility, mobile systems lab. Additional projects will construct the Rapid Prototyping Facility, the Detonation Sciences Spectroscopy Lab, a Unmanned Air Vehicle (UAV) paved tow path, a Weapons Survivability Lab test article assembly building, and a consolidated storage facility.

2. The following Minor Construction projects exceed the current Military Construction threshold levels of $750K, using LRP authority.

Project Name	
FY 2010 Hangar 101 Test Team Facility	$2,000
FY 2010 Webster Field UAS Control System Center	$1,180
FY 2010 Rapid Prototyping	$1,800
FY 2011 T&E Facility	$2,000
FY 2011 Test Article Assembly Bldg	$2,000
FY 2012 Consolidated Storage Facility	$2,000
FY 2012 Aviation Support	$2,000
FY 2012 Engineering Support	$2,000

3. If investment is not made, NAWC would be limited in our ability to increase our capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval warfighting effectiveness.

DEPARTMENT OF THE NAVY
CAPITAL BUDGET EXECUTION
RESEARCH AND DEVELOPMENT/NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

Projects in the FY 2011 President's Budget

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation/ Reason for Change
2011	Equipment except ADPE and TELECOM	$ (1.470)	$ 22.430	$ 20.960	$ 1.470	Six project cost estimates decreased. Two project cost estimates increased. Five projects were added due to emergent requirements. Four projects were cancelled.
2011	Equipment - ADPE and TELECOM	$ (1.170)	$ 10.034	$ 8.864	$ 1.170	Four projects cost estimates decreased. Three projects were added due to emergent requirements. Four projects were cancelled.
2011	Software Development	$ -	$ 0.300	$ 0.300	$ -	
2011	Minor Construction	$ 2.640	$ 5.319	$ 7.959	$ (2.640)	Two project cost estimates increased. Five projects were added due to emergent requirements. Four projects were cancelled.
	Total FY 2011 Capital Purchase Program	$ -	$ 38.083	$ 38.083	$ -	

TAB 4 - Naval Surface Warfare Center

Back of Tab

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATE
FEBRUARY 2011

Mission Statement / Overview:

The Naval Surface Warfare Center provides research, development, test and evaluation; in-service engineering; and fleet and integrated logistic support for surface ship combat systems, surface and mine warfare combat systems, ordnance, explosive ordnance disposal technology, mines, amphibious warfare systems, mine countermeasures, special warfare and strategic systems, systems interfaces, weapon systems and subsystems, unique equipment and related expendable ordnance of the Navy surface fleet. In addition, they provide primary technical capability in energetics through engineering, fleet and operational support, manufacturing technology, limited production, industrial base support and research, development, test and evaluation for energetic materials, ordnance devices and components and related ordnance engineering standards. "Energetic systems" refers to explosives, propellants, pyrotechnics and their immediately related components. Complementing our energetic materials formulation work, we research, develop, test and engineer the range of technologies necessary to deliver ordnance to the military.

Activity Group Composition:

The Center is comprised of eight operating divisions whose operations and locations are described briefly below.

Carderock Division - The mission of this division is to provide research, development, test and evaluation, analysis, acquisition support, in-service engineering, logistics and integration of surface and undersea vehicles and associated systems, develop and apply science and technology associated with naval architecture and marine engineering, and provide support to the maritime industry. It also executes other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The division has major operating sites at Carderock, MD and Philadelphia, PA with smaller operating sites at Ft. Lauderdale, FL, Memphis, TN, Norfolk, VA, Bremerton, WA, and Bayview, ID.

Corona Division - The mission of this division is to serve warfighters and program managers as the Navy's independent performance assessment agent throughout systems' lifecycles by gauging the Navy's warfighting capability of weapons and integrated combat systems, from unit to force level, through assessment of those systems' performance, readiness, quality, supportability, and the adequacy of training. It also executes other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The division has one primary operating site, Corona, CA, with a small engineering site at Seal Beach, CA.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATE
FEBRUARY 2011

Crane Division - The mission of this division is to provide acquisition engineering, in-service engineering and technical support for sensors, electronics, electronic warfare and special warfare weapons. It also applies component and system level product and industrial engineering to surface sensors, strategic systems, special warfare devices and electronic warfare/information operations systems and executes other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The division has one primary operating site, Crane, IN, with a small engineering site at Fallbrook, CA.

Dahlgren Division - The mission of this division is to provide research, development, test and evaluation, analysis, systems engineering, integration and certification of complex naval warfare systems related to surface warfare, strategic systems, combat and weapons systems associated with surface warfare. The division also provides system integration and certification for weapons, combat systems and warfare systems and executes other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The division has two primary operating sites, Dahlgren, VA, and Dam Neck, VA. The division also operates a small detachment in San Diego, CA.

Indian Head Division - The mission of this division is to provide research, development, test and evaluation and in-service support of energetics and energetic materials for warheads, propulsion systems, ordnance and pyrotechnic devices and fuzing for Navy, Joint Forces, and the Nation, to include research, test, and engineering of chemicals, propellants, explosives, related electronic devices, associated ordnance equipment and special weapons support. It also carries out other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The primary site of operations is Indian Head, MD, with smaller operations at Yorktown, VA, MacAlester, OK, Earle, NJ and Louisville, KY.

Port Hueneme Division - The mission of this division is to provide test and evaluation, systems engineering, integrated logistics support, in-service engineering and integration of surface ship weapons, combat systems and warfare systems. Port Hueneme Division also provides the leading interface to the surface force for in-service maintenance and engineering support provided by the Warfare Centers and executes other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The primary operating site is Port Hueneme, CA. The division also operates a small detachment in Dam Neck, VA.

Explosive Ordnance Disposal (EOD) Technology Division - The mission of this division is to provide EOD technology and logistics management for the Joint Services, and developing war essential elements of intelligence, equipment, and procedures to counter

munitions, both U.S. and foreign, as required to support DoD components and the security needs of other agencies; to provide ground based Counter Radio-Controlled IED Electronic Warfare Technology; and to support the Executive Manager for EOD Technology and Training in his Joint Forces role. The primary operating site is Rison, MD.

Panama City Division - The mission of this division is to conduct research, development, test and evaluation and in-service support of mine warfare systems, mines, Naval Special Warfare Systems, diving and life support systems, amphibious /expeditionary maneuver warfare systems and other missions that occur primarily in coastal (littoral) regions. It also executes other responsibilities as assigned by Commander, Naval Surface Warfare Center. The primary operating site is Panama City, FL.

Management Statement:
Central to our strategy is the sustainment and development of critical core capabilities that support legacy and emerging systems in the Fleet. Critical to our vision is the need to acquire, train, and retain top quality, diverse, scientists and engineers and to maintain the corresponding infrastructure necessary to support the Navy's future strategic requirements.

Significant Changes Since the FY 2011 President's Budget:
NSWC has increased end strength and workyear levels above the FY 2011 President's Budget in response to customer demand in various areas.

Productivity Initiatives and Other Efficiencies:
NSWC's FY 2012 budget estimates reflect the impact of a number of efficiency efforts, overhead cuts, maintenance savings, and other cost reductions, such as limiting facilities sustainment costs to eighty percent of requirements; reducing energy consumption, travel expenses, and training requirements; and reduction of corporate and IT contractor support. The impact of these efficiencies/cost reductions on current budget estimates is a reduction of $1.0 million in FY 2011 and $39.8 million in FY 2012, for cumulative savings of $40.8 million, which were reapplied to the DON's force structure and modernization requirements.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATE
FEBRUARY 2011

Financial Profile:

Revenue/Expense/Operating Results ($Millions)	**FY 2010**	**FY 2011**	**FY 2012**
Revenue	$4,017.0	$4,122.2	$3,986.7
Expense	$3,954.7	$4,128.3	$4,112.3
Operating Results	$62.3	-$6.1	-$125.5
Other Changes Affecting AOR	$1.7	0.0	0.0
Accumulated Operating Results (AOR)	$131.6	$125.5	$0.0

In order to ensure achievement of zero AOR in FY 2012, the correct computation of rates, and the proper resourcing of customer accounts, NWCF budget and manpower estimates have been updated from the FY 2011 President's Budget to reflect all known pricing and program/workload assumptions.

Revenue and Expense: The trend in revenue and expense from year-to-year reflects the Center's efforts to size according to customer demand while becoming more efficient. The FY 2010 operating results reflects a gain of $83.5M from the FY 11 President's Budget and FY 2011 operating results reflects a gain of $34.3M from the FY 2011 President's Budget. The negative AOR recoupment in FY 2012 will return projected cumulative gains and will achieve a zero Accumulated Operating Result balance in FY 2012.

Collections/Disbursements/Outlays ($Millions)	**FY 2010**	**FY 2011**	**FY 2012**
Collections	$3,994.0	$4,122.2	$3,986.7
Disbursements	$3,988.4	$4,195.9	$4,068.5
Outlays	-$5.6	$73.7	$81.8

Budgeted collections and disbursements are based on revenue, cost, and Capital Investment Program outlay estimates.

Workload:

Reimbursable Orders ($Millions)	**FY 2010**	**FY 2011**	**FY 2012**
Current Estimate	$4,111.2	$4,051.7	$3,987.6

NSWC has estimated reimbursable orders in coordination with major recurring customers.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATE
FEBRUARY 2011

Direct Labor Hours (000)	**FY 2010**	**FY 2011**	**FY 2012**
Current Estimate	22,530	22,223	22,205

Direct labor hours are consistent with funded customer demands.

Performance Indicators:
The primary performance indicator is unit cost, which represents the average cost of delivering goods and services to our customers

Unit Cost	**FY 2010**	**FY 2011**	**FY 2012**
Total Stabilized Cost ($Millions)	$2,198.6	$2,279.3	$2,229.7
Workload (DLHs) (000)	22,530	22,223	22,205
Unit cost (per DLH)	$97.59	$102.56	$100.41

The Center's unit cost reflects an increase in FY 2011 above inflation due to the implementation of Navy Enterprise Resource Planning and a reduction in FY 2012 due to implementation of overhead reduction initiatives.

Stabilized / Composite Rates	**FY 2010**	**FY 2011**	**FY 2012**
Stabilized Rate	$99.61	$102.88	$93.53
Change from Prior Year		+3.3%	-9.1%
Composite Rate Change		+2.4%	-3.6%

Staffing:

Civilian/Military ES & Workyears	**FY 2010**	**FY 2011**	**FY 2012**
Civilian End Strength	15,930	15,441	15,441
Civilian Workyears (straight time)	15,315	15,394	15,371
Military End Strength	215	183	178
Military Workyears	170	185	178

Civilian Personnel: Projected end strength estimates have been sized to meet funded customer demand.

Military Personnel: Military workyears remain relatively stable over the budget period.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATE
FEBRUARY 2011

Capital Investment Program (CIP):

CIP Authority ($Millions)	**FY 2010**	**FY 2011**	**FY 2012**
Equipment, Non-ADP / Telecom	$19.2	$19.8	$18.1
Equipment, ADPE / Telecom	8.6	7.5	7.2
Software Development	0.0	8.5	0.5
Minor Construction	4.5	5.0	8.7
Total	$32.4	$40.8	$34.5

The NSWC CIP program procures mission essential equipment to support a wide customer base. The CIP program is resourced at the projected levels of depreciation expense to recapitalize mission facilities and equipment.

The FY 2012 budget request includes nine Minor Construction Projects utilizing the Lab Demonstration Revitalization Program authority.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATE
FEBRUARY 2011

Carryover Compliance:

Carryover ($Millions)	**FY 2010**	**FY 2011**	**FY 2012**
New Orders	$4,111.2	$4,051.7	$3,987.6
Less Exclusions:			
Foreign Military Sales	121.4	123.7	128.5
Base Realignment and Closure	13.6	5.2	0.5
Other Federal Departments & Agencies	89.1	39.1	44.7
Non-Federal Agencies & others	29.9	21.7	22.2
Major Range & Test Facility Base	0.0	0.0	0.0
Orders for Carryover Calculation	$3,857.2	$3,861.9	$3,791.6
Composite Outlay Rate	55.2%	54.5%	54.7%
Carryover Ceiling Rate	44.8%	45.5%	45.3%
Carryover Ceiling	$1,727.2	$1,758.9	$1,717.1
Balance of Customer Orders at Year End	$1,900.3	$1,829.8	$1,830.6
Less Work-in-Process	91.6	91.6	91.6
Less Exclusions			
Foreign Military Sales	192.7	132.2	116.4
Base Realignment and Closure	6.0	7.2	2.7
Other Federal Departments & Agencies	87.1	67.8	63.1
Non-Federal Agencies & Others	28.9	24.7	21.5
Major Range & Test Facility Base	0.0	0.0	0.0
Carryover Budget	$1,494.0	$1,506.3	$1,535.2

Budgeted carryover is within the ceiling allowed by outlay rates.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

	FY 2010	FY 2011	FY 2012
Revenue:			
Gross Sales			
Operations	3,988.2	4,085.8	3,949.2
Surcharges	0.0	0.0	0.0
Depreciation excluding Major Construction	28.8	36.4	37.6
Other Income			
Total Income	4,017.0	4,122.2	3,986.7
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	15.5	16.0	12.9
Civilian Personnel	1,911.9	1,941.6	1,937.1
Travel and Transportation of Personnel	136.0	139.2	141.1
Material & Supplies (Internal Operations)	224.2	221.1	220.6
Equipment	65.1	84.9	86.5
Other Purchases from NWCF	220.9	178.8	174.3
Transportation of Things	5.3	6.7	6.7
Depreciation - Capital	28.8	36.4	37.6
Printing and Reproduction	6.2	7.2	7.3
Advisory and Assistance Services	44.8	2.2	2.2
Rent, Communication & Utilities	107.1	94.9	93.2
Other Purchased Services	1,172.4	1,399.3	1,392.8
Total Expenses	3,938.2	4,128.3	4,112.3
Work in Process Adjustment	16.8	0.0	0.0
Comp Work for Activity Retention Adjustment	-0.4	0.0	0.0
Cost of Goods Sold	3,954.7	4,128.3	4,112.3
Operating Result	62.3	-6.1	-125.5
Less Surcharges	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR	0.0	0.0	0.0
Other Changes Affecting NOR/AOR	0.0	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Net Operating Result	62.3	-6.1	-125.5
Other Changes Affecting AOR	1.7	0.0	0.0
Accumulated Operating Result	131.6	125.5	0.0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

	FY 2010	FY 2011	FY 2012
1. New Orders	4,111.2	4,051.7	3,987.6
a. Orders from DoD Components:	3,637.0	3,645.2	3,570.3
Department of the Navy	2,960.9	3,041.6	2,963.9
O & M, Navy	951.6	806.1	821.6
O & M, Marine Corps	33.1	17.1	17.4
O & M, Navy Reserve	3.2	2.8	2.9
O & M, Marine Corp Reserve	0.1	0.1	0.1
Aircraft Procurement, Navy	53.8	59.2	55.4
Weapons Procurement, Navy	89.3	92.1	92.1
Ammunition Procurement, Navy/MC	72.2	79.4	76.1
Shipbuilding & Conversion, Navy	293.1	322.1	310.3
Other Procurement, Navy	421.8	502.0	463.8
Procurement, Marine Corps	65.8	93.6	94.0
Family Housing, Navy/MC	2.1	2.2	2.3
Research, Dev., Test, & Eval., Navy	961.8	1,050.5	1,013.2
Military Construction, Navy	0.5	0.6	0.6
National Defense Sealift Fund	17.3	13.3	13.5
Other Navy Appropriations	-4.9	0.5	0.5
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	149.4	95.3	92.3
Army Operation & Maintenance	30.4	28.4	28.8
Army Res, Dev, Test, Eval	20.3	18.6	19.0
Army Procurement	67.8	19.3	19.8
Army Other	30.9	28.9	24.6
Department of the Air Force	69.4	83.6	85.8
Air Force Operation & Maintenance	26.1	32.9	33.9
Air Force Res, Dev, Test, Eval	27.5	23.4	23.7
Air Force Procurement	16.0	26.5	27.4
Air Force Other	-0.2	0.8	0.8
DOD Appropriation Accounts	457.3	424.8	428.3
Base Closure & Realignment	13.6	5.2	0.5
Operation & Maintenance Accounts	65.1	61.5	62.8
Res, Dev, Test & Eval Accounts	312.8	284.6	289.9
Procurement Accounts	68.0	71.4	72.8
Defense Emergency Relief Fund	-0.1	0.0	0.0
DOD Other	-2.1	2.2	2.3
b. Orders from other Fund Activity Groups	233.9	221.8	221.8
c. Total DoD	3,870.8	3,867.0	3,792.1
d. Other Orders:	240.4	184.6	195.5
Other Federal Agencies	89.1	39.1	44.7
Foreign Military Sales	121.4	123.7	128.5
Non Federal Agencies	30.0	21.7	22.2
2. Carry-In Orders	1,806.1	1,900.3	1,829.8
3. Total Gross Orders	5,917.3	5,952.0	5,817.3
a. Funded Carry-Over before Exclusions	1,900.3	1,829.8	1,830.6
b. Total Gross Sales	4,017.0	4,122.2	3,986.7
4. End of Year Work-In-Process (-)	-91.6	-91.6	-91.8
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-314.7	-232.0	-203.8
6. Net Funded Carryover	1,494.0	1,506.2	1,535.0

Note: Line 4 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB.

CHANGES IN THE COST OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATE
FEBRUARY 2011
(DOLLARS IN MILLIONS)

	Cost of Goods Sold
FY 2010 Actual	**$3,954.7**
FY 2011 Estimate in FY 2011 President's Budget	**$3,987.5**
Estimated Impact in FY 2011 of Actual FY 2010 Experience	$48.0
Pricing Adjustments	-$21.1
Impact of Civilian Pay Freeze	-$21.1
Productivity Initiatives and Other Efficiencies	-$1.0
Reduce Facilities Sustainment to 80 Percent of Requirement	-$1.0
Program Changes	$115.3
Additional Customer Workload	$115.3
Other Changes	-$0.4
Navy Enterprise Resource Planning	$0.8
All Other Changes	-$1.2
FY 2011 Current Estimate	**$4,128.3**

CHANGES IN THE COST OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATE
FEBRUARY 2011
(DOLLARS IN MILLIONS)

FY 2011 Current Estimate	**$4,128.3**
Pricing Adjustments	$24.0
Annualization of Prior Year Pay Raises	
Military	$0.0
Civilian	$0.0
FY 2012 Pay Raises	
Military	$0.0
Civilian	$0.0
Working Capital Fund Price Changes	-$1.2
General Purchase Inflation	$25.2
Productivity Initiatives and Other Efficiencies	-$38.8
Reduce Facilities Sustainment to 80 Percent of Requirement	-$3.0
Corporate Support and IT Contractor reduction	-$32.1
Utilities	-$1.0
Travel	-$1.8
Training/tuition	-$0.9
Program Changes	$20.3
Additional Customer Workload	$20.3
Other Changes	-$21.5
Navy Enterprise Resource Planning	-$21.5
FY 2012 Current Estimate	**$4,112.3**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

		FY 2010		FY 2011		FY 2012	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADPE and Telecom Equipment Capabilities	**39**	**$19.220**	**32**	**$19.783**	**27**	**$18.068**
	- Replacement	16	$7.896	11	$8.673	9	$5.909
	- Productivity	20	$9.383	20	$10.650	13	$9.069
	- New Mission	3	$1.941	1	$0.460	5	$3.090
	- Environmental	0	$0.000	0	$0.000	0	$0.000
2	ADPE and Telecommunications Equipment Capabilities	**16**	**$8.631**	**13**	**$7.496**	**15**	**$7.223**
	- Computer Hardware (Production)	14	$7.139	9	$4.296	14	$6.913
	- Computer Software (Operating System)	0	$0.000	0	$0.000	0	$0.000
	- Telecommunications	1	$0.599	3	$2.700	0	$0.000
	- Oth Computer & Telecom Sup Equip.	1	$0.893	1	$0.500	1	$0.310
3	Software Development	**0**	**$0.000**	**3**	**$8.522**	**1**	**$0.500**
	- ERP Licenses	0	$0.000	1	$7.307	0	$0.000
	- Software Projects <$1.000M	0	$0.000	2	$1.215	1	$0.500
4	Minor Construction Capabilities	**12**	**$4.501**	**8**	**$4.983**	**13**	**$8.715**
	- Replacement	3	$1.173	1	$0.866	3	$2.488
	- Productivity	8	$2.930	7	$4.117	10	$6.227
	- New Mission	0	$0.000	0	$0.000	0	$0.000
	- Environmental	1	$0.398	0	$0.000	0	$0.000
	Grand Total	**67**	**$32.352**	**56**	**$40.784**	**56**	**$34.506**
	Total Capital Outlays		**$22.211**		**$37.136**		**$31.030**
	Total Depreciation Expense		**$28.778**		**$36.434**		**$37.568**

Business Area Capital Investment Justification ($ in Millions)				A. Fiscal Year (FY) 2012 Budget Estimates					
B. Component/Business Area/Date Department of the Navy, Research and Development, Naval Surface Warfare Centers, February 2011	C. Line# and Description 1 - Non ADP - Replacement			D. Site Identification					
	FY 2010			FY 2011			FY 2012		
Non ADP	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Replacement	16		7.896	11		8.673	9		5.909
Total	16		7.896	11		8.673	9		5.909

Replacement Equipment:
Non-ADP equipment investments support the replacement of mission essential research, development, test and evaluation equipment that is unsafe, beyond economical repair, technically obsolete, or otherwise unusable. Replacement equipment supports Warfare Center Core Equities including ship/ship systems, ship weapon systems, ship combat systems, ordnance, and littoral combat systems. Equipment supporting this mission includes explosive detection equipment, ship hull test equipment, and test and evaluation equipment for various surface ship systems. Based on useful life guidance provided by OMB circular A-94, all investments replace equipment beyond the original intended life cycle.

Benefit:
Replacement of research and development equipment that is unsafe, beyond economic repair, or unusable. Mission essential research and development equipment must operate at optimal efficiency to achieve proper test and evaluation results. Equipment is replaced with modern reliable equipment to support the research and development mission of the Naval Warfare Centers.

Impact of not Funding:
The Naval Surface Warfare Center activities are responsible for new product testing as well as system In-Service-Engineering. The ability of the Surface Warfare Centers to provide mission essential research and development for new systems mission essential investments for replacement of equipment will not be made resulting in work that produces obsolete results to the scientific community, economically inefficient operation, and possible risk to human life.

Economic Analysis: There are 6 projects with an individual cost greater than or equal to $1000K. An economic analysis was performed on all individual projects greater than the DOD capitalization threshold. The useful life for these projects is 10 years and the average payback period is 2.5 - 5.1 years.

Business Area Capital Investment Justification ($ in Millions)				A. Fiscal Year (FY) 2012 Budget Estimates					
B. Component/Business Area/Date Department of the Navy, Research and Development, Naval Surface Warfare Centers, February 2011	C. Line# and Description 1 - Non ADP - Productivity			D. Site Identification					
	FY 2010			FY 2011			FY 2012		
Non ADP	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Productivity	20		9.383	20		10.650	13		9.069
Total	20		9.383	20		10.650	13		9.069

Productivity Equipment:
These investments increase the productivity of surface warfare research and development activities by procuring non-ADP equipment that reduces overall operating costs. Operating costs are reduced by reducing labor, reducing energy consumption, eliminating inefficiencies or duplicate processes, developing test platforms that more closely emulate conditions at sea, or providing advancements that increase the technological capability.

Benefit:
Productivity investments reduce costs by establishing remote operation, running automatically, and reducing ship board testing. These investments increase the operational efficiency of the research and development mission by procuring equipment that is equipment that results in a reduction of the operating costs. Productivity investments also lower operating costs through efficiency achieved by reducing energy consumption, reducing operational test time, reducing floor space required, and replacing inefficient test processes with a single specialized asset.

Impact:
These investments support the Sea Power 21 initiatives for surface ships and their systems. Investments provide for test results that are accurate and emulate shipboard environments eliminating the need to schedule ship board testing and speeding the retest of ships systems.

Economic Analysis:
There are 8 projects equal to or greater than $1000K in budgeted cost. An economic analysis was performed on all individual projects greater than the DOD capitalization threshold. All non-ADPE productivity projects have an estimated useful life of 10 years and an average payback period of 3.4 - 4.5 years.

Business Area Capital Investment Justification ($ in Millions)				A. Fiscal Year (FY) 2012 Budget Estimates					
B. Component/Business Area/Date Department of the Navy, Research and Development, Naval Surface Warfare Centers, February 2011	C. Line# and Description 1 - Non ADP - New Mission			D. Site Identification					
	FY 2010			FY 2011			FY 2012		
Non ADP	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
New Mission	3		1.941	1		0.460	5		3.090
Total	3		1.941	1		0.460	5		3.090

New Mission Equipment:
These Non-ADP equipment investments support the acquisition of mission essential research, development, test and evaluation equipment that include support new research and development initiatives. Equipment procurements will support initiatives such as:
- Advanced munitions and high energy materials
- New Shipboard technologies
- Hypervelocity penetrating weapons and kinetic energy weapons
- Thermobaric and variable yield warheads

Benefit:
These provide research and development equipment to support new mission areas or new test and evaluation techniques to enhance the overall effectiveness of the of the warfare center mission. Investments categorized as new mission are required to support a new capability or capacity that can not be met with current equipment or capabilities.

Impact:
These investments support the Sea Power 21 initiatives for surface ships and their systems. Investments provide for new mission research and development equipment essential to the test and evaluation of emerging ship-board technologies.

Economic Analysis:
There are no projects greater than $1000K in budgeted cost. An economic analysis was performed on all individual projects greater than the DOD capitalization threshold. All non-ADPE new mission projects have an estimated useful life of 10 years and an average payback period 0f 2.4 - 4.4 years.

Business Area Capital Investment Justification ($ in Millions)				A. Fiscal Year (FY) 2012 Budget Estimates					
B. Component/Business Area/Date Department of the Navy, Research and Development, Naval Surface Warfare Centers, February 2011	C. Line# and Description 2 - ADP			D. Site Identification					
	FY 2010			FY 2011			FY 2012		
ADP	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Hardware	14		7.139	9		4.296	14		6.913
Telecommunications Equip.	1		0.599	3		2.700	0		0.000
Other Support Equip.	1		0.893	1		0.500	1		0.310
Total	16		8.631	13		7.496	15		7.223

ADP Equipment and Telecommunications Equipment and Capabilities:
These investments will support the acquisition of automated data processing and telecommunications equipment for the surface ship research and development community. Funds will provide networks/connectivity to all Naval Warfare Center activities and procurement of hardware for mission essential research and development computing needs and centralized system hosting including: Business System Replacement, High Speed Computing, and Research, Development, Test, and Evaluation Networks. Investments will include routers, servers, firewalls, etc.

Benefit:
The projected benefits include technology tools for the research and development community and continuity of operations for standard business systems throughout the Warfare Center.

Impact:
ADP Equipment supporting the research and development community must remain on the cutting edge of technology for to conduct complex simulations, perform predictive analysis, and analyze surface ship system performance. The capability to conduct cutting edge scientific computing within the R&D community is in jeopardy if investments are not made. Current equipment supporting mission essential systems will no longer be supported by the manufacturer. To ensure continuity of business operations, new hardware platforms must be operational.

Economic Information: An economic analysis was conducted for all projects greater than $1 Million (1 project). All projects listed below have a useful life of 5 years according to guidance provided in the OMB A-94 circular. The payback period for the following projects range from 1.7 to 3.8 years.

Business Area Capital Investment Justification ($ in Millions)				A. Fiscal Year (FY) 2012 Budget Estimates					
B. Component/Business Area/Date Department of the Navy, Research and Development, Naval Surface Warfare Centers, February 2011	C. Line# and Description 3 - Software			D. Site Identification					
	FY 2010			FY 2011			FY 2012		
Software	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ERP Licenses				1		7.307			
Software Projects < $1.000M				2		1.215	1		0.500
Total				3		8.522	1		0.500

Enterprise Resource Planning (ERP): Navy ERP is an integrated business management system that modernizes and standardizes Navy business operations, provides management visibility across the enterprise, and increases effectiveness and efficiency. ERP will provide consistent and streamlined business activities that operate under single system. During ERP implementation, business processes will be updated and simplified, redundancies will be eliminated, and efficiencies realized.

Software Projects < $1.000M: Software projects in this budget support predictive maintenance capbility for Fleet electronics systems. This capability would develop an onboard ship system that could be used to predict and monitor electronic systems. In addition, the development of a Maritime Electronic Warfare Modeling and Simulation tool will allow the test community to analyze performance and interoperatbility from weapon system to battle force levels.

Benefits: These investments will directly support the transformation of the Warfare Centers to become a more agile support organization. By fully integrating authoritative data sources with collaborative tools, flexible display technologies, and robust content management we will be better able to support the Fleet's war fighters--from Force Level leadership, to the sailor on the deck plate -at any location and from any location. This evolution of Distance Support capability also enables us to be more proactive in developing life-cycle solutions by making the information required readily available at the workers desktop. All development will provide the collaborative structure which will contribute to achieving current / planned customer service levels.

Business Area Capital Investment Justification ($ in Millions)				A. Fiscal Year (FY) 2012 Budget Estimates					
B. Component/Business Area/Date Department of the Navy, Research and Development, Naval Surface Warfare Centers, February 2011	C. Line# and Description 4 - Minor Construction			D. Site Identification					
	FY 2010			FY 2011			FY 2012		
Minor Construction	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Replacement	3		1.173	1		0.866	3		2.488
Productivity	8		2.930	7		4.117	10		6.227
New Mission	0		0.000	0		0.000	0		0.000
Environmental	1		0.398	0		0.000	0		0.000
Total	12		4.501	8		4.983	13		8.715

Minor Construction

Investments in Minor Construction enhance the Naval Warfare Center Mission by developing buildings, structures or other real property. Minor Construction projects will replace obsolete facilities, consolidate operations for productivity increases, provide state of the art processing areas for new R&D missions, and correct environmental deficiencies. Minor construction projects include all costs to deliver a complete and usable project. Minor Construction projects meet the DOD capitalization criteria, however, 9 MCON projects do exceed the threshold specified by 10 USC 2805. These MCON projects utilize Sec. 2804 of the FY08 National Defense Authorization Act (NDAA) authority for the Lab Revitalization Demonstration Program (LDRP).

Minor Construction is used at the Naval Warfare Centers to:

- modify existing spaces and construct new facilities to provide suitable space to design and test new equipment for the surface warfare community.
- improve security measures and provide increase security for new initiatives
- reduce operating expenses by building or improving government owned facilities so that leased space, high maintenance space, or portable space may be vacated.
- reduce energy consumption by installing energy efficient building systems
- modify existing systems to bring facilities up to current building, safety, or environmental codes.

The following Minor Construction Projects exceed the current Military Construction Threshold levels of $750K using Laboratory Revitalization Demonstration Program (LDRP) authority.

Business Area Capital Investment Justification ($ in Millions)		A. Fiscal Year (FY) 2012 Budget Estimates
B. Component/Business Area/Date Department of the Navy, Research and Development, Naval Surface Warfare Centers, February 2011	C. Line# and Description 4 - Minor Construction	D. Site Identification

Minor Contruction (cont.)

	Project Name	$ 000 Total	
FY 2010	Radar Annex Addition	1.210	
FY 2010	CBR Fleet Support & Integration Laboratory	0.997	
FY 2011	RDT&E Communication Shed 15	0.866	
FY 2011	Enhancement of Underwater Multi-Sensor Instr. Bldg.	0.900	
FY 2011	Building 4 Shipboard Machinery Support Space	0.975	
FY 2012	Human Performance LAB (HPL) Prototyping & Analysis Support Facility	1.560	New LDRP Project
FY 2012	Integrated Warfare Systems Laboratory (IWSL) project for Prototype Integration Lab (PIL)	1.000	New LDRP Project
FY 2012	Open Secret Distance Support Project (1387)	1.750	New LDRP Project
FY 2012	Acoustic Test Facility Pier Reconstruction (ATFPR)	2.000	New LDRP Project

DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATE
FEBRUARY 2011
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Approved Amount	Current Estimate	Asset / Deficiency	Explanation
2011	**1**	**Non ADP**		**$19.310**	**$19.783**	**-$0.473**	
			Replacement	$8.017	$8.673	-$0.656	Reprioritized requirements based on emergent needs
			Productivity	$10.833	$10.650	$0.183	Reprioritized requirements based on emergent needs
			New Mission	$0.460	$0.460	$0.000	
	2	**ADP**		**$7.053**	**$7.496**	**-$0.443**	
			Hardware	$3.853	$4.296	-$0.443	Reprioritized requirements based on emergent needs
			Telecommunications Equip.	$2.700	$2.700	$0.000	
			Other Support Equip.	$0.500	$0.500	$0.000	
	3	**Software**		**$7.322**	**$8.522**	**-$1.200**	
			ERP Licenses	$6.107	$7.307	-$1.200	Reprioritized requirements based on emergent needs
			Software Projects < $1.000M	$1.215	$1.215	$0.000	
	4	**Minor Construction**		**$5.526**	**$4.983**	**$0.543**	
			Replacement	$0.866	$0.866	$0.000	
			Productivity	$4.660	$4.117	$0.543	Reprioritized requirements based on emergent needs
			New Mission	$0.000	$0.000	$0.000	
All	**All**	**Total FY 2011**	**All**	**$39.211**	**$40.784**	**-$1.573**	

TAB 5 - Naval Undersea Warfare Center

Back of Tab

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATE
FEBRUARY 2011

Mission Statement/Overview:

The mission of the Naval Undersea Warfare Center (NUWC) is to operate the Navy's full spectrum research, development, test and evaluation, engineering and fleet support center for submarines, autonomous underwater systems and offensive and defensive weapon systems associated with Undersea Warfare.

Activity Group Composition:

The Naval Undersea Warfare Center was established in January 1992, and is composed of two divisions, located in Newport, RI and Keyport, WA, and several detachments. The NUWC Headquarters organization is located at Newport, RI.

Newport Division: The mission of this division is to provide research, development, test and evaluation, engineering, analysis and assessment, and fleet support capabilities for submarines, autonomous underwater systems, and offensive and defensive undersea weapon systems, and to steward existing and emerging technologies in support of undersea warfare. The division also executes other responsibilities as assigned by the Commander, Naval Undersea Warfare Center. The primary operating site is in Newport, RI with smaller operations at West Palm Beach, FL, Andros Island Bahamas and Norfolk, VA.

Keyport Division: The mission of this division is to provide test and evaluation; in-service engineering, maintenance, and repair; Fleet readiness, and industrial-base support for undersea warfare systems, countermeasures, and sonar systems. We execute other responsibilities as assigned by the Commander, Naval Undersea Warfare Center. The major operating site is at Keyport WA, with detachments in Hawthorne, NV, San Diego, CA, Pearl Harbor, Hawaii, and Nanoose, British Columbia**.**

Significant Changes Since the FY 2011 President's Budget:

Starting in FY 2012 the Naval Sea Logistics Center (NSLC) will transition to the Navy Working Capital Fund (NWCF) and organizationally align under NUWC Division Keyport. The mission of NSLC is implementing cost effective Life-Cycle Logistics, Maintenance Support, and Solutions to the Navy's Acquisition and Sustainment Program Offices and Fleet units. An additional 425 end strength and $147.3M in new orders are included in the FY 2012 budget estimate as a result of this transfer. The major operating site for NSLC is in Mechanicsburg, PA, with smaller detachments in Fairfield, CA, San Diego, CA, Portsmouth, NH, Indian Head, MD, Norfolk, VA. The transition to NWCF will provide NSLC a more appropriate financial

operating mechanism since NSLC receives most of its work through reimbursable orders from a variety of customers with whom NSLC has continuing buyer-seller relationships.

Efficiencies and Cost Reductions

This budget is NUWC's financial operating plan for FY 2010 through 2012. NUWCs goal is the sustainment and development of critical core capabilities that support legacy and emerging systems in the Fleet. This budget includes overhead reductions of $10M in FY 2012. NUWC plans to reduce overhead by consolidating overhead support functions and minimizing infrastructure expenses to include: reducing amount of contractor support of corporate operations, reducing energy consumption, reducing travel expenses, and reducing mandatory training requirements.

Financial Profile:

Revenue/Expense/NOR/AOR/($M)	**FY 2010**	**FY 2011**	**FY 2012**
Revenue	$1,138.7	$1,180.7	$1,243.9
Expense	$1,143.2	$1,179.1	$1,259.4
Operating Results	($4.5)	$1.6	($15.5)
Other Changes Affecting AOR	$1.4		
Accumulated Operating Results (AOR)	$13.8	$15.5	$0.0

In order to ensure achievement of zero AOR in FY 2012, the correct computation of rates, and the proper resourcing of customer accounts, NWCF budget and manpower estimates have been updated from the FY 2011 President's Budget to reflect all known pricing and program/workload assumptions.

Revenue/Expense: Revenue and cost estimates have increased from the FY 2011 President's Budget level. Estimates for FYs 2010-2012 are in line with our anticipated customer workload, and results in NUWC achieving a zero AOR by FY 12.

Operating Results: NUWC completed FY 2010 with a NOR of -$4.5M. This is $6.1M better than the President's budgeted NOR level of -$10.5M. In FY 2011, NUWC is budgeting for a NOR gain of $1.6M, which is $12.1M higher than the President's budget level. In FY 2012 NUWC will have a $15.5M loss to achieve a zero AOR balance.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATE
FEBRUARY 2011

Collections/Disbursements/Outlays ($M)

	FY 2010	FY 2011	FY 2012
Collections	$1,124.5	$1,180.6	$1,303.1
Disbursements	$1,154.9	$1,184.8	$1,316.3
Outlays	$30.5	$4.2	$13.3

Budgeted collections and disbursements are based on revenue, cost, and Capital Investment Program (CIP) outlay estimates.

Workload:

Reimbursable Orders ($M):	FY 2010	FY 2011	FY 2012
Current Estimate	$1,183.3	$1,147.3	$1,236.3

Orders have been increased above the FY 2011 President's Budget level and are in alignment with anticipated customer funding. The increase from FY 2011 to FY 2012 includes $147.3M due to the transition of NSLC into the NWCF.

Direct Labor Hours (000):	FY 2010	FY 2011	FY 2012
Current Estimate	5,875	5,759	6,388

Direct labor hours in FYs 2010, 2011, and 2012 are above those reflected in the FY 2011 President's budget. The increase in DLHs is consistent with funded customer workload. These DLHs include the impact of BRAC issue TECH 0042AR Maritime C4ISR and the inclusion of NSLC in FY 2012. The increase attributable to NSLC in FY 2012 is 593 thousand.

Performance Indicators:

NUWC's outputs are scientific and engineering designs, developments, tests, evaluations, analyses, and fleet support in NUWC's assigned mission areas. The primary performance indicators are Direct Labor Hours, Unit Cost, Net and Accumulated Operating Results, which are found in various tables throughout the narrative.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATE
FEBRUARY 2011

Unit Cost	**FY 2010**	**FY 2011**	**FY 2012**
Stabilized Costs ($M)	$593.6	$601.3	$640.4
Direct Labor Hours (000)	5,875	5,759	6,388
Unit Cost	$101.03	$104.41	$100.25

NUWC's unit cost reflects an increase between FY 2010 and FY 2011 due primarily to inflation and the cost of implementing Navy Enterprise Resource Planning (ERP) on 1 Oct 2011. The reduction in FY 2012 is a result of a decrease in Navy ERP costs and the inclusion of NSLC in the NWCF budget.

Stabilized/Composite Rates	**FY 2010**	**FY 2011**	**FY 2012**
Stabilized Rate	$101.67	$106.67	$97.86
Change from Prior Year	1.2%	4.9%	-8.3%
Composite Rate Change	1.2%	3.2%	-2.9%

NUWC's FY 2012 composite rate change reflects the combined impact of the lower stabilized (in-house) rate and general inflation growth associated with cost reimbursable purchases.

Staffing:

Civilian/Military ES & Workyears	**FY 2010**	**FY 2011**	**FY 2012**
Civilian End Strength	4,302	4,326	4,751
Civilian Workyears (Straight time)	4,233	4,250	4,705
Military End Strength	37	39	41
Military Workyears	35	34	36

Civilian Personnel: NUWC's civilian end strength numbers are higher than those in the FY 2011 President's budget and have been set to meet customer workload. The increase in FY 2012 is due to the inclusion of NSLC. The budget includes a small number of SIPs each year to facilitate efforts to balance workforce to workload.

Military Personnel: The increase in FY 2012 is attributable to the inclusion of two military billets for NSLC.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATE
FEBRUARY 2011

Capital Investment Program (CIP) Budget Authority:

Capital Investment Program ($M)

	FY 2010	FY 2011	FY 2012
Equipment, Non-ADP/Telecom	$5.1	$8.9	$8.2
Equipment, ADPE/Telecom	$4.5	$3.7	$3.9
Software Development	$3.0	$2.4	$1.1
Minor Construction	$3.5	$4.0	$3.8
Total	**$16.0**	**$18.9**	**$16.9**

NUWC's Capital Purchase Program is used to purchase general purpose mission essential equipment. This budget includes one minor construction project being executed under the Laboratory Revitalization Demonstration Program. The $880K FY 2010 project has been carried over into FY 2011($816K carried over) to modernize the R&D Test Vehicle Facility.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATE
FEBRUARY 2011

Carryover Compliance:

Carryover($M):	**FY 2010**	**FY 2011**	**FY 2012**
New Orders	$1,183.3	$1,147.3	$1,236.3
Less Exclusions:			
Foreign Military Sales	$85.2	$64.5	$58.6
Base Realignment and Closure	$1.8	$4.2	($0.0)
Other Federal Departments & Agencies	$2.2	$1.3	$2.0
Non-Federal Agencies & others	$30.8	$19.8	$18.6
Major Range & Test Facility Base	$75.9	$57.0	$57.7
Orders for Carryover Calculation	$987.3	$1,000.5	$1,099.4
Composite Outlay Rate	55.2%	54.7%	57.2%
Carryover Ceiling Rate	44.8%	45.3%	42.8%
Carryover Ceiling	$442.4	$453.6	$470.5
Balance of Customer Orders at Year End	$562.7	$529.3	$521.7
Less Work-in-Process	$21.0	$23.6	$23.9
Less Exclusions			
Foreign Military Sales	$99.6	$106.5	$65.4
Base Realignment and Closure	$0.4	$0.8	$0.2
Other Federal Departments & Agencies	$2.1	$1.7	$0.7
Non-Federal Agencies & Others	$23.9	$25.0	$11.8
Major Range & Test Facility Base	$25.9	$24.5	$19.1
Carryover Budget	$389.8	$347.1	$400.5

Budgeted carryover is within the ceiling allowed by outlay rates.

REVENUE AND EXPENSE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$IN MILLIONS

	FY 2010	FY 2011	FY 2012
Revenue:			
Gross Sales			
Operations	1122.4	1163.3	1227
Surcharges	0	0	0
Depreciation excluding Major Construction	16.3	17.4	16.9
Other Income			
Total Income	1138.7	1180.7	1243.9
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	2.9	2.8	2.8
Civilian Personnel	541.6	552.2	603.5
Travel and Transportation of Personnel	40.1	34.7	36.8
Material & Supplies (Internal Operations)	73.9	92.7	95.9
Equipment	7.5	9.9	10.1
Other Purchases from NWCF	71.3	65.7	71.1
Transportation of Things	2.1	2	2.1
Depreciation - Capital	16.3	17.4	16.9
Printing and Reproduction	1.5	1.4	1.5
Advisory and Assistance Services	0	0	0
Rent, Communication & Utilities	20.2	22.4	21.9
Other Purchased Services	371.7	377.9	396.8
Total Expenses	1148.9	1179.1	1259.4
Work in Process Adjustment	-5.2	0	0
Comp Work for Activity Retention Adjustment	-0.5	0	0
Cost of Goods Sold	1143.2	1179.1	1259.4
Operating Result	-4.5	1.6	-15.5
Less Surcharges	0	0	0
Plus Appropriations Affecting NOR/AOR	0	0	0
Other Changes Affecting NOR/AOR	0	0	0
Extraordinary Expenses Unmatched	0	0	0
Net Operating Result	-4.5	1.6	-15.5
Other Changes Affecting AOR	1.4	0	0
Accumulated Operating Result	13.8	15.5	0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

	FY 2010	FY 2011	FY 2012
1. New Orders	1183.3	1147.3	1236.3
a. Orders from DoD Components:	997.8	985.9	1065.3
Department of the Navy	973.5	959.1	1026.8
O & M, Navy	251.4	218.3	319.7
O & M, Marine Corps	0.2	0	0
O & M, Navy Reserve	0.5	0.2	0.2
O & M, Marine Corp Reserve	0	0	0
Aircraft Procurement, Navy	5.5	11.3	10.5
Weapons Procurement, Navy	94.4	85.6	87.9
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	73.6	75	71.7
Other Procurement, Navy	200.3	206.5	181.4
Procurement, Marine Corps	0.3	0	0
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	347.3	362.1	355.5
Military Construction, Navy	0	0	0
National Defense Sealift Fund	0.1	0	0
Other Navy Appropriations	0	0	0
Other Marine Corps Appropriations	0	0	0
Department of the Army	5.5	4.4	20.5
Army Operation & Maintenance	1.1	0.1	15.8
Army Res, Dev, Test, Eval	1	0.8	1
Army Procurement	3.4	2.5	2.5
Army Other	0	1	1.2
Department of the Air Force	1.3	0.3	0.3
Air Force Operation & Maintenance	1	0.3	0.3
Air Force Res, Dev, Test, Eval	0.3	0	0
Air Force Procurement	0	0	0
Air Force Other	0	0	0
DOD Appropriation Accounts	17.5	22	17.7
Base Closure & Realignment	1.8	4.2	0
Operation & Maintenance Accounts	1.2	1	1.4
Res, Dev, Test & Eval Accounts	14.3	16.8	15.9
Procurement Accounts	0.2	0	0.3
Defense Emergency Relief Fund	0	0	0
DOD Other	0	0	0.2
b. Orders from other Fund Activity Groups	67.2	75.9	91.8
c. Total DoD	1065	1061.8	1157.1
d. Other Orders:	118.3	85.6	79.2
Other Federal Agencies	2.2	1.3	2
Foreign Military Sales	85.2	64.5	58.6
Non Federal Agencies	30.8	19.8	18.6
2. Carry-In Orders	518.1	562.7	529.3
3. Total Gross Orders	1701.4	1710	1765.6
a. Funded Carry-Over before Exclusions	562.7	529.3	521.7
b. Total Gross Sales	1138.7	1180.7	1243.9
4. End of Year Work-In-Process (-)	-21	-23.6	-23.9
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-151.8	-158.5	-97.2
6. Net Funded Carryover	389.8	347.1	400.5

Note: Line 4 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB

CHANGES IN THE COST OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

	Total Cost
FY 2010 Actual	**$1,143.2**
FY 2011 Estimate in FY 2011 President's Budget	**$1,055.1**
Estimated Impact in FY 2011 of Actual FY 2010 Experience	
Impact of Ending FY 2010 With More On-Board Personnel	**$10.6**
Price Changes	**-$6.0**
Impact of Civilian Pay Freeze	-$6.0
Program Changes	**$118.2**
Workload	$118.2
Other Changes	**$1.2**
Defense Finance and Accounting Service	-$0.1
Depreciation	$0.8
Federal Employee Compensation Act	$0.3
Navy Enterprise Resource Planning	$0.2
FY 2011 Current Estimate	**$1,179.1**

CHANGES IN THE COST OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

	Total Cost
FY 2011 Current Estimate	**$1,179.1**
Price Changes	**$6.3**
Annualization of Prior Year Pay Raises	
Military	$0.0
Civilian	$0.0
FY 2012 Pay Raises	
Military	$0.0
Civilian	$0.0
Fuel Price Changes	$0.2
Working Capital Fund Price Changes	-$1.1
General Purchase Inflation	$7.3
Productivity Initiatives and Other Efficiencies	**-$10.0**
Contractor Support Cost Reductions	-$5.6
Utilities Cost Reductions	-$2.0
Travel Expense Cost Reduction	-$0.5
Training Requirements Cost Reduction	-$0.5
Other Overhead Cost Reductions	-$1.4
Program Changes	**-$60.7**
Workload	-$60.7
Other Changes	**$144.7**
Base Realignment & Closure Recommendation Tech-0042AR Maritime C4ISR	$3.7
Defense Finance and Accounting Service	-$0.6
Depreciation	-$0.5
Navy Enterprise Resource Planning	-$5.4
Sustainment, Restoration, and Modernization	$0.2
Naval Sea Logistics Center transition to NWCF operations	$147.3
FY 2012 Current Estimate	**$1,259.4**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

		FY 2010		FY 2011		FY 2012	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment**						
	Replacement Capability	3	$1.375	5	$2.440	9	$3.815
	Productivity Capability	4	$1.442	7	$3.335	4	$1.625
	New Mission Capability	4	$2.243	4	$3.125	4	$2.717
	Environmental Capability	0	$0.000	0	$0.000	0	$0.000
	Non ADP Total:	**11**	**$5.060**	**16**	**$8.900**	**17**	**$8.157**
2	**ADPE and Telecom Equipment**						
	Computer Hardware (Production)	8	$3.505	8	$2.910	7	$2.787
	Computer Software (Operating)	0	$0.000	2	$0.750	0	$0.000
	Telecommunications	2	$0.989	0	$0.000	1	$0.375
	Oth Computer & Telecom Spt Equip	0	$0.000	0	$0.000	1	$0.695
	ADP Total:	**10**	**$4.494**	**10**	**$3.660**	**9**	**$3.857**
3	**Software Development**						
	Projects = or > $1M : AMHF	1	$1.200				
	Projects = or > $1M : ERP			1	$2.069		
	Projects < $1M	5	$1.799	3	$0.375	3	$1.070
	Software Total:	**6**	**$2.999**	**4**	**$2.444**	**3**	**$1.070**
4	**Minor Construction**						
	Replacement Capability	2	$1.158	2	$0.255	5	$1.550
	Productivity Capability	5	$1.740	4	$1.150	4	$1.500
	New Mission Capability	0	$0.000	1	$0.350	0	$0.000
	Environmental Capability	2	$0.566	5	$2.184	1	$0.750
	Minor Construction Total:	**9**	**$3.464**	**12**	**$3.939**	**10**	**$3.800**
	Grand Total	**36**	**$16.017**	**42**	**$18.943**	**39**	**$16.884**
	Total Capital Outlays		**$12.139**		**$16.337**		**$18.735**
	Total Depreciation Expense		**$16.276**		**$17.387**		**$16.912**

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)	FISCAL YEAR (FY) 2012 BUDGET ESTIMATES DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND

Department of the Navy / Research and Development / Naval Undersea Warfare Center

Location
Newport/Keyport

	FY 2010			FY 2011			FY 2012		
Non ADPE Equipment	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Replacement Equipment	3		$1,375	5		$2,440	9		$3,815
Total	**3**		**$1,375**	**5**		**$2,440**	**9**		**$3,815**

Replacement Equipment:
These investments support the replacement of mission essential non-ADPE research and development equipment that is unsafe, beyond economical repair, technically obsolete, or unusable. Mission essential research and development equipment includes automatic test equipment, environmental testing equipment, magnetic materials and sensors characterization system, vibration test equipment, bridge crane replacements, industrial services equipment, and other equipment that support the development of undersea systems. Based on the useful life guidance provided by OPM (via circular A-94), all investments replace equipment that is beyond the original intended life cycle.

Benefit:
Replacement of research and development equipment that is unsafe, beyond economic repair, or unusable. Mission essential research and development equipment must operate at optimal efficiency to achieve proper test and evaluation results. Equipment is replaced with modern reliable equipment to support the research and development mission of the Naval Warfare Centers. Investment in replacement equipment also improves efficiencies and enhances system sustainment and material availability for the war-fighter.

Impact:
Investments for replacement equipment will not be made resulting in work that produces obsolete results to the scientific community, economically inefficient operation, and possible risk to human life. If investments in replacement equipment are not made, the risk of irreparable failure increases, process downtime increases, and maintenance and repair costs increases.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)	FISCAL YEAR (FY) 2012 BUDGET ESTIMATES DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND

Department of the Navy / Research and Development / Naval Undersea Warfare Center

Location
Newport/Keyport

	FY 2010			FY 2011			FY 2012		
Non ADPE Equipment	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Productivity Equipment	4		$1,442	7		$3,335	4		$1,625
Total	**4**		**$1,442**	**7**		**$3,335**	**4**		**$1,625**

Productivity Equipment:
These investments increase the productivity of undersea warfare research and development activities by procuring non-ADPE equipment that reduces the overall operating costs, eliminates process inefficiencies and provides advanced technological capability. Productivity investments reduce labor costs by establishing remote operation, automation and reduction in testing; operating costs are lower through efficiency achieved by reducing energy consumption, developing autonomous operation of capability, reducing operational development and test time, reducing floor space required, and replacing inefficient test processes with a single specialized asset. Investments in productivity equipment include testing facility upgrades, industrial services equipment, power supply test station, test sets, rapid prototyping equipment, power supply equipment, equipment to characterize advanced transduction materials, testbeds for autonomous operations including vehicle launch and recovery and controller systems, antenna impedance measurement equipment and other equipment that support the development of undersea systems to increase productivity.

Benefit:
The Naval Undersea Warfare Center is the lead Navy activities dedicated to operate the Navy's full spectrum research, development, test and evaluation, engineering and fleet support center for submarines, autonomous underwater systems, and offensive and defensive weapon systems associated with undersea warfare. Constrained budgets necessitate the development of affordable, innovative, evolving systems for applications in undersea warfare. Investment in mission essential research and development equipment will ensure the warfare operates at optimal efficiency to achieve proper test and evaluation results.

Impact:
If this equipment is not acquired, the Warfare Center will be unable to support and test critical undersea warfare components and provide the Navy with affordable, innovative capabilities to meet future fleet needs. The Warfare Center can expect to incur loss of personnel productivity, decreased customer satisfaction, rapidly escalating maintenance costs, reduced services to the technical community, and technical obsolescence. Not being able to test and evaluate systems early in the development phase will increase the cost to the Navy by increasing development time and at-sea testing. Consequently, the Warfare Center will be unable to protect the fleet and make the necessary contributions to prepare for the future.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)	FISCAL YEAR (FY) 2012 BUDGET ESTIMATES DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND

Department of the Navy / Research and Development / Naval Undersea Warfare Center

Location
Newport/Keyport

	FY 2010			FY 2011			FY 2012		
Non ADPE Equipment	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
New Mission Equipment	4		$2,243	4		$3,125	4		$2,717
Total	**4**		**$2,243**	**4**		**$3,125**	**4**		**$2,717**

New Mission Equipment:
These investments support the acquisition of non-ADPE equipment that is required to support a new capability that can not be met with current equipment or capabilities. These include investments in equipment to support new mission capabilities such as persistent power source technologies, inground and underwater surveillance system, experimentation, sensor technology integration and evaluation, measurement system, and next generation autonomous systems. Investments in these capabilities will enable the Warfare Center to rapidly & efficiently develop and evaluate distributed network and sensor technologies and systems that support future undersea network-centric warfare C4ISR goals.

Benefit: The Navy has identified a strong need for highly-coordinated, "networked" forces with advanced sensors and requiring persistent power sources technology. Consistent with Network Centric Warfare doctrine, future concepts require significant amounts of information (from a variety of sensor types) to be transferred and shared among all contributing Naval components (other sensor platforms, command & control, weapons platforms, etc.). The ease and efficiency of this information transfer will determine the level of success with which the Navy can execute future missions. If information cannot be transferred to the appropriate nodes in the operation, then the Navy's combat effectiveness is significantly constrained. Investment in these capabilities can evaluate emerging technologies, exercised in littoral waters that are equivalent to tactical areas of interest. Investments will enable the Warfare Center and the Navy to develop technologies required to meet the challenges associated with Distributed Networked Systems (DNS).

Impact: If equipment is not purchased, the Warfare Center will be unable to develop and test candidate technologies such as persistent power sources and advanced sensors required to meet the challenge associated with DNS. In the DNS functional decomposition, the Sensing, Transport, Networking and Communications events that take place in the marine environment require innovation advanced concepts. The DNS challenge relies heavily on the development and testing of advanced sensors, power sources and autonomous systems. If equipment is not purchased, the Warfare Center and the Navy will be unable to support the needs of the future warfighter.

688 CLASS Payload Integration Facility ($1.325M) - Design and manufacture a high-fidelity, ship-like facility to support 688 Class payload integration resulting in 1/3 of a 688 Class Weapons Handling System (Torpedo Room). The facility will facilitate the land based integration of new and under development submarine weapons and payloads prior to initial shipboard integration. The facility will ensure proper fit, operation and integration of new weapons or payloads prior to initial integration to and deployment from a 688 class submarine. It will provide sponsors & developers (navy & non navy) a venue to explore & validate payload-to-submarine launcher system interfaces while not impacting operational availability of fleet assets. The payloads of most concern are the non-weapon, ISR type payloads that utilize the Submarine weapons system for their stowage & deployment. The current approach to system development requires developers to design & build new systems with no means to fully evaluate shipboard launcher interfaces short of an operational submarine. The proposed facility allows for this validation and checkout, reducing development cost & time lines, while providing greater probability of first pass success.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)	FISCAL YEAR (FY) 2012 BUDGET ESTIMATES DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND

Department of the Navy / Research and Development / Naval Undersea Warfare Center

Location
Newport/Keyport

	FY 2010			FY 2011			FY 2012		
ADPE Equipment	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Computer Hardware	8		$3,505	8		$2,910	7		$2,787
Computer Software	0		$0	2		$750	0		$0
Telecommunications	2		$989	0		$0	1		$375
Other Support Equipment	0		$0	0		$0	1		$695
Total	**10**		**$4,494**	**10**		**$3,660**	**9**		**$3,857**

ADPE and Telecommunications Equipment and Capabilities:
These investments will support the acquisition of automated data processing and telecommunications equipment for the undersea research and development community. Funds will provide networks/connectivity to Warfare Center activities procurement of hardware for mission essential research and development scientific computing needs, development of collaborative environment to support undersea warfare test and evaluation, development of testbeds to support early prototype development, undersea warfare information operations, virtual systems, decision making and distributed networked systems. Investments will include routers, servers, firewalls, networks, high performance computational/visualization hardware, communications equipment and other automated data processing and telecomms equipment required to support the mission of undersea warfare.

Benefit:
In order to provide the necessary scientific computer resources at the Naval Undersea Warfare Center, adequate resources must be acquired to meet the research, development, test and evaluation needs. These computational engines, visualization engines and repositories of DoD high performance computer systems are required for engineers and scientists to develop innovative undersea warfare solutions. Replacement of obsolete computer equipment will provide the Warfare Center with more reliable and more cost effective resources which will ensure that the technical areas have the capabilities they need to meet requirements. Increased reliability will reduce maintenance costs, increase overall efficiency, and enhance compatibility throughout the Warfare Center. Investment in equipment will also provide enhanced test and evaluation capabilities which will help the Warfare Center implement technologies and reach back capability that enables forward deployed technical resources to be more efficient and effective.

Impact:
ADPE Equipment supporting the research and development community must remain on the cutting edge of technology to conduct complex simulations, perform predictive analysis, and analyze Submarine Undersea Warfare System performance. The capability to conduct cutting edge scientific computing within the R&D community is in jeopardy if investments are not made. Current equipment supporting mission essential systems will no longer be supported by the manufacturer. Investment in network infrastructure to support RDT&E laboratories at the Warfare Center is required in order to support Fleet customers. Without a network infrastructure in place, the RDT&E laboratories will not be able to function, support their customers or allow the Warfare Center to pursue its mission.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)	FISCAL YEAR (FY) 2012 BUDGET ESTIMATES DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND

Department of the Navy / Research and Development / Naval Undersea Warfare Center

Location
Newport/Keyport

	FY 2010			FY 2011			FY 2012		
Software	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Projects >1M	1		$1,200	1		$2,069	0		$0
Software Projects < 1M	5		$1,799	3		$375	3		$1,070
Total	**6**		**$2,999**	**4**		**$2,444**	**3**		**$1,070**

Benefits:
These investments will directly support the transformation of the Warfare Centers to become a more agile support organization. By fully integrating authoritative data sources with collaborative tools, flexible display technologies, and robust content management we will be better able to support the Fleet's war fighters--from Force Level leadership, to the sailor at any location and from any location. This evolution of Distance Support capability also enables us to be more proactive in developing life-cycle solutions by making the information required readily available at the workers desktop. Investments in software development will develop or enhance undersea warfare analysis and assessment models, distance support initiatives and modules to support warfare center authoritative data sources. All development will provide the collaborative structure which will contribute to achieving current / planned customer service levels. Software development projects include both internally developed initiatives and externally developed initiatives.

Impact:
Without these investments, the warfare center will be unable to continue implementation of DoD and Navy standard systems in a common, integrated fashion. Undersea warfare models need to be reviewed in light of modern computing architectures and futuristic ASW concepts such as distributed netted systems (DNS) and improved, redesigned, or replaced as appropriate so that NUWC's mission-level USW modeling and analysis capability can be sustained for the next generation of analysis problems. Without these investments, the undersea simulation environment will not be fully equipped for high-level architecture (HLA) operation to support high-fidelity Hardware in the Loop (HWIL) Synthetic Ocean for joint warfighting training operations. Furthermore, the simulation environment will not have the flexibility to tailor training scenarios to any realistic scenario future operational commanders need to intensively prepare for and strategic/tactical analysis. Without investments, programs will continue to invest in unique software solutions for search and retrieval of information that is presently accessible only from separate, "stove-pipe" data, resulting in increased life-cycle costs and different levels of technical integrity. Additionally, lack of data sharing will impact ability to function as a warfare center enterprise conflicting with Sea Enterprise objectives.

Automated Material Handling Facility (AMHF) (FY10 - $1,200K) Upgrade and replace the obsolete control system software for the Automated Material Handling Facility (AMHF) during FY10. This software is integral to operation of the AMHF to locate and deliver hardware from the AMHF high-rise storage to the Keyport Depot and Intermediate Maintenance Activity (IMA) , and supports storage and the issue of hardware from NUWC Keyport to throughout the Fleet.

Enterprise Resource Planning (ERP) (FY11 - $2.069M) - Navy ERP is an integrated business management system that modernizes and standardizes Navy business operations, provides management visibility across the enterprise, and increases effectiveness and efficiency. ERP will provide consistent and streamlined business activities that operate under a single system. During ERP implementation, business processes will be updated and simplified, redundancies will be eliminated, and efficiencies realized. Economic Analysis has been completed for the Navy ERP program

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)	FISCAL YEAR (FY) 2012 BUDGET ESTIMATES DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND

Department of the Navy / Research and Development / Naval Undersea Warfare Center

Location
Newport/Keyport

	FY 2010			FY 2011			FY 2012		
Minor Construction	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Replacement	2		$1,158	2		$255	5		$1,550
Productivity	5		$1,740	4		$1,150	4		$1,500
New Mission	0		$0	1		$350	0		$0
Environmental	2		$566	5		$2,184	1		$750
Total	**9**		**$3,464**	**12**		**$3,939**	**10**		**$3,800**

Minor Construction
Investments in Minor Construction enhance the Naval Warfare Center Mission by developing buildings, structures or other real property. Minor Construction projects will replace obsolete facilities, consolidate operations for productivity increases, provide state of the art processing areas for new R&D missions, and correct environmental deficiencies. Minor construction projects include all costs to deliver a complete and usable project. Minor Construction projects meet the DoD capitalization criteria. This budget includes one Minor Construction project being executed under the Laboratory Revitalization Demonstration Program. The project is in FY10 for $880K to modernize the R&D Test Vehicle Facility.

Minor Construction is used at the Naval Warfare Centers to:
- modify existing spaces and construct new facilities to provide suitable space to design and test new equipment for the surface warfare community
- improve security measures and provide increase security for new initiatives
- reduce operating expenses by building or improving government owned facilities so that leased space, high maintenance and space, or portable may be vacated.
- reduce energy consumption by installing energy efficient building systems
- modify existing systems to bring facilities up to current building, safety, or environmental codes.

CAPITAL INVESTMENT EXECUTION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

FY	Line Item	Category	Capability/Project	Approved Amount	Current Estimate	Asset / Deficiency	Explanation
2011	**1**	**Non-ADP Equipment**		**$10.450**	**$8.900**	**-$1.550**	
			Replacement Capability	$3.355	$2.440	-$0.915	Project Reprogramming
			Productivity Capability	$4.500	$3.335	-$1.165	Project Reprogramming
			New Mission Capability	$2.595	$3.125	$0.530	Project Reprogramming
			Environmental Capability	$0.000	$0.000	$0.000	No Change
	2	**ADP & Telecom Equipment**		**$3.895**	**$3.660**	**-$0.235**	
			Computer Hardware	$3.145	$2.910	-$0.235	Project Reprogramming
			Computer Software	$0.750	$0.750	$0.000	No Change
			Telecommunications	$0.000	$0.000	$0.000	No Change
			Oth Computer & Telecom Spt Equip	$0.000	$0.000	$0.000	No Change
	3	**Software**		**$1.616**	**$2.444**	**$0.828**	
			Projects > $1 Million	$1.068	$2.069	$1.001	ERP Software License Increase
			Projects < $1 Million	$0.548	$0.375	-$0.173	Project Reprogramming
	4	**Minor Construction**		**$2.570**	**$3.939**	**$1.369**	
			Replacement Capability	$0.120	$0.255	$0.135	Project Reprogramming
			Productivity Capability	$0.875	$1.150	$0.275	Project Reprogramming
			New Mission Capability	$0.000	$0.350	$0.350	Project Reprogramming
			Environmental Capability	$1.575	$2.184	$0.609	Project Reprogramming
All	**All**	**Total FY 2011**	**All**	**$18.531**	**$18.943**	**$0.412**	

TAB 6 - SPAWAR Systems Centers

Back of Tab

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Activity Group Function:
The Space and Naval Warfare Systems Centers (SSCs) bring knowledge superiority to the warfighter. Their mission is to provide Naval, Joint and National knowledge superiority through quality Research, Development, Acquisition, Test and Evaluation (RDAT&E) to rapidly deploy and provide full cycle support for sustainable, survivable and interoperable Command, Control, Communication, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR), Information Operations (IO), Enterprise Information Services (EIS) and Space capabilities. The Space and Naval Warfare Systems Command is the primary ForceNet systems command and the SSCs are SPAWAR's principal technical agent. ForceNet implements the theory of network-centric warfare and will dramatically enhance how the Navy acquires, shares, and capitalizes on information superiority to generate transformational combat effectiveness.

The SSCs are the C4ISR provider of choice for hundreds of customers throughout Navy, DoD, and other federal agencies. The SSCs maintain innovative scientific and technical expertise, facilities, and the understanding of defense requirements to ensure that the Navy can develop, acquire, and maintain the systems needed to meet customer requirements at an acceptable price. The SSC's provide cradle-to-grave products and services including:

- Warfare systems analysis
- Plan and conduct of effective technology programs
- Cost conscious systems engineering and technical support to program managers in all phases of systems development and acquisition
- Test and evaluation support including RDT&E and measurement facilities
- Technical input to the development of operational tactics
- Electronics material support (technical and management) for systems and equipment
- Specialized technical support to the Fleet for quick-reaction requirements

Activity Group Composition:
The SSCs are under the management of the Space and Naval Warfare Systems Command. This organizational structure facilitates the entire cycle of systems engineering from research and development through waterfront support. SSC Pacific has its headquarters in San Diego, CA, with offices in Philadelphia, Pearl Harbor, Guam, and Japan. SSC Atlantic has its headquarters in Charleston, SC, with offices in Norfolk, VA, Washington, DC and Pensacola, FL. The Pensacola office will close in FY 2011 in accordance with planned Base Realignment

and Closure (BRAC) actions.

Significant Changes since FY 2011 President's Budget:
There are no significant changes in the activity group or composition since the FY 2011 President's Budget.

Navy Enterprise Resource Planning (Navy ERP):
The SSCs were at the forefront of implementing Navy ERP, coming on-line 1 October 2009. A successful transition, the SSCs were able to meet all external financial reporting requirements at FY 2010 year end. The transition involved a full scale effort to

- convert existing data to the Navy ERP construct,
- modify processes to ensure compliance with Navy ERP business rules, and
- train more than 7,000 potential users

Not without its challenges, the transition yielded a full suite of tools through which the SSCs can perform their financial and acquisition functions. As a result of implementing Navy ERP, the SSCs retired six legacy systems.

Productivity Initiatives and Other Efficiencies:
The SSCs' FY 2012 budget estimates reflect the impact of a number of efficiency efforts, overhead cuts, and other cost reductions to include: limiting facilities sustainment costs to eighty percent of requirements, curtailing cell phone/personal digital assistant costs, partnering with a local utility provider to improve energy efficiency, reducing the number of contract guards via security gate automation, garnering savings from capital investment improvements, and enabling direct efficiencies whereby customers will receive direct work with fewer direct labor hours, and thus at reduced cost. The impact of these efficiencies / cost reductions on current budget estimates is a reduction of $5.9 million in FY 2011 and FY 2012 and an additional $31.3 million in FY 2012, for cumulative savings of $43.1 million that were reapplied to the Department's force structure and modernization requirements.

Base Realignment and Closure (BRAC):
This submission incorporates the impact of the Base Realignment and Closure (BRAC) V recommendation to consolidate Maritime Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) and create multifunctional and multidisciplinary Centers of Excellence. There are no significant changes in this BRAC action as depicted in the FY 2011 President's Budget.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Financial Profile:

Revenue/Expense/Operating Results ($Millions)	**FY 2010**	**FY 2011**	**FY 2012**
Revenue	$2,469.5	$2,611.2	$2,528.2
Cost of Goods and Services	$2,458.5	$2,645.7	$2,540.8
Operating Results	$11.0	-$34.5	-$12.6
Other Changes Affecting AOR	$0.1	-$6.1	-$4.7
Accumulated Operating Results (AOR)	$58.0	$17.4	$0.0

In order to ensure achievement of zero AOR in FY 2012, the correct computation of rates, and the proper resourcing of customer accounts, NWCF budget and manpower estimates have been updated from the FY 2011 President's Budget to reflect all known pricing and program/workload assumptions.

Revenue and Cost of Goods and Services
Changes from year to year are primarily the result of updated new orders estimates, pricing adjustments, and productivity initiatives.

Operating Results
The FY 2011 and FY 2012 operating results include rate surcharges for Capital Investment Program (CIP) increases that are higher than depreciation.

Workload:

Reimbursable Orders ($Millions)	**FY 2010**	**FY 2011**	**FY 2012**
Current Estimate	$2,450.9	$2,582.7	$2,508.7

Reimbursable Orders
The decline in reimbursable orders between FY 2011 and FY 2012 reflects the impact of various overhead reductions and efficiency efforts as well as expected reductions in workload directly related to operations in Iraq and Afghanistan. Regardless of these reductions, the SSC customer base is expected to remain strong.

Direct Labor Hours (000)	**FY 2010**	**FY 2011**	**FY 2012**
Current Estimate	8,602	8,883	8,906

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Direct Labor Hours

The SSC's current direct labor hour estimates are above projections in the FY 2011 President's Budget to support increases across multiple customer programs, to include: Intelligence, Surveillance, and Reconnaissance; logistics/Fleet support, Other Procurement Navy programs such as: Information Assurance Afloat installs, Global Command and Control Systems, Naval Tactical Command Support System, Distributed Common Ground System Navy (DCGS-N), Integrated Shipboard Network Systems, Common Submarine Radio Room; and Research, Development, Test, and Evaluation, Navy programs such as Joint Tactical Radio Systems and DCGS-N. The SSCs also support non-Navy customers such as the Federal Bureau of Investigation and the Department of Veterans Affairs in the areas of information technology and information assurance.

Approximately two-thirds of this increase results from taking previously contracted work in-house. Reductions in workload directly supporting operations in Iraq and Afghanistan are predominantly contractual, and have only minor impact on organic direct labor.

Cash Collections, Disbursements, and Net Outlays:

Collections/Disbursements/Outlays ($Millions)	**FY 2010**	**FY 2011**	**FY 2012**
Collections	$2,204.6	$2,618.5	$2,533.2
Disbursements	$2,445.8	$2,675.4	$2,517.8
Net Outlays	$241.2	$56.9	-$15.4

Current net outlay projections reflect changes in workload, updated operating estimates, completion of the initial Navy Enterprise Resource Planning (ERP) deployment, and the BRAC realignment of C4ISR research and development functions.

Performance Indicators:

The Centers outputs are scientific and engineering designs, developments, tests, evaluations, analyses, installations, and fleet support for systems in the SSC's mission areas. The measure for these outputs is the direct labor hour worked for a customer. Customers are charged a predetermined stabilized billing rate per direct employee hour worked. The rate includes the salary and benefits costs of the performing employee (direct labor costs) and a share of the overhead costs of the SSC's, both general and administrative support and the unique production overhead costs of the performing employee's cost center. Non-labor, non-overhead costs, such as customer required material and equipment purchases, travel expenses,

and contractual services, are charged to the customer on an actual cost reimbursable basis, and are excluded from the SSC's stabilized pricing structure. The SSC's use total stabilized cost per direct labor hour as their performance criterion. The composite stabilized rate and the average total stabilized cost per direct labor hour for the SSC's are discussed below.

Stabilized / Composite Rate Changes	**FY 2010**	**FY 2011**	**FY 2012**
Stabilized Rate	$111.34	$100.32	$103.23
Change from Prior Year		-9.9%	+2.9%
Composite Rate Change		-2.1%	+2.0%

Rate changes incorporate adjustments in direct workload, as well as overhead adjustments in support of direct efforts and programmed efficiencies.

Unit Cost	**FY 2010**	**FY 2011**	**FY 2012**
Total Stabilized Cost ($Millions)	$938.5	$934.0	$929.7
Workload (DLHs) (000)	8,602	8,883	8,906
Unit Cost (per DLH)	$109.10	$105.14	$104.39

Staffing:

Civilian/Military ES & Work Years	**FY 2010**	**FY 2011**	**FY 2012**
Civilian End Strength	7,144	7,029	7,048
Civilian Work Years	6,878	6,822	6,825
Military End Strength	76	78	78
Military Work Years	72	78	78

Civilian Personnel

The SSCs continue their efforts to revitalize the workforce, balance the skills mix, and shape force capabilities to address current and future threats. Year to year workforce changes are caused by changes in direct labor requirements that include performing some previously contracted work in-house, offset by BRAC actions and reductions in workload directly associated with operations in Iraq and Afghanistan.

Military Personnel

Military workforce levels are projected to be stable throughout the budget period.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Capital Investment Program (CIP):

CIP Authority ($Millions)	FY 2010	FY 2011	FY 2012
Equipment, Non-ADP/Telecommunications	$3.0	$2.0	$0.8
Equipment, ADPE/Telecommunications	$3.1	$2.7	$1.3
Software Development	$1.4	$0.0	$0.0
Minor Construction	$4.3	$11.9	$11.5
Total	**$11.7**	**$16.5**	**$13.5**

The SSC's modest investment in capital assets will acquire affordable and technically efficient capabilities to support customer requirements. Minor construction includes projects meeting the criteria of the Defense Laboratory Revitalization Program. The projects will replace aging temporary buildings and upgrade and expand lab capability to accommodate workload growth and increase efficiency.

Carryover Compliance:
As evidenced in the table below, the SSCs exceeded their carryover ceiling in FY 2010, but are expected to execute within the assigned ceilings in FY 2011 and FY 2012. Over-execution of the FY 2010 carryover ceiling is an anomaly, driven in large part by the learning curve and systems challenges associated with implementation of Navy ERP. Although the SSCs data conversion was completed in the first quarter FY 2010, it took several more months to fully identify and correct data corruption associated with the new release. This situation, combined with the learning curve and automation issues commonly found with any system transition of this size, lead to a slow start toward obligating and expending customer orders and ultimately contributed to over-execution of the carryover ceiling in FY 2010.

The SSCs future carryover performance will remain below ceiling as has been the case for many years prior to FY 2010. The SSCs' transition to Navy ERP has been successfully completed and all of the necessary tools are in place to preclude over-execution in future years. The SSCs are leveraging Continuous Process Improvement techniques and Rapid Improvement Events to realize efficiencies and improvements in planning and executing carryover. Combined with Integrated Process Teams, the mechanisms are now in place to ensure that the SSCs will once-again be compliant with carryover policy.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Carryover ($Millions)	**FY 2010**	**FY 2011**	**FY 2012**
New Orders	$2,450.9	$2,582.7	$2,508.7
Less Exclusions:			
Foreign Military Sales	$46.4	$76.7	$64.7
Base Realignment & Closure	$24.1	$5.8	$3.8
Other Federal Depts & Agencies	$415.0	$310.8	$311.1
Non-Federal & Others	$13.2	$16.9	$17.0
Major Range & Test Facility Base	$0.0	$0.0	$0.0
Orders for Carryover Calculation	$1,952.1	$2,172.5	$2,112.2
Composite Outlay Rate	54.3%	53.0%	53.1%
Carryover Ceiling Rate	45.7%	47.0%	46.9%
Carryover Ceiling	$892.2	$1,020.1	$991.1
Balance of Customer Orders at Yr End	$1,454.7	$1,426.2	$1,406.7
Less WIP	$0.0	$0.0	$0.0
Less Exclusions			
Foreign Military Sales	$47.6	$56.8	$56.6
Base Realignment & Closure	$16.7	$14.9	$12.1
Other Federal Depts & Agencies	$451.7	$453.6	$450.3
Non-Federal & Others	$13.5	$13.3	$12.7
Major Range & Test Facility Base	$0.0	$0.0	$0.0
Carryover Budget	$925.2	$887.6	$875.0

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
DOLLARS IN MILLIONS

	FY 2010	FY 2011	FY 2012
Revenue:			
Gross Sales			
Operations	2,450.7	2,595.2	2,514.7
Surcharges	0.0	-6.1	-4.7
Depreciation excluding Major Construction	18.7	9.9	8.8
Other Income			
Total Income	2,469.5	2,611.2	2,528.2
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	6.8	7.5	7.2
Civilian Personnel	865.7	877.9	879.1
Travel and Transportation of Personnel	50.4	59.1	59.1
Material & Supplies (Internal Operations)	220.3	306.7	306.9
Equipment	76.2	121.7	121.7
Other Purchases from NWCF	65.2	65.4	66.9
Transportation of Things	6.5	7.0	7.0
Depreciation - Capital	18.7	9.9	8.8
Printing and Reproduction	0.7	0.5	0.5
Advisory and Assistance Services	0.0	0.2	0.2
Rent, Communication & Utilities	33.6	36.0	36.0
Other Purchased Services	1,114.5	1,153.8	1,047.5
Total Expenses	2,458.5	2,645.7	2,540.8
Work in Process Adjustment	0.0	0.0	0.0
Comp Work for Activity Retention Adjustment	0.0	0.0	0.0
Cost of Goods Sold	2,458.5	2,645.7	2,540.8
Operating Result	11.0	-34.5	-12.6
Less Surcharges	0.0	-6.1	-4.7
Plus Appropriations Affecting NOR/AOR	0.0	0.0	0.0
Other Changes Affecting NOR/AOR	0.0	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Net Operating Result	11.0	-40.6	-17.4
Other Changes Affecting AOR	0.1	0.0	0.0
Accumulated Operating Result	58.0	17.4	0.0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
DOLLARS IN MILLIONS

	FY 2010	FY 2011	FY 2012
1. New Orders	2,450.9	2,582.7	2,508.7
a. Orders from DoD Components:	1,883.1	2,078.0	2,013.2
Department of the Navy	1,274.2	1,451.7	1,382.0
O & M, Navy	441.2	459.6	447.0
O & M, Marine Corps	25.6	0.0	0.0
O & M, Navy Reserve	3.8	4.5	4.5
O & M, Marine Corp Reserve	0.0	0.0	0.0
Aircraft Procurement, Navy	13.6	8.8	8.2
Weapons Procurement, Navy	5.2	5.2	6.9
Ammunition Procurement, Navy/MC	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	50.3	91.6	86.0
Other Procurement, Navy	380.6	552.9	535.7
Procurement, Marine Corps	58.3	63.2	44.9
Family Housing, Navy/MC	0.9	0.9	0.9
Research, Development, Test, & Evaluation, Navy	278.7	250.5	234.6
Military Construction, Navy	4.1	2.9	2.3
National Defense Sealift Fund	11.8	11.7	10.8
Other Navy Appropriations	0.0	0.0	0.0
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	92.9	80.1	82.8
Army Operation & Maintenance	31.1	28.9	28.9
Army Research, Development, Test, & Evaluation	4.6	5.0	5.2
Army Procurement	55.1	41.8	44.3
Army Other	2.1	4.4	4.4
Department of the Air Force	102.1	123.5	125.9
Air Force Operation & Maintenance	50.6	55.4	57.6
Air Force Research, Development, Test, & Evaluation	36.9	24.5	26.4
Air Force Procurement	14.5	43.4	41.7
Air Force Other	0.0	0.2	0.2
DOD Appropriation Accounts	413.9	422.6	422.5
Base Closure & Realignment	24.1	5.8	3.8
Operation & Maintenance Accounts	131.5	109.3	104.2
Research, Development, Test & Evaluation Accounts	135.0	171.3	175.2
Procurement Accounts	86.9	97.8	100.5
Defense Emergency Relief Fund	-0.1	0.0	0.0
DOD Other	36.6	38.4	38.8
b. Orders from other Fund Activity Groups	93.1	100.3	102.8
c. Total DoD	1,976.2	2,178.3	2,116.0
d. Other Orders:	474.7	404.4	392.7
Other Federal Agencies	415.0	310.8	311.1
Foreign Military Sales	46.4	76.7	64.7
Non Federal Agencies	13.2	16.9	17.0
2. Carry-In Orders	1,463.8	1,454.7	1,426.2
3. Total Gross Orders	3,914.7	4,037.4	3,934.9
a. Funded Carry-Over before Exclusions	1,454.7	1,426.2	1,406.7
b. Total Gross Sales	2,460.0	2,611.2	2,528.2
4. End of Year Work-In-Process (-)	0.0	0.0	0.0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-529.5	-538.6	-531.7
6. Net Funded Carryover	925.2	887.6	875.0

Note: Line 4 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB

CHANGES IN THE COST OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

	Total Cost
FY 2010 Actual Execution	**$2,458.5**
FY 2011 Estimate in FY 2011 President's Budget	**$2,704.2**
Price Changes	
Impact of Civilian Pay Freeze	-$9.5
Productivity Initiatives and Other Efficiencies	-$5.9
Energy Efficiency and Conservation	-$1.7
Security Gate Automation	-$1.5
Reduce Facilities Sustainment to 80% of Requirement	-$2.7
Program Changes	-$40.5
Customer Workload	-$40.5
Other Changes	-$2.6
Depreciation	-$0.7
Navy Enterprise Resource Planning (ERP)	$0.8
All Other Changes	-$2.7
FY 2011 Current Estimate	**$2,645.7**
Price Changes:	$25.5
Annualization of Prior Year Pay Raises	
Military	$0.0
Civilian	$0.0
FY 2012 Pay Raise	
Military Personnel	$0.0
Civilian Personnel	$0.0
Fuel Price Changes	$0.0
Working Capital Fund Price Changes	$0.6
General Purchase Inflation	$24.9

CHANGES IN THE COST OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

Productivity Initiatives and Other Efficiencies	-$31.3
Capital Investment Program Savings	-$1.4
Reduce Cellphone / Personal Digital Assistant Cost	-$0.8
Direct Workload / Project Team Efficiencies	-$29.1
Program Changes	-$93.9
Customer Workload	-$93.9
Other Changes:	-$5.2
Navy Enterprise Resource Planning (ERP)	-$1.6
Depreciation	-$1.4
All Other Changes	-$2.2
FY 2012 Current Estimate	**$2,540.8**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

		FY 2010		FY 2011		FY 2012	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**4**	**$3.026**	**2**	**$1.960**	**1**	**$0.760**
	- Replacement Capability	1	$0.400	1	$0.660	0	$0.000
	- Productivity Capability	1	$1.415	1	$1.300	0	$0.000
	- New Mission Capability	2	$1.211	0	$0.000	1	$0.760
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
2	**ADPE and Telecom Equipment >= $.250M**	**5**	**$3.065**	**4**	**$2.674**	**3**	**$1.250**
	- Computer Hardware (Production)	4	$1.594	3	$1.384	3	$1.250
	- Computer Software (Operating)	0	$0.000	0	$0.000	0	$0.000
	- Telecommunications	0	$0.000	0	$0.000	0	$0.000
	- Oth Computer & Telecom Spt Equip	1	$1.471	1	$1.290	0	$0.000
3	**Software Development >= $.250M**	**3**	**$1.383**	**0**	**$0.000**	**0**	**$0.000**
	- Projects = or > $1M (List Separately)	0	$0.000	0	$0.000	0	$0.000
	- Projects < $1M	3	$1.383	0	$0.000	0	$0.000
4	**Minor Construction (>= $.100M and <= $2.000M)**	**5**	**$4.270**	**13**	**$11.907**	**9**	**$11.497**
	- Replacement Capability	1	$1.076	0	$0.000	0	$0.000
	- Productivity Capability	3	$2.493	5	$3.287	5	$4.464
	- New Mission Capability	1	$0.701	7	$7.480	4	$7.033
	- Environmental Capability	0	$0.000	1	$1.140	0	$0.000
	Grand Total	**17**	**$11.744**	**19**	**$16.541**	**13**	**$13.507**
	Total Capital Outlays		**$6.125**		**$16.196**		**$17.348**
	Total Depreciation Expense		**$9.245**		**$9.948**		**$8.758**

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)				FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011					
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#001 - Non-ADPE and Telecommunications / Replacement Capabilities						SPAWAR Systems Centers		
	FY 2010			**FY 2011**			**FY 2012**		
Non-ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	1	$ 400	$ 400	1	$ 660	$ 660			
Total	1	$ 400	$ 400	1	$ 660	$ 660			

Justification:

Non-ADPE and Telecommunications:

REPLACEMENT

Currently, SSC Pacific has limited vibration test capability and thus are unable to fully meet current fleet requirements in the area of non-ADPE and telecommunications support. Their capability is further limited by the age of the equipment, making it necessary to make repeated repairs. The benefit received from the FY 2010 "**Environmental Test Facility Vibration/Shock Test Capability Upgrade**" project will be a more reliable vibration test capability. The Environmental Test Facility (ETF) supports the Consolidated Production Facility in providing engineering, design, test, evaluation, and qualification support for a variety of Naval Command, Control, Communications, Computers, and Intelligence (C4I) programs in support of Program Executice Office (PEO) C4I & Space tasking. This project will result in a reduction in the need to out-source to meet the needs of the Navy. A cost analysis has been performed on this project. There are no anticipated savings or cost avoidance for the ETF CIP Project. This project will replace older and outdated equipment. Having the necessary equipment on site will allow SPAWAR to perform the work without having to outsource. The savings from in-house testing will improve efficiencies and offset any cost incurred from this project. Not funding this project will have a critical impact on SSC Pacific's ability to deliver quality C4I products to the fleet, causing them to seek outside vendors.

The Building 2A Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) Philadelphia laboratories support PEO C4I Program Management, Warfare 120 (PMW-120) Distributed Common Ground Station – Navy (DCGS-N) and the Joint Services Imagery Processing System that require cooling systems. Existing systems are more than 30 years old and have not received any intermediate upgrades. Systems are no longer sustainable and jeopardize operational support and testing. The FY 2011 "**Install Backup Power & Air Conditioning Units, Philadelphia**" project will ugrade the air conditioning (A/C) in the Philadelphia labs, thereby increasing availibility, decreasing repair costs, and making the systems more environmentally friendly. A cost analysis has been performed on this project. While there are no anticipated savings or cost avoidance anticipated, the operational cost savings realized by installing new energy efficient A/C units will help defray the cost of the unit and the savings in lost work hours will more than compensate for the cost of the increased reliability. The impact of not making this investment will dramatically increase system failures over time and consequently diminish the availability of all of the SPAWAR System Center Command and Intelligence Systems Division Philadelphia labs resulting in lost work hours and risk to testing schedules.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)				FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011					
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#001 - Non-ADPE and Telecommunications / Productivity Capabilities						SPAWAR Systems Centers		
	FY 2010			**FY 2011**			**FY 2012**		
Non-ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Productivity	1	$ 1,415	$ 1,415	1	$ 1,300	$ 1,300			
Total	1	$ 1,415	$ 1,415	1	$ 1,300	$ 1,300			

Justification:

Non-ADPE and Telecommunications:

PRODUCTIVITY

The FY 2010 project involves the design and build of a cooling system for cooling capability with diesel backup in case of a power loss in SSC Pacific's Data Center. Any outage could cause servers, network equipment, and disk drives to fail due to overheating. The "**Data Center Modernization, Building 1 Chiller Upgrade**" project would provide an environment that would utilize the existing building cooling capabilities unless there was an outage in the building cooling system. Then, an independent system within the data center would energize and be maintained by diesel power until cooling was restored to the building. A cost analysis has been performed. Although cost savings are not envisioned as a result of this project, cost avoidance may occur. If this project is not implemented, loss of service would occur since equipment would need to be turned off if the building cooling system was compromised. This would necessitate system administrators taking down and restarting applications after cooling was restored. The minimum outage would be approximately 4 hours due to the number of servers that would need to be restarted, but unexpected failures would extend this outage time.

The Enterprise Engineering and Certification (E2C) Laboratory, Building 606 is the physical enabler providing a distributed test environment via robust connectivity to remote test sites performing complementary work. The result is an environment that facilitates distributed development, integration, and testing which allows for parallel development and integration between remote sites with the end result being less time required to field new capabilities. This development and test process requires on-demand connectivity which is directly dependent upon uninterrupted power. The FY 2011 "**Enterprise Engineering and Certification (E2C) Laboratory Back-Up Power Generation Plant, Building 606**" project will provide a backup power source for the E2C lab and serve as a form of insurance that can save thousands of dollars in lost productivity and schedule slippage. An econonmic analysis has been performed for this project. There are no anticipated savings or cost avoidance. However, there is a potential for cost savings if the uninterrupted power supply ensures coverage for the duration of an outage, depending on the number of test events that occur, and the impact on remote sites participating in the test and development process. An indirect cost savings could also be realized through additional business opportunities gained. The E2C lab, Building 606 is an integral component supporting the Center's ability to successfully meet its mission. Power failures during critical testing will have a direct impact on schedule and ship readiness. Failure to capitalize on this opportunity will negatively impact SSC Pacific's ability to guarantee on-demand availability of our facilities to provide test and exercise support.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)				FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011					
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#001 - Non-ADPE and Telecommunications / New Mission Capabilities						SPAWAR Systems Centers		
	FY 2010			**FY 2011**			**FY 2012**		
Non-ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
New Mission	2	$ 606	$ 1,211				1	$ 760	$ 760
Total	2	$ 606	$ 1,211				1	$ 760	$ 760

Justification:

Non-ADPE and Telecommunications:

NEW MISSION

All equipment will provide new mission capabilities. No equipment currently exists that support the necessary mission capability.

This investment involves two projects in FY 2010 and one in FY 2012.

The first project in FY 2010, "**Building 198 Uninterruptable Power Supply (UPS) and Emergency Power Generator**", provides new capability and capacity to support current and projected growth. The work conducted in building 198 includes research, development, prototyping, integration, testing, and evaluation of electronic equipment and systems. The overhead power distribution system on the base is old and susceptible to power fluctuations and outages. These anomalies have an adverse impact on execution of work, negatively affect the performance of sensitive electronics, and are a major disruption during testing and evaluation cycles. The UPS will be placed on the existing building emergency generation system and will address the power voltage fluctuations and outages. A cost analysis has been performed. While there is no cost savings in acquiring the Bldg 198 UPS, there is a potential cost avoidance of approximately $540,000 per annum should a power failure occur. Power failures during critical testing will have a direct impact on schedule and ship readiness. Failure to capitalize on this opportunity will negatively impact SSC Atlantic's ability to guarantee on-demand availability of the facilities to provide support and will hinder the ability to support the current and projected mission growth.

The second project in FY 2010, "**Chiller Installation, Building 50**" installs a single 100 ton air cooled chiller, pumps, controls and electrical panels and constructs a new mechanical enclosure to house it which will allow increased Heating, Ventilation and Air Conditioning (HVAC) of our equipment. The current HVAC can only support existing personnel and associated computing needs and this investment will address projected future mission growth to accommodate additional lab equipment and prevent equipment failure due to overheating. A cost analysis has been performed for this project. There are no anticipated savings or cost avoidance. This is an upgrade to address adequate Heating, Ventilation and Air Conditioning to provide cooling for laboratory equipment requirements. Without this project, the lack of adequate HVAC to provide cooling for laboratory equipment requirements will limit the use of Building 50 and restrict the function to only providing personnel space. Additionally, future projected mission growth in laboratory equipment will not be supported.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#001 - Non-ADPE and Telecommunications / New Mission Capabilities	SPAWAR Systems Centers

Non-ADPE and Telecommunications:

NEW MISSION (Cont.)

The project in FY 2012, "**Building 12 Uninterruptable Power Supply (UPS)**", would provide standby technical “no break” power for Building 12 laboratories and enterprise IT infrastructure in support of a vast array of afloat/ashore secure voice, tactical switching, and net-centric C4ISR transport and IT network systems including Program of Record (POR) legacy/extant terrestrial and satellite C4ISR systems and subsystems. Building 12 is the central communications hub for SPAWAR Atlantic enterprise C4ISR secure voice and data including associated networks, transport and net-centric IT systems, peripherals, and ancillaries and serves as the Single Point of Contact (SPOC) for all United States Navy Defense Red Switch Network (DRSN) nodes worldwide. Building 12 labs also support other DoD agencies, Space Shuttle Operations and Department of Homeland Security operations. A cost analysis has been performed. While there is no cost savings in acquiring the Bldg 12 UPS, there is a potential cost avoidance of approximately $540,000 per annum should a power failure occur. Power failures will result in a loss of productivity, causing a significant negative impact to SPAWAR's support posture to the warfighter. Failure to capitalize on this opportunity will negatively impact SSC Atlantic's ability to guarantee on-demand availability of the facilities to provide support.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)				FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011					
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#002 - ADPE and Telecommunications (Projects <$1 Million)						SPAWAR Systems Centers		
	FY 2010			**FY 2011**			**FY 2012**		
ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)	4	$ 399	$ 1,594	3	$ 461	$ 1,384	3	$ 417	$ 1,250
Computer Software (Operating System)									
Telecommunications									
Other Computer & Telecommunications Spt Equipment									
Total	4	$ 399	$ 1,594	3	$ 461	$ 1,384	3	$ 417	$ 1,250

Justification:

ADPE and Telecommunications Equipment:

Computer Hardware (Production):

This investment includes four projects in FY 2010, three projects in FY 2011, and three projects in FY 2012.

There is an "**RDT&E Network Upgrade**" and "**Database Engine Upgrade & License for Cluster**" project in each of the three years. In addition, FY 2010 and FY 2011 both include a "**Data Center Shared Services Environment**" project. FY 2010 also includes an "**Enterprise, Engineering, and Certification Video Teleconferencing System**" and FY 2012 includes a "**Guam Facility Intrusion Detection System, Building 4175**" project which will provide new capability.

The "**Database Engine Upgrade & License for Cluster**" project in its current capability has limited memory capacity resulting in degraded through-put for database queries. The current servers are nearing the end of their service life and backup capability is unable to keep up with current data storage needs. The Database Engine Upgrade & License for Cluster needs memory and processor upgrades which will enhance system performance and provide additional storage, backup capability, and associated licenses. Database tuning software will analyze and correct inefficient user queries in real-time, resulting in increased performance. Increased performance, along with state of the art "GREEN" technology will result in reduced power requirements and HVAC requirements. A cost analysis has been performed. Estimated cost savings beginning in FY11 will be about $50K/yr which will be realized in lower power and cooling requirements and through an expanded customer base (i.e. lower cost per customer as the customer base increases). If the "**Database Engine Upgrade & License for Cluster**" project is not funded, it would result in continued limited memory capacity and degraded unit capability through-put for database queries.

The "**RDT&E Network Upgrade**" project currently provides a local area network for the laboratories of SSC Pacific as well as a high-speed connection to the Defense Research and Engineering Network (DREN) and Non-Classified Internet Protocol Router Network (NIPRNET) using both Transmission Control Protocol/Internet Protocol (TCP/IP) and Asynchronous Transfer Mode (ATM) protocols. The "**RDT&E Network Upgrade**" project in FY 2010, FY 2011 and FY2012 will provide a technology refresh that will allow the network to continue operations and support future needs. A cost analysis has been performed. There will be no cost savings; however this project iis expected to increase productivity. Without this upgrade, portions of the current RDT&E Network architecture will not support the future networking needs of the Research, Development, and in-service engineering communities at SPAWAR.

In FY 2010 and FY 2011 the "**Data Center Shared Services Environment**" will procure additional equipment and provide additional computing capability to support business growth of the Navy Data Center (NDC) as more Cyber Asset Reduction and Security (CARS) cases come in to the data center. A cost analysis has been performed. There are no anticipated cost savings for the "Data Center Shared Services Environment". However, utilizing the initial environment, the service center should be self sustaining in the out years. The NDC and hosting systems were established to be in compliance with CNO's directive to reduce Navy IT infrastructure. The NDC has a diverse customer base. The NDC will be impacted by the anticipated increases in Cyber Asset Reduction and Security (CARS) cases, and must also provide Continuity Of Operations (COOP) capability to all of its customers operational applications. Without this procurement, the ability to serve Navy customers will be severely limited.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#002 - ADPE and Telecommunications Capabilities (Projects <$1 Million)	SPAWAR Systems Center

ADPE and Telecommunications Equipment: (Cont.)

The current video teleconferencing system is a very low end point-to-point system that does not possess the technology requirements to achieve the advanced collaborative environment required with multiple research facilities at the same time. The technology within the current system does not allow for the display and transmission of advanced graphic packages for the in-depth discussion of research topics to support laboratory mission requirements. The "**Enterprise, Engineering, & Certification Video Teleconferencing System**" project will provide the capability to display systems that are being tested, such as the Global Command and Control System - Maritime (GCCS-M), in real-time and to display real-time network statistics. It will also allow video teleconferences to be conducted between activities supported by video feeds from the Enterprise, Engineering and Certification Laboratory. A cost analysis has been performed. There will be no cost savings; however this project is expected to increase productivity. Without this procurement, SPAWAR will be unable to achieve the level of collaboration necessary to support laboratory mission requirements.

In FY 2012, the "**Guam Facility Intrusion Detection System, Building 4175**" will procure IT and peripheral equipment and capabilities (intrusion detection and access control systems) to accomodate additional employees and equipment . The facility was a former elementary school, and lacks the access control capabilities required for operations. This investment will support the additional personnel growth required for the upcoming military build-up on Guam. A cost analysis has been performed. There are no anticipated savings or cost avoidance. This is vital to support the growth of personnel required to position the Guam Facility as the leading execution arm of any C4ISR projects on Guam in support of the military build-up. If the "**Guam Intrusion Detection System, Building 4175**" is not funded the Guam facility will not be able to support the required personnel needed to support the military build-up.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011								
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#002 - ADPE and Telecommunications (Projects = or > $1 Million)						SPAWAR Systems Centers			
	FY 2010			**FY 2011**			**FY 2012**			
ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	
Computer Hardware (Production) **Other Computer & Telecommunications Spt Equipment**	1	$ 1,471	$ 1,471	1	$ 1,290	$ 1,290				
Total	1	$ 1,471	$ 1,471	1	$ 1,290	$ 1,290				

Justification:

ADPE and Telecommunications Equipment:

Other Computer & Telecommunications Spt Equipment:
This investment includes one project in FY 2010 and one project in FY 2011.

The current equipment that the "**Online Disk Filer System**" and the "**Disk Based Data Backup/Recovery Filer System**" projects will replace and upgrade supportsvirtual hosting systems for Windows, Linux, and Solaris Operation Systems. The current equipment is used daily across all SPAWAR users, sponsors and functions. SPAWAR has established a Collaboration Solutions Environment (CSE), which includes virtual hosting systems to support the Windows, Linux, and Solaris Operation Systems. The "**Online Disk Filer System**" will provide a clustered disk based subsystem providing storage for all virtual servers and load balancers to provide a highly fault tolerant hosting system. The "**Disk Based Data Backup/Recovery Filer System**" would provide data backup for all production and development virtual servers and an offsite disaster recovery disk subsystem for corporate production data. The cost savings for the "**Online Disk Filer System**" is approximately $243 thousand per year for FY 2011 through FY 2015. The cost savings for the "**Disk Based Data Backup/Recovery Filer System**" are $118 thousand per year for FY 2012 to FY 2016. If the "**Online Disk Filer System**" were deconstructed, it would equate to greater than 40 independent servers and 40 stand alone disk subsystems. If the "**Disk Based Data Backup/Recovery Filer System**" were deconstructed, it would equate to greater than 20 independent servers, 20 stand alone disk subsystems, numerous stand alone data backup subsystems and the inability to provide a corporate offsite disaster recovery solution. The stand alone systems would be much less fault tolerant, be less secure and consume much more power and floor space. The stand alone systems would require 10 times the system administrative support than the CSE system currently requires. Numerous Information Assurance (IA) documents would be required for the independent systems over the single CSE IA System Security Aproval authority (SSAA). The existing equipment is approaching end of life and will become un-maintainable by local system administrators or commercial vendor support.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011	
Department of the Navy / Research and Development / Naval Surface Warfare Center	#003 - Software (Projects < $1 Million)		SPAWAR Systems Centers

	FY 2010			FY 2011			FY 2012		
Software	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Interface Performance and Application Conversions and Extensions for Navy ERP	1	$ 683	$ 683						
Science and Technology Reinvention Laboratory (STRL) Personnel Management System	2	$ 350	$ 700						
TOTAL	3	$ 461	$ 1,383						

Justification:

Software:

One of the FY 2010 projects proposes an "**Interface Performance and Application Conversion for Navy ERP**". This project represents a solution for mission critical services to be provided to users through a more flexible and controlled environment, with all updated data and Reports/Interfaces/Conversions/Extensions (RICE) modifications or improvements. SSC-Atlantic will transition to the approved and mandated standard systems and will work directly with RICE sub-team of the ERP Program's Technical and Business Process Teams with regard to all site related RICE issues. SSC-Atlantic will develop interfaces with Virtual Systems Command representatives to determine Navy enterprise strategy for archiving, legacy data retention and retrieval requirements, architecture and strategy along with the lead site team's resources with regard to validating site reporting requirements, data conversions, system interfaces and any required extensions to ERP solution. This project will develop software tools and interfaces to Commercial off the Shelf (COTS) Bolt-on applications that interface with the Navy ERP system, such as Primavera or Artemis. These products are generally accepted bolt-on COTS products that complete the SAP application environment to achieve comprehensive project management, not otherwise provided in the native SAP application. The data and RICE modifications/improvements provided by the Interface Performance and Application Conversion for Navy ERP project are vital to complete mission critical services.

Initiatives began in FY 2008 in preparation for Navy ERP and continue into FY 2010. A spiral development is not applicable for these software projects. A cost analysis has been performed for this projects. Cost savings are not expected in the near term. Projects will be externally developed and license fees are not applicable.

The other FY 2010 project, the "**Science and Technology Reinvention Laboratory (STRL) Personnel Management System**" will replace the National Security Personnel System (NSPS) which is required to be terminated not later than January 1, 2012. This new personnel management software tool will afford the opportunity and capabilities to assit with the career growth of employees. Supervisors will be able to record results of their employees performance as well as recognize talent by compensating them for their efforts in achieving organizational goals. A cost analysis has been performed. There are no savings or cost avoidance expected with this investment. This system will be implemented to prevent a functional shortfall when NSPS is terminated. This software tool will be developed internally by SSC Pacific personnel and license fees are not applicable. The estimated system delivery date is April 2011. There is to be no spiral development. This will be a stand alone system for each center, and will be capable of both implementation and sustainment.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011	
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#004 - Minor Construction		SPAWAR Systems Centers

	FY 2010			FY 2011			FY 2012		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	1	$ 1,076	$ 1,076						
Productivity	3	$ 831	$ 2,493	5	$ 657	$ 3,287	5	$ 893	$ 4,464
New Mission	1	$ 701	$ 701	7	$ 1,069	$ 7,480	4	$ 1,758	$ 7,033
Environmental				1	$ 1,140	$ 1,140			
Total	5	$ 854	$ 4,270	13	$ 916	$ 11,907	9	$ 1,277	$ 11,497

Justification:

Minor Construction:
No project described herein exceeds the current Mlitary Construction (MILCON) threshold.
All projects are within the $2 million threshold for minor construction afforded by the Defense Lab oratory Revitalization Act.

REPLACEMENT
The existing "**San Clemente Island Storage Facility**" currently houses tools and non-diver life support equipment for on-site repairs to project equipment and various vehicles. The current floor space, overhead clearance and protection from the elements are inadequate to conduct current mission tasks efficiently. Construction of a new "**San Clemente Island Storage Facility**" will greatly increase mission capability and eliminate logistical complications by providing secure storage for vehicles, equipment, instruments and tools. Additionally, it will provide shop space and equipment rooms with adequate floor space and overhead clearance to enhance technician ability to work on project tasks. A new facility will also provide on-site storage for a dive boat and trailer, diver emergency vehicle and swimmer safety boats. It will provide adequate lighting, power supply, and protection from the elements for technicians and project managers. The proposed facility will also include a restroom facility and showers for civilian research divers to change out and re-warm after diving operations. It will provide a much needed meeting/conference area with computer drops and VTC capability which will greatly enhance project manager ability to communicate project results, discuss and implement changes in real time. An economic analysis has been performed. There are no estimated savings or cost avoidance due to the replacement nature of this project. This is necessary to bring the existing facility up to current building code standards and required functionality. If the project is not funded, the existing facility will be condemned and eventually demolished leaving equipment and project materials unsecure and exposed to the environment during project operations. The loss of this facility will create additional logistical problems by requiring materials and equipment to be moved to and from the project area on a daily basis. Project managers will also have to arrange to “borrow” space from other codes for secure storage at San Clemente Island.

PRODUCTIVITY
These investments involve three projects in FY 2010, five in FY 2011, and five in FY 2012.

The majority of projects requested are due to SPAWAR's growth and/or to support technical requirements that are restricted in current facilities. The proposed projects will add fully functional spaces to support the type of advanced technology work done at the SSC's. The additions will also support growth in programs across the Center allowing more rapid response to requirements and reducing safety concerns. Teams will be able to be co-located which will allow improved interaction within the team and more efficient use of equipment and personnel. Cost analyses have been performed for all projects. These projects are intended to increase productivity rather than reduce cost so there is no cost savings projected. If these projects are not funded, and space is not available, the Navy will lose the capability of providing needed support to DoD customers, jeopardizing mission performance and mission capabilities that could be available to the war fighter. If the project to improve NOTS Pier is not funded, the inefficient, cumbersome and risky procedures for vessel-to-pier transfers of personnel and equipment will continue.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#004 - Minor Construction	SPAWAR Systems Centers

Minor Construction: (Cont.)

The "**Joint Communication Integrated Facility (JCIF) Improvements, OTC2**" **(FY10)** construction will allow for additional labortory equipment in existing spaces and will result in better floor layout for improved efficiency and use of HVAC and power. The project will leverage existing infrastructure, augment current capabilities and will provide space for test engineering personnel to operate in a collaborative environment.

The "**Building A-33 Cafeteria Renovation**" **(FY10)** project will result in improvements to space layout which will eliminate traffic flow problems. Further, the cooking spaces do not meet health standards and do not contain required safety features. Washing and cooking areas are not separated despite regulatory code. This renovation will alleviate the health and safety concerns and improve dry storage and efficiency.

The "**Atmospheric Propagation Lab**" **(FY10)** project will construct a new building in the vicinity of Bldg A323. Currently, the Atmospheric Propagation Branch resides in a building that lacks adequate space for the required workforce. It is imperative that the new labortory space be located adjacent to the current permanent building since the building's proximity to the sea surface renders it ideal for studying the ocean-atmosphere interface which is the core focus of all activities of the Atmospheric Propagation Branch.

The addition of the "**Old Town Campus Building 1 Mezzanines**" **(FY11)** will allow the Special Projects and Survey Systems Branch to provide increased space with a greatly improved working environment for engineers and technicians to assemble, test, troubleshoot, repair, stage, and deploy systems to various customers within SSC Pacific. Benefits include convertsion of existing square footage previously used as lab space to more productive and useful office space.

The "**Intelligence Surveillance Reconnaissance (ISR) Collaboration Facility**" **(FY11)** has adequate square footage as a lab but currently does not provide this space as usable office space nor is the current configuration efficient and productive. The proposal would convert this lab space into office space.

The "**Building 600 Cafeteria Renovation**" **(FY11)** project will result in improvements to space layout which will eliminate traffic flow problems. Also, the cooking spaces do not meet health standards and do not contain required safety features. Washing and cooking areas are not separated despite regulatory code. This renovation will alleviate the health and safety concerns and improve dry storage and efficiency.

The "**Building 1 Cafeteria Renovation**" **(FY11)** project will result in improvements to space layout which will eliminate traffic flow problems. Also, the cooking spaces do not meet health standards and do not contain required safety features. Washing and cooking areas are not separated despite regulatory code. This renovation will alleviate the health and safety concerns and improve dry storage and efficiency.

The primary benefit of the "**Naval Ordinance Test Station (NOTS) Pier Improvements**" **(FY11)** is that it will provide a safe mooring for a large vessel at the pier and safe personnel and equipment transfer to/from the vessel to/from the pier. This will benefit the customer by allowing work to be completed safely and allow the pier to operate more effectively.

The "**C4ISR Satellite Facility Guam Renovation, Building 4175**" **(FY12)** will assist in the effort to accomodate the Military build-up on Guam that will take place from FY10 though FY15. Personnel are being hired to support various projects to build C4ISR infrastructure. The effort will allow SPAWARSYSFAC PAC Guam Facility to continue to serve as the premier C4ISR enabler on Guam.

The benefits from the "**Intelligence Operations Lab, Seaside**" **(FY12)** capital investment would be providing office space in close proximity to the lab facilities and the prevention of overcrowding among increased personnel. This additional space would allow for another conference room and areas to brief prospective and current sponsors. The co-location of office space with lab space would allow people working in the lab to have office space in close proximity to their work location. This would allow consolidating individuals working these projects into a group, which would allow the reuse of existing office space to accommodate the expected growth in the department over the next several of years.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#004 - Minor Construction	SPAWAR Systems Centers

Minor Construction: **(Cont.)**

The "**Total Workforce Management Support Facility" (FY12)** project will renovate the facility to support consolidation of Code 81 Total Workforce Management, New Professional (NP) workforce, and provide workspace for staff/support code personnel. The facility will be renovated to support the specific needs of SSC Pacific's mission of providing fleet support and advancements in technologies.

The "**C4ISR Main Facility Renovation" (FY12)** will include converting existing square footage previously used for shipping and receiving functions to usable office space. This investment would benefit management and personnel with the much needed office space and conference room space.

The "**Construct 2nd Floor Addition, Bldg 588" (FY12)** project will construct a second floor for Building 588 to provide additional office space for Code 56380 personnel to accomplish planned additional tasks for the PEO-C4I PMW-120 Sponsor. The proposed additional floor will provide 8 office spaces which will accommodate the expected 12 additional personnel at and allow for up to 4 personnel to be relocated from other buildings to allow that space to be converted to additional laboratory, testing and assembly spaces to meet the additional work requirements.

NEW MISSION

No existing facilities currently support the necessary new mission capability.

The minor construction projects outlined below provide additional production capacity and capability to meet the commitments made to our customers as well as an enhanced security posture for one of our building complexes. Lack of production capacity would expose the command to schedule risk, raise production costs, and reduce our credibility to customers. Failure to upgrade our facility security to DoD Minimum Antiterrorism Standards for Buildings could expose SPAWAR's personnel and property to the risk of terrorist attack. A cost analysis has been performed and estimated savings/cost avoidance for the projects over the cost benefit period are minimal.

These investments involve one project in FY 2010, seven in FY 2011, and four in FY12.

The "**Bldg 3406 Addition" (FY10)** project will provide facilities for information technology assets, integration and testing spaces, and sensitive compartment information handling and storage. The project will support anticipated work growth from multiple DoD agencies with a specific increase in classified application development and testing.

The "**North Yard Security Upgrade" (FY11)** project will greatly enhance the security posture of a complex of buildings at the former Charleston (SC) Naval Base and Shipyard sites with the objective of meeting the unified facility criteria for DoD Minimum Antiterrorism Standards for Buildings. The complex currently has no defined perimeter or security protection normally provided by a naval base or shipyard.

"**Modernize Labs BLDG 172 St Juliens" (FY11)** will expand mission areas by providing additional lab space that will match expanding workload and technical requirements for both employees and customers. Additional lab space provided will enhance personnel interoperability as well as provide optimal fleet support. Improving this capability will significantly improve warfighter responsiveness and contiguous interoperability between SPAWAR and its vital customers. Building 172 currently lacks the lab space required to enhance SPAWAR's current operational posture.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#004 - Minor Construction	SPAWAR Systems Centers

Minor Construction: **(Cont.)**

"Command and Emergency Response Center" (FY11) will provide the capability necessary to monitor SPAWAR infrastructure to determine the state of readiness from a centralized facility. Response Center will collocate an emergency response capability with the command center to provide a single location to coordinate recovery efforts. Response Center will aid SPAWAR in the state of readiness against events such as hurricanes, workplace violence, and acts of terrorism. Providing this level of situational awareness will maintain SPAWAR business continuity with its employees and customers. The facility will be provided with backup services and equipment.

"Upgrade BLDG 1621 from Warehouse to Production Facility" (FY11) will provide a capable work area for the SSC Atlantic C4ISR Acquisition Engineering & Integration (CAEI) Department. Building 1621 will be renovated and remodeled into 18 cubicles, a conference room, and two lavatories. CAEI will utilize this space for project engineers, financial analysts, and security personnel and also as a conference location.

"Medical Programs Facility" (FY11) will provide a capable work area for personnel, which support multiple medical programs. Due to signnificant growth, support personnel have been moved off-site due to insufficient facility resourses impacting execution and team cohesiveness.

"**North Yard Integration Lab Space**" **(FY11)** will provide additional capability for the C4I efforts. Current workload projections indicate the capability of Bldg 1648 will be exceeded by FY 2012. This project will increase the integration and test capability of Bldg 1648 by approximately 5,000 square feet by expanding the footprint of the building and enclosing an existing unused portion of the building. This workload increase is driven by DoN shipbuilding policy initiatives designed to assure fleet interoperability and reduce the cost of life cycle sustainment efforts by shifting away for unique Lead Systems Integrator solutions based on Contractor Furnished equipment to Program of Record, Government Furnished equipment.

"**Bldg 166 Lab Expansion**" **(FY11)** will provide expansion to existing laboratories in Bldg 166 located at St. Juliens Creek Annex. This facility provides support for a vast array of shipboard and shore net-centric C4SIR transport and IT network systems including Program of Record legacy/extant terrestrial and satellite C4ISR systems. Bldg 166 is the central communications hub for SPAWAR SSC Atlantic enterprise for C4ISR transport and net-centric IT systems, peripherals, and ancillaries and affords an integrated capability and connectivity between all administrative and technical facilities located at the St. Juliens Creek Annex and support facility.

"Building 3146 HVAC & Power Improvements" (FY12) will provide Heating, Ventilation and Air Conditioning (HVAC) capacity to support new mission activities. SSC Atlantic has been designated as a lead for PEO-C4I emerging capability known as Enterprise Engineering and Certification (E2C). Building 3146 and the existing / future Program of Record (PoR) assets within it are core elements that will make up the E2C environment . Consolidated Afloat Networks and Enterprise Services (CANES) is one of the main PoR systems driving this requirement. A total of 500KVA of power and 150 tons of cooling is required to accomodate this emerging requirement.

"Wireless Data and Network Lab" (FY12) SPAWAR Atlantic Wireless Data and Network Lab is currently located in Bldg 3450 which has insufficient space to develop, mockup, test, and demonstrate new systems or major changes to existing systems. This project will provide adequate lab space, office space for personnel, and conference room space.

"Cyber Warfare, Exploitation & Information Dominance Lab" (FY12) In order to support the President's Comprehensive National Cyber Security Initiative (CNCI) of Leap-Ahead Security Technologies, SSC Atlantic is establishing a Cyber Warfare, Exploitation and Information Dominance (CWEID) lab. The lab space will be shared by both the Structured Holistic Attack Research Computer Network (SHARCNet) and the Supply Chain Risk Management (SCRM) Test lab. The network architecture requires a tremendous amount of support infrastructure, internet connectivity, and laboratory space.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#004 - Minor Construction	SPAWAR Systems Centers

Minor Construction: **(Cont.)**

"Radio Frequency (RF) Communication Sensitive Compartmented Information Facility (SCIF) / SAP Lab" (FY12) Complex D is the main area for RF Communications engineering in SPAWAR Atlantic supporting several cutomers including: Program Executive Office (PEO) Command, Control, Communications, Computers and Intelligence (C4I), PEO Space Systems, and Operationally Responsvie Space Office (ORS). Due to the nature of the work for these customers, some of the tasking requires a Sensitive Compartment Information Facility (SCIF). However, Complex D does not have a SCIF or SAP. Adding a SCIF and SAP building in Complex D provides an increased capability and improves work efficiency to support existing customers' tasks and emergent tasking in communications and space systems. Tasking supported in the new SCIF/SAP lab building will include systems engineering, integration, test and evaluation.

ENVIRONMENTAL

The **"Antenna Ground Plane Replacement" (FY10)** will remove and dispose of the lead ground plane at the Model Range and replace it with a layer of conductive concrete. The Antenna Pattern Range is used to measure the radiation patterns of antennas on scale models of Navy ships. Since 1982, there have been no refurbishments of the ground plane and the lead surface is deteriorating causing contamination to the surrounding soil. Cost avoidance will occur of costs for Hazardous Material (HAZMAT) abatement for the lead contamination as well as costs to maintain the existing ground plane. The new ground plane would require little or no maintenance. If the current lead ground plane is not replaced it will continue to erode and contaminate the surrounding landscape and future clean-ups would be required at substantial costs.

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

Projects in the FY 2011 President's Budget

	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
FY 2011						
Equipment (Non-ADPE)	0.000	1.960	1.960	1.960	0.000	
Equipment (ADPE)	2.674	0.000	2.674	2.674	0.000	
Software Development	0.000	0.000	0.000	0.000	0.000	
Minor Construction	13.867	(1.960)	11.907	11.907	0.000	
Total FY 2011	**16.541**	**0.000**	**16.541**	**16.541**	**0.000**	
Non-ADP Equipment >= $.250M	**0.000**	**1.960**	**1.960**	**1.960**	**0.000**	**Added the Enterprise Certification and Engineering (E2C) Laboratory Back-Up Power Generation Plant, Building 605 and Back-Up Power and Air Conditioning Units, Data Center, Philadelphia**
ADPE and telecommunications resources >= $.250M	**2.674**	**0.000**	**2.674**	**2.674**	**0.000**	**No change**
Software Development >= $.250M	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**No change**
Minor Construction (>= $.100M and < = $.750M)	**13.867**	**(1.960)**	**11.907**	**11.907**	**0.000**	**Reflects reprioritization of minor construction requirements based on Systems Centers' needs.**

TAB 7 - Naval Research Laboratory

Back of Tab

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Mission Statement / Overview:

The Naval Research Laboratory (NRL), the Navy's single, integrated corporate laboratory, provides the Navy with a broad foundation of in-house expertise from scientific through advanced development activity. Specific leadership responsibilities are assigned in the following areas: primary in-house research in the physical, engineering, space, and environmental sciences; broadly based exploratory and advanced development program in response to identified and anticipated Navy and Marine Corps needs; broad multidisciplinary support to the Naval Warfare Centers; and space systems technology development and support.

NRL operates as the Navy's full-spectrum corporate laboratory, conducting a broadly based multidisciplinary program of scientific research and advanced technological development directed toward maritime applications of new and improved materials, techniques, equipment, systems and ocean, atmospheric, and space sciences and related technologies. In fulfillment of this mission, NRL initiates and conducts broad scientific research of a basic and long-range nature in scientific areas of interest to the Navy; conducts exploratory and advanced technological development deriving from or appropriate to the scientific program areas; develops prototype systems applicable to specific projects; assumes responsibility as the Navy's principal R&D activity in areas of unique professional competence upon designation from appropriate Navy or DoD authority; performs scientific research and development for other Navy activities and, where specifically qualified, for other agencies of the Department of Defense and, in defense-related efforts, for other Government agencies; serves as the lead Navy activity for space technology and space systems development and support; and serves as the lead Navy activity for mapping, charting, and geodesy marine chemistry & geochemistry research and development for the National Geospatial-Intelligence Agency.

Activity Group Composition:

In addition to its Washington, D.C. campus of about 131 acres and 87 main buildings, NRL maintains 14 other research sites, including a vessel for fire research and a Flight Squadron. The many diverse scientific and technological research and support facilities include a large facility located at the Stennis Space Center in Bay St. Louis, Mississippi, a facility at the Naval Support Activity, Monterey Bay in Monterey, California, the Chesapeake Bay Detachment in Maryland, and additional sites located in Maryland, Virginia, Alabama, and Florida.

The Scientific Development Squadron One (VXS-1), located aboard the Patuxent River Naval Air Station in Lexington Park, Maryland, operates and maintains three uniquely configured P-3 Orion and two RC-12 Huron turboprop aircraft as airborne research platforms for worldwide scientific research operations.

The Chesapeake Bay Detachment occupies a 168-acre site near Chesapeake Beach, Maryland, and provides facilities and support services for research in radar, electronic warfare, optical

devices, materials, communications, and fire rescue. Because of its location high above the Chesapeake Bay on the western shore, unique experiments can be performed in conjunction with the Tilghman Island site 16 km across the bay.

The NRL Stennis Space Center (NRL-SSC) is a tenant activity at NASA's Stennis Space Center. Other Navy tenants at the Stennis Space Center include the Naval Meteorology and Oceanography Command and the Naval Oceanographic Office, who are major operational users of the oceanographic and atmospheric research and development performed by the NRL. This unique concentration of operational and research oceanographies makes NRL-SSC the center of naval oceanography and the largest such grouping in the western world.

The Marine Meteorology Division at Monterey, California, a tenant activity of the Naval Support Activity, Monterey Bay, is collocated with the Fleet Numerical Meteorology and Oceanography Center to support development of numerical atmospheric prediction systems and related user products. This collocation allows easy access to a large vector classified supercomputer mainframe, providing real time as well as archived global atmospheric and oceanographic databases for research at Monterey and at other NRL locations.

Significant Changes Since the FY 2011 President's Budget:
There are no significant changes in the activity group composition since the FY 2011 President's Budget.

Financial Profile:

Revenue/Expense/NOR/AOR ($M)	**FY 2010**	**FY 2011**	**FY 2012**
Revenue	$689.1	$724.7	$732.7
Expense	690.8	727.3	744.7
Operating Results	-1.7	-2.7	-11.9
Other Changes Affecting AOR	-1.9	0.0	0.0
Accumulated Operating Results (AOR)	14.6	11.9	0.0

In order to ensure achievement of zero AOR in FY 2012, the correct computation of rates, and the proper resourcing of customer accounts, NWCF budget and manpower estimates have been updated from the FY 2011 President's Budget to reflect all known pricing and program/workload assumptions.

Revenue and Expense: The increases in revenue and expense from year to year are primarily due to increases in NRL's workforce profile and inflation.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Operating Results: The favorable Accumulated Operating Results (AOR) in FY 2010 and FY 2011 are primarily due to a higher average rate charged. The FY 2012 rate is established to achieve an end-of-year AOR of zero.

Collections/Disbursements/Outlays ($M)

	FY 2010	FY 2011	FY 2012
Collections	$703.1	$755.3	$734.0
Disbursements	679.8	760.6	741.9
Outlays	-23.3	5.3	7.9

Fluctuations in Net Outlays primarily reflect the timing of end-of-year billings and the impact of NOR, discussed above.

Workload:

Reimbursable Orders ($M)	FY 2010	FY 2011	FY 2012
Current Estimate	$683.6	$717.7	$717.8

Major NRL customers include the Office of Naval Research, the Naval Sea Systems Command, the Naval Air Systems Command, the Space and Naval Warfare Systems Command, the Defense Advanced Research Projects Agency, Naval Warfare Centers, the Army, the Air Force, other Navy and Department of Defense customers, the Department of Energy, the National Aeronautics and Space Administration, and the Department of Homeland Security.

Direct Labor Hours (000)	FY 2010	FY 2011	FY 2012
Current Estimate	2,831.2	2,883.4	2,913.5

A conservative and steady increase in the direct workforce is projected for FY 2010 through FY 2012. Increases in the direct workforce (scientists and engineers) recruiting and retention efforts will improve the capacity of NRL to bring the necessary expertise to bear on customers' technically challenging workload.

Performance Indicators:
The primary performance indicator is unit cost.

Unit Cost	FY 2010	FY 2011	FY 2012
Total Stabilized Cost ($M)	$402.0	$416.5	$429.9
Workload (DLHs) (000)	2,831.2	2,883.4	2,913.5
Unit cost (per DLH)	$141.99	$144.46	$147.54

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

The unit cost is a measurement of total direct labor and overhead costs per direct labor hour. The change in unit cost for FY 2010 through FY 2012 primarily reflects increased facility restoration/modernization costs and inflation, which are partially offset by the impact of increases in NRL's direct labor workforce profile. Other performance indicators are direct labor hours and NOR performance, discussed above.

Stabilized / Composite Rates	**FY 2010**	**FY 2011**	**FY 2012**
Stabilized Rate	$135.51	$143.52	$143.45
Change from Prior Year		+5.9%	-0.0%
Composite Rate Change		+3.9%	+0.6%

The Stabilized Rate consists of direct labor and applied overhead. Unique direct non-labor costs are billed on a reimbursable basis to the benefiting/requiring customer. The Composite Rate Change incorporates both the stabilized costs and the reimbursable costs. The FY 2012 rate increase is primarily due to increases in facility restoration/modernization, an increase in utilities costs due to a functional transfer of District of Columbia Water and Sewer Authority (DC WASA) billing from Naval District Washington (NDW) to NRL, and pricing/inflation adjustments.

Staffing:

Civilian/Military ES & Workyears	**FY 2010**	**FY 2011**	**FY 2012**
Civilian End Strength	2,435	2,485	2,520
Civilian Workyears (Straight Time)	2,372	2,385	2,410
Military End Strength	74	69	58
Military Workyears	69	69	58

Civilian Personnel: Civilian strength levels, measured by both end strength and full-time equivalents (FTEs), reflect an increasing workforce profile.

Military Personnel: The military personnel decrease in FY 2012 is primarily due to increased efficiencies in the utilization of Air Crewmen at NRL's Scientific Development Squadron One (VXS-1).

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Capital Investment Program (CIP) Budget Authority:

Capital Investment Program ($M)	**FY 2010**	**FY 2011**	**FY 2012**
Equipment, Non-ADPE / Telecom	$7.8	$9.0	$9.8
Equipment, ADPE / Telecom	2.5	2.6	1.7
Software Development	0.0	0.0	0.3
Minor Construction	2.8	2.0	2.0
Total	**13.1**	**13.6**	**13.7**

This CIP plan provides a modest investment level that allows NRL to acquire needed technology to maintain a state-of-the-art facility to fulfill science and technology mission areas supporting the DON, DoD, and related customer programs.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Carryover Compliance:

Carryover ($M)	**FY 2010**	**FY 2011**	**FY 2012**
New Orders	$683.6	$717.7	$717.8
Less Exclusions:			
Foreign Military Sales	2.3	1.0	1.0
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Departments & Agencies	56.6	70.7	71.8
Non-Federal Agencies & others	8.4	7.4	8.4
Major Range & Test Facility Base	0.0	0.0	0.0
Orders for Carryover Calculation	616.3	638.7	636.5
Composite Outlay Rate	55.0%	54.8%	54.8%
Carryover Ceiling Rate	45.0%	45.2%	45.2%
Carryover Ceiling	277.7	288.7	287.6
Balance of Customer Orders at Year End	271.3	264.4	249.4
Less Work-in-Process	0.2	0.2	0.2
Less Exclusions			
Foreign Military Sales	1.6	0.7	0.5
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Departments & Agencies	37.4	28.9	28.1
Non-Federal Agencies & Others	6.3	3.7	3.6
Major Range & Test Facility Base	0.0	0.0	0.0
Carryover Budget	225.8	231.0	217.0

Budgeted carryover is within the ceiling allowed via published outlay rates.

REVENUE AND EXPENSE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

	FY 2010	FY 2011	FY 2012
Revenue:			
Gross Sales			
Operations	671.1	708.7	716.2
Surcharges	-1.9	0.0	0.0
Depreciation excluding Major Construction	16.1	16.0	16.5
Other Income			
Total Income	689.1	724.7	732.7
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	4.0	4.4	3.8
Civilian Personnel	312.3	315.0	317.5
Travel and Transportation of Personnel	11.2	9.3	9.3
Material & Supplies (Internal Operations)	33.7	37.8	38.2
Equipment	28.9	26.2	26.6
Other Purchases from NWCF	13.3	15.2	15.4
Transportation of Things	0.9	1.5	1.5
Depreciation - Capital	16.1	16.0	16.5
Printing and Reproduction	0.2	0.1	0.1
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication & Utilities	24.9	27.9	31.1
Other Purchased Services	245.5	274.0	284.6
Total Expenses	690.8	727.3	744.7
Work in Process Adjustment	0.0	0.0	0.0
Comp Work for Activity Retention Adjustment	0.0	0.0	0.0
Cost of Goods Sold	690.8	727.3	744.7
Operating Result	-1.7	-2.7	-11.9
Less Surcharges	-1.9	0.0	0.0
Plus Appropriations Affecting NOR/AOR	0.0	0.0	0.0
Other Changes Affecting NOR/AOR	0.0	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Net Operating Result	-3.6	-2.7	-11.9
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Result	14.6	11.9	0.0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

	FY 2010	FY 2011	FY 2012
1. New Orders	683.6	717.7	717.8
a. Orders from DoD Components:	607.7	631.7	629.5
Department of the Navy	425.7	442.6	445.7
O & M, Navy	19.1	17.7	17.9
O & M, Marine Corps	0.7	0.8	0.3
O & M, Navy Reserve	0.0	0.0	0.0
O & M, Marine Corp Reserve	0.0	0.0	0.0
Aircraft Procurement, Navy	2.9	1.1	1.1
Weapons Procurement, Navy	0.1	0.2	0.2
Ammunition Procurement, Navy/MC	0.1	0.0	0.0
Shipbuilding & Conversion, Navy	0.6	1.4	1.4
Other Procurement, Navy	1.4	2.0	2.0
Procurement, Marine Corps	0.3	0.4	0.4
Family Housing, Navy/MC	0.0	0.0	0.0
Research, Dev., Test, & Eval., Navy	400.6	419.1	422.4
Military Construction, Navy	0.0	0.0	0.0
National Defense Sealift Fund	0.0	0.0	0.0
Other Navy Appropriations	0.0	0.0	0.0
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	23.0	10.0	9.8
Army Operation & Maintenance	9.2	0.5	0.5
Army Res, Dev, Test, Eval	4.8	5.1	5.1
Army Procurement	1.3	0.5	0.5
Army Other	7.7	3.9	3.7
Department of the Air Force	63.0	79.5	77.0
Air Force Operation & Maintenance	3.6	1.9	1.9
Air Force Res, Dev, Test, Eval	47.7	66.3	63.7
Air Force Procurement	11.7	11.3	11.3
Air Force Other	0.0	0.1	0.1
DOD Appropriation Accounts	96.0	99.4	97.0
Base Closure & Realignment	0.0	0.0	0.0
Operation & Maintenance Accounts	8.5	6.2	6.2
Res, Dev, Test & Eval Accounts	81.6	89.0	86.5
Procurement Accounts	4.2	2.8	2.8
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	1.7	1.5	1.5
b. Orders from other Fund Activity Groups	8.6	7.0	7.0
c. Total DoD	616.3	638.7	636.5
d. Other Orders:	67.3	79.1	81.2
Other Federal Agencies	56.6	70.7	71.8
Foreign Military Sales	2.3	1.0	1.0
Non Federal Agencies	8.4	7.4	8.4
2. Carry-In Orders	276.8	271.3	264.4
3. Total Gross Orders	960.4	989.0	982.1
a. Funded Carry-Over before Exclusions	271.3	264.4	249.4
b. Total Gross Sales	689.1	724.7	732.7
4. End of Year Work-In-Process (-)	-0.2	-0.2	-0.2
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-45.3	-33.2	-32.2
6. Net Funded Carryover	225.9	231.0	217.0

Note: Line 4 (End of Year WIP) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB.

CHANGES IN THE COST OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH & DEVELOPMENT
NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

	Cost of Goods Sold
FY 2010 Actual	**690.8**
FY 2011 Estimate in FY 2011 President's Budget:	**711.4**
Pricing Adjustments:	
Impact of Civilian Pay Freeze	-3.4
Program Changes:	
Increase in Capital Purchases Below the CIP Threshold	0.9
Increase in Facility Restoration/Modernization	4.3
Chesapeake Bay Detachment Restoration & Stabilization of Cliff/Seawall & Bulkhead	4.6
All Other Changes	9.5
FY 2011 Current Estimate:	**727.3**
Pricing Adjustments:	
Civilian Personnel Pay Raise	
Impact of 2011 Pay Raise	0.0
Annualization of Prior Year Pay Raise	0.0
Military Personnel Pay Raise	
Impact of 2011 Pay Raise	0.0
Annualization of Prior Year Pay Raise	0.0
General Purchase Inflation	5.3
Working Capital Fund	-0.2

CHANGES IN THE COST OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH & DEVELOPMENT
NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

	Cost of Goods Sold
Program Changes:	
Chesapeake Bay Detachment Restoration & Stabilization of Cliff/Seawall & Bulkhead	-4.4
Military Labor Costs	-0.6
Decrease in Capital Purchases Below the CIP Threshold	-0.2
Additional Depreciation Cost	0.5
Increase in Utilities (Functional Transfer from NDW for DC WASA Billing)	2.7
Scientist & Engineer Hiring and Retention	3.4
Increase in Facility Restoration/Modernization	10.9
Other Changes:	
Other	-0.3
FY 2012 Budget Estimate:	**744.4**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

		FY 2010		FY 2011		FY 2012	
Line #	**Description**	**Quantity**	**Total Cost**	**Quantity**	**Total Cost**	**Quantity**	**Total Cost**
001	Equipment Capabilities	**17**	**$7.776**	**19**	**$8.986**	**19**	**$9.779**
	- Replacement	0	$0.000	0	$0.000	4	$1.308
	- Productivity	2	$0.526	1	$0.450	2	$0.775
	- New Mission	15	$7.250	18	$8.536	13	$7.696
	- Environmental	0	$0.000	0	$0.000	0	$0.000
002	ADPE and Telecommunications Equipment Capabilities	**7**	**$2.499**	**3**	**$2.623**	**5**	**$1.670**
	- Computer Hardware (Production)	6	$1.962	3	$2.623	4	$1.350
	- Computer Software (Operating System)	0	$0.000	0	$0.000	1	$0.320
	- Telecommunications	1	$0.537	0	$0.000	0	$0.000
	- Oth Computer & Telecom Sup Equip.	0	$0.000	0	$0.000	0	$0.000
003	Software Development	**0**	**$0.000**	**0**	**$0.000**	**1**	**$0.285**
	Internally Developed	0	$0.000	0	$0.000	0	$0.000
	Externally Developed	0	$0.000	0	$0.000	1	$0.285
004	Minor Construction Capabilities	**4**	**$2.782**	**1**	**$2.000**	**1**	**$2.000**
	- Replacement	1	$1.612	1	$2.000	1	$2.000
	- Productivity	0	$0.000	0	$0.000	0	$0.000
	- New Mission	3	$1.170	0	$0.000	0	$0.000
	- Environmental	0	$0.000	0	$0.000	0	$0.000
	Grand Total	**28**	**$13.057**	**23**	**$13.609**	**26**	**$13.734**
	Total Capital Outlays		**$13.452**		**$13.609**		**$13.734**
	Total Depreciation Expense		**$16.073**		**$16.000**		**$16.500**

CAPITAL INVESTMENT JUSTIFICATION ($ in Millions)		FISCAL YEAR (FY) 2012 BUDGET ESTIMATES						
Department of the Navy / Research and Development Naval Research Laboratory February 2011		#001 - Equipment Replacement Capability						NRL Washington, DC
		FY 2010			**FY 2011**		**FY 2012**	
Equipment Capability		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	
Replacement								4	1.308		
Total								4	1.308		

Justification:

Non-ADPE Equipment:

As part of NRL's continued mission to remain at the forefront of research, development and technology, several investments in the replacement capability are scheduled for FY 2012. Replacement of aging and/or outdated equipment is necessary as the current equipment is becoming obsolete. The newly acquired equipment will support the areas of vacuum calibration, radio frequency measurement, data acquisition, and x-ray diffraction. The knowledge and capabilities gained from these investments will enable NRL to sufficiently meet research requirements for highly visible government programs. Pre-investment economic analyses were performed for all projects.

CAPITAL INVESTMENT JUSTIFICATION ($ in Millions)							FISCAL YEAR (FY) 2012 BUDGET ESTIMATES			
Department of the Navy / Research and Development Naval Research Laboratory February 2011	#001 - Equipment Productivity Capability									NRL Washington, DC
	FY 2010			**FY 2011**			**FY 2012**			
Equipment Capability	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	
Productivity	2		0.526	1		0.450	2		0.775	
Total	2		0.526	1		0.450	2		0.775	

Justification:

Non-ADPE Equipment:

Part of NRL's continued mission is to remain at the forefront of research, development and technology by improving the efficiency and effectiveness of its projects. Three investments in the productivity capability are scheduled for FY 2011 and FY 2012. In FY 2011, NRL will acquire a dielectric etch system which produces reactive ions and is used for fabrication and removing dielectric materials. Two projects in FY 2012 will enhance NRL's capability in the areas of aligned optical lithography and on-board spacecraft testing. Pre-investment economic analyses were performed for all projects.

CAPITAL INVESTMENT JUSTIFICATION ($ in Millions)							FISCAL YEAR (FY) 2012 BUDGET ESTIMATES		
Department of the Navy / Research and Development Naval Research Laboratory February 2011	#001 - Equipment New Mission Capability								NRL Washington, DC
	FY 2010			**FY 2011**			**FY 2012**		
Equipment Capability	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
New Mission	15		7.250	18		8.536	13		7.696
Total	15		7.250	18		8.536	13		7.696

Justification:

Non-ADPE Equipment:

Equipment acquisition in the new mission capability for FY 2011 and FY 2012 will preserve and enhance requirements to maintain a technologically advanced, state-of-the-art laboratory and are tied directly to NRL's science and technology mission. These include the "Central Target Simulator Millimeter–Wave (MMW) Enhancement" project which provides the Navy with the capability to perform closed-loop simulations at MMW frequencies for the purpose of investigating countermeasures and their effectiveness against threats. Additional investments for all years will be made in the following research areas: current, wave and wind measurement systems, analytical scanning transmissions, ionosphere diagnostics, distributed optical characterization, spectrosun solar simulation, and near field scanning optics. Pre-investment economic analyses were performed for all projects.

CAPITAL INVESTMENT JUSTIFICATION ($ in Millions)							FISCAL YEAR (FY) 2012 BUDGET ESTIMATES			
Department of the Navy / Research and Development Naval Research Laboratory February 2011	#002 - ADPE and Telecommunications Equipment Capabilities									NRL Washington, DC
	FY 2010			**FY 2011**			**FY 2012**			
Equipment Capability	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	
Computer Hardware (Production)	6		1.962	3		2.623	4		1.350	
Computer Software (Operating System)							1		0.320	
Telecommunications	1		0.537							
Other Computer & Telecommunications Spt Equipment										
Total	7		2.476	3		2.623	5		1.670	

Justification:

ADPE and Telecommunications Equipment:

Computer Hardware (Production)

Several investments in computer hardware (production) are proposed for FY 2011 and FY 2012. In FY 2011, NRL will invest in graphic processing united-based clusters which will facilitate the development and evaluation of high performance computing hardware, a high performance content storage and delivery system at each of NRL's locations to provide the environment to accomplish research in architecture and distributed scaling in data handling, and a high performance computing system that will include Message Passing Interface technology that is currently in use at DoD operational data processing sites. The proposed end results will improve NRL's functionality, performance, capacity, efficiency, security, standards compliance, manageability, and maintainability related to ongoing research and development efforts. Pre-investment economic analyses were performed for all projects. In FY 2012, NRL will upgrade existing computer assets and infrastructure capabilities related to data storage, data transport, increased computation, and security requirements. Additional investments in FY 2012 focus on a multiprocessor computer system with the capacities required for all NRL researchers to develop and test new techniques for manipulating geospatial and environmental datasets, an information systems storage area network supporting increased disk density and storage capacity and environmental datasets and a computational cluster which will facilitate development of new and innovative forecast systems. Pre-investment economic analyses were performed for all projects.

Computer Software (Operating System)

A single investment in computer software (operating system) is proposed for FY 2012 and focuses on an investment in a computer system supporting, analyzing and exploring issues associated with routing, managing and mandating network functionality as well as quality of service in a tactical battlefield. A pre-investment economic analysis was performed for this project.

CAPITAL INVESTMENT JUSTIFICATION ($ in Millions)		FISCAL YEAR (FY) 2012 BUDGET ESTIMATES					
Department of the Navy / Research and Development Naval Research Laboratory February 2011	#003 - Software Development						NRL Washington, DC
	FY 2010		**FY 2011**		**FY 2012**		
Equipment Capability	Quant	Unit Cost / Total Cost	Quant	Unit Cost / Total Cost	Quant	Unit Cost / Total Cost	
Internally Developed							
Externally Developed					1	0.285	
Total					1	0.285	

Justification:

Software:

A single investment in FY 2012 is planned in the externally developed capability. The "Communications Security Engineering and Development System" will be commercially developed software used by NRL researchers to support hardware engineering, software development, code analysis and hardware emulation. The system will perform research and development of high assurance cryptographic, guarding, information assurance enabling, and key distribution technologies. A pre-investment economic analysis was performed for this project.

CAPITAL INVESTMENT JUSTIFICATION ($ in Millions)							FISCAL YEAR (FY) 2012 BUDGET ESTIMATES			
Department of the Navy / Research and Development Naval Research Laboratory February 2011	#004 - Minor Construction Capabilities									NRL Washington, DC
	FY 2010			**FY 2011**			**FY 2012**			
Equipment Capability	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	
Replacement	1		1.612	1		2.000	1		2.000	
Productivity										
New Mission	3		1.170							
Environmental										
Total	4		2.380	1		2.000	1		2.000	

Justification:

Minor Construction:

Replacement

The FY 2011, Laboratory Revitalization Demonstration Program (LRDP) investment of $2M is for "Electronics Addition." This LRDP investment will reconstruct the current location to provide approximately 3,500 square feet of additional R&D space for electronics science and technology. This additional space will support functions related to advanced materials growth and characterization. A pre-investment economic analysis was performed for this investment.

The FY 2012, Laboratory Revitalization Demonstration Program (LRDP) investment of $2M is for "Power Electronics Addition." This LRDP investment will provide for approximately 7,800 square feet of additional space for electronics science and technology by expanding of one of NRL's buildings. Currently, the building cannot fully support the scientists and laboratories that are being relocated from another facility, which is scheduled for total renovation. A pre-investment economic analysis was performed for this investment.

DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATE
FEBRUARY 2011
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Approved Amount	Current Estimate	Asset / Deficiency	Explanation
2011	1	Non ADP		**$9.569**	**$8.986**	**$0.583**	
			Replacement	$0.000	$0.000	$0.000	
			Productivity	$1.123	$0.450	$0.673	
			New Mission	$8.446	$8.536	-$0.090	
	2	ADP					
				$2.973	**$2.623**	**$0.350**	
			Hardware	$2.973	$2.623	$0.350	
			Telecommunications Equip.	$0.000	$0.000	$0.000	
			Other Support Equip.	$0.000	$0.000	$0.000	
	3	Software					
				$0.000	**$0.000**	**$0.000**	
			ERP Licenses	$0.000	$0.000	$0.000	
			Software Projects < $1.000M	$0.000	$0.000	$0.000	
	4	Minor Construction					
				$2.000	**$2.000**	**$0.000**	
			Replacement	$2.000	$2.000	$0.000	
			Productivity	$0.000	$0.000	$0.000	
			New Mission	$0.000	$0.000	$0.000	
All	All	Total FY 2011					
			All	**$14.542**	**$13.609**	**$0.933**	Cancelled multiple projects to fund higher priority projects

TAB 8 - Military Sealift Command

Back of Tab

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
TRANSPORTATION-MILITARY SEALIFT COMMAND
NARRATIVE
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2010

Mission Statement / Overview

The Military Sealift Command (MSC) is the single manager-operating agency for sealift services. MSC operates as a Working Capital Fund (WCF) in two separate entities. This submission addresses MSC's Navy mission funded by the Navy Working Capital Fund (NWCF), providing support to the Fleet Commanders (FLTCOMs) and other DOD activities by providing unique vessels and programs. The second mission, providing sealift support for DOD cargoes in peacetime, is accomplished through the Transportation Working Capital Fund (TWCF) under the auspices of the US Transportation Command (TRANSCOM). Ship availability for MSC customers is the metric for evaluating mission performance in the sealift transportation business area.

Fuel purchases are one of MSC's largest expenses. As such any change in fuel prices will have an impact on MSC's cost of operations, cash balances, and eventually impact MSC customers through rate changes.

Efficiencies and Cost Reductions

The MSC's FY 2012 budget estimates reflect the impact of a number of efficiency efforts, overhead cuts, and other cost reductions to include: limiting sustainment costs to eighty percent of requirements, various energy conservation savings initiatives, and strategic sourcing. The impact of these efficiencies/cost reductions on current budget estimates is a reduction of $0.2 million in FY 2011 and FY 2012 and an additional $41.1 million in FY 2012, for cumulative savings of $41.3 million that was reapplied to the DON's force structure and modernization requirements.

Activity Group Composition:

MSC supports the Fleet Commanders for Pacific and Atlantic Fleets (Commander Pacific Fleet (COMPACFLT) and United States Fleet Forces Command (USFFC), the Naval Sea Systems Command (NAVSEA), the Space and Naval Warfare Systems Command (SPAWAR), the Strategic Systems Programs (DIRSSP), the US Air Force, and the National Defense Sealift Fund (NDSF) with unique vessels and programs. The Maritime Prepositioning Ships (MPS) Restructuring effort began in FY 2006. This effort is to balance sealift requirements with Navy-owned and chartered assets to effectively meet sealift demand including the purchase of MPS ships. One ship was purchased in FY 2010. All ships were procured with National Defense Sealift Fund (NDSF) resources.

The three programs budgeted through the NWCF are:

1. Naval Fleet Auxiliary Force (NFAF): Provides support utilizing civilian mariner manned non-combatant ships for material support and ocean going tugs.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
TRANSPORTATION-MILITARY SEALIFT COMMAND
NARRATIVE
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2010

2. Special Mission Ships (SMS): Provides unique seagoing platforms, operation of Navy Command Ships, and contracted Harbor Tugs.

3. Afloat Propositioning Force - Navy (APF-N): Deploys advance materiel for strategic lifts for the Marine Expeditionary Forces.

Significant Changes FY 2011 to FY 2012:

NFAF – A full year operating status for T-AKE 11 USNS WASHINGTON CHAMBERS will be executed, offset by the deactivation of T-AE 32 USNS FLINT, T-AE 35 USNS KISKA and T-AE 33 USNS SHASTA.

SMS – One TAGS-60 Class will be activated, offset by One TAGS-51 that will be deactivated. Workload is reduced by CNIC PORT OPERATIONS Contract Support.

APF-N– A full year of operation for T-AKE-12 USNS WILLIAM MCLEAN, T-AKE-13 EVERS and the activation of T-AKE-14 will occur. The T-AK 4396 MV MAJ BERNARD F. FISHER will not be activated as previously planned and the T-AK 5029 SS CAPE JACOB will be deactivated.

Financial Profile:

Revenue/Expense/NOR/AOR ($M)	**FY 2010**	**FY 2011**	**FY 2012**
Revenue	$2,699.8	$2,653.0	$2,734.4
Expense	$2,745.7	$2,732.9	$2,745.9
Operating Results	-$45.9	-$79.9	-$11.5
Accumulated Operating Results (AOR)	$91.5	$11.5	$0

In order to ensure achievement of zero AOR in FY 2012, the correct computation of rates, and the proper resourcing of customer accounts, NWCF budget and manpower estimates have been updated from the FY 2011 President's Budget to reflect all known pricing and program/workload assumptions.

Revenue and Expense: The changes in revenue and expense from year to year are primarily associated with the MPS restructuring.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
TRANSPORTATION-MILITARY SEALIFT COMMAND
NARRATIVE
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2010

Operating Results: The FY 2011 President's Budget reflected an NOR of -$85.9M vice the current estimate of -$79.9M. The favorable result is due to civilian pay raise that will not occur as originally planned. All changes have been incorporated into the FY-12 rates.

Collections/Disbursements/Outlays ($M)	**FY 2010**	**FY 2011**	**FY 2012**
Collections	$2,558.6	$2,848.0	$2,734.4
Disbursements	$2,677.4	$2,736.7	$2,756.8
Outlays	$118.8	-$111.3	$22.4

Collections: FY 2011 through FY 2012 reflects expected revenue based on current estimates.

Disbursements: This represents budgeted expense and Capital Investment Program (CIP) outlays. FY 2011 EOY Cash is estimated to be $213.8M and FY 2012 EOY Cash is $191.3M.

Workload:

	FY 2010	**FY 2011**	**FY 2012**
NFAF	14,923	14,712	14,274
SMS	17,999	18,250	9,516
APF-N	6,706	6,993	6,862

Workload for MSC refers to the number of per diem days associated with each of the three MSC programs.

NFAF - Net decrease in FY 2011 is associated with an increase reflecting a full year operating status for T-AKE 10 USNS CHARLES DREW and T-AKE 11 USNS WASHINGTON CHAMBERS, offset by the reduced operational status of the T-AE 32 USNS FLINT, T-AE 35 USNS KISKA and the deactivation of the T-AE 34 USNS MOUNT BAKER and T-AFS SAN JOSE. Decreases in FY 2012 are due to the deactivation of T-AE 32 USNS FLINT, T-AE 35 USNS KISKA and T-AE 33 USNS SHASTA.

SMS - Net increase in FY 2011 is due to the increase in Charter for SRDRS, which is partially offset by the deactivation of one TAGS-60 Class and the transitioning of Time Charter OSVs to Time Charter BLOCKING Ships. Net decrease in FY-2012 is due to deactivation of TAGS-51, partially offset by

activation of one TAGS-60 Class ship. In addition TUG Support services will be provided on a reimbursable basis vice per diem.

APF-N - Increase in FY 2011 reflects a full year of operation for all three LMSR Ships, the activation of T-AKE-12 and a full year of operations for both the Container Ship and the WESTPAC EXPRESS. In FY 2012 a full year of operation for T-AKE-12 USNS WILLIAM MCLEAN, T-AKE-13 EVERS and the activation of T-AKE-14 will occur, while the T-AK 4396 MV MAJ BERNARD F. FISHER will not be activated as previously planned and the T-AK 5029 SS CAPE JACOB will be deactivated. The result is a net decrease in FY 2012 for APF-N.

Reimbursable Orders ($M)	**FY 2010**	**FY 2011**	**FY 2012**
Current Estimate	$2,283.5	$2,653.0	$2,734.4

Orders for MSC equate to revenue. Variances are due to changes in per diem days, fuel price changes, and requirement to attain zero AOR in FY 2012.

Direct Labor Hours (000)	**FY 2010**	**FY 2011**	**FY 2012**
Current Estimate	12,529	12,317	11,714

Direct labor hours refer to Civilian Mariners (CIVMARS) only. Variances across fiscal years are minimal due primarily to new ships coming on line(e.g., T-AKE-12 and TAKE-13), offset by deactivations (e.g., SHASTA) and changes in manning levels.

Performance Indicators:
Program Performance is measured by "ship availability days," which measures days against plan that ships are actually available to perform the function for which they were intended. Any change in ship operation such as FOS to ROS, transitioning ships between coasts, or changing ship status (e.g., from R0S-15 days, ROS-30 days or ROS-45 days) are coordinated with the respective MSC customer.

A summary of performance goals is reflected below:

Performance Measure	Goal	FY 2010	FY 2011	FY 2012
Ship Availability	95%	95%	95%	95%

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
TRANSPORTATION-MILITARY SEALIFT COMMAND
NARRATIVE
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2010

Unit Cost	FY 2010	FY 2011	FY 2012
NFAF	96,824	104,622	108,008
SMS	23,701	26,290	50,757
APF-N	66,821	71,829	72,632

MSC operates under three distinct unit cost goals - one for each of the programs. All programs have cost/per day as the unit cost basis (costs include only per diem expenses in the annual operating budget (AOB) as per OSD guidelines.) Ship mix (e.g. class of ships and operating status) impacts unit cost levels. Changes in all years are primarily a function of approved escalation, fuel, CIVMAR salaries, ship mix, Capital Hire, and M&R.

Stabilized / Composite Rates	FY 2010	FY 2011	FY 2012
NFAF	3.0%	7.5%	3.1%
SMS	4.0%	6.0%	N/A
APF-N	11.4%	8.6%	17.2%

FY 2010 and FY 2011 rates reflect the President's budget approved program. Rates for FY 2012 reflect recoupment of AOR.

SMS: As the DoD sealift manager, commencing in FY 2012 MSC will provide tug services to CNIC on a reimbursable basis. The one-time 91.1% rate increase has negligible impact on customer TOA.

Staffing:

Civilian/Military ES & Workyears	FY 2010	FY 2011	FY 2012
Civilian End Strength	6,335	6,465	6,390
Civilian Workyears (Straightime)	8,166	8,083	7,815
Military End Strength	386	413	324
Military Workyears	359	405	319

Civilian Personnel: Changes relate mainly to new ships coming on line (e.g., T-AKE-12), offset by deactivations (e.g., SHASTA) and manning changes. End strength numbers vary due primarily to a decreasing lapse rate. In prior years lapse rate was higher as MSC went through its Transformation initiative. Total overall requirements have increased to some degree due to Joint High Speed Vessel (JHSV), Conservation Program, Load Management, and various mandates such as INFOCON3, SECNAV/OPM Diversity Initiatives.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
TRANSPORTATION-MILITARY SEALIFT COMMAND
NARRATIVE
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2010

Military Personnel: Changes are due mainly to a combination of increases in FTEs associated with the change in expected fill rate, offset by decreases for T-AKEs related to Load Management Initiative.

Capital Investment Program (CIP) Budget Authority:

Capital Investment Program ($M)	**FY 2010**	**FY 2011**	**FY 2012**
Equipment, Non-ADP / Telecom	$0.0	$0.6	$0.0
Equipment, ADPE / Telecom	$8.5	$8.0	$9.4
Software Development	$6.0	$7.1	$13.8
Minor Construction	$0.0	$0.4	$0.0
Total	**$14.5**	**$16.1**	**$23.2**

Information Technology (IT/ADP) efforts represent the predominant share of CIP costs. These efforts include migration to a paperless environment, secure storage of engineering materials, ADPE for Shipboard local area networks (LANs), systems development efforts (e.g., mandated travel system, financial management system, migration of civilian mariner (CIVMAR) to DFAS), and Next Generation Wideband. Non-IT equipment reflects requirement to replace Heating, Ventilation, Air Conditioning (HVAC) at MSC Headquarters.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
TRANSPORTATION - MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

	FY 2010	FY 2011	FY 2012
Revenue:			
Gross Sales			
Operations	2,691.6	2,640.7	2,722.1
Surcharges	0	0	0
Depreciation excluding Major Construction	8.2	12.3	12.3
Other Income			
Total Income	2,699.8	2,653.0	2,734.4
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	23.7	26.4	22.4
Civilian Personnel	675.6	669.6	648.3
Travel and Transportation of Personnel	31.2	27.2	34.5
Material & Supplies (Internal Operations)	513.7	643.4	646
Equipment	81.8	71	80.4
Other Purchases from NWCF	1.6	1.5	1.6
Transportation of Things	13.4	8.4	10.1
Depreciation - Capital	8.2	12.3	12.3
Printing and Reproduction	0.4	0.4	0.4
Advisory and Assistance Services	0	0.3	0.3
Rent, Communication & Utilities	471	500.3	410.3
Other Purchased Services	925	772.2	879.4
Total Expenses	2,745.7	2,732.9	2,745.9
Work in Process Adjustment	0	0	0
Comp Work for Activity Retention Adjustment	0	0	0
Cost of Goods Sold	2,745.7	2,732.9	2,745.9
Operating Result	-45.9	-79.9	-11.5
Less Surcharges	0	0	0
Plus Appropriations Affecting NOR/AOR	0	0	0
Other Changes Affecting NOR/AOR	0	0	0
Extraordinary Expenses Unmatched	0	0	0
Net Operating Result	-45.9	-79.9	-11.5
Other Changes Affecting AOR	0	0	0
Accumulated Operating Result	91.5	11.5	0

Exhibit Fund-14 Revenue and Expenses

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
TRANSPORTATION - MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

	FY 2010	FY 2011	FY 2012
1. New Orders	2,283.5	2,653.0	2,734.4
a. Orders from DoD Components:	2,099.0	2,573.2	2,670.7
Department of the Navy	1,915.9	2,516.0	2,586.6
O & M, Navy	1,524.8	2,448.9	2,461.5
O & M, Marine Corps	23.3	23.9	23.4
O & M, Navy Reserve	0	0	0
O & M, Marine Corp Reserve	0	0	0
Aircraft Procurement, Navy	0	0	0
Weapons Procurement, Navy	0.9	0	0
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	0.2	0	0
Other Procurement, Navy	10.9	0.4	20.4
Procurement, Marine Corps	0	0	0
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	0.8	0	0
Military Construction, Navy	0.1	0	0
National Defense Sealift Fund	512.2	42.8	81.3
Other Navy Appropriations	-157.3	0	0
Other Marine Corps Appropriations	0	0	0
Department of the Army	0	0	0
Army Operation & Maintenance	0	0	0
Army Res, Dev, Test, Eval	0	0	0
Army Procurement	0	0	0
Army Other	0	0	0
Department of the Air Force	67.2	38.5	61
Air Force Operation & Maintenance	54.7	38.5	61
Air Force Res, Dev, Test, Eval	4.3	0	0
Air Force Procurement	0	0	0
Air Force Other	8.2	0	0
DOD Appropriation Accounts	75.3	18.7	23.2
Base Closure & Realignment	0	0	0
Operation & Maintenance Accounts	49.3	0	0
Res, Dev, Test & Eval Accounts	1.3	0	0
Procurement Accounts	0	0	0
Defense Emergency Relief Fund	0	0	0
DOD Other	24.6	18.7	23.2
b. Orders from other Fund Activity Groups	174.9	79.8	63.7
c. Total DoD	2,273.9	2,653.0	2,734.4
d. Other Orders:	9.7	0	0
Other Federal Agencies	3.2	0	0
Foreign Military Sales	4.7	0	0
Non Federal Agencies	1.7	0	0
2. Carry-In Orders	834	417.7	417.7
3. Total Gross Orders	3,117.5	3,070.7	3,152.1
a. Funded Carry-Over before Exclusions	417.7	417.7	417.7
b. Total Gross Sales	2,699.8	2,653.0	2,734.4
4. End of Year Work-In-Process (-)	0	0	0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-4.8	-4.8	-4.8
6. Net Funded Carryover	412.9	412.9	412.9

Note: Line 4 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB

CHANGES IN THE COST OF OPERATIONS
DEPARTMENT OF THE NAVY
TRANSPORTATION - MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
DOLLARS IN MILLIONS

	Total Cost
FY 2010 Actual Execution	**$2,745.7**
FY 2011 Estimate in FY 2011 President's Budget:	**$2,740.3**
Estimated Impact in FY 2011 of Actual FY 2010 Experience	$0.0
Price Changes	
Impact of Civilian Pay Freeze	-$7.2
Productivity Initiatives and Other Efficiencies	
Reduce Facilities Sustainment to 80 Percent of Requirement	-$0.2
Program Changes	
Customer Workload	$0.0
Other Changes	**$0.0**
Depreciation	$0.3
All Other Changes	-$0.3
FY 2011 Current Estimate	**$2,732.9**
Price Changes:	**$35.3**
Annualization of Prior Year Pay Raises	
Military	$0.0
Civilian	$0.0
FY 2012 Pay Raise	
Military Personnel	$0.0
Civilian Personnel	$0.0
Fuel Price Changes	$17.4
Working Capital Fund Price Changes	$0.0
General Purchase Inflation	$17.9
Productivity Initiatives and Other Efficiencies	**-$41.1**
Various Energy Conservation Savings Initiatives	-$40.8
Strategic Sourcing	-$0.3

CHANGES IN THE COST OF OPERATIONS
DEPARTMENT OF THE NAVY
TRANSPORTATION - MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
DOLLARS IN MILLIONS

	Total Cost
Program Changes	**$14.1**
a. Deactivation of 3 T-AE Ships, JOHN MCDONNELL, and Cape Jacob	-$53.7
b. Contract Operations for a Container Ship no longer required	-$17.7
c. Reinstate PATHFINDER	$16.2
d. Activation Cost Associated with the USNS LORENZEN	$14.0
e. Rig Team Changes (3 & 5 to standard 4)	-$7.4
f. Upgrades and Repairs (CIVMOD) for AOE Class Ships	$34.2
g. Full Operational Year for T-AKE-11 (+131 days)	$4.3
h. Change Zeus Operational Status to 6 months of FOS	$4.0
i. Sub-Tenders Maintenance and Repair/Alterations	$46.2
j. Decreased workload for Time-Charter Ships	-$3.9
k. TUG Contract Support performed as reimbursable	$9.5
l. Reduced Workload in support of Port Operations	-$16.9
m. Contract Rate Increase associated with T-AGS	$5.0
n. Increase Operational Days for APF-N T-AKEs (+582)	$38.8
o. Lighterage Maintenance transfer to NAVFAC	-$5.0
p. Overhaul Schedules/Dry Dock Schedules	-$18.5
q. Decrease Workload in support of High Speed Vessels	-$35.0
Other Changes:	**$4.7**
Military adjustments for T-AKE, Kiska, Shasta, etc.	-$3.7
Reduced requirements for Radio Frequency Identification (RFID)	-$0.8
All Other Changes	$9.2
FY 2012 Current Estimate	**2,745.9**

DEPARTMENT OF THE NAVY
TRANSPORTATION - MILITARY SEALIFT COMMAND
CAPITAL INVESTMENT SUMMARY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
DOLLARS IN MILLIONS

		FY 2010		FY 2011		FY 2012	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**0**	**$0.000**	**1**	**$0.600**	**0**	**$0.000**
	- Replacement Capability	0	$0.000	0	$0.000	0	$0.000
	- Productivity Capability	0	$0.000	0	$0.000	0	$0.000
	- New Mission Capability	0	$0.000	1	$0.600	0	$0.000
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
2	**ADPE and Telecom Equipment >= $.250M**	**2**	**$8.452**	**2**	**$8.048**	**5**	**$9.400**
	- Computer Hardware (Production)	2	$8.452	2	$8.048	2	$7.500
	- Computer Software (Operating)	0	$0.000	0	$0.000	3	$1.900
	- Telecommunications	0	$0.000	0	$0.000	0	$0.000
	- Oth Computer & Telecom Spt Equip	0	$0.000	0	$0.000	0	$0.000
3	**Software Development >= $.250M**	**3**	**$6.048**	**3**	**$7.010**	**6**	**$13.810**
	MSC-IS Portal	1	$1.788	1	$3.200	1	$3.100
	MSC - Financial Management System	1	$1.260	1	$1.860	1	$3.140
	Human Resources Management System	1	$3.000	1	$1.950	1	$2.570
	Migration of Unified Civmar Payroll System to DFAS	0	$0.000	0	$0.000	1	$2.500
	Automated Training Mgmt	0	$0.000	0	$0.000	1	$1.500
	Department Head Afloat Mgmt System	0	$0.000	0	$0.000	1	$1.000
	- Projects < $1M	0	$0.000	0	$0.000	0	$0.000
4	**Minor Construction (>= $.100M and <= $.750M)**	**0**	**$0.000**	**1**	**$0.400**	**0**	**$0.000**
	- Replacement Capability	0	$0.000	0	$0.000	0	$0.000
	- Productivity Capability	0	$0.000	0	$0.000	0	$0.000
	- New Mission Capability	0	$0.000	1	$0.400	0	$0.000
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
	Grand Total	**5**	**$14.500**	**7**	**$16.058**	**11**	**$23.210**
	Total Capital Outlays		**$11.210**		**$12.300**		**$13.800**
	Total Depreciation Expense		**$8.222**		**$12.276**		**$12.292**

CAPITAL INVESTMENT JUSTIFICATION ($ IN THOUSANDS)				FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011					
DEPARTMENT OF THE NAVY / TRANSPORTATION / MILITARY SEALIFT COMMAND	#001 - NON-ADPE AND TELECOMMUNICATIONS / REPLACEMENT CAPABILITIES						MILITARY SEALIFT COMMAND (MSC)		
	FY 2010			**FY 2011**			**FY 2012**		
Non-ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
New Mission				1	$ 600	$ 600			
Total				1	$ 600	$ 600			

Justification:

Non-ADPE and Telecommunications:

NEW MISSION:

Heating/Ventilating/Air Conditioning (HVAC): Current units are old and require constant repair. The current profile provides for replacement of units in two buildings in the Washington, DC area.

CAPITAL INVESTMENT JUSTIFICATION ($ IN THOUSANDS)				FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011					
DEPARTMENT OF THE NAVY / TRANSPORTATION / MILITARY SEALIFT COMMAND	#002 - ADPE AND TELECOMMUNICATIONS (PROJECTS < $1 MILLION)						MILITARY SEALIFT COMMAND (MSC)		
	FY 2010			**FY 2011**			**FY 2012**		
ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Software (Operating System)							2	$ 250	$ 500
Total							2	$ 250	$ 500

Justification:

ADPE and Telecommunications Equipment:

Computer Software (Operating System):

Information Systems: IS Portal

IS Portal: This is a standards based web application that will seamlessly integrate shipboard and shore-side information technology function and processes into one integrated portal. MSC IS Portal will be integrated with the Navy Enterprise Portal (NEO.)

MSC HRMS (Human Resources Management System)

FY 2012 includes support for implementation of an electronic medical capability which will enable MSC to place qualified civmars aboard MSC ships in a more timely manner. Software addresses remediation of DOD IG audit findings. Note: Civilian Mariner (CIVMAR) personnel functions are not handled by the DOD Modern Defense Civilian Payroll Data System (DCPDS.) Business Enterpirse Architecture (BEA) compliant EA was completed in 2007, all items have obtained OSD BTA certification.

CAPITAL INVESTMENT JUSTIFICATION ($ IN THOUSANDS)		FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011
DEPARTMENT OF THE NAVY / TRANSPORTATION / MILITARY SEALIFT COMMAND	#002 - ADPE AND TELECOMMUNICATIONS (PROJECTS = OR > $1 MILLION)	MILITARY SEALIFT COMMAND (MSC)

	FY 2010			FY 2011			FY 2012		
ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)	2	$ 4,226	$ 8,452	2	$ 4,024	$ 8,048	2	$ 3,750	$ 7,500
Computer Software (Operating System)							1	$ 1,400	$ 1,400
Total	2	$ 4,226	$ 8,452	2	$ 4,024	$ 8,048	3	$ 2,967	$ 8,900

Justification:

ADPE and Telecommunications Equipment:

Computer Hardware (Production):
The above represents MSC requirements to implement unclassified and classified Local Area Networks (LANS) at all ships, offices, area command, and headquarters world-wide. Equipment includes servers, routers, modem pools, printers, firewall, etc. Funding also will provide for Crypto Modernization Navy mandate.

Additionally, funding will provide the ability to integrate with MSC Financial Management System (FMS,) replicate data shoreside, and facilitate web enablement in accordance with Taks Force Web (TFW) directives. Economic Analysis (EA) for FMS completed January 2005. MSC requires equipment and software to maintain backup sites - i.e. Mission Continuity Plan (MCP.) The refresh requirements are not covered by NMCI or Base Level Infrastructure Implementation (BLII) plans. No EA for afloat ADPE as this was a directed CIP cost by OSD. Software addresses remediation of DOD IG audit findings. This software will provide automated monitoring of key transactions to prevent unauthorized actions and detect patterns that could indicate fraud or errors. This software provides a fully auditable access record of all changes made to MSC FMS and HRMS systems.

Computer Software (Operating System):
Next Generation Wideband system to replace current Bandwidth Efficiency Satellite Transport (BEST) system which will be obsolete and no longer supported by the end of FY 2010. Shipboard Infrastructure requirements are estimated to be $250K per ships times 20 ships installed per year. Next Generation Wideband solution is Mission Critical to maintain shipboard communications with no interuption as currect BEST system satellites begin to fail.

CAPITAL INVESTMENT JUSTIFICATION ($ IN THOUSANDS)		FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011		
DEPARTMENT OF THE NAVY / TRANSPORTATION / MILITARY SEALIFT COMMAND	#003 - SOFTWARE DEVELOPMENT			MILITARY SEALIFT COMMAND (MSC)

	FY 2010			FY 2011			FY 2012		
Software Development	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
MSC-IS Portal (Dev)	1	$ 1,788	$ 1,788	1	$ 3,200	$ 3,200	1	$ 3,100	$ 3,100
TOTAL	1	$ 1,788	$ 1,788	1	$ 3,200	$ 3,200	1	$ 3,100	$ 3,100

Justification:

Software Development:

IS Portal Development Various modules integrate existing worldwide procurement system with developing/deploying financial system; this ensures validation of accounting data at time of origination, and tracking of both procurement and funds control from obligation through payment. Includes funding required to implement DOD mandated travel system and integrate it with the Command financial management system as well as the paperless environment.

CAPITAL INVESTMENT JUSTIFICATION ($ IN THOUSANDS)		FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011		
DEPARTMENT OF THE NAVY / TRANSPORTATION / MILITARY SEALIFT COMMAND	#003 - SOFTWARE DEVELOPMENT			MILITARY SEALIFT COMMAND (MSC)

	FY 2010			FY 2011			FY 2012		
Software Development	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
MSC - Financial Management System	1	$ 1,260	$ 1,260	1	$ 1,860	$ 1,860	1	$ 3,140	$ 3,140
TOTAL	1	$ 1,260	$ 1,260	1	$ 1,860	$ 1,860	1	$ 3,140	$ 3,140

Justification:

Software Development:

FMS: This is a DOD/DFAS migratory finance and accounting system. It is consistent with the requirements of the Financial Integrity Act, Anti-Deficiency Act, Joint Financial Management Improvment Program (JMIP), and the Chief Financial Officer (CFO) Act. This initiative will provide for cross functional requirements and continuing development of enhancement and upgrades to MSC business systems. Supports the introduction of additional modules required to provide a total automated procure to pay solution for MSC. It also will support the development of interfaces required with external systems - e.g. DOD wide implementation of the End -to-End procurement process. Estimates do include requirement to replace current MSC budget development tool (BPS.) Current budget system is not integrated with other MSC business sytems. The replacement system will solve this shortcoming.

Software addresses remediation of DOD IG audit findings. Business Enterprise Architecture (BEA) 4.1 compliant EA completed in 2007, however, all items have obtained OSD Business Transformation Agency (BTA) certification.

CAPITAL INVESTMENT JUSTIFICATION ($ IN THOUSANDS)		FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011
DEPARTMENT OF THE NAVY / TRANSPORTATION / MILITARY SEALIFT COMMAND	#003 - SOFTWARE DEVELOPMENT	MILITARY SEALIFT COMMAND (MSC)

	FY 2010			FY 2011			FY 2012		
Software Development	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
MSC - Human Resources Management System (Dev)	1	$ 3,000	$ 3,000	1	$ 1,950	$ 1,950	1	$ 2,570	$ 2,570
TOTAL	1	$ 3,000	$ 3,000	1	$ 1,950	$ 1,950	1	$ 2,570	$ 2,570

Justification:

Software Development:

MSC HRMS (Human Resources Management System)

MSC has consolidated its civmar personnel functions at the Afloat Personnel Management Center (APMC.) This funding will satisfy the requirement to migrate to a paperless environment - i.e. total automation of the AP process, automated workflow and documentation management utilizing Oracle Human Resource (HR) and Payroll. Implementation of HR also will provide the ability to integrate with MSC's corporate data environment.

CAPITAL INVESTMENT JUSTIFICATION ($ IN THOUSANDS)		FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011						
DEPARTMENT OF THE NAVY / TRANSPORTATION / MILITARY SEALIFT COMMAND	#003 - SOFTWARE DEVELOPMENT					MILITARY SEALIFT COMMAND (MSC)		
	FY 2010			**FY 2011**			**FY 2012**	
Software Development	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Migration of Unified Civmar Payroll System to DFAS							1	$ 2,500	$ 2,500
TOTAL							1	$ 2,500	$ 2,500

Justification:

Software Development:

Migration of Unified Civmar Payroll System (UCPS) to DFAS: Currently MSC civilian mariners (civmars) are not paid through DFAS. This effort will provide for that transition.

CAPITAL INVESTMENT JUSTIFICATION ($ IN THOUSANDS)		FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011	
DEPARTMENT OF THE NAVY / TRANSPORTATION / MILITARY SEALIFT COMMAND	#003 - SOFTWARE DEVELOPMENT		MILITARY SEALIFT COMMAND (MSC)

	FY 2010			FY 2011			FY 2012		
Software Development	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Automated Training Mgmt							1	$ 1,500	$ 1,500
TOTAL							1	$ 1,500	$ 1,500

Justification:

Software Development:

Automated Training Mgmt: There is no automated method for management, tracking, and delivery of training which included Certifications and Qualifications. This will allow the full automation of current processes which are primarily manual.

CAPITAL INVESTMENT JUSTIFICATION ($ IN THOUSANDS)		FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011
DEPARTMENT OF THE NAVY / TRANSPORTATION / MILITARY SEALIFT COMMAND	#003 - SOFTWARE DEVELOPMENT	MILITARY SEALIFT COMMAND (MSC)

	FY 2010			FY 2011			FY 2012		
Software Development	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Department Head Afloat Mgmt System							1	$ 1,000	$ 1,000
TOTAL							1	$ 1,000	$ 1,000

Justification:

Software Development:

Department Head Afloat Mgmt System (DHAMS): DHAMS is used to perform HR, payroll, and accounting functions. The current system was developed with tools that no longer are available. As a result, DHAMS requires constant helpdesk support. The new system will allow for better data validation, new functionality, and will incorporate new Informations Assurance (IA) and PII (Privacy) safeguards.

CAPITAL INVESTMENT JUSTIFICATION ($ IN THOUSANDS)		FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011	
DEPARTMENT OF THE NAVY / TRANSPORTATION / MILITARY SEALIFT COMMAND	#004 - MINOR CONSTRUCTION		MILITARY SEALIFT COMMAND (MSC)

	FY 2010			FY 2011			FY 2012		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
New Mission				1	$ 400	$ 400			
Total				1	$ 400	$ 400			

Justification:

Minor Construction:

No project described herein exceeds the current Military Construction (MILCON) threshold.

NEW MISSION:

The above covers requirements associated with the move of MSC personnel in the Norfolk Area. Renovation of all required buildings will allow MSC-LANT to consolidate in the Tidewater area. If funding is not provided, consolidation could not be completed and portions of MSC Transformation efforts would be curtailed.

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
TRANSPORTATION - MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
DOLLARS IN MILLIONS

Projects in the FY 2011 President's Budget

	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
FY 2011						
Equipment (Non-ADPE)	0.600	0.000	0.600	0.600	0.000	
Equipment (ADPE)	9.800	(1.752)	8.048	8.048	0.000	
Software Development	5.300	1.710	7.010	7.010	0.000	
Minor Construction	0.200	0.200	0.400	0.400	0.000	
Total FY 2011	**15.900**	**0.158**	**16.058**	**16.058**	**0.000**	
Non-ADP Equipment >= $.250M	**0.600**	**0.000**	**0.600**	**0.600**	**0.000**	**No change**
ADPE and telecommunications resources >= $.250M	**9.800**	**(1.752)**	**8.048**	**8.048**	**0.000**	**Realignment between ADPE and Software Development. Requirements redefined**
Software Development >= $.250M	**5.300**	**1.710**	**7.010**	**7.010**	**0.000**	**Realignment between ADPE and Software Development. Requirements redefined**
Minor Construction (>= $.100M and < = $.750M)	**0.200**	**0.200**	**0.400**	**0.400**	**0.000**	**Requirements redefined**

TAB 9 - Facilities Engineering Commands

Back of Tab

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Mission Statement /Overview:

The mission of the Facilities Engineering Commands (FECs) is to provide Navy, DoD, and other Federal clients with quality public works support and services. The FECs provide utilities services, facilities sustainment, transportation support, engineering services, and environmental services required by afloat and ashore operating forces and other activities.

Activity Group Composition:

Activity	Location
FEC Midwest	Great Lakes, Illinois
FEC Marianas	Agana, Guam, Marianas Islands
FEC Southeast	Jacksonville, Florida
FEC Mid-Atlantic	Norfolk, Virginia
FEC Hawaii	Pearl Harbor, Hawaii
FEC Southwest	San Diego, California
FEC Washington	Washington, D.C.
FEC Far East	Yokosuka, Japan
FEC Europe – Africa- Southwest Asia	Naples, Italy
FEC Northwest	Silverdale, Washington

Significant Changes Since the FY 2011 President's Budget:

The FY 2012 estimate recognizes the need to make investments in order to achieve facility energy and utility distribution system efficiencies. Accordingly, the current estimate includes utility system energy investments to include steam plant production and distribution improvements, chiller plant replacements with high energy efficiency systems, and installation of network wide digital control and monitoring systems. These energy and distribution system improvements will have a direct impact by reducing the Navy's energy consumption levels. FY 2012 estimates include $0.3 million in cost reductions associated with reduced cell phone and personal digital assistant costs.

Financial Profile:

Revenue/Expense/Operating Results

($Millions)	FY 2010	FY 2011	FY 2012
Revenue	$2,806.2	$2,920.1	$2,989.6
Cost of Goods and Services	$2,824.6	$2,834.2	$2,974.0
Operating Results	-$18.4	$85.9	$15.6
Other Changes Affecting AOR	+$53.5	$0.0	$0.0
Accumulated Operating Results (AOR)	-$101.5	-$15.6	$0.0

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

In order to ensure achievement of zero AOR in FY 2012, the correct computation of rates, and the proper resourcing of customer accounts, NWCF budget and manpower estimates have been updated from the FY 2011 President's Budget to reflect all known pricing and program/workload assumptions.

Revenue and Cost of Goods Sold: The trend in revenue and expense is primarily a result of general inflation and fuel pricing factors. In FY 2012, revenue includes the amount needed to achieve $0 AOR and also reflects the impact of the civilian pay freeze in FY 2011 and FY 2012.

Operating Results: The change in operating results since the FY 2011 President's Budget reflects the impact of higher Federal Employees Compensation Act costs associated with personnel realigned from the Public Works Detachments, higher water / waste-water expenses at FEC Southwest, and elimination of the FY 2011 civilian pay raise.

Collections and Disbursements/Outlays:

Net Outlays ($Millions)	FY 2010	FY 2011	FY 2012
Collections	$2,700.0	$3,094.0	$2,968.6
Disbursements	$2,778.2	$2,888.1	$2,950.0
Net Outlays	$78.2	-$205.8	-$18.7

Foreign Currency Issues: Foreign currency exchange rates can impact the FECs' operating results. The table below shows the estimated value of FEC costs that are subject to payment in foreign currency:

Costs Subject to Foreign Currency ($Millions)	FY 2010	FY 2011	FY 2012
Costs to be Paid in EUROS	$65.1	$66.4	$70.8
Costs to be Paid in YEN	$116.6	$118.9	$148.1
Total Costs to be Paid in Foreign Currency	$181.7	$185.3	$218.9

Direct Labor Hours (000)	FY 2010	FY 2011	FY 2012
Current Estimate	13,242	13,237	13,373

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Performance Indicators:

Among the key financial indicators for the FECs are operating results (as noted above), annual rate changes, and unit costs (as presented below). Other key corporate performance measures include timeliness, workforce safety, and client satisfaction. Timeliness is an extremely important client satisfaction indicator in the area of facilities sustainment; it is reported on a quarterly basis.

The Emergency Work Response Time – Schedule Adherence metric represents the percent of time that emergency work crews arrive on-scene within prescribed time-lines. Another metric, Service/Minor/Specific Work Completion Date – Schedule Adherence reflects the percent of time that work is completed on schedule. The minimum goal in either case is 90%.

Performance Measures	**FY 2010**	**FY 2011**	**FY 2012**
Emergency Work Response Time-Schedule Adherence	90.0%	90.0%	90.0%
Service/Minor/Specific Work Completion Date-Schedule Adherence	90.0%	90.0%	90.0%

Rate Changes	**FY 2010**	**FY 2011**	**FY 2012**
Composite Rate	+2.0%	+7.3%	+0.9%
Utilities and Sanitation	+2.9%	+10.2%	+0.5%
Other Base Services	+0.4%	+1.6%	+1.8%

Annual rate changes reflect the impact of pricing adjustments as well as the impact of returning/recouping operating gains or losses.

Unit Costs

Unit costs for each of the FECs' 24 different product areas are displayed on the following page:

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Product /Service	Unit of Measure	Unit Costs FY 2010	Unit Costs FY 2011	Unit Costs FY 2012
Utility Services				
Electricity	MWH	134.55	139.00	144.50
Potable Water	KGAL	6.35	5.43	6.08
Salt/River Water	KGAL	0.96	1.04	1.07
Steam	MBTU	32.83	34.19	34.69
Sewage	KGAL	9.12	7.25	7.67
Natural Gas	MBTU	10.36	12.77	12.40
Compressed Air	KCF	1.81	1.81	1.95
Sanitation Services				
Refuse Collection and Disposal I	CUYD	15.91	16.85	17.86
Refuse Collection and Disposal II	TONS	0.00	41.86	99.12
Pest Control	HOURS	49.46	45.22	47.47
Hazardous Waste I	GAL	8.39	8.38	12.02
Hazardous Waste II	LBS	1.38	1.17	1.23
Industrial Waste	KGAL	62.25	38.29	37.29
Environmental Engineering	HOURS	92.25	111.67	95.40
Environmental Lab	TEST	97.66	96.94	93.30
Transportation Services				
Equipment Rental	HOURS	4.83	5.20	5.26
Vehicle Operations	HOURS	49.18	60.15	61.48
Vehicle Maintenance	SRO	280.29	330.84	244.04
Maintenance and Repair				
Specifics	JOBS	2,906.51	3,636.20	3,662.61
Minor Maintenance and Repair	ITEMS	608.63	610.58	650.75
Emergency	CHITS	76.05	85.22	86.79
Service	CHITS	121.06	124.18	133.89
Recurring	ITEMS	486.16	557.91	295.36
Engineering Support	VARIOUS	150.28	149.90	157.02

Utilities. Higher purchased electricity costs will continue to impact the FECs' cost of operations. Even though the FECs are impacted by higher purchased utilities, we are implementing energy conservation measures that are reducing the quantities of electricity and natural gas consumed. These initiatives include managing the kinds of fuel purchased; implementing efficient ways of using fuel to produce steam; aggressive energy management to move activities toward Common Output Level (COL) 3; arranging visits by Department of Energy (DOE) analysts to identify poor energy performers; maximizing the use of efficient energy projects, increasing the use of alternative sources of energy such as geothermal, ocean thermal, wind, solar, and wave; and deploying Resource Efficiency Managers who are examining contracting methods and ordering arrangements with local authorities. Utility rates also include resources for utility system maintenance across all sites in order to adequately correct known environmental and safety deficiencies and to meet mission requirements. The amount budgeted for sustainment, restoration, and modernization is designed to keep facilities in acceptable operating condition.

Base Support Vehicles and Equipment (BSVE). Initiatives to standardize and lower vehicles and equipment operating costs include:

- Central management of BSVE NWCF Rates and Recapitalization
- Management of BSVE across Product Lines at all FECs.
- Lease Passenger Carrying Vehicles (PCVs) from GSA
- Establish BSVE management board
- Downsize vehicles and equipment to minimum size, including Neighborhood Electric Vehicles and other slow moving vehicles
- Standardize vehicle and equipment type, sizes and configurations
- Optimize use of lease and short term rentals for vehicles and heavy equipment

Facility Management and Services. FECs are reducing the cost of facility service contracts through maximizing the use of regional contracts and seeking fewer and longer term contracts while still maintaining Small Business commitments. Additionally, a contracting template has been developed and deployed that standardizes required COL performance. This also serves to reduce costs by minimizing specification writing.

Facility Management and Sustainment. The Facilities Condition Assessment Process (FCAP) has been reengineered. This process replaces the labor intensive Annual Inspection Summary

process with complete coverage through modeling (90%) and "eyes-on" inspections (10%). This is expected to reduce facility inspection costs by over 50% through fewer "eyes-on" inspections. Additionally, call centers are being consolidated, a Work Induction System (WIS) is being developed, and a standard method for dispatching work to shops is being implemented.

Staffing:

Civilian / Military ES & Work Years	FY 2010	FY 2011	FY 2012
Civilian End Strength	9,611	9,756	9,943
Civilian Work Years (Straight Time)	9,437	9,641	9,823
Military End Strength	70	78	78
Military Work Years	79	78	78

Civilian Personnel: Personnel resources are one of the most valuable assets to the FEC organization. The NWCF FEC Management team continues to focus on the optimal mix and quantity of personnel required to ensure effectiveness in providing quality products and service to our customers. The growth in civilian work years across the budget period reflects increased and improved recruiting efforts and the impact of various joint base initiatives, primarily with the Air Force.

Military Personnel: Military end strength remains unchanged.

Capital Investment Program (CIP):

The FECs' capital investments are a modest, but important element of successful operations.

CIP ($Millions)	FY 2010	FY 2011	FY 2012
Equipment, Non-ADP / Telecom	$16.7	$14.6	$13.2
Equipment, ADPE / Telecom	$0.0	0.0	$0.0
Software Development	$0.0	0.0	$0.0
Minor Construction	$8.9	$8.7	$10.4
Total	$25.6	$23.3	$23.6

Workload:

Reimbursable Orders ($Millions)	FY 2010	FY 2011	FY 2012
Current Estimate	$2,791.0	$2,924.5	$2,949.5

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Workload Acronym List

CHITS	In-House request for work document	MBTU	Million British Thermal Units
CUYD	Cubic Yard	MWH	Mega Watt Hour
KCF	Thousand Cubic Feet	SRO	Shop Repair Order
KGAL	Thousand Gallons	LBS	Pounds
TONS	Tons		

Product /Service	Unit of Measure	Units FY 2010	Units FY 2011	Units FY 2012
Utility Services				
Electricity	MWH	7,530,637	7,653,211	7,549,402
Potable Water	KGAL	25,510,988	28,741,142	28,954,315
Salt/River Water	KGAL	8,551,434	8,629,759	8,704,150
Steam	MBTU	8,593,076	9,980,225	9,988,841
Sewage	KGAL	17,271,629	20,393,717	20,062,304
Natural Gas	MBTU	4,065,216	3,131,426	3,195,606
Compressed Air	KCF	12,839,654	13,000,245	12,871,777
Sanitation Services				
Refuse Collection and Disposal I	CUYD	1,098,631	1,068,188	1,068,214
Refuse Collection and Disposal II	TONS	0	17,500	22,800
Pest Control	HOURS	60,912	62,514	70,274
Hazardous Waste I	GAL	319,062	327,871	327,871
Hazardous Waste II	LBS	15,116,885	18,739,965	18,275,992
Industrial Waste	KGAL	177,307	327,453	319,080
Environmental Engineering	HOURS	61,525	55,331	56,269
Environmental Lab	TEST	79,918	78,833	78,834
Transportation Services				
Equipment Rental	HOURS	40,398,541	44,386,989	44,804,285
Vehicle Operations	HOURS	1,524,171	1,118,978	1,014,132
Vehicle Maintenance	SRO	72,858	74,626	83,821

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Product /Service	Unit of Measure	Units FY 2010	Units FY 2011	Units FY 2012
Maintenance and Repair				
Specifics	JOBS	25,793	24,529	24,426
Minor Maintenance and Repair	ITEMS	162,551	152,157	142,017
Emergency	CHITS	281,300	194,654	195,214
Service	CHITS	872,677	750,410	698,953
Recurring	ITEMS	330,518	236,306	497,808
Engineering Support	VARIOUS	289,235	320,650	320,650

SUMMARY

The 10 geographic FECs strive to be efficient and effective organizations that provide high quality products and services to afloat and ashore-based activities. Sound business practices are the core for decisions that promote continuous and innovative improvements of products and services. It is our objective for mission accomplishment to reduce total cost for services, increase productivity, improve quality/client satisfaction, and provide a safe and productive work environment.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
DOLLARS IN MILLIONS

	FY 2010	FY 2011	FY 2012
Revenue:			
Gross Sales			
Operations	2,788.1	2,903.1	2,966.0
Surcharges	0.0	0.0	0.0
Depreciation excluding Major Construction	18.1	17.0	23.6
Other Income			
Total Income	2,806.2	2,920.1	2,989.6
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	10.4	9.2	9.2
Civilian Personnel	705.2	721.6	737.6
Travel and Transportation of Personnel	8.0	13.3	13.5
Material & Supplies (Internal Operations)	319.3	389.3	391.9
Equipment	43.3	50.2	51.0
Other Purchases from NWCF	16.2	15.6	15.8
Transportation of Things	2.9	0.9	0.9
Depreciation - Capital	18.1	17.0	23.6
Printing and Reproduction	0.3	1.1	1.1
Advisory and Assistance Services	3.0	0.4	0.4
Rent, Communication & Utilities	1,049.3	1,055.1	1,065.4
Other Purchased Services	648.6	560.4	663.6
Total Expenses	2,824.6	2,834.2	2,974.0
Work in Process Adjustment	0.0	0.0	0.0
Comp Work for Activity Retention Adjustment	0.0	0.0	0.0
Cost of Goods Sold	2,824.6	2,834.2	2,974.0
Operating Result	-18.4	85.9	15.6
Less Surcharges	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR	0.0	0.0	0.0
Other Changes Affecting NOR/AOR	0.3	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Net Operating Result	-18.1	85.9	15.6
Other Changes Affecting AOR	53.5	0.0	0.0
Accumulated Operating Result	-101.5	-15.6	0.0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
DOLLARS IN MILLIONS

	FY 2010	FY 2011	FY 2012
1. New Orders	2,791.0	2,924.5	2,949.5
a. Orders from DoD Components:	2,134.1	2,290.3	2,270.1
Department of the Navy	1,878.4	2,015.8	1,989.8
O & M, Navy	1,731.2	1,821.7	1,792.6
O & M, Marine Corps	41.3	53.6	54.5
O & M, Navy Reserve	30.4	31.6	32.1
O & M, Marine Corp Reserve	2.0	4.8	4.9
Aircraft Procurement, Navy	0.0	1.3	1.3
Weapons Procurement, Navy	0.0	0.0	0.0
Ammunition Procurement, Navy/MC	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	0.5	2.9	2.9
Other Procurement, Navy	0.2	1.5	1.5
Procurement, Marine Corps	0.0	0.0	0.0
Family Housing, Navy/MC	68.0	93.4	94.8
Research, Development, Test, & Evaluation, Navy	1.3	2.8	2.8
Military Construction, Navy	0.1	1.8	1.9
National Defense Sealift Fund	0.0	0.0	0.0
Other Navy Appropriations	3.4	0.4	0.4
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	57.1	54.1	55.2
Army Operation & Maintenance	21.4	25.1	26.1
Army Research, Development, Test, & Evaluation	0.4	2.6	2.6
Army Procurement	0.0	0.0	0.0
Army Other	35.3	26.4	26.4
Department of the Air Force	14.0	44.7	48.2
Air Force Operation & Maintenance	11.0	32.2	35.4
Air Force Research, Development, Test, & Evaluation	0.1	0.0	0.0
Air Force Procurement	0.0	0.0	0.0
Air Force Other	2.8	12.5	12.7
DOD Appropriation Accounts	184.6	175.6	176.9
Base Closure & Realignment	6.4	8.8	9.0
Operation & Maintenance Accounts	92.3	115.3	118.3
Research, Development, Test & Evaluation Accounts	1.1	1.7	1.7
Procurement Accounts	0.6	1.1	1.1
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	84.1	48.8	46.8
b. Orders from other Fund Activity Groups	415.0	425.6	418.0
c. Total DoD	2,549.1	2,715.9	2,688.2
d. Other Orders:	241.8	208.6	261.3
Other Federal Agencies	15.6	10.4	13.2
Foreign Military Sales	0.2	0.7	0.7
Non Federal Agencies	226.0	197.5	247.4
2. Carry-In Orders	226.1	210.8	215.3
3. Total Gross Orders	3,017.0	3,135.3	3,164.8
a. Funded Carry-Over before Exclusions	210.8	215.3	175.2
b. Total Gross Sales	2,806.2	2,920.0	2,989.6
4. End of Year Work-In-Process (-)	0.0	0.0	0.0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-16.9	-18.1	-17.9
6. Net Funded Carryover	194.0	197.1	157.3

Note: Line 4 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB

CHANGES IN THE COST OF OPERATIONS
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

	Total Cost
FY 2010 Actual Execution	**$2,824.6**
FY 2011 Estimate in FY 2011 President's Budget	**$2,832.9**
Price Changes:	
Impact of Civilian Pay Freeze	-$7.9
Other Workload / Program Changes:	$9.3
Federal Employees Compensation Act Costs (for Public Works Department employees integrated into FECs)	$4.7
Increased Costs for Water / Sewage Service at FEC Southwest	$4.6
FY 2011 Current Estimate	**$2,834.2**
Price Changes:	$48.0
Annualization of Prior Year Pay Raises	
Military	$0.0
Civilian	$0.0
FY 2012 Pay Raise	
Military Personnel	$0.0
Civilian Personnel	$0.0
Fuel Price Changes	$6.3
Working Capital Fund Price Changes	-$1.6
General Purchase Inflation	$27.8
Euro/Yen Exchange Rate	$15.5
Productivity Initiatives and Other Efficiencies	-$0.3
Reduce Cellphone / Personal Digital Assistant Costs	-$0.3
Other Workload / Program Changes:	$92.1
Energy and Distribution System Improvements	$32.5
Realign Resource Efficiency Managers to General Fund	-$4.4
Finalize Joint Base Realignment Costs	$4.6
Cost Reimbursable Workload Changes at FEC Southwest	$43.3
All Other Workload / Program Changes	$16.1
FY 2012 Current Estimate	**$2,974.0**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

		FY 2010		FY 2011		FY 2012	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADP Equipment Total**	29	$16.724	20	$14.647	22	$13.215
	- Replacement Capability	20	$10.435	17	$11.567	13	$7.733
	- Productivity Capability	1	$0.774	0	$0.000	2	$0.904
	- New Mission Capability	8	$5.515	2	$2.490	7	$4.578
	- Environmental Capability	0	$0.000	1	$0.590	0	$0.000
2	**ADP and Telecom Equipment Total**	0	$0.000	0	$0.000	0	$0.000
	- Computer Hardware (Production)	0	$0.000	0	$0.000	0	$0.000
	- Computer Software (Operating)	0	$0.000	0	$0.000	0	$0.000
	- Telecommunications	0	$0.000	0	$0.000	0	$0.000
	- Oth Computer & Telecom Spt Equip	0	$0.000	0	$0.000	0	$0.000
3	**Software Development Total**	0	$0.000	0	$0.000	0	$0.000
	- Projects = or > $1M (List Separately)	0	$0.000	0	$0.000	0	$0.000
	- Projects < $1M	0	$0.000	0	$0.000	0	$0.000
4	**Minor Construction Total**	19	$8.836	23	$8.672	22	$10.375
	- Replacement Capability	7	$2.890	7	$4.006	1	$0.200
	- Productivity Capability	6	$2.567	7	$2.616	10	$5.808
	- New Mission Capability	6	$3.379	9	$2.050	9	$3.769
	- Environmental Capability	0	$0.000		$0.000	2	$0.598
	Grand Total	**48**	**$25.560**	**43**	**$23.319**	**44**	**$23.590**
	Total Capital Outlays		**$18.627**		**$16.933**		**$18.434**
	Total Depreciation Expense		**$18.060**		**$17.035**		**$23.567**

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)				FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011					
Department of the Navy / Base Support / Facilities Engineering Commands	#001 - Non-ADPE and Telecommunications						Facilities Engineering Commands		
	FY 2010			**FY 2011**			**FY 2012**		
Non-ADPE and Telecommunications	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Equipment	20	522	10,435	17	680	11,567	13	595	7,733
Productivity Equipment	1	774	774				2	452	904
New Mission Capability	8	689	5,515	2	1,245	2,490	7	654	4,578
Environmental Capability				1	590	590			
Total	**29**		**16,724**	**20**		**14,647**	**22**		**13,215**

Justification:

Civil Engineering Support Equipment (CESE) and Industrial Plan Equipment (IPE) - FY 10/11/12 Requirements:

Requested CESE and IPE will replace overaged, deteriorated, and obsolete inventory covering the full range of public works support functions, i.e., utilities, maintenance, and transportation. All budgeted CESE replacement items have been reviewed and have been determined to meet activity allowances and replacement economic analysis criteria. IPE includes metal lathes, metal shear bending or any heavy shop machinery used in the accomplishment of shop fabrications. All requested replacements are in support of public works workload. The age of existing equipment contributes to downtime and deteriorating output. In particular, inventories of large equipment such as crawling cranes and / or truck cranes have critical safety lift and operational requirements to meet workload needs. Operational delays for repair or safety downtimes are offset by leasing where and when available. Leasing equipment ranges from 30% to 60% higher in cost per hour than in-house equipement. Replacements provide for more efficient and safe operations as well as providing the latest technology in public works support capabilities.

The timing of placement of these new assets in operation varies depending on the size, complexity, vendor availability, and shipping. Generally, equipment cost avoidance begins within 30 - 60 days from receipt of the item.

Each FEC has conducted a comprehensive business review of its' equipment inventories and determined an optimal economic approach to containing costs as well as maintaining minimum interruption to services. The proposed replacements are essential to this strategy. If the proposed equipment replacements are not purchased, substantial opportunity to provide safe and reliable services at the least cost to the Navy will be lost.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)				FISCAL YEAR (FY) 2012 BUDGET ESTIMATES FEBRUARY 2011					
Department of the Navy / Base Support / Facilities Engineering Commands	#004 - Minor Construction ($100K - $750K)						Facilities Engineering Commands		
	FY 2010			**FY 2011**			**FY 2012**		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Equipment	7	413	2,890	7	572	4,006	1	200	200
Productivity Equipment	6	428	2,567	7	374	2,616	10	581	5,808
New Mission Capability	6	563	3,379	9	228	2,050	9	419	3,769
Environmental Capability							2	299	598
Total	**19**		**8,836**	**23**		**8,672**	**22**		**10,375**

Justification:

Minor Construction ($100 Thousand - $750 Thousand) - FY 10/11/12 Requirements:

FEC minor construction projects represent the ful range of public works facilities requirements for transportation, utilities, storage, and maintenance. The proposed projects are limited to and strickly controlled by the Capital Investment Program (CIP) thresholds. None of the projects in this budget exceed current MILCON thresholds. Budgeted projects are for constuction, expansion, or improvement of a complete and useable building, structure, or other real property.

Each FEC has conducted a comprehensive business review of its facilities needs and determined an optimal economic approach to cost containment, while ensuring that health and safety requirements are met and minimizing service interruptions. The proposed project priorities are determined by economic analyses which are based on cost effecitve payback solutions which produce the fastest return on investment. Generally, FEC projects have a payback on the initial investment of 5 years or less. Completion of health/safety and environmental compliance projects will provide for cost avoidance resulting from elimination of potential hazmat situations.

The proposed budget is essential to providing planned cost control and service reliability of the FEC plant account. If proposed projects are not approved, substantial opportunity to provide safe, environmentally compliant, and cost effective services at the least cost to the Navy will be lost.

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS (FECS)
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2012
$ IN MILLIONS

Projects in the FY 2011 President's Budget

FY 11	Approved Project	PRESIDENT'S BUDGET	REPROGS	APPROVED PROJECT COST	CURRENT PROJECT COST	ASSET/ DEFICIENCY	JUSTIFICATION
	Equipment except ADPE and TELCOM	$12.576	$2.071	$14.647	$14.647	$0.000	
	Equipment - ADPE and TELCOM	$0.000	$0.000	$0.000	$0.000	$0.000	
	Software Development	$0.000	$0.000	$0.000	$0.000	$0.000	
	Minor Construction	$7.226	$1.446	$8.672	$8.672	$0.000	
	TOTAL FY 2010	**$19.802**	**$3.517**	**$23.319**	**$23.319**	**$0.000**	

EQUIPMENT	FEC	Quantity Change	Cost Change	
Crane Truck Mounted 50 Ton	FAR EAST	-1	-$0.630	Project cancelled due to change in crane capacity requirements
Crane Truck Mounted 100 Ton	FAR EAST	1	$1.200	Project added due to change in crane capacity requirements
Hazardous Incident Response Vehicle (Heavy Duty)	NORTHWEST	1	$0.550	Higher priority emergent requirement
Rescue / Com Truck, Heavy (Atsugi)	FAR EAST	1	$0.400	Add due to new requirement for overage crane
Truck, Straddle	NORTHWEST	-1	-$0.274	Project cancelled
Composting System	NORTHWEST	-1	-$0.350	Project cancelled
Locomotive Railway	NORTHWEST	1	$0.410	Higher priority emergent requirement (PWD Kitsap)
Truck Refuse Collection 6x4 Diesel Engine Driven Auto Trans	SOUTHWEST	1	$0.275	Higher priority emergent requirement
Truck Refuse Coll/Compct 6x4 Diesel Engine Driven Auto Trans	SOUTHWEST	1	$0.350	Higher priority emergent requirement
Rescue Command Response Vehicle	HAWAII	-1	-$0.450	Project cancelled
Hazardous Response Vehicle	MARIANAS	1	$0.590	Higher priority emergent requirement
	SUBTOTAL	**3**	**$2.071**	

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS (FECS)
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2012
$ IN MILLIONS

Projects in the FY 2011 President's Budget

FY 11	Approved Project	PRESIDENT'S BUDGET	REPROGS	APPROVED PROJECT COST	CURRENT PROJECT COST	ASSET/ DEFICIENCY	JUSTIFICATION
					Quantity	Cost	
	MINOR CONSTRUCTION		FEC		Change	Change	
	Additional Deep Well for Back up & Emergency Time		FAR EAST		-1	-$0.750	Project cancelled to accomodate emergent project for potable water storage tank at Atsugi
	Construct Retaining Wall West & South Side of Building 86 (Atsugi)		FAR EAST			$0.046	Price increase due to estimated impact of change in Yen conversion rate
	Construct New Fire Protection Tank at Aswase Transmitter Side (Okinawa)		FAR EAST		-1	-$0.681	Cancelled due to higher priority project
	Install 50KW Photovoltaic System in New Tategami Power Substation (Sasebo)		FAR EAST			$0.061	Increase project amount due to yen conversion rate
	Construct Additional Potable Water Storage Tank for Well #1 (Atsugi)		FAR EAST		1	$0.750	Higher priority emergent requirement
	Replace Aboveground Electrical Distribution lines to Underground, Phase II (Okinawa)		FAR EAST		1	$0.535	Higher priority emergent requirement
	Upgrade Sewer Collection System, CC8001 (Diego Garcia)		FAR EAST		1	$0.100	Higher priority emergent requirement
	Install Water Meters, Various Facilities, QF9028 (Diego Garcia)		FAR EAST		1	$0.100	Higher priority emergent requirement
	Construct Emergency Generator WL-086		HAWAII			$0.030	Price Increase
	Upgrade Pumps at Bona Spring Booster Pump Station		MARIANAS		-1	-$0.400	Decrease in project scope of work
	Replace/Upgrade Pumps (700 Gallons Per Minute each) with Variable Frequency Drives at NavHosp Booster Pump Station		MARIANAS		-1	-$0.161	Project cancelled
	Install PRV wBypass at Polaris Point		MARIANAS		-1	-$0.166	No longer required after subsequent water system improvements were made

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS (FECS)
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2012
$ IN MILLIONS

Projects in the FY 2011 President's Budget

FY 11	Approved Project	PRESIDENT'S BUDGET	REPROGS	APPROVED PROJECT COST	CURRENT PROJECT COST	ASSET/ DEFICIENCY	JUSTIFICATION
	Install PRSV w/Bypass and 10" Water Main Connection, NCTS North Finegayan		MARIANAS		-1	-$0.396	New architectural engineer design for USMC build-up at NCTS North Finegayan revised water system requirements.
	Replace/Upgrade 12"CIP w/New 14" PVC Main, Naval Computer and Telcommunications Station Barrigada (WR 65778)		MARIANAS		1	$0.675	Higher priority emergent requirement
	New Telemetry Monitoring System from Fena Water Treatment Plant to Adelup Booster Pump Station, Barr Booster Pump Station(WR 65777)		MARIANAS		1	$0.503	Higher priority emergent requirement
	Install fire alarm system in building 104 at NAS Jacksonville		SOUTHEAST		1	$0.300	Higher priority emergent requirement
	Renovations and repairs needed at Public Works Meridian Maintiance Shop		SOUTHEAST		1	$0.400	Higher priority emergent requirement
	Upgrade, replace and repair 5 PW Offices and Public Works Corpus Christi		SOUTHEAST		1	$0.275	Higher priority emergent requirement
	Renovations and structural repairs need to Public Works building New Orleans		SOUTHEAST		1	$0.225	Higher priority emergent requirement
			SUBTOTAL		**4**	**$1.446**	
			FEC TOTAL ALL		**7**	**$3.517**	

Page Intentionally Blank

TAB 10 - Facilities Engineering Service Center

Back of Tab

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT - NAVAL FACILITIES ENGINEERING SERVICE CENTER (NFESC)
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Mission Statement / Overview

The Naval Facilities Engineering Service Center (NFESC) is a Navy-wide technical center, delivering quality products and services in:

- Energy and Utilities
- Amphibious and Expeditionary Systems
- Environment
- Shore, Ocean, and Waterfront Facilities

As a member of the Naval Facilities Engineering Command (NAVFAC) team, NFESC provides worldwide support services to the Navy, Marine Corps, and other DOD agencies. These support services provide solutions to problems through engineering, design, construction, consultation, test and evaluation, technology demonstration and implementation, and program management support. In accomplishing these services NFESC leverages technology to enhance customer effectiveness and efficiency. NFESC uses existing technology where possible, identifies and adapts breakthrough technology when appropriate, and performs technology development when required.

The NFESC is the principal Navy provider of specialized engineering services and products for shore and offshore facilities, energy and utilities, environmental support, and amphibious and expeditionary systems. The work performed by NFESC is accomplished by mobilizing the proper mix of personnel expertise and other technological resources to address customer requirements. NFESC provides a synergism of expertise and practical experience to solve field activity and fleet needs. NFESC supports a very broad range of Navy and Marine Corps customers with focus on delivering quality products and services. Program execution is funded by many appropriations, to include Operations and Maintenance, Navy; Research Development Test & Evaluation, Navy; working capital fund; and other DOD accounts.

The energy and utilities mission focuses on the Navy's ashore establishment energy program. Efforts focus on utilities and energy management, conservation systems, data management, technology transfer, utilities control systems, utility systems engineering, and thermal and power plant engineering.

The amphibious and expeditionary mission involves developing and providing support and enhancement to Naval construction battalions and Marine Corp advanced base construction and operations, amphibious force operations, and Marine Corps combat engineer operations. Efforts focus on amphibious systems, combat engineer systems, expedient facilities, and logistics engineering.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT - NAVAL FACILITIES ENGINEERING SERVICE CENTER (NFESC)
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

The environmental mission entails planning, reviewing, and analyzing Navy-wide functions, and assembling and deploying customized technology to meet the environmental requirements of the naval shore establishment. Efforts focus on environmental restoration, compliance, data management, technology transfer, waste management, pollution prevention, indoor air management, and oil spill program.

The ocean facilities mission is to develop, implement, and improve the Navy's capabilities for the design, construction, maintenance, and repair of fixed ocean facilities. Efforts focus on marine geotechniques, anchor systems, ocean structures, ocean construction, undersea warfare, underwater cable facilities, hyperbaric facilities, mooring systems, magnetic silencing facilities, underwater inspection, ocean construction equipment inventory, coastal facilities, and pipeline integrity assessment.

The shore facilities mission is to provide innovative engineering solutions, designs, technological tools and field services to support a viable naval shore establishment. Efforts focus on waterfront facilities, aviation facilities, physical security, ordnance facilities, materials and coatings, computer aided design, facilities life cycle management, base survivability electronics thermal and power plant engineering.

Activity Group Composition:

NFESC Headquarters	Port Hueneme, CA.
East Coast Detachment	Navy Yard, Washington, DC.

Significant Changes Since the FY 2011 President's Budget:
There are no significant changes since the FY11 President's Budget.

Financial Profile:

Revenue/Expense/NOR/AOR ($Millions)	FY 2010	FY 2011	FY 2012
Revenue	$96.2	$104.9	$104.6
Expense	$96.7	$104.1	$104.9
Operating Results	-$0.4	$0.9	-$0.2
Other Changes Affecting AOR	$0.1	$0.0	$0.0
Accumulated Operating Results (AOR)	-$0.7	$0.2	$0

In order to ensure achievement of zero AOR in FY 2012, the correct computation of rates, and the proper resourcing of customer accounts, NWCF budget and manpower estimates have been updated from the FY 2011 President's Budget to reflect all known pricing and program/workload assumptions.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT - NAVAL FACILITIES ENGINEERING SERVICE CENTER (NFESC)
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Revenue and Expense:
Revenue and expenses are expected to remain fairly constant through the budget period, consistent with customer requirements.

Operating Results:
NFESC's FY 2010 and FY 2011 operating results have only changed slightly from levels approved in the FY 2011 President's Budget submission.

Workload:

Reimbursable Orders ($Millions)	**FY 2010**	**FY 2011**	**FY 2012**
Current Estimate	$87.0	$105.2	$102.5

Reimbursable orders are based on projected customer requirements.

Direct Labor Hours (000)	**FY 2010**	**FY 2011**	**FY 2012**
Current Estimate	578	538	535

Direct labor hours reflect the Center's efforts to maintain the correct level of organic expertise to meet recurring customer demand.

Collections/Disbursements/Outlays

Outlays ($Millions)	**FY 2010**	**FY 2011**	**FY 2012**
Collections	$89.0	$114.1	$115.8
Disbursements	$100.1	$113.5	$113.5
Net Outlays	$11.0	-$0.7	-$2.4

Net Outlays are projected to remain relatively stable over the course of this budget.

Performance Indicators:
The primary performance indicator is unit cost. Unit cost measures total direct labor and overhead costs per direct labor hour. Changes in unit cost are primarily due to price/escalation factors and adjustments in customer requirements.

Unit Cost	**FY 2010**	**FY 2011**	**FY 2012**
Total Stabilized Cost ($M)	$56.5	$49.3	$52.6
Workload (DLHs) (000)	577.709	537.826	534.699
Unit Cost (per DLH)	$97.87	$91.67	$98.31

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT - NAVAL FACILITIES ENGINEERING SERVICE CENTER (NFESC)
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Stabilized/Composite Rate	**FY 2010**	**FY 2011**	**FY 2012**
Stabilized Rate ($)	$97.88	$100.03	$ 97.85
Change from Prior Year	+2.7%	+2.2%	-2.2%
Composite Rate Change	+1.9%	+1.8%	-0.3%

Staffing:

Civilian/Military ES & Work Years	**FY 2010**	**FY 2011**	**FY 2012**
Civilian End Strength	410	404	404
Civilian Work Years	403	399	399
Military End Strength	3	3	3
Military Work Years	3	3	3

Civilian Personnel:
End strength and work years remain stable and are based upon workload requirements.

Military Personnel:
Military end strength and work years remain level.

Capital Investment Program (CIP) Budget Authority: NFESC had an emergent CIP requirement in FY10 to replace a 20/10 Ton Overhead Bridge Crane used to load/unload the pressure vessels at the Deep Ocean Simulation Facility. NFESC had been notified by the Navy Crane Center that due to the age of the crane (+40 years) and the non availability of repair parts (manufacturer closed 30 years ago) that the crane would not be re-certified. The crane has been contracted and will be delivered in February 2011.

Capital Investment Program ($M)	**FY 2010**	**FY 2011**	**FY 2012**
Equipment, Non-ADP / Telecom	$ 0.5	$ 0.0	$ 0.0
Equipment ADPE / Telecom	$ 0.0	$ 0.0	$ 0.0
Software Development	$ 0.0	$ 0.0	$ 0.0
Minor Construction	$ 0.0	$ 0.0	$ 0.0
Total	**$ 0.5**	**$ 0.0**	**$ 0.0**

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
BASE SUPPORT - NAVAL FACILITIES ENGINEERING SERVICE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

	FY 2010	FY 2011	FY 2012
Revenue:			
Gross Sales			
Operations	96.1	104.9	104.6
Surcharges	0	0	0
Depreciation excluding Major Construction	0.2	0	0
Other Income			
Total Income	96.2	104.9	104.6
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	0.4	0.4	0.4
Civilian Personnel	51.7	49.8	49.6
Travel and Transportation of Personnel	5.7	3.9	3.9
Material & Supplies (Internal Operations)	4.0	3.6	3.8
Equipment	0.4	1.7	1.7
Other Purchases from NWCF	2.4	1.8	1.8
Transportation of Things	0.9	0.5	0.5
Depreciation - Capital	0.2	0	0
Printing and Reproduction	0	0.1	0
Advisory and Assistance Services	0	0	0
Rent, Communication & Utilities	0.8	0.6	0.7
Other Purchased Services	30.3	41.7	42.5
Total Expenses	96.7	104.1	104.9
Work in Process Adjustment	0	0	0
Comp Work for Activity Retention Adjustment	0	0	0
Cost of Goods Sold	96.7	104.1	104.9
Operating Result	-0.4	0.9	-0.2
Less Surcharges	0	0	0
Plus Appropriations Affecting NOR/AOR	0	0	0
Other Changes Affecting NOR/AOR	0	0	0
Extraordinary Expenses Unmatched	0	0	0
Net Operating Result	-0.4	0.9	-0.2
Other Changes Affecting AOR	0.1	0	0
Accumulated Operating Result	-0.7	0.2	0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
BASE SUPPORT - NAVAL FACILITIES ENGINEERING SERVICE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
(DOLLARS IN MILLIONS)

	FY 2010	FY 2011	FY 2012
1. New Orders	87.0	105.2	102.5
a. Orders from DoD Components:	70.8	87.1	86.4
Department of the Navy	59.7	72.8	71.9
O & M, Navy	32.3	41.5	40.5
O & M, Marine Corps	3.3	1.3	1.3
O & M, Navy Reserve	0.2	0	0
O & M, Marine Corp Reserve	0.5	0	0
Aircraft Procurement, Navy	0	0	0
Weapons Procurement, Navy	0	0	0
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	0	0	0
Other Procurement, Navy	3.5	5.7	5.7
Procurement, Marine Corps	0.3	0	0
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	19.1	20.9	20.9
Military Construction, Navy	0.5	0.6	0.6
National Defense Sealift Fund	0	0	0
Other Navy Appropriations	0	2.7	2.8
Other Marine Corps Appropriations	0	0.1	0.1
Department of the Army	3.4	3.1	3.2
Army Operation & Maintenance	1.0	1.0	0.8
Army Res, Dev, Test, Eval	2.1	1.8	1.8
Army Procurement	0.3	0.3	0.6
Army Other	0	0	0
Department of the Air Force	0.6	1.7	1.7
Air Force Operation & Maintenance	0.4	0.1	0.1
Air Force Res, Dev, Test, Eval	0.2	0.3	0.3
Air Force Procurement	0	1.3	1.3
Air Force Other	0	0	0
DOD Appropriation Accounts	7.1	9.6	9.6
Base Closure & Realignment	-0.4	0.2	0.2
Operation & Maintenance Accounts	1.2	0.6	0.6
Res, Dev, Test & Eval Accounts	6.1	8	8
Procurement Accounts	0.1	0.8	0.8
Defense Emergency Relief Fund	0	0	0
DOD Other	0.1	0	0
b. Orders from other Fund Activity Groups	13.5	10.6	8.6
c. Total DoD	84.3	97.7	95
d. Other Orders:	2.7	7.5	7.5
Other Federal Agencies	1.2	2.2	2.2
Foreign Military Sales	0	0.1	0.1
Non Federal Agencies	1.5	5.3	5.2
2. Carry-In Orders	41.6	32.4	32.7
3. Total Gross Orders	128.6	137.6	135.1
a. Funded Carry-Over before Exclusions	32.4	32.7	30.5
b. Total Gross Sales	96.2	105	104.6
4. End of Year Work-In-Process (-)	0	0	0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-1.2	-1.2	-2.7
6. Net Funded Carryover	31.2	31.5	27.9

Note: Line 4 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB

CHANGES IN THE COST OF OPERATIONS
DEPARTMENT OF THE NAVY
BASE SUPPORT / NAVAL FACILITIES ENGINEERING SERVICE CENTER
FISCAL YEAR (FY) 2012 BUDGET ESTIMATE
DATE: FEBRUARY 2011
(DOLLARS IN MILLIONS)

	Total Cost
FY 2010 Current Actual	**96.7**
FY 2011 Estimate in FY 2011 President's Budget	**104.6**
Price Changes	0.0
Impact of Civilian Pay Freeze	-0.5
Program and Other Changes	0.0
FY 2011 Current Estimate	**104.1**
Price Changes:	**0.8**
Annualization of Prior Year Pay Raises	
Military	0.0
Civilian	0.0
FY 2012 Pay Raise	
Military Personnel	0.0
Civilian Personnel	0.0
Fuel	0.0
Working Capital Fund Price Changes	0.0
General Purchase Inflation	0.8
Program Changes	**0.0**
	0.0
FY 2012 Current Estimate	**104.9**

Department of the Navy
Base Operating Support / Naval Facilities Engineering Service Center
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
Activity Group Capital Investment Summary
FEBRUARY 2011
$ in Millions

		FY 2010		FY 2011		FY 2012	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADP Equipment Total**	**1**	**$0.500**	**0**	**$0.000**	**0**	**$0.000**
	- Replacement Capability**	1	$0.500	0	$0.000	0	$0.000
	- Productivity Capability	0	$0.000	0	$0.000	0	$0.000
	- New Mission Capability	0	$0.000	0	$0.000	0	$0.000
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
2	**ADP and Telecom Equipment Total**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Computer Hardware (Production)	0	$0.000	0	$0.000	0	$0.000
	- Computer Software (Operating)	0	$0.000	0	$0.000	0	$0.000
	- Telecommunications	0	$0.000	0	$0.000	0	$0.000
	- Oth Computer & Telecom Spt Equip	0	$0.000	0	$0.000	0	$0.000
3	**Software Development Total**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Projects = or > $1M (List Separately)	0	$0.000	0	$0.000	0	$0.000
	- Projects < $1M	0	$0.000	0	$0.000	0	$0.000
4	**Minor Construction Total**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Replacement Capability	0	$0.000	0	$0.000	0	$0.000
	- Productivity Capability	0	$0.000	0	$0.000	0	$0.000
	- New Mission Capability	0	$0.000	0	$0.000	0	$0.000
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
	Grand Total	**1**	**$0.500**	**0**	**$0.000**	**0**	**$0.000**
	Total Capital Outlays		**$0.012**		**$0.000**		**$0.000**
	Total Depreciation Expense		**$0.156**		**$0.022**		**$0.022**

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		FISCAL YEAR (FY) 2012 BUDGET ESTIMATES Feb-2011
Department of the Navy / Base Support / Naval Facilities Engineering Service Center	#001 - Non-ADPE and Telecommunications Replacement Capabilities	Naval Facilities Engineering Service Center

	FY 2010			FY 2011			FY 2012		
Non-ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	1	500	500						
Productivity									
New Mission									
Environmental									
Total	1	500	500						

Justification:

The Navy's Deep Ocean Simulation Facility is located at NFESC, Building 1100, in Port Hueneme CA. The facility is comprised of two pressure vessels which are used to simulate the deep ocean environment, both pressure and temperature. The 72" diameter vessel is capable of applying a static pressure of 5,500 psi and the 24" diameter vessel is capable of applying a static pressure of 15,000 psi. These two vessels allow customers to subject their equipment to a pressurized environment while monitoring and or operating the equipment at the required depth. The vessels are critical to testing equipment prior to deployment in the ocean. Support to the Navy includes testing of all Deep Sea Rescue Vehicle (DSRV) and deep submergence batteries, fiber optic cables and connectors, electronic bottles that are to be used in the deep ocean environment, ROV's, deep sea lights and cameras as well as many other types of equipment. All is being conducted within the Ocean Engineering Business Line; many of the tests result in follow on work for the O BL.Integral to the facility is an overhead bridge crane that is used to load/unload the pressure vessels. In March of 2009, Navy Crane Center (NCC) inspectors informed NAVFAC ESC verbally that due to the age of the crane (+40 years) and the non availability of repair parts (manufacturer closed 30 years ago) that this would be the last time the crane could be certified. In short, the crane that supports all work in the facility needed to be removed and disposed of. Without the crane, this unique and vital facility (the only one of its kind west of the Mississippi/one of two in the country) will have to shut down. The NCC's recommendation is that a new bridge and hoist system be procured and installed. This purchase must be made through NCC. They also provided a ROM quote of $500,000.00 for purchase of the new crane, removal of the old unit and installation of the new one. Scaling down the size of the crane was discussed and found to not be feasible. Rebuilding the crane could run almost $1M due to its age and the unavailability of parts.

Department of the Navy
Base Support / Naval Facilities Engineering Service Center
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
Capital Budget Execution
FEBRUARY 2011
($ in Millions)

FY	Approved Project	President's Budget	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Justification
2011	**Equipment except ADPE and TELCOM**	0.000	0.000	0.000	0.000	0.000	
	Equipment - ADPE and TELCOM	0.000	0.000	0.000	0.000	0.000	
	Software Development	0.000	0.000	0.000	0.000	0.000	
	Minor Construction	0.000	0.000	0.000	0.000	0.000	
	TOTAL FY 2010	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	

TAB 11 - Navy Supply Management

Back of Tab

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Mission Statement/Overview:

The mission of Navy Supply (NAVSUP) Management is to perform inventory management functions resulting in the sale of aviation and shipboard components, and ship's store stock and consumables to a wide variety of customers. Major customers include Fleet and Marine Corps forces, Department of the Navy (DoN) shore activities, Army, Air Force, Defense Agencies, other government agencies and foreign governments. Costs related to supplying this material to customers are recouped through stabilized rate recovery elements such as prior year gains and losses, inventory maintenance, repair costs including attrition, and local elements. Navy Supply Management is divided into six Budget Projects to organize the financial operations of the fund.

	Budget Project (BP)
Wholesale	
Aviation Consumables	BP34
Ship Reparables and Consumables	BP81
Aviation Reparables	BP85
Retail	
Ship's Store	BP21
General Consumables	BP28
Operations	
Operations and Reimbursables	BP91

Activity Group Composition:

Navy Working Capital Fund Supply Management (NWCF-SM) activity group is comprised of:

Naval Inventory Control Point (NAVICP):
- NAVICP Mechanicsburg, PA
- NAVICP Philadelphia, PA

Commander, Fleet and Industrial Supply Centers (COMFISCS):
- Fleet and Industrial Supply Center, San Diego, CA
- Fleet and Industrial Supply Center, Jacksonville, FL
- Fleet and Industrial Supply Center, Norfolk, VA
- Fleet and Industrial Supply Center, Pearl Harbor, HI
- Fleet and Industrial Supply Center, Puget Sound, WA
- Fleet and Industrial Supply Center, Yokosuka, JP
- Fleet and Industrial Supply Center, Sigonella, IT

Navy Supply Information Systems Activity (NAVSISA), Mechanicsburg, PA

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
FY 2012 BUDGET ESTIMATES
FEBRUARY 2011

Executive Summary:

Significant Changes Since the FY 2011 President's Budget:
The following significant changes have occurred since the FY 2011 President's Budget:

Efficiencies and Cost Reductions

NAVSUP's FY 2012 budget estimates reflect the impact of a number of efficiency efforts, overhead cuts, and other cost reductions to include: Navy Enterprise Resource Planning (ERP) legacy IT system retirement, Strategic Sourcing, and reduction of facilities sustainment costs to 80 percent of requirements. The impact of these efficiencies on budget estimates is a reduction of $0.5 million in FY 2011 and $48.3 million in FY 2012 for a total cumulative savings of $48.8 million that was reapplied to the DoN's force structure and modernization requirements.

Consumable Item Transfer (CIT)
NWCF-SM CIT is a biennial event that typically occurs in the odd numbered years. Exclusions to the rule include items that are design unstable, are covered under Performance Based Logistics contracts, or are major end items. A recent Department of Defense (DoD) Financial Management Regulation (FMR) change allows all services to request reimbursement from the Defense Logistics Agency (DLA) for the value due-in at the time of each transfer. NWCF-SM had two substantial transfers in FY 2009, with another transfer scheduled in FY 2011. In accordance with FMR guidance, NAVSUP is requesting reimbursement from DLA for on-order pre-award and post-award procurement actions. FY 2010 DLA receipt validations are completed and reimbursement of $48M to Funds Balance with Treasury (FBwT) occurred in September, 2010. FY 2011 validations are completed and $60M is expected to reimburse FBwT in January, 2011. FY 2012 revised reimbursement estimate is $78M.

Emergent Special Program Requirements
Since PB 2011, NAVSUP has identified several special program requirements requiring increased contract authority in FY 2011. Acquisition and/or repair of material starting in FY 2011 is necessary to support projected customer demands a lead-time away, generally in FY 2012/2013 timeframe. Key drivers include:

CH-53D Helicopter
The CH-53D aircraft is deployed in support of Overseas Contingency Operations. Despite the fact that this platform is currently 43 years old, it is undergoing a Program Life Extension from 2007 to 2018, which translates to demand increases. A new requirement addition from the PB 2011 baseline is the H-53's Tail Pylon which is experiencing increased demand and wear-out rate. This item has historically been in

low demand and consequently was not procured for more than 10 years. Shelf stock has depleted requiring new investment in FY 2011 of $16.1M to support this aircraft. In addition to the procurement requirement, the increased demand is driving a $10M increase in repair requirement. Total requirement above PB 2011 to support this aircraft is $26.1M.

EA-6B Landing Gear

The EA-6B was scheduled to decommission by FY 2013. Date is now extended to FY 2019. For the past several years, spares requirements were met by using Stricken Aircraft Reclamation and Disposal Program (SARDIP) assets. However, with service life extended to FY 2019, SARDIP assets will be depleted, necessitating procurement of additional Landing Gear assets to support remaining life of the aircraft. Dollar value of the FY 2011 requirement is $22.9M covering both consumable as well as repairable parts.

F/A-18 Outer Wing Panels

F/A-18 Accessory Bulletin (AYB 1214) mandates O & I level inspection of outer wing panel missile support rib for stress corrosion cracking. Based upon engineering forecasts, a total of 47 will fail inspection and require replacement. Dollar value of FY 2011 requirement is $24.1M

Logistic Engineering Change Proposals (LECP)

During the last several years, NWCF-SM has budgeted $25M annually to execute the LECP program. This budget request includes an increase in contract authority to $40M in FY 2011 and $50M in FY 2012 driven by new candidates for reliability improvement. The V-22, F/A-18, EA-6B and AH-1W platforms are key drivers of increased candidate population. Future year cost reductions associated with LECPs represent opportunities for "Tail to Tooth" resource shift.

Navy ERP System Implementation Strategy

Navy ERP release 1.1 (Single Supply Solution) deployment began in February 2010 and continues through FY 2012. As a hedge against potential disruptions to Fleet customer support, this budget includes accelerated requirements, resulting in earlier than normal procurement actions to ensure a full supply pipeline will be maintained. This approach is similar to the process used by DLA when their Business Systems Modernization was implemented and is considered prudent given the complexity of deploying a new system of this magnitude.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
FY 2012 BUDGET ESTIMATES
FEBRUARY 2011

Obligation values below reflect the pulling forward of aviation-related authority from FY 2011 to FY 2010 and are based upon the assumption that an ERP disruption may last approximately six months. Implementation roll-out is phased in increments rather than simultaneously.

Budget Project ($M):	**FY 2010**	**FY 2011**	**FY 2012**
Ship Repairables and Consumables (BP81)	0.0	0.0	0.0
Aviation Repairables (BP85)	11.8	-11.8	0.0
Aviation Consumables (BP34)	23.0	-23.0	0.0

Budget Highlights:

Operating Results:

Revenue/Expense/NOR/AOR ($M)	**FY 2010**	**FY 2011**	**FY 2012**
Net Revenue	6,045.7	6,382.5	6,418.5
Expenses	5,747.4	6,225.8	6,442.9
Net Operating Results	-54.3	175.6	-12.7
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Result (AOR)	-162.9	12.7	0.0

In order to ensure achievement of zero AOR in FY 2012, the correct computation of rates, and the proper resourcing of customer accounts, NWCF-SM budget and manpower estimates have been updated from the FY 2011 President's Budget to reflect all known pricing and program/workload assumptions.

Revenue and Expense: FY 2010 reflects actual execution. Revenue increases are driven by wholesale Aviation programs including the Flying Hour Program. Expense changes are consistent with revenue adjustments.

Operating Results: The NWCF-SM operating results include offset for impact of final FY 2011 Cost Recovery Rates.

Obligation Authority ($M):	**FY 2010**	**FY 2011**	**FY 2012**
Wholesale	3,897.2	4,236.0	4,324.5
Retail	989.1	1,034.7	1,055.5
Operating	935.6	1,348.8	1,318.2
Total	5,821.8*	6,619.5	6,698.2

Note: Amounts may not add due to rounding.
* Does not include Component Level/SF133 adjustment of +56.6

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
FY 2012 BUDGET ESTIMATES
FEBRUARY 2011

The Obligation increase from FY 2010 to FY 2012 is $876.4M. Of that figure, $384.0M is attributable to Defense Business Management System (DBMS) deobligations in FY 2010, $244.5M is attributable to guidance escalation for FY 2011 and FY 2012, leaving $247.9M of program growth.

Wholesale: Major drivers (over and above escalation)

F/A-18 A-D, **$75.0M**: Aging aircraft (beyond original planned life limits) driving higher demand.
Engines, **$74.3M**: Procurement driven by increased attrition due to tired iron on three items: F402 Hot Nozzle, Bare Duct, and T64 Exhaust Fan. Repair driven by increased requirements for F402 and T64, and by increase in Engine population used on the F/A-18 E-G from 662 to 814.
H-60, **$68.5M**: Increase in 'R' and 'S' model population from 200 to 276, driving outfitting requirements and reduced life limits due to increased aircraft weight.
H-53, **$67.7M**: Operations Tempo in Afghanistan and Iraq resulted in increased corrosion and wear due to sand infiltration from desert operations, which is resulting in both increased attrition and repair.

Retail: Obligation increases attributable to CIT and inflation.

Operating: FY 2010 obligations were impacted by prior year de-obligations associated with DBMS cleanup/ERP implementation. FY 2011 and FY 2012 reflect changes in obligations attributable to functional transfers and inflation.

Cash Management:
As a primary consideration of this budget, NAVSUP has carefully balanced concerns of NWCF solvency, impacts of potential changes to customer rates, and customer support effectiveness.

Collections/Disbursement/Outlays ($M)	**FY 2010**	**FY 2011**	**FY 2012**
Collections	6,071.1	6,295.0	6,418.5
Disbursements	6,087.5	6,310.8	6,496.7
Transfers (CIT Reimbursement)	48.0	60.0	78.0
Outlays (Incorporates CIT)	-31.6	-44.2	0.2

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
FY 2012 BUDGET ESTIMATES
FEBRUARY 2011

Sales:

Gross Sales	**FY 2010**	**FY 2011**	**FY 2012**
Wholesale	4,618.8	4,903.3	4,992.5
Retail	1,079.4	1,038.8	1,059.6
Total	5,698.2	5,942.2	6,052.1

Note: Amounts may not add due to rounding

Wholesale & Retail: Sales are tied to customer funding and NAVICP's ability to fill orders.

Metrics:

	FY 2010	**FY 2011**	**FY 2012**
Items Managed	352,861	349,759	359,042
Requisitions Received	509,826	526,402	536,509
Receipts	859,565	1,011,537	1,024,705
Issues	1,051,140	1,137,831	1,129,318
Contracts Executed	39,639	41,384	41,874
Purchase Inflation	0.9%	1.4%	1.5%

Undelivered Orders: Undelivered orders represent contracts or orders for goods for which a liability has not yet accrued. The accrual of the liability creates an outlay requirement.

	FY 2010	**FY 2011**	**FY 2012**
Undelivered Orders ($M)	4,678.0	4960.3	5,239.3

Performance Indicators:
The primary performance measurement tool for the Supply Management business area is the "Dashboard Metrics" tool. Dashboard Metrics provide indicators that link NAVSUP's strategic plan to the performance budget and to Chief of Naval Operations priorities, which directly support DoD strategic goals as described in the Quadrennial Defense Review.
Supply Management's primary performance indicators are:

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
FY 2012 BUDGET ESTIMATES
FEBRUARY 2011

	FY 2010	FY 2011	FY 2012
Customer Wait Time (days)	13.4	12.5	12.5
Ship Operating Time w/C3/C4 CASREP			
Deployed	37%	25%	25%
Non-deployed	42%	28%	28%
Aircraft Non Mission Capable Supply			
Deployed	8%	10%	10%
Non-Deployed	9%	10%	10%
Supply Material Availability	84%	85%	85%

Unit Cost:

	FY 2010	FY 2011	FY 2012
Wholesale	1.051	1.065	1.054
Retail	.924	1.001	1.001

Composite Rates:

	FY 2010	FY 2011	FY 2012
Annual Price Change	1.635%	3.231%	0.642%
Composite Cost Recovery Rate (CRR)	13.265%	15.239%	14.866%

Staffing:

Civilian/Military ES & Workyears	FY 2010	FY 2011	FY 2012
Civilian End Strength	6,723	6,939	7,109
Civilian Workyears	6,893	6,932	7,087
Military End Strength	365	365	365
Military Workyears	365	365	365

Civilian Personnel: The Civilian Workyears increase of 39 from FY 2010 to FY 2011 is a result of inter-component and intra-component functional transfers. The Civilian Workyears increase of 155 from FY 2011 to FY 2012 is also a result of functional transfers and requirements, as well as Joint Basing.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
FY 2012 BUDGET ESTIMATES
FEBRUARY 2011

Capital Investment Program (CIP) Budget Authority:

Capital Investment Program ($M)	FY 2010	FY 2011	FY 2012
Equipment, Non-ADPE / Telecom	0.3	1.9	1.9
Equipment, ADPE / Telecom	0.9	0.9	0.9
Software Development	0.7	2.0	2.0
Minor Construction	0.1	2.5	2.5
ERP	0.3		
Total	2.3	7.3	7.3

Note: Amounts may not add due to rounding

Each line item was charged an offset associated with DBMS cleanup/ERP implementation. When taking prior years into account, the Navy Working Capital Fund Supply Management's CIP authority reflects a reduction in the out years due to reduced requirements. Legacy system costs have been reduced due to implementation of ERP.

ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)

		FY 2010		FY 2011		FY 2012	
LINE NUMBER	ITEM DESCRIPTION	QUANTITY	TOTAL COST	QUANTITY	TOTAL COST	QUANTITY	TOTAL COST
0001	Equipment Capabilities		1.893		1.921		1.930
	less prior year deobligations***		-1.594				
	Adjusted total 0001:		0.299				
	-Replacement	VAR	1.893	VAR	1.921	VAR	1.930
	-Productivity						
	-New Mission						
	-Environmental						
0002	ADPE & Telecommunications Equipment Capabilities		1.019		0.880		0.886
	less prior year deobligations***		-0.148				
	Adjusted total 0002:		0.871				
	Computer Hardware (Production)	VAR	1.019	VAR	0.880	VAR	0.886
	Computer Software (Operating System)						
	Telecoms, Other Computer & Telecom Sup Equip.						
0003	Software Development		3.743		1.950		2.000
	less prior year deobligations***		-3.060				
	Adjusted total 0003:		0.683				
	Internally Developed		3.743		1.950		2.000
	One Touch v3.0	VAR	0.850	VAR	0.650	VAR	0.700
	UADPS-ICP/UADPS-U2/SP	VAR	1.075		0.000		0.000
	One Supply	VAR	1.500	VAR	1.300	VAR	1.300
	Navy ERP		0.318				
0004	Minor Construction Capabilities		2.430		2.500		2.500
	less prior year deobligations***		-2.286				
	Adjusted total 0004:		0.144				
	-Replacement						
	-Productivity	VAR	2.430	VAR	2.500	VAR	2.500
	-New Mission						
	-Environmental						
	TOTAL		9.085		7.251		7.316
	less prior year deobligations***		-6.770				
	Adjusted Total:		2.315				
	Total Capital Outlays		13.136		9.013		7.527
	Total Depreciation Expense		27.493		26.068		18.993
	***Each line item is charged an offset associated with DBMS cleanup/ERP implementation						

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ in Thousands)

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)							A. BUDGET SUBMISSION FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011		
B. Component/Business Area/Date Department of the Navy/Supply Management - FEBRUARY 2011				C. Line No. & Item Description 0001 Material Handling Equipment (Forklifts)			D. Activity Identification NWCF		
	FY 2010			FY 2011			FY 2012		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment Capability									
Replacement	VAR	VAR	1,000.000	VAR	VAR	1,000.000	VAR	VAR	1,000.000
Productivity									
New Mission									
Environmental									

Narrative Justification:

This program funds the procurement of new/initial outfitting and replacement of Material Handling Equipment (MHE) and Automated Material Handling Systems to satisfy operational requirements within the Navy Supply System. Replacement MHE is for overaged non-repairable equipment used in material handling operations at various activities. With a large inventory of equipment at the various Fleet and Industrial Supply Centers, there will always be units eligible for replacement through procurement. If fully supported, this funding will allow the Navy to develop the right mix of new procurements, resulting in overall requirement reductions, and resolving the problem of trying to maintain old equipment at high maintenance cost and reduced state of readiness. MHE funding limitations in past years has precluded the purchase of required MHE planned for issue. We cannot emphasize enough that this is a continuing program and one year builds on the next. Delaying any funding only postpones the inevitable requirement to procure a new unit at a higher cost. Supply readiness and logistical support are dependent upon the availability of reliable MHE. Non-repairable equipment is not cost effective to maintain for continued operation, and repair parts are difficult to obtain. Replacement of non-repairable equipment with new and more efficient models will reduce excessive costs attributed to repair/overhaul, downtime and maintenance. New equipment will enhance productivity and enable users to meet handling and logistics requirements in an efficient and effective manner. For these reasons it is essential to maintain funding to cover procurement of new equipment as required.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ in Thousands)

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)							A. BUDGET SUBMISSION FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011		
B. Component/Business Area/Date Department of the Navy/Supply Management - FEBRUARY 2011				C. Line No. & Item Description 0001 Civil Engineering Support Equipment			D. Activity Identification NWCF		
	FY 2010			FY 2011			FY 2012		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment Capability									
Replacement	VAR	VAR	441.785	VAR	VAR	921.000	VAR	VAR	930.000
Productivity									
New Mission									
Environmental									

Narrative Justification:

Naval Supply Systems Command (NAVSUP) is responsible for replacing and maintaining aging Civil Engineering Support Equipment (CESE) necessary for fuel depot operations throughout the Navy. This equipment is necessary to maintain and improve the working conditions and assist NAVSUP operations employees. Safety, reliability, maintenance cost and customer support are directly impacted by age and condition of this equipment. Economic analysis is not provided since equipment is only replaced as useful life has been exceeded due to age and or usage. Dollar values are established by NAVFAC procuring activity in Port Hueneme, CA. Examples: Tanker truck, 20 ton semi trailer stake 2 axle, 20 ton semi trailer van 2 axle.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ in Thousands)

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)							A. BUDGET SUBMISSION FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011		
B. Component/Business Area/Date Department of the Navy/Supply Management - FEBRUARY 2011				C. Line No. & Item Description 0002 Information Technology			D. Activity Identification NWCF		
	FY 2010			FY 2011			FY 2012		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADPE & Telecommunications Equipment Capabilities									
Computer Hardware (Production)	VAR	VAR	997.297	VAR	VAR	880.000	VAR	VAR	886.000
Computer Software (Operating System)									
Telecoms, Other Computer & Telecom Sup Equip.									

Narrative Justification:

Navy Supply Information Systems Activity (NAVSISA) - Funds provide support to the NAVSISA Legacy/Non-Navy/Marine Corps Intranet (NMCI) Network Plan. As part of the plan, NAVSISA is upgrading its NETWARCOM approved legacy network, which will replace obsolete non-NMCI ADP equipment to provide an environment for client/server development. A variety of PC hardware platforms currently exists in NAVSISA that prevents deployment of the development tools needed to maintain its competitiveness. Upgrading and standardizing hardware infrastructure will allow NAVSISA to use the network to deploy the latest legacy/non-NMCI software products.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ in Thousands)

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)							A. BUDGET SUBMISSION FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011		
B. Component/Business Area/Date Department of the Navy/Supply Management - FEBRUARY 2011				C. Line No. & Item Description 0003 One Touch Support			D. Activity Identification NWCF		
	FY 2010			FY 2011			FY 2012		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development One Touch Support	VAR	VAR	850.000	VAR	VAR	650.000	VAR	VAR	700.000

Narrative Justification:

One Touch Support (OTS) is a web-based, real-time data access, status information and transaction processing system for logistics. It interfaces with major Navy and DLA systems, as well as other service and commercial databases. OTS is now the primary bolt-on system to Navy Enterprise Resource Planning (NERP) for providing logistics information to external NERP users. The OTS design, coupled with agreements with external systems, allows OTS to initiate multiple requests to over 30 external data sources for data on behalf of users based on a single Natrional Stock Number, document number, serial number, part number, etc. OTS eliminates the need for individual user logons and passwords. Back-end connections run faster and multiple transactions occur in parallel vice a user connecting and manually processing transactions in series. FY10 OTS volumes include 9.974M transactions generated by over 11,000 registered users. We conservatively estimate OTS users avoided 152,101 man-hours of work, while retrieving more complete data. Ongoing system development is focused on tools enabling logistics support for the Littoral Combat Ship (LCS) and other Distance Support initiatives, integration with the Navy Information Application Product Suite (NIAPS) for afloat users and enhancements supporting Navy ERP.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ in Thousands)

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)							A. BUDGET SUBMISSION FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011		
B. Component/Business Area/Date Department of the Navy/Supply Management - FEBRUARY 2011				C. Line No. & Item Description 0003 UADPS-ICP/UADPS-U2/SP			D. Activity Identification NWCF		
	FY 2010			FY 2011			FY 2012		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development UADPS-ICP/UADPS-U2/SP	VAR	VAR	898.422	VAR	VAR	0.000	VAR	VAR	0.000

Narrative Justification:

Reengineer and modernize core business systems that will not be replaced by the Navy Enterprise Resource Planning (NERP)Single Supply Solution. Many NAVSUP systems have been in a “brown-out” status waiting for NERP implementation. The purpose of this funding was to modernize those systems and add functionality where appropriate to bring these systems out of a state of obsolescence. All work has been completed.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ in Thousands)

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)							A. BUDGET SUBMISSION FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011		
B. Component/Business Area/Date Department of the Navy/Supply Management - FEBRUARY 2011				C. Line No. & Item Description 0003 One Supply			D. Activity Identification NWCF		
	FY 2010			FY 2011			FY 2012		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development									
One Supply	VAR	VAR	1,500.000	VAR	VAR	1,300.000	VAR	VAR	1,300.000

Narrative Justification:

One Supply is the overarching program supporting the multi-commodity, ashore supply support solution that encompasses both transaction processing and trend analysis tools to facilitate decision-making across the supply management spectrum. One Supply provides enhanced support for war fighter logistics resulting in improved fleet readiness and facilitating moving workload ashore.

The FY12 information technology plan for One Supply includes a continuation and expansion of the functionalities created in FY9-FY11. Web application software engineering and development, database design and interface, data warehousing development/integration, as well as interface development/linkage with existing systems. Using the data from Inform 21 and the Enterprise Data Warehouse, One Supply will continue to provide the information tools to improve fleet readiness. The capabilities of One Supply will provide the foundation data for Operating Forces decisions. One Supply will provide tools to enable Strategic Sourcing decisions and Distance Support to remove workload from the ships to Ashore. The capabilities to tie parts and costs to specific mission capabilities through the Logistic Parts to Mission (LP2M) functionality started in FY09 will expand for FY12 providing more distance support tools to both the fleet and TYCOMS. These tools will provide the fleet a higher degree of readiness. Functional Integration of existing systems into fewer modern applications will continue for those areas outside the scope of the Single Supply Solution (ERP). One Supply will expand analytical processing (e.g., ACWT, LRT, stock positioning and trend analysis) using next generation information technology standards. One Supply will ensure seamless integration between the Single Supply Baseline (SSB) Afloat and the Single Supple Solution (ERP) Ashore. While One Supply supports capabilities not in scope for Navy ERP, One Supply will continue to be designed with Navy ERP as the end-state for respective commodity management and statistical analysis.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ in Thousands)

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)							A. BUDGET SUBMISSION FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011		
B. Component/Business Area/Date Department of the Navy/Supply Management - FEBRUARY 2011				C. Line No. & Item Description 0004 Minor Construction			D. Activity Identification NWCF		
	FY 2010			FY 2011			FY 2012		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction Capabilities -Replacement -Productivity -New Mission -Environmental	VAR	VAR	2,537.269	VAR	VAR	2,500.000	VAR	VAR	2,500.000

Narrative Justification:

Minor Construction: NAVSUP, as the maintenance UIC for all facilities occupied and operated by NAVSUP employees, is responsible for Real Property Maintenance (Minor Construction portion) of facilities occupied and operated. These NWCF Supply Management projects are necessary to maintain and improve the working conditions for NAVSUP claimancy employees. Projects include Minor Construction requirements of facilities as well as Quality of Life and correction of Safety deficiencies. Minor Construction funding requested supports the overall RPM objectives of the NAVFAC recommended spending limits of between 2% to 4% annually based on the associated property values. Economic analysis are not performed since Minor Construction funding limits keep investment percentage to such a small percentage of the total facility value. Cost savings if identified are provided as part of the project documentation developed. Each minor construction project must be less that $750,000. No minor construction project exceeds the current MILCON threshold.

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)
FY 2010

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation/Reason for Change
10	Non-ADP Equipment	-.451	1.893	1.442	.000	Reprogrammed to Software Development in support of Navy ERP Requirement.
10	ADP Equipment	-.022	1.019	.997	.000	Adjusted requirements.
10	Software Development	-.177	3.743	3.566	.000	Adjusted requirements.
10	Minor Construction	.107	2.430	2.537	.000	Adjusted requirements.
	Total Capital Investment	-.542	9.085	8.543	.000	

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)
FY 2011

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation/Reason for Change
11	Non-ADP Equipment	.000	1.921	1.921	.000	
11	ADP Equipment	.000	.880	.880	.000	
11	Software Development	.000	1.950	1.950	.000	
11	Minor Construction	.000	2.500	2.500	.000	
	Total Capital Investment	.000	7.251	7.251	.000	

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)
FY 2012

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation/Reason for Change
12	Non-ADP Equipment	.000	1.930	1.930	.000	
12	ADP Equipment	.000	.886	.886	.000	
12	Software Development	.000	2.000	2.000	.000	
12	Minor Construction	.000	2.500	2.500	.000	
	Total Capital Investment	.000	7.316	7.316	.000	

SOURCES OF REVENUE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)

	FY 2010	FY 2011	FY 2012
1. New Orders			
a. Orders from DoD Components:			
Own Component			
1105 Military Personnel, M.C.	0.000	0.000	0.000
1106 O&M Marine Corps	17.242	17.260	18.276
1108 Reserve Personnel, M.C.	0.000	0.000	0.000
1109 Procurement, M.C.	1.985	1.987	2.104
1205 Military Construction, Navy	0.000	0.000	0.000
1319 RDT & E, Navy	1.358	1.360	1.440
1405 Reserve Personnel, Navy	0.000	0.000	0.000
1453 Military Personnel, Navy	0.000	0.000	0.000
1506 Aircraft Procurement, Navy	529.394	554.429	519.016
1507 Weapons Procurement, Navy	3.521	10.700	6.800
1611-1811 Shipbuilding & Conv. Navy	24.651	26.200	31.300
1804 O&M, Navy	3897.312	3872.315	4150.794
1806 O&M, Navy Reserve	65.453	65.033	69.666
1810 Other Procurement, Navy	37.212	40.600	51.700
4930 Navy Working Capital Fund	942.759	936.712	1003.434
	5520.889	5526.596	5854.529
Orders from other DoD Components			
2100 Army	9.927	9.937	10.522
5700 Air Force	131.144	131.279	139.006
9700 Other DoD	0.627	0.628	0.665
	141.698	141.844	150.193
b. Orders from other Fund Business Areas:			
Distribution Depots, Navy	0.000	0.000	0.000
Logistics Support, Navy	0.000	0.000	0.000
	0.000	0.000	0.000
c. Total DoD	5662.587	5668.441	6004.722
d. Other Orders:			
Other Federal Agencies	10.450	10.461	8.418
Trust Fund	0.000	0.000	0.000
Non-Federal Agencies *	126.400	130.440	132.508
Foreign Military Sales (FMS)	64.370	64.437	68.229
	201.220	205.337	209.155
Total New Orders	5863.807	5873.778	6213.877
2. Carry-In Orders	908.297	1073.873	1005.499
3. Total Gross Orders	6772.104	6947.651	7219.376
4. Carry-Out Orders (-)	1073.873	1005.499	1167.245
5. Gross Sales	5698.231	5942.152	6052.131
Reimbursable Orders (BP 91)	411.688	523.279	449.306
6. Credit (-)	64.192	82.888	82.888
7. Net Sales	6045.727	6382.543	6418.549

* Non-federal agencies line includes cash sales

REVENUE AND EXPENSE SUMMARY
DEPARTMEN OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)

	FY 2010	FY 2011	FY 2012
Revenue:			
Gross Sales			
Operations	5,695.916	5,934.901	6,044.815
Capital Surcharge	(25.178)	(18.817)	(11.677)
Depreciation except Maj Const	27.493	26.068	18.993
Total Gross Sales	5,698.231	5,942.152	6,052.131
Major Construction Dep	0.000	0.000	0.000
Other Income	411.688	523.279	449.306
Refunds/Discounts (- Credit Sales)	(64.192)	(82.888)	(82.888)
Total Income:	6,045.727	6,382.543	6,418.549
Expenses:			
Cost of Material Sold from Inventory	4,408.912	4,858.148	5,113.023
Salaries and Wages:			
Military Personnel	30.554	30.749	29.978
Civilian Personnel	544.044	547.784	560.834
Travel & Transportation of Personnel	16.337	15.084	15.310
Materials & Supplies	30.790	33.867	34.375
Equipment	12.569	12.707	12.910
Other Purchases from Revolving Funds	261.832	259.959	247.396
Transportation of Things	118.842	165.218	167.696
Depreciation - Capital	27.493	26.068	18.993
Printing and Reproduction	10.147	8.447	8.574
Advisory and Assistance Services	11.722	11.851	12.029
Rent, Communication, Utilities & Misc	28.621	28.772	29.203
Other Purchased Services	245.581	227.143	192.598
TOTAL EXPENSES	5,747.444	6,225.797	6,442.920
Operating Result	298.283	156.746	(24.371)
Less Capital Surcharge reservation	(25.178)	(18.817)	(11.677)
Plus Appro Affecting NOR/AOR	0.000	0.000	0.000
Plus Other Changes Affecting NOR	(377.796)	0.000	0.000
Net Operating Result	(54.335)	175.563	(12.694)
Prior Year AOR	(108.534)	(162.869)	12.694
Other Changes Affecting AOR			
Accumulated Operating Result	(162.869)	12.694	0.000

SUPPLY MANAGEMENT SUMMARY
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)
FY 2010

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	TOTAL OBLIGATIONS	VARIABILITY TARGET	TARGET TOTAL	CAPITAL IMPROVEMENT PROGRAM	CREDIT SALES
COMPONENT LEVEL ADJ/SF133 RECONCILIATION										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	0.000	0.000	0.000	56.613	0.000	56.613	0.000	56.613	0.000	0.000
Delta	0.000	0.000	0.000	56.613	0.000	56.613	0.000	56.613	0.000	0.000
BP 21										
Approved	34.539	67.200	67.200	67.950	0.000	67.950	0.000	67.950	0.000	0.000
Request	28.086	70.898	70.898	65.112	0.000	65.112	0.000	65.112	0.000	0.000
Delta	(6.453)	3.698	3.698	(2.838)	0.000	(2.838)	0.000	(2.838)	0.000	0.000
BP 28										
Approved	1,519.237	917.181	917.181	917.181	0.000	917.181	0.000	917.181	0.000	4.888
Request	1,434.059	1,000.547	1,000.547	923.946	0.000	923.946	0.000	923.946	0.000	7.965
Delta	(85.178)	83.366	83.366	6.765	0.000	6.765	0.000	6.765	0.000	3.077
BP 34										
Approved	761.145	389.133	389.556	338.208	0.000	338.208	19.156	357.364	0.000	0.360
Request	964.283	368.768	368.078	241.743	0.000	241.743	0.000	241.743	0.000	0.058
Delta	203.138	(20.365)	(21.478)	(96.465)	0.000	(96.465)	(19.156)	(115.621)	0.000	(0.302)
BP 81										
Approved	8,393.794	785.813	785.813	684.743	0.000	684.743	43.341	728.084	0.000	25.000
Request	8,744.202	836.411	836.411	726.080	0.000	726.080	0.000	726.080	0.000	20.396
Delta	350.408	50.598	50.598	41.337	0.000	41.337	(43.341)	(2.004)	0.000	(4.604)
			** *REPAIR->*	328.074						
BP85										
Approved	34,954.468	3,470.280	3,418.988	2,886.519	0.000	2,886.519	205.742	3,092.261	0.000	52.800
Request	39,487.997	3,619.797	3,358.105	2,929.404	0.000	2,929.404	0.000	2,929.404	0.000	35.773
Delta	4,533.529	149.517	(60.883)	42.885	0.000	42.885	(205.742)	(162.857)	0.000	(17.027)
			** *REPAIR->*	1,995.516						
BP 91										
Approved	0.000	0.000	442.509	1,323.209	0.000	1,323.209	0.000	1,323.209	9.085	0.000
Request	0.000	0.000	411.688	933.243	0.000	933.243	0.000	933.243	2.315	0.000
Delta	0.000	0.000	(30.821)	(389.966)	0.000	(389.966)	0.000	(389.966)	(6.770)	0.000
TOTAL										
Approved	45,663.183	5,629.607	6,021.247	6,217.810	0.000	6,217.810	268.239	6,486.049	9.085	83.048
Request	50,658.627	5,896.421	6,045.727	5,876.141	0.000	5,876.141	0.000	5,876.141	2.315	64.192
Delta	4,995.444	266.814	24.480	(341.669)	0.000	(341.669)	(268.239)	(609.908)	(6.770)	(18.856)

*** Value reflects Repair portion of Total Operating Obligations.*

SUPPLY MANAGEMENT SUMMARY
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)
FY 2011

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	TOTAL OBLIGATIONS	VARIABILITY TARGET	TARGET TOTAL	CAPITAL IMPROVEMENT PROGRAM	CREDIT SALES
BP 21										
Approved	36.458	68.644	68.644	69.309	0.000	69.309	0.000	69.309	0.000	0.000
Request	30.005	67.200	67.200	67.950	0.000	67.950	0.000	67.950	0.000	0.000
Delta	(6.453)	(1.444)	(1.444)	(1.359)	0.000	(1.359)	0.000	(1.359)	0.000	0.000
BP 28										
Approved	1,512.434	930.022	930.022	930.022	0.000	930.022	0.000	930.022	0.000	4.888
Request	1,455.090	966.755	966.755	966.755	0.000	966.755	0.000	966.755	0.000	4.888
Delta	(57.344)	36.733	36.733	36.733	0.000	36.733	0.000	36.733	0.000	0.000
BP 34										
Approved	694.597	360.702	366.107	223.202	0.000	223.202	31.894	255.096	0.000	0.382
Request	793.848	340.058	346.232	248.126	0.000	248.126	31.894	280.020	0.000	0.200
Delta	99.251	(20.644)	(19.875)	24.924	0.000	24.924	0.000	24.924	0.000	(0.182)
BP 81										
Approved	8,237.720	797.056	797.056	651.475	0.000	651.475	72.160	723.635	0.000	25.000
Request	8,535.718	863.011	863.011	780.433	0.000	780.433	72.160	852.593	0.000	25.000
Delta	297.998	65.955	65.955	128.958	0.000	128.958	0.000	128.958	0.000	0.000
			** *REPAIR->*	332.937						
BP85										
Approved	34,194.763	3,739.910	3,659.422	2,959.855	0.000	2,959.855	339.270	3,299.125	0.000	52.800
Request	39,922.302	3,423.426	3,616.066	3,207.401	0.000	3,207.401	339.270	3,546.671	0.000	52.800
Delta	5,727.539	(316.484)	(43.356)	247.546	0.000	247.546	0.000	247.546	0.000	0.000
			** *REPAIR->*	2,169.507						
BP 91										
Approved	0.000	0.000	526.203	1,358.124	0.000	1,358.124	0.000	1,358.124	7.251	0.000
Request	0.000	0.000	523.279	1,341.581	0.000	1,341.581	0.000	1,341.581	7.251	0.000
Delta	0.000	0.000	(2.924)	(16.543)	0.000	(16.543)	0.000	(16.543)	0.000	0.000
TOTAL										
Approved	44,675.972	5,896.334	6,347.454	6,191.987	0.000	6,191.987	443.324	6,635.311	7.251	83.070
Request	50,736.963	5,660.450	6,382.543	6,612.246	0.000	6,612.246	443.324	7,055.570	7.251	82.888
Delta	6,060.991	(235.884)	35.089	420.259	0.000	420.259	0.000	420.259	0.000	(0.182)

*** Value reflects Repair portion of Total Operating Obligations.*

SUPPLY MANAGEMENT SUMMARY
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)
FY 2012

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	TOTAL OBLIGATIONS	VARIABILITY TARGET	TARGET TOTAL	CAPITAL IMPROVEMENT PROGRAM	CREDIT SALES
BP 21										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	32.010	68.208	68.208	68.969	0.000	68.969	0.000	68.969	0.000	0.000
Delta	32.010	68.208	68.208	68.969	0.000	68.969	0.000	68.969	0.000	0.000
BP 28										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	1,479.960	986.495	986.495	986.495	0.000	986.495	0.000	986.495	0.000	4.888
Delta	1,479.960	986.495	986.495	986.495	0.000	986.495	0.000	986.495	0.000	4.888
BP 34										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	670.468	364.143	366.239	229.483	0.000	229.483	0.000	229.483	0.000	0.200
Delta	670.468	364.143	366.239	229.483	0.000	229.483	0.000	229.483	0.000	0.200
BP 81										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	8,217.434	843.480	843.480	794.999	0.000	794.999	0.000	794.999	0.000	25.000
Delta	8,217.434	843.480	843.480	794.999	0.000	794.999	0.000	794.999	0.000	25.000
			** *REPAIR->*	346.125						
BP85										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	39,938.476	3,736.155	3,704.821	3,300.078	0.000	3,300.078	0.000	3,300.078	0.000	52.800
Delta	39,938.476	3,736.155	3,704.821	3,300.078	0.000	3,300.078	0.000	3,300.078	0.000	52.800
			** *REPAIR->*	2,285.418						
BP 91										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	0.000	0.000	449.306	1,310.903	0.000	1,310.903	0.000	1,310.903	7.316	0.000
Delta	0.000	0.000	449.306	1,310.903	0.000	1,310.903	0.000	1,310.903	7.316	0.000
TOTAL										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	50,338.348	5,998.481	6,418.549	6,690.927	0.000	6,690.927	0.000	6,690.927	7.316	82.888
Delta	50,338.348	5,998.481	6,418.549	6,690.927	0.000	6,690.927	0.000	6,690.927	7.316	82.888

*** Value reflects Repair portion of Total Operating Obligations.*

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 34
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBURARY 2011
($ IN MILLIONS)
FY 2010

Weapon System	NMCS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	Total
F/A-18	9.0	6.301	0.000	23.962	30.263
AV-8B/T-45	9.9/5.6	0.000	0.000	0.709	0.709
EA-6B	7.1	1.761	0.000	0.591	2.352
V-22	14.9	20.303	0.000	78.330	98.633
C-130	8.3	0.000	0.000	0.095	0.095
P-3	6.8	0.054	0.000	1.184	1.238
E-2/C-2	12.0/8.9	0.000	0.000	0.288	0.288
Common Systems	n/a	0.654	0.000	5.071	5.725
Aircraft Engines	n/a	0.000	28.082	4.795	32.877
Aviation Support Systems	n/a	0.000	0.000	3.988	3.988
H-1	10.2	4.928	0.000	3.411	8.339
H-46	7.9	0.000	0.000	2.022	2.022
H-53	10.8	0.020	0.000	1.249	1.269
H-60	6.9	3.029	0.000	11.635	14.664
Multi-application	n/a	0.000	0.000	12.396	12.396
Efficiencies/Self Financing		0.000	0.000	(0.535)	(0.535)
Anticipated Special Programs		0.000	0.000	0.000	0.000
Full PBL		0.000	0.000	4.397	4.397
ERP Buy-Ahead		0.000	0.000	23.023	23.023
Total		37.050	28.082	176.611	241.743

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines. Data Source: NAVAIR Deckplate. Provided by: OPNAV-N43

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 34
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBURARY 2011
($ IN MILLIONS)
FY 2011

Weapon System	NMCS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	Total
F/A-18	9.0	1.920	0.000	24.929	26.849
AV-8B/T-45	9.9/5.6	0.226	0.000	0.635	0.861
EA-6B	7.1	0.600	0.000	0.530	1.130
V-22	14.9	15.458	7.452	85.244	108.154
C-130	8.3	0.000	0.000	0.085	0.085
P-3	6.8	0.227	0.000	1.061	1.288
E-2/C-2	12.0/8.9	0.000	0.000	0.258	0.258
Common Systems	n/a	1.124	0.000	4.544	5.668
Aircraft Engines	n/a	0.000	24.082	9.807	33.889
Aviation Support Systems	n/a	0.000	0.000	10.249	10.249
H-1	10.2	3.830	0.000	4.274	8.104
H-46	7.9	0.000	0.000	3.202	3.202
H-53	10.8	0.055	0.000	1.119	1.174
H-60	6.9	9.511	0.000	6.171	15.682
Multi-application	n/a	0.000	0.000	11.108	11.108
Efficiencies/Self Financing		0.000	0.000	(0.574)	(0.574)
Anticipated Special Programs		0.000	15.000	0.000	15.000
Full PBL		0.000	0.000	6.000	6.000
Total		32.951	46.534	168.641	248.126

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines. Data Source: NAVAIR Deckplate. Provided by: OPNAV-N43

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 34
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBURARY 2011
($ IN MILLIONS)
FY 2012

Weapon System	NMCS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	Total
F/A-18	9.0	3.450	0.000	14.173	17.623
AV-8B/T-45	9.9/5.6	0.634	0.000	1.140	1.774
EA-6B	7.1	0.688	0.000	0.952	1.640
V-22	14.9	12.234	0.000	51.596	63.830
C-130	8.3	0.000	0.000	0.153	0.153
P-3	6.8	0.224	0.000	1.904	2.128
E-2/C-2	12.0/8.9	0.000	0.000	0.463	0.463
Common Systems	n/a	3.035	0.000	8.157	11.192
Aircraft Engines	n/a	0.000	10.000	15.756	25.756
Aviation Support Systems	n/a	0.000	0.000	31.832	31.832
H-1	10.2	6.021	0.000	6.993	13.014
H-46	7.9	0.000	0.000	3.253	3.253
H-53	10.8	0.007	0.000	2.009	2.016
H-60	6.9	7.356	0.000	8.436	15.792
Multi-application	n/a	0.000	0.000	19.941	19.941
Efficiencies/Self Financing		0.000	0.000	(1.924)	(1.924)
Anticipated Special Programs		0.000	15.000	0.000	15.000
Full PBL		0.000	0.000	6.000	6.000
Total		33.649	25.000	170.834	229.483

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines. Data Source: NAVAIR Deckplate. Provided by: OPNAV-N43

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 81
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)
FY 2010

Weapon System Name	Basic Replen	Outfitting	Special Programs	Rework	Total
AIR TRAFFIC CONTROL	15.602	14.650	6.286	27.797	64.335
NUCLEAR	56.242	9.577	13.642	2.000	81.461
SUBSAFE LI/ASDS/DSSP (ERP)	27.567	0.000	16.053	15.695	59.315
HM&E (ERP)	32.366	1.425	36.930	88.467	159.188
END ITEM MGT/CARPER/MSC	2.932	0.000	0.399	7.834	11.165
GPETE	0.314	0.000	19.596	1.463	21.373
FIRE CONTROL/DET	23.092	1.124	10.423	65.444	100.083
INTEGRATED SELF-DEFENSE	21.430	11.955	14.721	23.793	71.899
COMMUNICATION/SURVEILLANCE	17.269	4.477	9.087	26.116	56.949
FULL PBL	30.847	0.000	0.000	69.465	100.312
Gross Requirement	227.661	43.208	127.137	328.074	726.080

Platform	FY10 POTF *
AIRCRAFT CARRIERS	69%
AMPHIBIOUS WARFARE	50%
COMBAT LOGISTICS SHIPS	82%
MINE WARFARE SHIPS	9%
SUBMARINES	96%
SURFACE COMBATANTS	67%
SURFACE SHIPS	58%
MISCELLANEOUS	51%
ACROSS ALL PLATFORMS	67%

* POTF (Percentage of Time Free) is an accepted Department of Defense readiness metric and is used in assessing ship and submarine readiness vice NMCS (aviation metric). It measures the percentage of operating time free of mission-degrading casualties for active ships in all fleets (i.e. the percentage of operating time that a platform has no C3/C4 casualty reports (CASREPs). POTF is measured by platform. There is no means of obtaining POTF data at the Weapon System level.
FY10 POTF is actual performance.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 81
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)
FY 2011

Weapon System Name	Basic Replen	Outfitting	Special Programs	Rework	Total
AIR TRAFFIC CONTROL	19.145	11.307	6.304	27.827	64.583
NUCLEAR	56.176	8.670	14.194	2.000	81.040
SUBSAFE LI/ASDS/DSSP (ERP)	31.023	0.008	21.780	15.712	68.523
HM&E (ERP)	41.713	0.640	29.958	88.563	160.874
END ITEM MGT/CARPER/MSC	0.237	0.000	0.106	7.843	8.186
GPETE	0.290	0.000	16.338	1.465	18.093
FIRE CONTROL/DET	25.132	1.401	17.016	65.515	109.064
INTEGRATED SELF-DEFENSE	19.774	10.472	18.936	23.818	73.000
COMMUNICATION/SURVEILLANCE	20.405	20.299	12.042	26.144	78.890
FULL PBL	44.130	0.000	0.000	74.050	118.180
Gross Requirement	258.025	52.797	136.674	332.937	780.433

Platform	FY10 POTF *
AIRCRAFT CARRIERS	69%
AMPHIBIOUS WARFARE	50%
COMBAT LOGISTICS SHIPS	82%
MINE WARFARE SHIPS	9%
SUBMARINES	96%
SURFACE COMBATANTS	67%
SURFACE SHIPS	58%
MISCELLANEOUS	51%
ACROSS ALL PLATFORMS	67%

* POTF (Percentage of Time Free) is an accepted Department of Defense readiness metric and is used in assessing ship and submarine readiness vice NMCS (aviation metric). It measures the percentage of operating time free of mission-degrading casualties for active ships in all fleets (i.e. the percentage of operating time that a platform has no C3/C4 casualty reports (CASREPs). POTF is measured by platform. There is no means of obtaining POTF data at the Weapon System level.

FY11 POTF projections are carried forward from FY10 actual performance.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 81
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)
FY 2012

Weapon System Name	Basic Replen	Outfitting	Special Programs	Rework	Total
AIR TRAFFIC CONTROL	17.948	14.126	6.482	28.915	67.471
NUCLEAR	57.984	8.989	11.481	3.700	82.154
SUBSAFE LI/ASDS/DSSP (ERP)	26.120	0.000	26.400	16.326	68.846
HM&E (ERP)	38.923	0.991	27.998	92.027	159.939
END ITEM MGT/CARPER/MSC	2.938	0.000	0.111	8.149	11.198
GPETE	0.267	0.000	17.183	1.522	18.972
FIRE CONTROL/DET	24.992	2.760	9.612	68.076	105.440
INTEGRATED SELF-DEFENSE	17.372	12.204	18.055	24.750	72.381
COMMUNICATION/SURVEILLANCE	22.173	26.040	12.341	27.166	87.720
FULL PBLS	45.384	0.000	0.000	75.494	120.878
Gross Requirement	254.101	65.110	129.663	346.125	794.999

Platform	FY10 POTF *
AIRCRAFT CARRIERS	69%
AMPHIBIOUS WARFARE	50%
COMBAT LOGISTICS SHIPS	82%
MINE WARFARE SHIPS	9%
SUBMARINES	96%
SURFACE COMBATANTS	67%
SURFACE SHIPS	58%
MISCELLANEOUS	51%
ACROSS ALL PLATFORMS	67%

* POTF (Percentage of Time Free) is an accepted Department of Defense readiness metric and is used in assessing ship and submarine readiness vice NMCS (aviation metric). It measures the percentage of operating time free of mission-degrading casualties for active ships in all fleets (i.e. the percentage of operating time that a platform has no C3/C4 casualty reports (CASREPs). POTF is measured by platform. There is no means of obtaining POTF data at the Weapon System level.

FY12 POTF projections are carried forward from FY10 actual performance.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 85
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)
FY 2010

Weapon System	NMCS Rates[1]	Buy-In Outfitting	Special Programs	Basic Replen	Repair	Total
F/A-18	9.0	122.434	81.698	83.613	194.781	482.526
AV-8B/T-45	9.9/5.6	0.000	0.000	1.751	6.952	8.703
EA-6B	7.1	13.033	4.080	12.009	45.164	74.286
VTUAV	n/a	0.000	0.000	0.000	0.000	0.000
V-22	14.9	73.937	0.000	34.027	89.293	197.257
S-3	n/a	0.000	0.000	0.000	2.471	2.471
C-130	8.3	0.000	0.000	3.195	4.140	7.335
P-3	6.8	0.596	0.000	9.264	34.943	44.803
E-2/C-2	12.0/8.9	0.216	17.109	14.091	39.111	70.527
Common Systems	n/a	4.843	0.000	10.279	48.552	63.674
Aircraft Engines	n/a	9.772	0.000	30.116	94.520	134.408
Aviation Support Systems	n/a	0.000	0.000	2.639	33.658	36.297
H-1	10.2	36.475	0.000	11.564	74.170	122.209
H-46	7.9	0.000	0.000	3.365	37.042	40.407
H-53	10.8	0.000	0.000	17.572	75.252	92.824
H-60	6.9	135.018	6.767	40.418	37.982	220.185
Multi-application	n/a	0.000	0.000	112.922	352.654	465.576
Efficiencies/Self Financing		(169.833)	0.295	(6.984)	0.000	(176.522)
Anticipated Special Programs		0.000	0.000	0.000	0.000	0.000
Carcass Losses		0.000	0.000	18.000	0.000	18.000
Full PBL		0.000	0.000	187.883	856.244	1044.127
LECP Investment/Savings		0.000	0.000	(0.076)	(31.413)	(31.489)
ERP Buy-Ahead		0.000	0.000	11.800	0.000	11.800
Total		226.491	109.949	597.448	1995.516	2929.404

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines. Data Source: NAVAIR Deckplate. Provided by: OPNAV-N43.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 85
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)
FY 2011

Weapon System	NMCS Rates[1]	Buy-In Outfitting	Special Programs	Basic Replen	Repair	Total
F/A-18	9.0	75.609	71.073	97.639	215.580	459.900
AV-8B/T-45	9.9/5.6	1.690	0.000	1.083	6.128	8.902
EA-6B	7.1	6.734	22.902	10.090	37.041	76.766
VTUAV	n/a	0.990	0.000	0.000	0.000	0.990
V-22	14.9	154.919	0.000	37.322	104.616	296.857
S-3	n/a	0.000	0.000	0.000	4.142	4.142
C-130	8.3	0.000	0.000	2.654	4.241	6.895
P-3	6.8	2.554	0.000	10.752	37.563	50.870
E-2/C-2	12.0/8.9	0.000	22.400	11.778	37.174	71.352
Common Systems	n/a	7.751	0.000	7.966	49.492	65.209
Aircraft Engines	n/a	0.000	0.000	24.656	119.773	144.429
Aviation Support Systems	n/a	0.000	0.000	3.401	24.445	27.846
H-1	10.2	28.659	3.367	41.410	49.313	122.748
H-46	7.9	0.000	0.000	2.413	31.961	34.374
H-53	10.8	0.623	12.900	24.262	101.872	139.657
H-60	6.9	105.898	0.000	59.493	62.250	227.641
Multi-application	n/a	0.000	0.000	107.824	321.302	429.126
Efficiencies/Self Financing		(188.413)	0.490	(4.722)	0.000	(192.645)
Anticipated Special Programs			50.000		20.000	70.000
Carcass Losses				18.000		18.000
Full PBL				163.694	954.749	1118.443
LECP Investment/Savings				38.032	(12.135)	25.897
Total		197.013	183.132	657.749	2169.507	3207.401

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines. Data Source: NAVAIR Deckplate. Provided by: OPNAV-N43.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 85
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)
FY 2012

Weapon System	NMCS Rates[1]	Buy-In Outfitting	Special Programs	Basic Replen	Repair	Total
F/A-18	9.0	43.159	33.937	99.861	232.388	409.345
AV-8B/T-45	9.9/5.6	5.152	0.000	1.370	6.796	13.318
EA-6B	7.1	8.381	0.000	14.734	42.543	65.659
VTUAV	n/a	3.366	0.000	0.000	0.000	3.366
V-22	14.9	101.597	0.000	43.109	107.247	251.952
S-3	n/a	0.000	0.000	0.000	3.963	3.963
C-130	8.3	0.000	0.000	3.419	4.850	8.269
P-3	6.8	2.729	0.000	13.596	42.948	59.273
E-2/C-2	12.0/8.9	0.000	0.000	21.458	40.665	62.123
Common Systems	n/a	22.407	0.000	10.073	54.139	86.620
Aircraft Engines	n/a	0.000	0.000	38.512	132.433	170.945
Aviation Support Systems	n/a	0.000	0.000	4.913	24.793	29.706
H-1	10.2	48.905	0.000	66.174	54.479	169.558
H-46	7.9	0.000	0.000	4.054	33.920	37.974
H-53	10.8	0.091	0.000	30.679	111.437	142.207
H-60	6.9	59.746	0.000	39.837	80.944	180.527
Multi-application	n/a	0.000	0.000	94.671	355.901	450.572
Efficiencies/Self Financing		(77.699)	0.490	(3.978)	0.000	(81.187)
Anticipated Special Programs			0.000		20.000	20.000
Carcass Losses				18.000		18.000
Full PBL				219.299	949.196	1168.495
LECP Investment/Savings				42.618	(13.224)	29.394
Total		217.834	34.427	762.399	2285.418	3300.078

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines. Data Source: NAVAIR Deckplate. Provided by: OPNAV-N43.

INVENTORY STATUS
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT SUMMARY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)
FY 2010

	Total	Mobilization	---Peacetime--- Operating	Other
1. INVENTORY BOP	47,317.425	2.647	24,552.637	22,762.141
2. BOP INVENTORY ADJUSTMENTS	(5,058.602)	0.000	(243.839)	(4,814.763)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	2,508.965	(2,508.965)
B. PRICE CHANGE AMOUNT (memo)	(5,058.602)	0.000	(2,752.804)	(2,305.798)
C. INVENTORY RECLASSIFIED AND REPRICED	42,258.824	2.647	24,308.799	17,947.378
3. RECEIPTS AT STANDARD	3,341.254	0.000	3,278.291	62.963
4. SALES AT STANDARD	5,698.231	0.000	5,698.231	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	11,235.814	0.167	10,776.477	459.170
B. RETURNS FROM CUSTOMERS FOR CREDIT	64.192	0.001	86.512	(22.321)
C. RETURNS FROM CUSTOMERS, NO CREDIT	17,364.103	0.080	(594.671)	17,958.694
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(4,216.133)	0.000	0.000	(4,216.133)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(5,537.680)	(0.001)	(28.743)	(5,508.936)
G. OTHER (listed in Section 9)	(8,954.709)	(0.162)	(5,182.137)	(3,772.410)
H. TOTAL ADJUSTMENTS	10,759.512	0.085	5,057.438	5,701.989
6. INVENTORY EOP	50,661.359	2.732	26,946.297	23,712.330
7. INVENTORY EOP (REVALUED)	29,065.739	2.714	16,932.687	12,130.338
A. APPROVED ACQUISITION OBJECTIVE (memo)				10,697.206
B. ECONOMIC RETENTION (memo)				1,002.474
C. CONTINGENCY RETENTION (memo)				382.420
D. POTENTIAL DOD REUTILIZATION (memo)				48.238
8. INVENTORY ON ORDER EOP (memo)	2,100.620	0.000	2,039.868	60.752

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(182.709)	0.000	442.417	(625.126)
Strata Transfers	0.000	(0.162)	3,147.446	(3,147.284)
Net/Standard Difference	(8,772.000)	0.000	(8,772.000)	0.000
Discounted Unserviceable Returns	0.000	0.000	0.000	0.000
Total	(8,954.709)	(0.162)	(5,182.137)	(3,772.410)

INVENTORY STATUS
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT SUMMARY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)
FY 2011

	Total	Mobilization	---Peacetime--- Operating	Other
1. INVENTORY BOP	50,661.359	2.732	26,946.297	23,712.330
2. BOP INVENTORY ADJUSTMENTS	1,073.314	0.000	4,952.050	(3,878.736)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	4,333.446	(3,914.739)
B. PRICE CHANGE AMOUNT (memo)	1,073.314	0.000	618.604	454.710
C. INVENTORY RECLASSIFIED AND REPRICED	51,734.673	2.732	31,898.347	19,833.594
3. RECEIPTS AT STANDARD	3,588.429	0.000	3,591.992	(3.563)
4. SALES AT STANDARD	5,942.152	0.000	5,942.152	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(16.156)	0.000	(72.879)	56.723
B. RETURNS FROM CUSTOMERS FOR CREDIT	82.888	0.000	14.994	67.894
C. RETURNS FROM CUSTOMERS, NO CREDIT	18,494.834	0.000	10,098.955	8,395.879
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(4,590.142)	0.000	0.000	(4,590.142)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(15.457)	0.000	(11.544)	(3.913)
G. OTHER (listed in Section 9)	(12,597.222)	0.000	(12,509.162)	(88.060)
H. TOTAL ADJUSTMENTS	1,358.745	0.000	(2,479.636)	3,838.381
6. INVENTORY EOP	50,739.695	2.732	27,068.551	23,668.412
7. INVENTORY EOP (REVALUED)	29,103.111	2.717	16,979.182	12,121.212
A. APPROVED ACQUISITION OBJECTIVE (memo)				10,708.613
B. ECONOMIC RETENTION (memo)				983.493
C. CONTINGENCY RETENTION (memo)				380.647
D. POTENTIAL DOD REUTILIZATION (memo)				48.460
8. INVENTORY ON ORDER EOP (memo)	2,263.104	0.000	2,261.165	1.939

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(160.191)	0.000	(79.916)	(80.275)
Strata Transfers	0.000	0.000	7.785	(7.785)
Net/Standard Difference	(12,437.031)	0.000	(12,437.031)	0.000
Discounted Unserviceable Returns	0.000	0.000	0.000	0.000
Total	(12,597.222)	0.000	(12,509.162)	(88.060)

INVENTORY STATUS
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT SUMMARY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)
FY 2012

	Total	Mobilization	---Peacetime--- Operating	Other
1. INVENTORY BOP	50,739.695	2.732	27,068.551	23,668.412
2. BOP INVENTORY ADJUSTMENTS	749.655	0.000	5,756.812	(5,007.157)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	4,260.785	(4,260.785)
B. PRICE CHANGE AMOUNT (memo)	749.655	0.000	1,496.027	(746.372)
C. INVENTORY RECLASSIFIED AND REPRICED	51,489.350	2.732	32,825.363	18,661.255
3. RECEIPTS AT STANDARD	3,275.384	0.000	3,286.297	(10.913)
4. SALES AT STANDARD	6,052.131	0.000	6,052.131	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(12.113)	0.000	(35.496)	23.383
B. RETURNS FROM CUSTOMERS FOR CREDIT	82.888	0.000	16.137	66.751
C. RETURNS FROM CUSTOMERS, NO CREDIT	20,591.834	0.000	11,139.088	9,452.746
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(4,659.333)	0.000	0.000	(4,659.333)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(15.721)	0.000	(11.741)	(3.980)
G. OTHER (listed in Section 9)	(14,359.078)	0.000	(13,970.382)	(388.696)
H. TOTAL ADJUSTMENTS	1,628.477	0.000	(2,862.394)	4,490.871
6. INVENTORY EOP	50,341.080	2.732	27,197.135	23,141.213
7. INVENTORY EOP (REVALUED)	28,790.678	2.716	17,111.357	11,676.605
A. APPROVED ACQUISITION OBJECTIVE (memo)				10,324.172
B. ECONOMIC RETENTION (memo)				934.610
C. CONTINGENCY RETENTION (memo)				370.826
D. POTENTIAL DOD REUTILIZATION (memo)				46.997
8. INVENTORY ON ORDER EOP (memo)	2,333.554	0.000	2,515.558	(182.004)

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(165.980)	0.000	(83.854)	(82.126)
Strata Transfers	0.000	0.000	306.570	(306.570)
Net/Standard Difference	(14,193.098)	0.000	(14,193.098)	0.000
Discounted Unserviceable Returns	0.000	0.000	0.000	0.000
Total	(14,359.078)	0.000	(13,970.382)	(388.696)

CUSTOMER PRICE CHANGE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)

SHIPS/AVIATION	FY 2010	FY 2011	FY 2012
1. Gross Sales at Cost	4150.948	4252.914	4346.405
2. Less: Material Inflation Adj	46.285	61.500	40.265
3. Revised Gross Sales at Cost	4104.663	4191.414	4306.140
4. Surcharge ($)	550.625	648.088	646.135
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.127	0.133	0.152
b. This year's Surcharge and (material inflation and burdening rate change) divided by line 3 above($)	0.145	0.169	0.159
c. Percent change to customer	1.6%	3.2%	0.6%

Customer Price Change
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)

BP34-AVIATION CONSUMABLES	FY 2010	FY 2011	FY 2012
1. Gross Sales at Cost	359.510	320.543	312.228
2. Less: Material Inflation Adj	5.528	(18.209)	2.757
3. Revised Gross Sales at Cost	353.982	338.752	309.471
4. Surcharge ($)	39.951	45.965	54.211
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.165	0.111	0.143
b. This year's Surcharge and (material inflation and burdening rate change) divided by line 3 above($)	0.128	0.082	0.184
c. Percent change to customer	(3.1%)	(2.6%)	3.6%

Customer Price Change
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)

BP81-SHIPS	FY 2010	FY 2011	FY 2012
1. Gross Sales at Cost	699.745	686.419	748.032
2. Less: Material Inflation Adj	5.307	14.582	6.628
3. Revised Gross Sales at Cost	694.438	671.837	741.404
4. Surcharge ($)	121.923	135.674	120.448
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.164	0.174	0.198
b. This year's Surcharge and (material inflation and burdening rate change) divided by line 3 above($)	0.183	0.224	0.171
c. Percent change to customer	1.6%	4.2%	(2.2%)

Customer Price Change
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)

BP85-AVIATION REPAIRABLES	FY 2010	FY 2011	FY 2012
1. Gross Sales at Cost	3091.693	3245.952	3286.145
2. Less: Material Inflation Adj	35.450	64.585	34.639
3. Revised Gross Sales at Cost	3056.243	3181.367	3251.506
4. Surcharge ($)	388.752	466.449	471.475
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.114	0.126	0.144
b. This year's Surcharge and (material inflation and burdening rate change) divided by line 3 above($)	0.139	0.167	0.156
c. Percent change to customer	2.2%	3.7%	1.0%

WAR RESERVE MATERIAL (WRM)
DEPARMENT OF THE NAVY
SUPPLY MANAGEMENT NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)
FY 2010

STOCKPILE STATUS	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	2.647	2.647	
2. Price Change	0.000	0.000	
3. Reclassification	0.000	0.000	
4. Inventory Changes	0.085	0.085	0.000
a. Receipts @ std	0.081	0.081	0.000
(1). Purchases	0.000	0.000	
(2). Returns from customers	0.081	0.081	
b. Issues @ std	(0.001)	(0.001)	0.000
(1). Sales	0.000	0.000	
(2). Returns to suppliers	0.000	0.000	
(3). Disposals	0.000	0.000	
(4). Issues/receipts w/o ADJs	(0.001)	(0.001)	
c. Adjustments @ std	0.005	0.005	0.000
(1). Capitalizations	0.167	0.167	
(2). Gains and losses	0.000	0.000	
(3). Other	(0.162)	(0.162)	
5. Inventory EOP	2.732	2.732	0.000

STOCKPILE COSTS	
1. Storage	0.001
2. Management	0.000
3. Maintenance/Other	0.000
Total Cost	0.001

WRM BUDGET REQUEST	
1. Obligations @ cost	
a. Additional WRM	0.000
b. Replen. WRM	0.000
c. Repair WRM	0.000
d. Assemble/Disassemble	0.000
e. Other	0.000
Total Request	0.000

WAR RESERVE MATERIAL (WRM)
DEPARMENT OF THE NAVY
SUPPLY MANAGEMENT NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)
FY 2011

STOCKPILE STATUS	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	2.732	2.732	
2. Price Change	0.000	0.000	
3. Reclassification	0.000	0.000	
4. Inventory Changes	0.000	0.000	0.000
a. Receipts @ std	0.000	0.000	0.000
(1). Purchases	0.000	0.000	
(2). Returns from customers	0.000	0.000	
b. Issues @ std	0.000	0.000	0.000
(1). Sales	0.000	0.000	
(2). Returns to suppliers	0.000	0.000	
(3). Disposals	0.000	0.000	
(4). Issues/receipts w/o ADJs	0.000	0.000	
c. Adjustments @ std	0.000	0.000	0.000
(1). Capitalizations	0.000	0.000	
(2). Gains and losses	0.000	0.000	
(3). Other	0.000	0.000	
5. Inventory EOP	2.732	2.732	0.000

STOCKPILE COSTS	
1. Storage	0.002
2. Management	0.000
3. Maintenance/Other	0.000
Total Cost	0.002

WRM BUDGET REQUEST	
1. Obligations @ cost	
a. Additional WRM	0.000
b. Replen. WRM	0.000
c. Repair WRM	0.000
d. Assemble/Disassemble	0.000
e. Other	0.000
Total Request	0.000

WAR RESERVE MATERIAL (WRM)
DEPARMENT OF THE NAVY
SUPPLY MANAGEMENT NAVY
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES - FEBRUARY 2011
($ IN MILLIONS)
FY 2012

STOCKPILE STATUS	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	2.732	2.732	
2. Price Change	0.000	0.000	
3. Reclassification	0.000	0.000	
4. Inventory Changes	0.000	0.000	0.000
a. Receipts @ std	0.000	0.000	0.000
(1). Purchases	0.000	0.000	
(2). Returns from customers	0.000	0.000	
b. Issues @ std	0.000	0.000	0.000
(1). Sales	0.000	0.000	
(2). Returns to suppliers	0.000	0.000	
(3). Disposals	0.000	0.000	
(4). Issues/receipts w/o ADJs	0.000	0.000	
c. Adjustments @ std	0.000	0.000	0.000
(1). Capitalizations	0.000	0.000	
(2). Gains and losses	0.000	0.000	
(3). Other	0.000	0.000	
5. Inventory EOP	2.732	2.732	0.000

STOCKPILE COSTS	
1. Storage	0.003
2. Management	0.000
3. Maintenance/Other	0.000
Total Cost	0.003

WRM BUDGET REQUEST	
1. Obligations @ cost	
a. Additional WRM	0.000
b. Replen. WRM	0.000
c. Repair WRM	0.000
d. Assemble/Disassemble	0.000
e. Other	0.000
Total Request	0.000

Page Intentionally Blank

TAB 12 - Marine Corps Supply

Back of Tab

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT – MARINE CORPS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Mission Statement/Overview

The Marine Corps Supply Management Activity Group (MC SMAG) performs inventory management functions that result in the sale of consumable and reparable items to support Department of Defense (DoD), federal, and non-federal customers' supply needs. Costs related to providing material support to customers are recouped through the application of stabilized rates that include recovery for cost elements such as inventory management and the receipt and issue of assets.

Activity Group Composition

The following Marine Corps organizations are funded in this activity group:

Supply Chain Management Center, Albany, GA
Direct Support Stock Control, Albany, GA
Direct Support Stock Control, Barstow, CA
Business Logistics Support Department, Camp Lejeune, NC
Direct Support Stock Control, Quantico, VA
Consolidated Material and Service Center, Camp Pendleton, CA

Executive Summary

Significant Changes Since the FY 2011 President's Budget

The Marine Corps SMAG had significant growth in FY 2010 Gross Sales in the Wholesale program. Details are provided in the Operating Results, Cash Management and Sales sections.

Budget Highlights/Special Interest Items

This budget includes all known requirements to implement Base Realignment and Closure (BRAC) Committee Law #176 (S&S 7), which disestablishes and consolidates Depot Level Reparable (DLR) procurement requirements from DoD services to the Defense Logistics Agency (DLA). In accordance with this law and effective for the remainder of FY 2011, MC SMAG has transferred funding for one Full Time Equivalent (FTE) from MC SMAG to DLA. The funding supports labor and support costs related to procurement of DLRs. The Marine Corps and DLA continue to work, plan, and coordinate all actions and processes required to fully implement this BRAC law prior to 1 October 2011.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT – MARINE CORPS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Operating Results

Revenue/Expense/NOR/AOR ($M)	FY 2010	FY 2011	FY 2012
Net Revenue	163.011	144.544	133.512
Expenses	157.443	144.492	131.522
Net Operating Results	5.568	0.052	1.990
Prior Year AOR	-7.610	-2.042	-1.990
Accumulated Operating Result (AOR)	-2.042	-1.990	0.000

Note: Amounts may not add due to rounding

Revenue and Expenses: Annual Revenue and Expenses fluctuate slightly across the budget years in relation to sales and obligations. The net result is a balanced budget that achieves a zero AOR in FY 2012.

Cash Management

Collections/Disbursement/Outlays ($M)	FY 2010	FY 2011	FY 2012
Collections	161.463	132.943	116.305
Disbursements	123.376	135.961	129.151
Outlays	-38.086	3.018	12.846

Note: Amounts may not add due to rounding

Collections: FY 2010 Collections are higher due to increased sales in support of war fighting contingencies. FY 2011 and FY 2012 fluctuate slightly across budget years commensurate with sales.

Disbursements: FY 2010 Disbursements are lower solely due to receipt of on order items and completion/receipt of assets from sources of repair later than anticipated. Disbursements in the outyears are higher due to anticipated receipt of on order items and completion/receipt of assets to fill the large backorder position.

Outlays: Outlays fluctuate across the budget years based on the effects of Collections and Disbursements.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT – MARINE CORPS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Sales

Gross Sales	**FY 2010**	**FY 2011**	**FY 2012**
Wholesale	112.544	93.902	81.864
Retail	55.044	56.492	57.498
Provisioning	0.668	0.250	0.250
Total	168.256	150.644	139.612

Note: Amounts may not add due to rounding

Wholesale: FY 2010 Gross Sales executed higher due to customer backorders in support of war fighting engagements (examples include items supporting LAV-25, Mobile Trauma Bay Unit, M2 Tripod, M777 Howitzer). In addition, sales/orders from the Army increased, specifically for items supporting the Mine Resistant Ambush Protected (MRAP) Armored Vehicle (i.e., axles, gunner's seats and restraints, and fire extinguisher components). In FY 2011 and FY 2012, sales decreased due to an anticipated lower customer tempo and Cost Recovery Rate than previous years.

Retail: FY 2010 Gross Sales increased due to Army customer demands in support of MRAP consumables (wheel assemblies) and orders supporting the Mobile Trauma Bay Unit (fabricated parts). Sales increase in FY 2011 and FY 2012 due to customers' operating tempo and normal inflation.

Metrics:

	FY 2010	**FY 2011**	**FY 2012**
Items Managed	3,703	4,250	4,250
Requisitions Received	3,835	3,609	3,565
Receipts	1,327	1,344	1,331
Issues	4,624	4,758	4,711
Contracts Executed	33	35	35
Purchase Inflation	1.3%	1.0%	1.3%
Supply Material Availability	61.6%	85%	85%

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT – MARINE CORPS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

Undelivered Orders: Undelivered orders represent contracts or orders for goods for which a liability has not yet accrued. The accrual of the liability creates an outlay requirement.

	FY 2010	FY 2011	FY 2012
Undelivered Orders ($M)	63.917	42.631	41.513

War Reserve Material (WRM): WRM funding supports the procurement, replenishment, reconstitution, stock and contracted asset availability guarantee of consumable and reparable items deemed necessary for war reserve. No obligational authority is anticipated during this budget cycle.

	FY 2010	FY 2011	FY 2012
WRM ($M)	0.000	0.000	0.000

Performance Indicators: In addition to core metrics such as net and accumulated operating results, Supply Chain Channel Performance measures the capacity of the supply chain to respond to customer demand.

	FY 2010	FY 2011	FY 2012
Supply Chain Channel Performance	62%	85%	85%
Report of Discrepancy	0%	0%	0%
Report of Discrepancy Processing Time	24	24	24

Unit Cost:

	FY 2010	FY 2011	FY 2012
Wholesale	0.725	0.813	0.948
Retail	0.974	1.002	1.002

Composite Rates:

	FY 2010	FY 2011	FY 2012
Annual Price Change	6.35%	5.63%	-4.59%
Composite Cost Recovery Rate (CRR)	29.63%	34.69%	26.74%

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT – MARINE CORPS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011

The FY11 CRR increases due to higher labor and supplier costs. The Annual Price Change declines as a result of previous AOR gains. A 1% Annual Price Change is equal to approximately $600K.

Staffing:

Civilian/Military ES & Work Years	**FY 2010**	**FY 2011**	**FY 2012**
Civilian End Strength	24	24	24
Civilian Work years	24	24	24
Military End Strength	0	0	0
Military Work years	0	0	0

Civilian and Military staffing remains constant throughout the budget period.

Capital Investment Program (CIP) Budget Authority:
The Marine Corps SMAG does not have a CIP budget.

SOURCES OF REVENUE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

	FY 2010	FY 2011	FY 2012
1. New Orders			
1a. Orders from DoD Components:			
Own Component			
Military Personnel, M.C.	0.000	0.000	0.000
O & M, M.C.	144.023	102.021	104.105
O & M, M.C. Reserve	0.000	0.000	0.000
Reserve Personnel, M.C.	0.000	0.000	0.000
Procurement, M.C.	0.668	0.250	0.250
Other Services (O&M)			
Army	11.108	6.109	6.109
Air Force	0.361	0.707	0.707
Navy	2.021	2.709	2.759
All Other DOD	0.000	0.000	0.000
Subtotal	158.181	111.796	113.930
1b. Orders from other Fund Business Areas:			
Navy Supply Management	0.116	0.111	0.111
M.C. Depot Maintenance	20.027	21.060	21.206
Subtotal	20.143	21.171	21.317
1c. Total DoD	178.324	132.967	135.247
1d. Other Orders:			
Other Federal Agencies	0.395	0.399	0.409
Foreign Military Sales	3.192	0.834	0.834
Non Federal Agencies	0.016	0.056	0.057
Subtotal	3.603	1.289	1.300
Total New Orders	181.927	134.256	136.547
2. Carry-In Orders	16.192	29.863	13.475
3. Total Gross Orders:	198.119	164.119	150.022
4. Funded Carry-over:	29.863	13.475	10.410
5. Total Gross Sales:	168.256	150.644	139.612
6. Credit (-)	5.245	6.100	6.100
7. Total Net Sales	163.011	144.544	133.512

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

	FY 2010	FY 2011	FY 2012
Revenue			
Operations (Gross Sales)	167.588	150.394	139.362
Capital Surcharge	0.000	0.000	0.000
Depreciation except Maj Const	0.000	0.000	0.000
Major Construction Depreciatior	0.000	0.000	0.000
Other Income	0.668	0.250	0.250
Refunds/Discounts	(5.245)	(6.100)	(6.100)
Total Income:	163.011	144.544	133.512
Expenses			
Cost of Materiel Sold from Inventory	143.989	131.569	118.634
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.000	0.000	0.000
Civilian Personnel & Compensation & Benefits	2.242	2.102	2.089
Travel & Transportation of Personnel	0.043	0.100	0.100
Materials & Supplies (For Internal Operations	0.000	0.000	0.000
Mobilization	0.000	0.000	0.000
Other Purchases from Revolving Funds	9.128	8.148	8.126
Transportation of Things	0.023	0.100	0.100
Depreciation - Capital	0.000	0.000	0.000
Printing and Reproduction	0.000	0.000	0.000
Advisory and Assistance Services	0.000	0.000	0.000
Rent, Communication, Utilities, & Misc. Charges	0.000	0.000	0.000
Other Purchased Services	2.018	2.473	2.473
Total Expenses:	157.443	144.492	131.522
Operating Result:	5.568	0.052	1.990
Less Capital Surcharge Reservation	0.000	0.000	0.000
Plus Appropriations Affecting NOR/AOR - *WRM*	0.000	0.000	0.000
Other Changes Affecting NOR/AOR	0.000	0.000	0.000
Net Operating Result:	5.568	0.052	1.990
Other Changes Affecting AOR			
Prior Year AOR	(7.610)	(2.042)	(1.990)
AOR Redistribution	0.000	0.000	0.000
Cash Factor	0.000	0.000	0.000
Accumulated Operating Result:	(2.042)	(1.990)	(0.000)

FUEL DATA
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

FY 2010

1 BARREL = 42 GALLONS

	----- PROCURED FROM DESC -----			----- PROCURED BY SERVICE -----			STABILIZED
PRODUCT	**BARRELS**	**U/P**	**EXT COST**	**BARRELS**	**U/P**	**EXT COST**	**PRICE**
AVGAS (CONUS)	0.000	134.82	0.000	0.000	0.00	0.000	134.82
Distillates - F76	0.000	117.60	0.000	0.000	0.00	0.000	117.60
High Sulfur - DF1	0.000	118.02	0.000	0.000	0.00	0.000	118.02
High Sulfur - DF2	0.000	105.84	0.000	0.000	0.00	0.000	105.84
Ultra Low Sulfur - DS1	0.002	118.02	0.236	0.000	0.00	0.000	118.02
Ultra Low Sulfur - DS2	0.000	113.40	0.000	0.000	0.00	0.000	113.40
Burner Grade - FS1	0.000	115.08	0.000	0.000	0.00	0.000	115.08
Burner Grade - FS2	0.000	101.22	0.000	0.000	0.00	0.000	101.22
JP-5	0.000	118.86	0.000	0.000	0.00	0.000	118.86
JP-8	0.001	118.02	0.171	0.000	0.00	0.000	118.02
Midgrade, Unleaded - MUM	0.000	121.38	0.000	0.000	0.00	0.000	121.38
Regular, Unleaded - MUR	0.000	115.08	0.000	0.000	0.00	0.000	115.08
Bunker Grade - FS4	0.000	74.76	0.000	0.000	0.00	0.000	74.76
Bunker Grade - FS6	0.000	59.22	0.000	0.000	0.00	0.000	59.22
Navy Reclaimed - FOR	0.000	44.10	0.000	0.000	0.00	0.000	44.10
Kerosene - KS1	0.000	116.34	0.000	0.000	0.00	0.000	116.34
Propane	0.000	53.34	0.000	0.002	83.38	0.167	53.34
Natural Gas - CNG	0.000	63.42	0.000	0.002	63.00	0.129	63.42
Other (List)	0.000	0.00	0.000	0.000	0.00	0.000	0.00
TOTAL	**0.003**		**0.407**	**0.004**		**0.296**	

FUEL DATA
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

FY 2011

1 BARREL = 42 GALLONS

	----- PROCURED FROM DESC -----			----- PROCURED BY SERVICE -----			STABILIZED
PRODUCT	**BARRELS**	**U/P**	**EXT COST**	**BARRELS**	**U/P**	**EXT COST**	**PRICE**
AVGAS (CONUS)	0.000	145.32	0.000	0.000	0.00	0.000	145.32
Distillates - F76	0.000	126.84	0.000	0.000	0.00	0.000	126.84
High Sulfur - DF1	0.000	127.26	0.000	0.000	0.00	0.000	127.26
High Sulfur - DF2	0.000	114.24	0.000	0.000	0.00	0.000	114.24
Ultra Low Sulfur - DS1	0.003	127.26	0.382	0.000	0.00	0.000	127.26
Ultra Low Sulfur - DS2	0.000	122.64	0.000	0.000	0.00	0.000	122.64
Burner Grade - FS1	0.000	124.32	0.000	0.000	0.00	0.000	124.32
Burner Grade - FS2	0.000	109.20	0.000	0.000	0.00	0.000	109.20
JP-5	0.000	128.10	0.000	0.000	0.00	0.000	128.10
JP-8	0.001	127.26	0.129	0.000	0.00	0.000	127.26
Midgrade, Unleaded - MUM	0.000	131.04	0.000	0.000	0.00	0.000	131.04
Regular, Unleaded - MUR	0.000	124.32	0.000	0.000	0.00	0.000	124.32
Bunker Grade - FS4	0.000	80.64	0.000	0.000	0.00	0.000	80.64
Bunker Grade - FS6	0.000	63.84	0.000	0.000	0.00	0.000	63.84
Navy Reclaimed - FOR	0.000	44.10	0.000	0.000	0.00	0.000	44.10
Kerosene - KS1	0.000	125.58	0.000	0.000	0.00	0.000	125.58
Propane	0.000	57.61	0.000	0.004	80.51	0.322	57.61
Natural Gas - CNG	0.000	68.49	0.000	0.002	63.00	0.126	68.49
Other (List)	0.000	0.00	0.000	0.000	0.00	0.000	0.00
TOTAL	**0.004**		**0.511**	**0.006**		**0.448**	

FUEL DATA
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

FY 2012

1 BARREL = 42 GALLONS

	----- PROCURED FROM DESC -----			----- PROCURED BY SERVICE -----			STABILIZED
PRODUCT	**BARRELS**	**U/P**	**EXT COST**	**BARRELS**	**U/P**	**EXT COST**	**PRICE**
AVGAS (CONUS)	0.000	149.64	0.000	0.000	0.00	0.000	149.64
Distillates - F76	0.000	130.61	0.000	0.000	0.00	0.000	130.61
High Sulfur - DF1	0.000	131.04	0.000	0.000	0.00	0.000	131.04
High Sulfur - DF2	0.000	117.63	0.000	0.000	0.00	0.000	117.63
Ultra Low Sulfur - DS1	0.003	131.04	0.393	0.000	0.00	0.000	131.04
Ultra Low Sulfur - DS2	0.000	126.28	0.000	0.000	0.00	0.000	126.28
Burner Grade - FS1	0.000	128.01	0.000	0.000	0.00	0.000	128.01
Burner Grade - FS2	0.000	112.44	0.000	0.000	0.00	0.000	112.44
JP-5	0.000	131.90	0.000	0.000	0.00	0.000	131.90
JP-8	0.001	131.04	0.143	0.000	0.00	0.000	131.04
Midgrade, Unleaded - MUM	0.000	134.93	0.000	0.000	0.00	0.000	134.93
Regular, Unleaded - MUR	0.000	128.01	0.000	0.000	0.00	0.000	128.01
Bunker Grade - FS4	0.000	83.04	0.000	0.000	0.00	0.000	83.04
Bunker Grade - FS6	0.000	65.74	0.000	0.000	0.00	0.000	65.74
Navy Reclaimed - FOR	0.000	44.10	0.000	0.000	0.00	0.000	44.10
Kerosene - KS1	0.000	129.31	0.000	0.000	0.00	0.000	129.31
Propane	0.000	59.34	0.000	0.004	82.49	0.330	59.34
Natural Gas - CNG	0.000	70.54	0.000	0.002	63.00	0.126	70.54
Other (List)	0.000	0.00	0.000	0.000	0.00	0.000	0.00
TOTAL	**0.004**		**0.536**	**0.006**		**0.456**	

SUPPLY MANAGEMENT SUMMARY BY DIVISION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	VARIABILITY TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
FY 2010										
Approved	960.719	118.869	121.575	108.934	0.000	0.000	108.934	32.743	141.677	7.902
Request	1,238.323	176.682	163.011	130.485	0.000	0.000	130.485	0.000	130.485	5.245
Delta	277.604	57.813	41.436	21.551	0.000	0.000	21.551	(32.743)	(11.192)	(2.657)
FY 2011										
Approved	869.940	128.475	129.884	115.668	0.000	0.000	115.668	34.095	149.763	8.021
Request	1,200.703	128.156	144.544	127.046	0.000	0.000	127.046	15.000	142.046	6.100
Delta	330.763	(0.319)	14.660	11.378	0.000	0.000	11.378	(19.095)	(7.717)	(1.921)
FY 2012										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	1,100.917	130.447	133.512	129.374	0.000	0.000	129.374	15.000	144.374	6.100
Delta	1,100.917	130.447	133.512	129.374	0.000	0.000	129.374	15.000	144.374	6.100

SUPPLY MANAGEMENT SUMMARY BY DIVISION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS
FY 2010

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	VARIABILITY TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 28										
Approved	221.939	53.447	53.497	52.442	0.000	0.000	52.442	20.000	72.442	0.100
Request	230.438	53.999	53.844	53.054	0.000	0.000	53.054	0.000	53.054	0.021
Delta	8.499	0.552	0.347	0.612	0.000	0.000	0.612	(20.000)	(19.388)	(0.079)
BP 38										
Approved	0.018	1.403	1.403	1.403	0.000	0.000	1.403	0.000	1.403	0.000
Request	0.456	1.529	1.529	0.703	0.000	0.000	0.703	0.000	0.703	0.000
Delta	0.438	0.126	0.126	(0.700)	0.000	0.000	(0.700)	0.000	(0.700)	0.000
BP 84										
Approved	738.762	64.019	66.675	41.574	0.000	0.000	41.574	12.743	54.317	7.802
Request	1,007.429	121.154	107.638	63.274	0.000	0.000	63.274	0.000	63.274	5.224
Delta	268.667	57.135	40.963	21.700	0.000	0.000	21.700	(12.743)	8.957	(2.578)
			*REPAIR ------>	25.561						
BP 91										
Approved	0.000	0.000	0.000	13.515	0.000	0.000	13.515	0.000	13.515	0.000
Request	0.000	0.000	0.000	13.454	0.000	0.000	13.454	0.000	13.454	0.000
Delta	0.000	0.000	0.000	(0.061)	0.000	0.000	(0.061)	0.000	(0.061)	0.000
TOTAL										
Approved	960.719	118.869	121.575	108.934	0.000	0.000	108.934	32.743	141.677	7.902
Request	1,238.323	176.682	163.011	130.485	0.000	0.000	130.485	0.000	130.485	5.245
Delta	277.604	57.813	41.436	21.551	0.000	0.000	21.551	(32.743)	(11.192)	(2.657)

*REPAIR = Value of Total Operating Obligations allocated to Rebuild Spares

SUPPLY MANAGEMENT SUMMARY BY DIVISION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS
FY 2011

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	VARIABILITY TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 28										
Approved	212.071	53.871	53.921	52.837	0.000	0.000	52.837	20.000	72.837	0.100
Request	211.349	54.874	55.341	55.533	0.000	0.000	55.533	0.000	55.533	0.100
Delta	(0.722)	1.003	1.420	2.696	0.000	0.000	2.696	(20.000)	(17.304)	0.000
BP 38										
Approved	0.019	1.341	1.341	1.341	0.000	0.000	1.341	0.000	1.341	0.000
Request	0.364	1.051	1.051	0.959	0.000	0.000	0.959	0.000	0.959	0.000
Delta	0.345	(0.290)	(0.290)	(0.382)	0.000	0.000	(0.382)	0.000	(0.382)	0.000
BP 84										
Approved	657.850	73.263	74.622	46.956	0.000	0.000	46.956	14.095	61.051	7.921
Request	988.990	72.231	88.152	57.631	0.000	0.000	57.631	15.000	72.631	6.000
Delta	331.140	(1.032)	13.530	10.675	0.000	0.000	10.675	0.905	11.580	(1.921)
			*REPAIR ------>	27.203						
BP 91										
Approved	0.000	0.000	0.000	14.534	0.000	0.000	14.534	0.000	14.534	0.000
Request	0.000	0.000	0.000	12.923	0.000	0.000	12.923	0.000	12.923	0.000
Delta	0.000	0.000	0.000	(1.611)	0.000	0.000	(1.611)	0.000	(1.611)	0.000
TOTAL										
Approved	869.940	128.475	129.884	115.668	0.000	0.000	115.668	34.095	149.763	8.021
Request	1,200.703	128.156	144.544	127.046	0.000	0.000	127.046	15.000	142.046	6.100
Delta	330.763	(0.319)	14.660	11.378	0.000	0.000	11.378	(19.095)	(7.717)	(1.921)

*REPAIR = Value of Total Operating Obligations allocated to Rebuild Spares

SUPPLY MANAGEMENT SUMMARY BY DIVISION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS
FY 2012

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	VARIABILITY TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 28										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	187.710	56.137	56.312	56.506	0.000	0.000	56.506	0.000	56.506	0.100
Delta	187.710	56.137	56.312	56.506	0.000	0.000	56.506	0.000	56.506	0.100
BP 38										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	0.270	1.086	1.086	0.992	0.000	0.000	0.992	0.000	0.992	0.000
Delta	0.270	1.086	1.086	0.992	0.000	0.000	0.992	0.000	0.992	0.000
BP 84										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	912.937	73.224	76.114	58.988	0.000	0.000	58.988	15.000	73.988	6.000
Delta	912.937	73.224	76.114	58.988	0.000	0.000	58.988	15.000	73.988	6.000
			*REPAIR ------>	28.337						
BP 91										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	0.000	0.000	0.000	12.888	0.000	0.000	12.888	0.000	12.888	0.000
Delta	0.000	0.000	0.000	12.888	0.000	0.000	12.888	0.000	12.888	0.000
TOTAL										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	1,100.917	130.447	133.512	129.374	0.000	0.000	129.374	15.000	144.374	6.100
Delta	1,100.917	130.447	133.512	129.374	0.000	0.000	129.374	15.000	144.374	6.100

*REPAIR = Value of Total Operating Obligations allocated to Rebuild Spares

OPERATING REQUIREMENT BY WEAPON SYSTEM BY DIVISION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
BP 28 - RCM
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS
FY 2010

WEAPON SYSTEM	BASIC REPLENISHMENT REPARABLES	BASIC REPLENISHMENT CONSUMABLES	TOTAL REPLEN	INITIAL SPARES	BASIC REWORK/ REPAIR	TOTAL	MCRS PERCENT
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	3.574	3.574	0.064	0.000	3.638	
TOTAL ORDNANCE TANK AUTOMOTIVE	0.000	3.574	3.574	0.064	0.000	3.638	
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	0.167	0.167	0.000	0.000	0.167	
TOTAL GUIDED MISSILES AND EQUIPMENT	0.000	0.167	0.167	0.000	0.000	0.167	
			0.000			0.000	
			0.000			0.000	
REPAIR & TEST EQUIPMENT	0.000	0.000	0.000	0.000	0.000	0.000	
BASIC REPLEN/BASIC REWORK	0.000	1.764	1.764	0.048	0.000	1.812	
TOTAL COMMUNICATION AND ELECTRONICS	0.000	1.764	1.764	0.048	0.000	1.812	
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	0.036	0.036	0.014	0.000	0.050	
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.000	0.036	0.036	0.014	0.000	0.050	
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	(0.083)	(0.083)	0.012	0.000	(0.071)	
TOTAL GENERAL PROPERTY	0.000	(0.083)	(0.083)	0.012	0.000	(0.071)	
TOTAL PROCUREMENT	0.000	5.458	5.458	0.138	0.000	5.596	
WAR RESERVE	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL COST	0.000	5.458	5.458	0.138	0.000	5.596	

OPERATING REQUIREMENT BY WEAPON SYSTEM BY DIVISION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
BP 28 - RCM
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS
FY 2011

WEAPON SYSTEM	BASIC REPLENISHMENT REPARABLES	BASIC REPLENISHMENT CONSUMABLES	TOTAL REPLEN	INITIAL SPARES	BASIC REWORK/ REPAIR	TOTAL	MCRS PERCENT
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	1.819	1.819	0.000	0.000	1.819	
TOTAL ORDNANCE TANK AUTOMOTIVE	0.000	1.819	1.819	0.000	0.000	1.819	
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL GUIDED MISSILES AND EQUIPMENT	0.000	0.000	0.000	0.000	0.000	0.000	
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	0.168	0.168	0.000	0.000	0.168	
TOTAL COMMUNICATION AND ELECTRONICS	0.000	0.168	0.168	0.000	0.000	0.168	
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	0.257	0.257	0.000	0.000	0.257	
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.000	0.257	0.257	0.000	0.000	0.257	
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	3.750	3.750	0.000	0.000	3.750	
TOTAL GENERAL PROPERTY	0.000	3.750	3.750	0.000	0.000	3.750	
TOTAL PROCUREMENT	0.000	5.994	5.994	0.000	0.000	5.994	
WAR RESERVE	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL COST	0.000	5.994	5.994	0.000	0.000	5.994	

OPERATING REQUIREMENT BY WEAPON SYSTEM BY DIVISION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
BP 28 - RCM
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS
FY 2012

WEAPON SYSTEM	BASIC REPLENISHMENT REPARABLES	BASIC REPLENISHMENT CONSUMABLES	TOTAL REPLEN	INITIAL SPARES	BASIC REWORK/ REPAIR	TOTAL	MCRS PERCENT
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	1.783	1.783	0.000	0.000	1.783	
TOTAL ORDNANCE TANK AUTOMOTIVE	0.000	1.783	1.783	0.000	0.000	1.783	
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL GUIDED MISSILES AND EQUIPMENT	0.000	0.000	0.000	0.000	0.000	0.000	
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	0.145	0.145	0.000	0.000	0.145	
TOTAL COMMUNICATION AND ELECTRONICS	0.000	0.145	0.145	0.000	0.000	0.145	
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	0.355	0.355	0.000	0.000	0.355	
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.000	0.355	0.355	0.000	0.000	0.355	
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	3.711	3.711	0.000	0.000	3.711	
TOTAL GENERAL PROPERTY	0.000	3.711	3.711	0.000	0.000	3.711	
TOTAL PROCUREMENT	0.000	5.994	5.994	0.000	0.000	5.994	
WAR RESERVE	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL COST	0.000	5.994	5.994	0.000	0.000	5.994	

OPERATING REQUIREMENT BY WEAPON SYSTEM BY DIVISION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
BP 84 - WHOLESALE
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS
FY 2010

WEAPON SYSTEM	BASIC REPLENISHMENT REPARABLES	BASIC REPLENISHMENT CONSUMABLES	TOTAL REPLEN	INITIAL SPARES	BASIC REWORK/ REPAIR	TOTAL	MCRS PERCENT
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	4.150	4.150	0.000	14.934	19.084	
TOTAL ORDNANCE TANK AUTOMOTIVE	0.000	4.150	4.150	0.000	14.934	19.084	
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	0.413	0.413	0.000	(0.031)	0.382	
TOTAL GUIDED MISSILES AND EQUIPMENT	0.000	0.413	0.413	0.000	(0.031)	0.382	
			0.000			0.000	
TACTICAL REMOTE SENSOR SYSTEM (TRSS)	0.000	0.000	0.000	0.046	0.000	0.046	
REPAIR AND TEST EQUIPMENT	0.000	0.000	0.000	0.088	0.000	0.088	
BASIC REPLEN/BASIC REWORK	0.000	24.088	24.088	0.000	4.828	28.916	
TOTAL COMMUNICATION AND ELECTRONICS	0.000	24.088	24.088	0.134	4.828	29.050	
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	5.813	5.813	0.000	3.430	9.243	
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.000	5.813	5.813	0.000	3.430	9.243	
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	3.115	3.115	0.000	2.400	5.515	
TOTAL GENERAL PROPERTY	0.000	3.115	3.115	0.000	2.400	5.515	
TOTAL PROCUREMENT	0.000	37.579	37.579	0.134	25.561	63.274	
WAR RESERVE	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL COST	0.000	37.579	37.579	0.134	25.561	63.274	

OPERATING REQUIREMENT BY WEAPON SYSTEM BY DIVISION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
BP 84 - WHOLESALE
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS
FY 2011

WEAPON SYSTEM	BASIC REPLENISHMENT REPARABLES	BASIC REPLENISHMENT CONSUMABLES	TOTAL REPLEN	INITIAL SPARES	BASIC REWORK/ REPAIR	TOTAL	MCRS PERCENT
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	15.078	15.078	0.000	12.672	27.750	
TOTAL ORDNANCE TANK AUTOMOTIVE	0.000	15.078	15.078	0.000	12.672	27.750	
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	0.000	0.000	0.250	1.062	1.312	
TOTAL GUIDED MISSILES AND EQUIPMENT	0.000	0.000	0.000	0.250	1.062	1.312	
			0.000			0.000	
			0.000			0.000	
REPAIR AND TEST EQUIPMENT	0.000	0.000	0.000	0.000	3.238	3.238	
BASIC REPLEN/BASIC REWORK	0.000	9.200	9.200	0.000	9.600	18.800	
TOTAL COMMUNICATION AND ELECTRONICS	0.000	9.200	9.200	0.000	12.838	22.038	
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	5.900	5.900	0.000	0.511	6.411	
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.000	5.900	5.900	0.000	0.511	6.411	
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	0.000	0.000	0.000	0.120	0.120	
TOTAL GENERAL PROPERTY	0.000	0.000	0.000	0.000	0.120	0.120	
TOTAL PROCUREMENT	0.000	30.178	30.178	0.250	27.203	57.631	
WAR RESERVE	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL COST	0.000	30.178	30.178	0.250	27.203	57.631	

OPERATING REQUIREMENT BY WEAPON SYSTEM BY DIVISION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
BP 84 - WHOLESALE
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS
FY 2012

WEAPON SYSTEM	BASIC REPLENISHMENT REPARABLES	BASIC REPLENISHMENT CONSUMABLES	TOTAL REPLEN	INITIAL SPARES	BASIC REWORK/ REPAIR	TOTAL	MCRS PERCENT
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	15.301	15.301	0.000	13.725	29.026	
TOTAL ORDNANCE TANK AUTOMOTIVE	0.000	15.301	15.301	0.000	13.725	29.026	
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL GUIDED MISSILES AND EQUIPMENT	0.000	0.000	0.000	0.000	0.000	0.000	
			0.000			0.000	
			0.000			0.000	
REPAIR AND TEST EQUIPMENT	0.000	0.000	0.000	0.000	3.238	3.238	
BASIC REPLEN/BASIC REWORK	0.000	9.200	9.200	0.250	10.199	19.649	
TOTAL COMMUNICATION AND ELECTRONICS	0.000	9.200	9.200	0.250	13.437	22.887	
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	5.900	5.900	0.000	0.975	6.875	
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.000	5.900	5.900	0.000	0.975	6.875	
			0.000			0.000	
			0.000			0.000	
			0.000			0.000	
BASIC REPLEN/BASIC REWORK	0.000	0.000	0.000	0.000	0.200	0.200	
TOTAL GENERAL PROPERTY	0.000	0.000	0.000	0.000	0.200	0.200	
TOTAL PROCUREMENT	0.000	30.401	30.401	0.250	28.337	58.988	
WAR RESERVE	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL COST	0.000	30.401	30.401	0.250	28.337	58.988	

INVENTORY STATUS
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS
FY 2010

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	1,091.673	82.842	289.752	719.079
2. BOP INVENTORY ADJUSTMENTS	0.000	0.000	0.000	0.000
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	0.000	0.000	0.000	0.000
C. INVENTORY RECLASSIFIED AND REPRICED	1,091.673	82.842	289.752	719.079
3. RECEIPTS AT STANDARD	98.693	3.118	95.575	0.000
4. SALES AT STANDARD	188.884	0.000	188.884	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	7.653	(0.125)	10.088	(2.310)
B. RETURNS FROM CUSTOMERS FOR CREDIT +	5.245	0.000	5.245	0.000
C. RETURNS FROM CUSTOMERS W/O CREDIT	395.474	0.307	395.167	0.000
D. RETURNS TO SUPPLIERS (-)	(25.326)	0.000	0.000	(25.326)
E. TRANSFERS TO PROP. DISPOSAL (-)	(84.581)	0.000	(30.889)	(53.692)
F. ISSUES/RECEIPTS W/O REIMBURSEMENT + or (-)	(135.891)	(0.742)	0.000	(135.149)
G. OTHER (list/explain)	140.683	(18.984)	117.400	42.267
H. TOTAL ADJUSTMENTS	303.257	(19.544)	497.011	(174.210)
6. INVENTORY EOP	1,304.739	66.416	693.454	544.869
7. INVENTORY EOP, REVALUED	1,006.510	51.235	534.949	420.326
A. ECONOMIC RETENTION (memo)				25.640
B. CONTINGENCY RETENTION (memo)				149.972
C. POTENTIAL DOD EXCESS (memo)				244.714
8. INVENTORY ON ORDER EOP (memo)	63.917	1.990	59.042	2.885

9. NARRATIVE:

Other adjustments (line 5G):

	Total	Mobilization	Operating	Other
Other Gains/Losses	140.683	(18.984)	117.400	42.267
K3 Adjust	0.000	0.000	0.000	0.000
SIT Change	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	0.000	0.000
Total	140.683	(18.984)	117.400	42.267

INVENTORY STATUS
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS
FY 2011

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	1,304.739	66.416	693.454	544.869
2. BOP INVENTORY ADJUSTMENTS	49.662	2.475	17.050	30.137
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	49.662	2.475	17.050	30.137
C. INVENTORY RECLASSIFIED AND REPRICED	1,354.401	68.891	710.504	575.006
3. RECEIPTS AT STANDARD	87.119	0.000	87.119	0.000
4. SALES AT STANDARD	165.074	0.000	165.074	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	4.670	0.000	6.976	(2.306)
B. RETURNS FROM CUSTOMERS FOR CREDIT +	6.100	0.000	6.100	0.000
C. RETURNS FROM CUSTOMERS W/O CREDIT	318.020	0.000	77.278	240.742
D. RETURNS TO SUPPLIERS (-)	(35.000)	0.000	0.000	(35.000)
E. TRANSFERS TO PROP. DISPOSAL (-)	(117.000)	0.000	(15.000)	(102.000)
F. ISSUES/RECEIPTS W/O REIMBURSEMENT + or (-)	(216.962)	0.000	(0.027)	(216.935)
G. OTHER (list/explain)	33.320	0.000	34.878	(1.558)
H. TOTAL ADJUSTMENTS	(6.852)	0.000	110.205	(117.057)
6. INVENTORY EOP	1,269.594	68.891	742.754	457.949
7. INVENTORY EOP, REVALUED	942.604	51.148	551.454	340.002
A. ECONOMIC RETENTION (memo)				20.740
B. CONTINGENCY RETENTION (memo)				121.313
C. POTENTIAL DOD EXCESS (memo)				197.949
8. INVENTORY ON ORDER EOP (memo)	42.631	0.000	39.746	2.885

9. NARRATIVE:

Other adjustments (line 5G):

	Total	Mobilization	Operating	Other
Other Gains/Losses	33.320	0.000	34.878	(1.558)
K3 Adjust	0.000	0.000	0.000	0.000
SIT Change	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	0.000	0.000
Total	33.320	0.000	34.878	(1.558)

INVENTORY STATUS
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS
FY 2012

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	1,269.594	68.891	742.754	457.949
2. BOP INVENTORY ADJUSTMENTS	(34.093)	(0.604)	(14.850)	(18.639)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	(34.093)	(0.604)	(14.850)	(18.639)
C. INVENTORY RECLASSIFIED AND REPRICED	1,235.501	68.287	727.904	439.310
3. RECEIPTS AT STANDARD	88.125	0.000	88.125	0.000
4. SALES AT STANDARD	157.601	0.000	157.601	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	3.920	0.000	6.016	(2.096)
B. RETURNS FROM CUSTOMERS FOR CREDIT +	6.100	0.000	6.100	0.000
C. RETURNS FROM CUSTOMERS W/O CREDIT	319.217	0.000	87.835	231.382
D. RETURNS TO SUPPLIERS (-)	(35.000)	0.000	0.000	(35.000)
E. TRANSFERS TO PROP. DISPOSAL (-)	(117.000)	0.000	(15.000)	(102.000)
F. ISSUES/RECEIPTS W/O REIMBURSEMENT + or (-)	(208.464)	0.000	(0.035)	(208.429)
G. OTHER (list/explain)	34.406	0.000	33.425	0.981
H. TOTAL ADJUSTMENTS	3.179	0.000	118.341	(115.162)
6. INVENTORY EOP	1,169.204	68.287	776.769	324.148
7. INVENTORY EOP, REVALUED	922.522	53.880	612.884	255.758
A. ECONOMIC RETENTION (memo)				15.601
B. CONTINGENCY RETENTION (memo)				91.255
C. POTENTIAL DOD EXCESS (memo)				148.902
8. INVENTORY ON ORDER EOP (memo)	41.513	0.000	38.628	2.885

9. NARRATIVE:

Other adjustments (line 5G):

	Total	Mobilization	Operating	Other
Other Gains/Losses	34.406	0.000	33.425	0.981
K3 Adjust	0.000	0.000	0.000	0.000
SIT Change	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	0.000	0.000
Total	34.406	0.000	33.425	0.981

CUSTOMER PRICE CHANGE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS

	FY 2010	FY 2011	FY 2012
1. NET SALES AT COST	60.517	61.098	62.253
2. LESS: MAT'L INFLATION ADJ.	1.361	1.000	0.858
3. REVISED NET SALES	59.156	60.098	61.395
4. SURCHARGE ($)	17.934	21.195	16.647
5. CHANGE TO CUSTOMERS			
a. PREVIOUS YEAR'S SURCHARGE (%)	0.247	0.296	0.347
b. THIS YEAR'S SURCHARGE AND MATERIAL INFLATION DIVIDED BY LINE 3 ABOVE ($)	0.326	0.369	0.285
c. PERCENT CHANGE TO CUSTOMER	6.35%	5.63%	-4.59%

WAR RESERVE MATERIAL
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS
FY 2010

STOCKPILE STATUS

	TOTAL	WRM PROTECTED	WRM OTHER
1. INVENTORY BOP @ STD	82.842	82.842	0.000
2. PRICE CHANGE	0.000	0.000	0.000
3. RECLASSIFICATION	82.842	82.842	0.000
INVENTORY CHANGES			
a. RECEIPTS @ STD	3.425	3.425	0.000
(1) PURCHASES	3.118	3.118	0.000
(2) RETURNS FROM CUSTOMERS	0.307	0.307	0.000
b. ISSUES @ STD	0.000	0.000	0.000
(1) SALES	0.000	0.000	0.000
(2) RETURNS TO SUPPLIERS	0.000	0.000	0.000
(3) DISPOSALS	0.000	0.000	0.000
c. ADJUSTMENTS @ STD	(19.851)	(19.851)	0.000
(1) CAPITALIZATIONS	(0.125)	(0.125)	0.000
(2) GAINS AND LOSSES	(0.742)	(0.742)	0.000
(3) OTHER	(18.984)	(18.984)	0.000
INVENTORY EOP	66.416	66.416	0.000

STOCKPILE COSTS

1. STORAGE	0.000	0.000	0.000
2. MANAGEMENT	0.000	0.000	0.000
3. MAINTENANCE/OTHER	0.000	0.000	0.000
TOTAL COST	0.000	0.000	0.000

WRM BUDGET REQUEST

1. OBLIGATIONS @ COST			
a. ADDITIONAL WRM INVESTMENT	0.000	0.000	0.000
b. REPLEN/REPAIR WRM REINVESTMENT	0.000	0.000	0.000
c. STOCK ROTATION/OBSOLESCENCE	0.000	0.000	0.000
d. ASSEMBLE/DISASSEMBLE	0.000	0.000	0.000
e. OTHER	0.000	0.000	0.000
TOTAL REQUEST	0.000	0.000	0.000

WAR RESERVE MATERIAL
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS
FY 2011

STOCKPILE STATUS

	TOTAL	WRM PROTECTED	WRM OTHER
1. INVENTORY BOP @ STD	66.416	66.416	0.000
2. PRICE CHANGE	2.475	2.475	0.000
3. RECLASSIFICATION	68.891	68.891	0.000
INVENTORY CHANGES			
a. RECEIPTS @ STD	0.000	0.000	0.000
(1) PURCHASES	0.000	0.000	0.000
(2) RETURNS FROM CUSTOMERS	0.000	0.000	0.000
b. ISSUES @ STD	0.000	0.000	0.000
(1) SALES	0.000	0.000	0.000
(2) RETURNS TO SUPPLIERS	0.000	0.000	0.000
(3) DISPOSALS	0.000	0.000	0.000
c. ADJUSTMENTS @ STD	0.000	0.000	0.000
(1) CAPITALIZATIONS	0.000	0.000	0.000
(2) GAINS AND LOSSES	0.000	0.000	0.000
(3) OTHER	0.000	0.000	0.000
INVENTORY EOP	68.891	68.891	0.000

STOCKPILE COSTS

1. STORAGE	0.000	0.000	0.000
2. MANAGEMENT	0.000	0.000	0.000
3. MAINTENANCE/OTHER	0.000	0.000	0.000
TOTAL COST	0.000	0.000	0.000

WRM BUDGET REQUEST

1. OBLIGATIONS @ COST			
a. ADDITIONAL WRM INVESTMENT	0.000	0.000	0.000
b. REPLEN/REPAIR WRM REINVESTMENT	0.000	0.000	0.000
c. STOCK ROTATION/OBSOLESCENCE	0.000	0.000	0.000
d. ASSEMBLE/DISASSEMBLE	0.000	0.000	0.000
e. OTHER	0.000	0.000	0.000
TOTAL REQUEST	0.000	0.000	0.000

WAR RESERVE MATERIAL
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
FISCAL YEAR (FY) 2012 BUDGET ESTIMATES
FEBRUARY 2011
$ IN MILLIONS
FY 2012

STOCKPILE STATUS

	TOTAL	WRM PROTECTED	WRM OTHER
1. INVENTORY BOP @ STD	68.891	68.891	0.000
2. PRICE CHANGE	(0.604)	(0.604)	0.000
3. RECLASSIFICATION	68.287	68.287	0.000
INVENTORY CHANGES			
a. RECEIPTS @ STD	0.000	0.000	0.000
(1) PURCHASES	0.000	0.000	0.000
(2) RETURNS FROM CUSTOMERS	0.000	0.000	0.000
b. ISSUES @ STD	0.000	0.000	0.000
(1) SALES	0.000	0.000	0.000
(2) RETURNS TO SUPPLIERS	0.000	0.000	0.000
(3) DISPOSALS	0.000	0.000	0.000
c. ADJUSTMENTS @ STD	0.000	0.000	0.000
(1) CAPITALIZATIONS	0.000	0.000	0.000
(2) GAINS AND LOSSES	0.000	0.000	0.000
(3) OTHER	0.000	0.000	0.000
INVENTORY EOP	68.287	68.287	0.000

STOCKPILE COSTS

1. STORAGE	0.000	0.000	0.000
2. MANAGEMENT	0.000	0.000	0.000
3. MAINTENANCE/OTHER	0.000	0.000	0.000
TOTAL COST	0.000	0.000	0.000

WRM BUDGET REQUEST

1. OBLIGATIONS @ COST			
a. ADDITIONAL WRM INVESTMENT	0.000	0.000	0.000
b. REPLEN/REPAIR WRM REINVESTMENT	0.000	0.000	0.000
c. STOCK ROTATION/OBSOLESCENCE	0.000	0.000	0.000
d. ASSEMBLE/DISASSEMBLE	0.000	0.000	0.000
e. OTHER	0.000	0.000	0.000
TOTAL REQUEST	0.000	0.000	0.000

Page Intentionally Blank