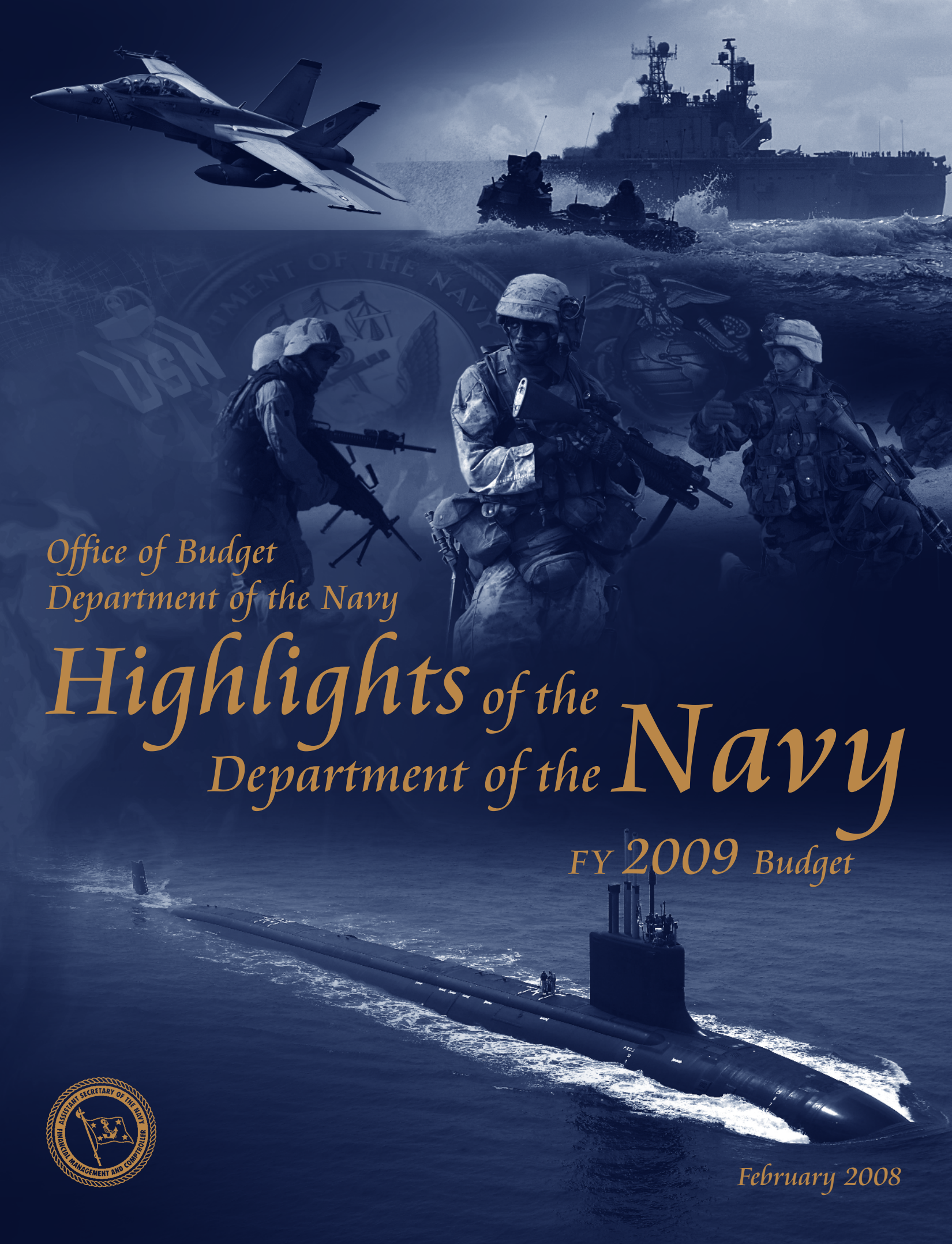

Office of Budget
Department of the Navy

Highlights of the Department of the Navy

FY 2009 Budget

February 2008

Highlights of the Department of the Navy FY 2009 Budget
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SECTION I - INTRODUCTION

OVERVIEW

The Department of the Navy Fiscal Year 2009 budget is structured to meet the needs of the United States in the 21st century. A worldwide presence, credible deterrence and dissuasion capability, ability to project power from naval platforms anywhere on the globe, and the ability to prevail at sea are non-negotiable elements of the U.S. Navy's strategic posture. The health of our economy, security of our people, and stability of our national interests depend on the strength of our Navy. Our Nation's interests are best served by fostering a peaceful global system comprised of interdependent networks of trade, finance, information, law, people and governance.

This section provides an introduction to DON strategy and objectives, summarizes performance improvements, and discusses resource trends. The 2009 budget delivers a proposal that rebalances, recapitalizes and sustains the force, stabilizes the long range shipbuilding plan, and continues to pursue aviation sustainment, recapitalization and modernization in anticipation of a new long range aviation procurement plan. It seeks a balance between the traditional, the irregular, and the transformational, while recapitalizing and building the force.

21ST CENTURY NAVAL POWER - STRATEGY

A Cooperative Strategy for 21st Century Seapower was presented by the Chief of Naval Operations and the Commandants of the U.S. Marine Corps and U.S. Coast Guard at the International Seapower Symposium in Newport, R.I. on October 17, 2007. The Department's transformation objectives and plans are directed to improve capabilities that will support the new maritime strategy as we build toward a new national and transnational seapower strategy.

The new cooperative strategy, guided by the objectives articulated in the *National Strategy for Maritime Security*, the *National Security Strategy*, the *National Defense Strategy* and the *National Military Strategy*, was developed to be a unified and

enduring strategy that will apply maritime power to the crucial responsibility of protecting U. S. vital interests in an increasingly interconnected and uncertain world. *A Cooperative Strategy for 21st Century Seapower* binds the three maritime services closer together than ever before in a mission to more fully safeguard maritime interests at home and abroad. The Navy and Marine Corps act across the full range of military operations to secure the United States from direct attack, secure strategic access and retain global freedom of action, strengthen existing and emerging alliances and partnerships, and establish favorable security conditions.

EXPANDED CORE CAPABILITIES

Certain capabilities comprise the core of U. S. maritime power and reflect an increase in emphasis on those activities that prevent war and build partnerships – forward presence, deterrence, sea control, power projection, maritime security, and humanitarian assistance and disaster response. In recent years, the Sea Services have begun to expand these core capabilities to achieve a balanced blend of peacetime engagement and major combat operations capabilities.

- ***Forward Presence.*** Maritime forces must be *forward deployed*, especially in this time of diverse threats to the homeland. Our FY 2009 budget supports a forward posture and readiness for agile response. An uncertain strategic environment places a premium on multi-purpose forces that possess the ability to easily integrate the efforts of diverse partners. Worldwide operational activities include drug interdiction, joint maneuvers, multi-national training exercises, and humanitarian assistance. Operations may also include contingency operations, when called upon, such as in the Arabian Gulf, the Balkans, and Afghanistan/Northern Arabian Sea as part of Operation Enduring Freedom and Iraq as part of Operation Iraqi Freedom. On any given day, about one-third of our naval forces are deployed to locations around the world, ready to answer the Nation's call.

- ***Deterence.*** Preventing war is preferable to fighting wars, and *deterrence* must be viewed globally, regionally, and transnationally, via conventional, unconventional, and nuclear means. Effective Theater Security Cooperation activities are a form of extended deterrence, creating security and removing

conditions for conflict. Maritime ballistic missile defense enhances deterrence by providing an umbrella of protection to forward-deployed U. S. forces and partners, while contributing to the larger architecture planned for defense of the United States. Further, our advantage in space – upon which much of our ability to operate in a networked, dispersed fashion depends – must be protected and extended.

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

- ***Maritime Security***. The creation and maintenance of *maritime security* is essential to mitigating threats short of war, including piracy, terrorism, weapons proliferation, drug trafficking, and other illicit activities. While our FY 2009 budget supports meeting the challenge, the future of maritime security depends more than ever on international cooperation and understanding. There is no one nation that can provide a solution alone. A global maritime partnership is required that unites maritime forces, port operators, commercial shippers, and international, governmental and non-governmental agencies to address mutual concerns. Ongoing discussions of a "1,000-ship navy" continue. The name itself captures the scope of the effort.

The concept is not actually about having 1,000 international ships at sea. Rather, it is more about capabilities, such as speed, agility and adaptability. Membership in this navy is purely voluntary and has no legal or encumbering ties. It is a free-form, self-organizing network of maritime partners – good neighbors interested in using the power of the sea to unite, rather than to divide.

- ***Humanitarian Assistance and Disaster Response.*** Building on relationships forged in times of calm, we continue to offer *humanitarian assistance* as the vanguard of interagency and multinational efforts, both in a deliberate, proactive fashion and in response to crises. In 2007, the U. S. Naval hospital ship *USNS Comfort* completed a 4-month, twelve-country humanitarian assistance and training deployment in Latin America and the Caribbean. *Comfort*'s medical crew, Air Force and Air National Guard medical personnel, and international partners helped treat more than 98,000 patients throughout the region, while Seabees attached to the *Comfort* repaired, renovated and completed construction projects at 27 sites. During Pacific Partnership 2007, the *USS Peleliu*'s crew; personnel from public health/preventive medicine; Navy, Army and Air Force medicine; U.S. Public Health Service; U.S. Navy Seabees (construction battalions); and a fleet surgical team departed on a four-month humanitarian mission to bring together host nation medical personnel, partner nation military medical personnel and non-governmental organizations to provide medical, dental, construction and other humanitarian assistance programs ashore and afloat in the Philippines, Vietnam, Papua New Guinea, the Solomon Islands, and the Marshall Islands.

Homeland assistance during the last year has ranged from recovery assistance after the Minneapolis bridge collapse to flood damage prevention in Illinois and Washington. Additionally, when wild fires devastated a large area in Southern California, Navy

firefighting aircraft, helicopters, trucks and crews, as well as medical personnel, worked closely with civilian authorities to bring relief to those affected. Human suffering moves us to act, and the expeditionary character of maritime forces uniquely positions them to provide assistance.

Implementation of this cooperative strategy requires that the Navy and Marine Corps demonstrate flexibility, adaptability and unity of effort in evolving to meet the enduring and emerging challenges and opportunities ahead. Specific initiatives in support of this strategy must be vetted and tested through experimentation, wargaming, and continued operational experience.

OBJECTIVES AND TRANSFORMATION

The Department's transformational objectives will provide real benefit to the Nation in the fulfillment of our responsibilities to maintain a capable Navy and Marine Corps as we build towards a new national and transnational seapower strategy. Major objectives and transformation initiatives are summarized below.

A NAVAL WORKFORCE TO SUPPORT THE NATIONAL DEFENSE STRATEGY

- ***A naval force fully prepared for employment.*** The Navy and Marine Corps team helps ensure the joint force has the ability to gain access to denied areas from great distances, even in the face of determined adversaries and despite increasing diplomatic, political, and cultural challenges. Maintaining this capability equips the nation with unique forward-deployed combat forces, equally able to conduct theater support cooperation activities with a wide range of international partners, and rapidly respond to crises almost anywhere in the world. The "Arc of Instability" is sure to dominate our future and is substantially a maritime domain. By exploiting the Navy's command of the sea, we remain ready to perform both immediate and extended operations "without a permission slip," even in austere environments, and with forces designed to efficiently scale up or down in size whenever necessary. By continuing to invest in the incomparable flexibility of our naval forces, we will continue to provide joint force commanders with unique options to project, protect, and sustain power and influence.

- ***Safeguarding the people and resources of the Navy-Marine Corps team.*** The Department of the Navy continues to focus on sizing, shaping and stabilizing the total naval force to apply the right skill sets to projected requirements in

the most cost efficient manner. Development and retention of quality people are vital to our continued success. America's naval forces are combat-ready largely due to the dedication and motivation of individual sailors, marines, and civilians. The 2009 budget reflects leadership priorities to support quality of life improvements for sailors and families and reprioritizes investment in facilities to support daily operational requirements.

- ***Growing the Force to support the Long War.*** To posture forces for the Long War and support the Marine Corps' aggressive deployment tempo, the Marine Corps is in the process of increasing its end strength to 202,000 Marines no later than FY 2011. This additional end strength will provide a balanced operating force that will be large enough to sustain a 1:2 deployment-to-dwell ratio. Achieving this operating tempo ensures that Marines have the time to train for the full range of military operations as well as continuing the nation's fight against global terrorism. The Marine Corps continues to emphasize priorities that ensure success of the Grow the Force initiative, including increases in recruiting and personnel retention incentives, adjustments and increases in force structure and facilities, and transformational shifts in training support.

- ***Sustaining Special Operations Forces expansion plan.*** In FY 2007, the DON has taken additional steps to enhance Naval Special Warfare (NSW) and Naval Special Operations (NSO) recruiting efforts. The unique skill sets in the NSW/NSO communities demand intensive training of exceptionally bright, physically fit and mentally tough individuals. Significant investments in training these operators have been made and the Navy must utilize every available incentive tool to retain them and capitalize on that investment. The Marine Corps Special Operations Command (MARSOC), established in 2006, is a complementary force that will ease the strain on other services' elite units and will contribute to the nation's readiness in the global war on terror. Over the next two years, MARSOC will grow by more than 2,000 people. This will include 24 foreign military training units that will deploy worldwide in support of U.S. Special Operations Command and the various Combatant Commanders (COCOMs).

- ***Strengthening cultural awareness and language capabilities.*** Navy continues to focus significant effort on transforming and enhancing its expertise in foreign language, regional expertise and cultural awareness. Navy implemented a Language, Regional Expertise and Culture strategy that

galvanizes and aligns related efforts across the Total Navy Force. The workforce was surveyed for existing language proficiency, bonuses were increased for language competencies, heritage recruiting became a focused effort, a new Foreign Area Officer community was established, and training and education programs in regional issues were implemented. To systematically capture foreign language proficiency in the future, Navy began mandatory foreign language screening at military accession points, and expanded eligibility requirements for the Foreign Language Proficiency Bonus.

AGGRESSIVELY PROSECUTE THE GLOBAL WAR ON TERRORISM

- ***Achieving Victory in the War on Terrorism.*** An uncertain strategic environment places a premium on multi-purpose forces that possess the ability to easily integrate the efforts of diverse partners. Both tactically flexible and strategically agile, the Marine Air-Ground Task Force (MAGTF) — the fundamental Marine fighting organization — has proven to be of exceptional value across the range of military operations. While today's fight takes place in particular places and under certain conditions, tomorrow's fight will almost certainly require a different mix of capabilities in a different operational environment. By ensuring it remains organized, trained and equipped to serve anywhere, at any time, the Marine Corps can meet its charter to "be the most ready when the Nation is least ready."

- ***Maritime Domain Awareness.*** The FY 2009 DON budget supports efforts to develop an enhanced capability to identify threats within the Maritime Domain as early and as distant from our shores as possible by integrating intelligence, observation, and navigation systems into a common operating picture accessible throughout the United States government. The Maritime Domain Awareness initiative will combine the efforts of federal, state, and local governmental agencies, international governments, non-governmental organizations, and commercial and private enterprises to create an understanding of anything associated with the global maritime domain that could impact the security, safety, economy, or environment of the United States.

BUILDING THE NAVY-MARINE CORPS FORCE FOR TOMORROW

- ***Shipbuilding.*** The future fleet of ships, as represented in our 30-year shipbuilding plan, will sustain operations in forward areas longer, be able to

respond more quickly to emerging contingencies, and generate more sorties and simultaneous attacks against greater numbers of multiple targets and with greater effect than our current fleet. Resources in FY 2009 are aligned to ensure shipbuilding program integrity. Emergent cost increases to existing and new shipbuilding programs must be recognized now if we are to maintain an executable program in support of the future force.

- ***Aviation***. The DON is in the midst of an extensive, long-term consolidation and recapitalization of all naval aircraft in order to develop the optimum balance between capability requirements and usage. To ensure the integrity of aviation procurement programs, resources in FY 2009 are realigned to restructure or re-phase several programs to account for cost and schedule changes while maintaining executable profiles through the FYDP.

- ***Shipboard Command and Control***. The FY 2009 budget supports implementation of a transformational Service Oriented Architecture afloat to comply with DoD guidance to transition the Global Command and Control System (GCCS) family of systems to Net-Enabled Command Capability. By decoupling specialized software applications from proprietary hardware and adopting an open distributed common computing environment afloat, Navy will simultaneously avoid the cost growth associated with legacy systems.

- ***Resetting for today, while modernizing for tomorrow***. As careful stewards of our nation's resources who must remain ready to fight and win future battles, the Marine Corps continues to "reset" equipment that has been worn far beyond peacetime rates and often damaged or destroyed in battle. Marines remain committed to providing the best equipment available to forces in conflict as well as developing skip-generation technologies for future conflicts. This approach will continue as requirements for force protection, fire support, mobility, command and control, intelligence, and logistics are carefully assessed.

In addition to the objectives listed above, the Department is committed to achieving several other important goals. Integrating Safety and Risk Management to maximize mission readiness is a top priority. An organization with world class safety is one in which *no* mishap is accepted as the cost of doing business. Additionally, the Department continues to strengthen ethics as a foundation of exemplary conduct by teaching and enforcing ethics, DON Core Values, and standards of exemplary conduct consistently, starting at the earliest career stages.

Finally, the goal of providing first-rate facilities to support Navy and Marine Corps forces includes constructing facilities to keep pace with evolving mission requirements.

Figure 1 Reflects Navy/Marine Corps operations as of 17 January 2008.

Figure 1- Status of Navy and Marine Corps Forces

Navy

- 333,596 active strength
- 5,072 activated reservists
- 106 ships underway (away from homeport)
- 93 ships deployed
  - Two Carrier Strike Groups
  - Two Expeditionary Strike Groups
- 55,975 underway on deployment

Marine Corps

- 186,291 active strength
  - 114,115 Operating
  - 41,647 Supporting
  - 30,529 Other
- 8,677 activated reservists
  - 2,037 Individual Augmentees
  - 6,640 Mobilized

32,169 on deployment/forward deployed

Data as of 17 Jan 2008

Support of the Department of the Navy FY 2009 budget is critical to achieving its mission and to supporting the 21st century seapower strategy. Our FY 2009 budget supports a forward posture and readiness for agile response. It positions us to play an integral role in global maritime security and humanitarian efforts, alongside other federal and international agencies. Readiness is properly priced and funded to meet the demand of our Joint Combat Commanders. Manpower adjustments align the Department's ongoing Total Force manpower to mission objectives. Warfighting capability investments focus on increasing support to combat operations and CONPLAN 7500 while moving toward a 313-ship Navy and its associated capabilities. The DON is funded to deliver 47 ships and 1,102 airplanes during the Future Years Defense Plan (FYDP). It supports the right size force, trained and

ready for tasking in any waterway of the world to meet both traditional and irregular threats in the global maritime domain.

PERFORMANCE IMPROVEMENT INITIATIVES

LEAN SIX SIGMA

In May of 2006 the Secretary of the Navy challenged the Department to achieve greater efficiency and improved effectiveness. The outcome was the adoption of the Lean Six Sigma (LSS) approach. LSS is a proven business practice that combines the strategies of Lean (eliminate non-value added activities and improve cycle time) and Six Sigma (reduce variation and produce highly repeatable processes). LSS initiatives are applied to all areas, including those engaged in transactional, service, and support missions. The Secretary's stated mission for LSS is to create more readiness and assets within the Navy's budget through LSS. To this end, the DON is committed to enterprise transformation and Continuous Process Improvement (CPI) through LSS activities.

Examples of Department of the Navy LSS efforts:

- Precision Strike Weapons Program Office (PMA-201) joined with Raytheon to complete a LSS project, which ultimately saved $134 million across the 2006 FYDP and $421 million over the life of the Joint Standoff Weapon (JSOW) Block II program. The integrated product team developed a three-tier approach to reducing weapon unit cost over a two-year period, resulting in a 32 percent unit cost reduction. Success of the JSOW program has led to development of a follow-on Block III weapon system.
- The Marine Corps is applying LSS concepts, analytic techniques, and tools to improve the process for identifying, evaluating and acquiring critically needed warfighting equipment. Initial analysis focused on the evaluation stage, where improvements reduced the time required for this step by 35% – from 131 days to 85 days.
- Puget Sound Naval Shipyard transformed the shipboard tank repair and preservation process and reduced labor requirements by half. Through CPI, the teams reduced costs by $6.48 million and $6.1 million for *USS Abraham Lincoln* and *USS Alabama* ship availabilities respectively.

- The challenge of the Mine Resistant Ambush Protected (MRAP) project is to meet a strict delivery schedule for a high volume of vehicles while maintaining configuration management across multiple vehicle and command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR) variants. LSS techniques were applied and 45 LSS activities were initiated to enhance the systems engineering and production processes for streamlined integration, quality control and configuration management. LSS Black Belt teams visited MRAP suppliers and used value stream mapping to ensure capacity is available to support production goals. Root causes of production line defects were analyzed and addressed resulting in production line efficiencies which could yield an additional vehicle every 2.5 weeks at full production.

- A LSS initiative for the Expeditionary Fighting Vehicle (EFV) program, focused on reducing labor charges and improving the flow of parts for EFV repair during system design and demonstration without adversely affecting tests. This initiative resulted in a 55% reduction in process time without transferring unnecessary work to other entities.

To accomplish the goal of LSS integration, the Department's leaders have been educated on a broad spectrum of LSS topics including framework, efficiency methodologies and tools, and accelerated change management approaches. LSS has been deployed using a top-down approach.

The Secretary challenged departmental leadership to complete LSS Green Belt training, undertake projects, and accelerate training in their organizations. The DON has trained a total of 6,684 LSS Green Belts (part time LSS project supporters) through the end of FY 2007. Over 4,420 leaders have completed LSS Champion (executive level) training. There are 992 trained LSS Black Belts (full time LSS project leaders) in the Department. The objective of the intense training is to build the foundation for expanded capacity. Since it began employing LSS, the Department has completed over 4,900 projects and is currently engaged in over 2,000.

DON has championed the use of LSS as the primary toolset to establish CPI as a means toward increasing readiness and utilizing our resources more efficiently and effectively. Department of Defense has further encouraged this approach. Other

benefits of CPI will continue to be realized: improved speed of transactions, reduced cost of work, enhanced quality of work life, and improved safety.

BUSINESS PROCESS IMPROVEMENT

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

- Navy Enterprise Resource Planning (ERP) program, a commercial off-the-shelf software package, began its initial implementation at the Naval Air Systems Command in October 2007. It is an integrated business management system that modernizes and standardizes Navy business operations, provides unprecedented management visibility across the enterprise, and increases effectiveness and efficiency. As Navy ERP is implemented throughout the Navy, it will build on process improvements achieved through LSS while standardizing and automating key business processes. This will be the key *systems* driver.

- The National Security Personnel System (NSPS) continues its implementation throughout DON. NSPS stresses aligning measurable job performance to organizational goals; it will take advantage of related business improvements that provide better quality management information. The ultimate goal is an enhanced performance-based culture operating within a more disciplined business environment. This is the *people* driver.

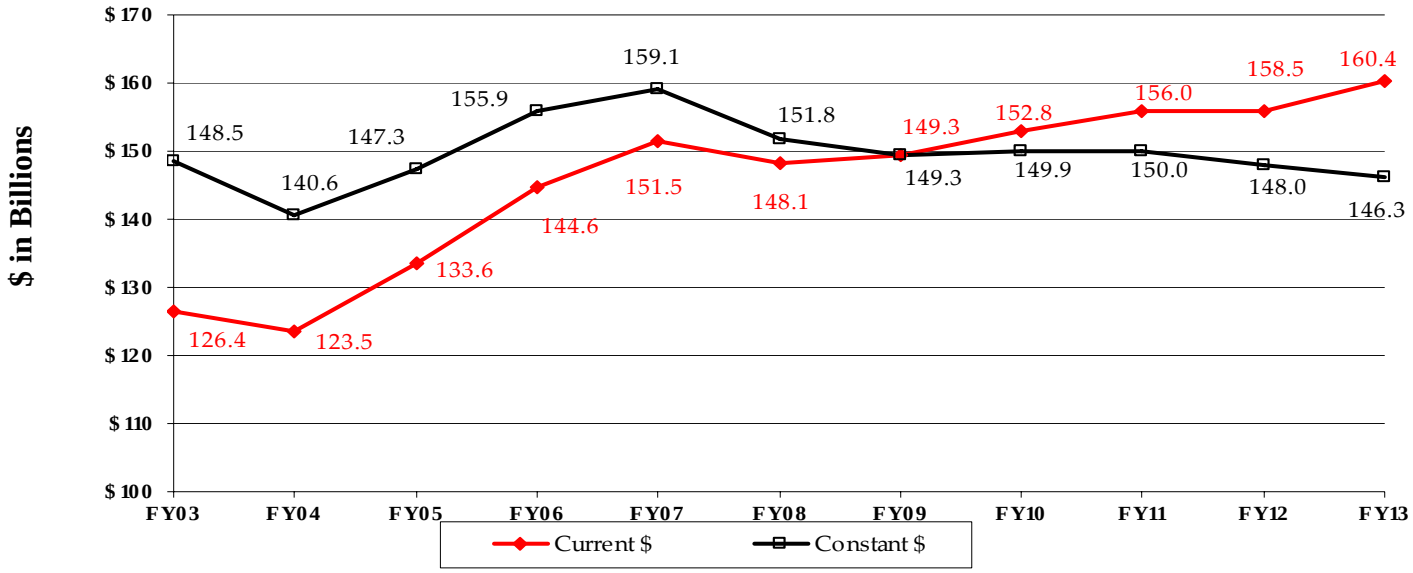
- The DON Financial Improvement Program (FIP) is an initiative that will use the elements of the three enterprise-wide initiatives—process, systems and people—to document and test the controls associated with financial management and reporting. Better documented and controlled processes will provide more timely and accurate information to enhance decision-making, and over time will ensure both better use of resources and a favorable independent audit. A subset of the FIP includes the Marine Corps financial improvement initiative that will be demonstrating initial audit readiness results during FY 2008.

Each of these initiatives combine and are aligned with congruent initiatives at the DoD level such as the Financial Improvement and Audit Readiness (FIAR). DON business transformation efforts directly support the Navy and Marine Corps vision for financial improvement. They will continue to improve our ability to execute DON dollars.

RESOURCE TRENDS

The FY 2009 budget reflects a balance between keeping today's force ready and transforming for the future. The figures in this section include enacted supplemental appropriations and transfers received in FY 2008 and prior. Elsewhere in this book, individual appropriation and program figures reflect supplemental funding in FY 2007, and baseline requests only in FY 2008 and FY 2009.

Figure 2 - Department of the Navy Topline FY 2003 - FY 2013

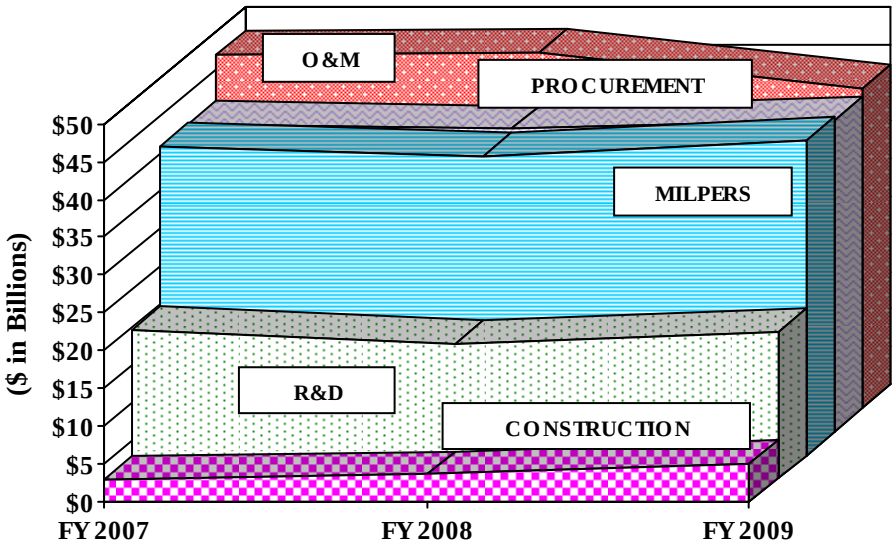


Note: FY 2003–2008 includes baseline, supplemental appropriations, transfers, and GWOT enacted. FY 2009– 2013 is baseline only. Black line is in constant FY 2009 dollars.

In Figure 2, funding reflected between FY 2003 and FY 2007 has been augmented by significant supplementals to ensure that the Department could accomplish its mission around the world including Afghanistan and Iraq, as well as Humanitarian and Disaster Assistance recovery activities. Because FY 2007 includes GWOT funding received and FY 2008 includes only the $9B enacted portion of the DON $27B GWOT requirement, the graph shows a decrease from FY 2007 to the FY 2009 baseline (both current and constant dollars). The baseline increase shown from FY 2009-2011 includes support of the Marine Corps' portion of the initiative to increase ground forces, and addresses recapitalization, depot maintenance requirements, and improvement of facilities for the future. The budget will ensure the continued success of the all-volunteer force, support joint capabilities, and

provide effective forces, ready for tasking. As we look to the future, the baseline budget FY 2011-2013 shows a real decline.

Figure 3 - Trendlines FY 2007 - FY 2009



Note: Shown in FY 2009 constant dollars. FY 2007 and FY 2008 include baseline, supplemental appropriations, transfers and GWOT enacted. FY 2009 is baseline only.

As shown in Figure 3, in constant dollars, FY 2009 Procurement and R&D account increases reflect the replacement of HMMWV (ECV) vehicles, F/A-18E/F, MH-60 series helicopters, and additional aircraft that are being destroyed, damaged, stressed, or worn out beyond economic repair due to combat operations. Increases in Military Personnel and Military Construction reflect the USMC Grow the Force initiative. Because FY 2007 includes GWOT funding received and FY 2008 includes only the $9 billion enacted portion of the DON $27 billion GWOT requirement, Figure 3 shows a decrease from FY 2007 to the FY 2009.

Figure 4 displays individual Department of the Navy current dollar appropriation estimates for FY 2007 through FY 2009.

Figure 4

APPROPRIATION SUMMARY FY 2007 - FY 2009

(In Millions of Dollars)	**FY 2007**	**FY 2008**	**FY 2009**
Military Personnel, Navy	24,047	23,414	24,081
Military Personnel, Marine Corps	10,801	10,337	11,810
Reserve Personnel, Navy	1,856	1,790	1,870
Reserve Personnel, Marine Corps	556	583	595
Health Accrual, Navy	2,098	1,936	1,771
Health Accrual, Marine Corps	1,051	1,116	1,053
Health Accrual, Navy Reserve	287	266	240
Health Accrual, Marine Corps Reserve	145	142	134
Operation & Maintenance, Navy	37,366	36,576	34,922
Operation & Maintenance, Marine Corps	7,605	8,734	5,597
Operation & Maintenance, Navy Reserve	1,399	1,184	1,311
Operation & Maintenance, Marine Corps Reserve	269	254	213
Environmental Restoration, Navy	0	299	291
Aircraft Procurement, Navy	11,922	12,429	14,717
Weapons Procurement, Navy	2,897	3,093	3,575
Shipbuilding & Conversion, Navy	10,152	13,506	12,733
Other Procurement, Navy	6,132	5,373	5,483
Procurement, Marine Corps	8,052	3,014	1,512
Procurement of Ammunition, Navy & Marine Corps	1,049	1,362	1,123
Research, Development, Test & Evaluation, Navy	19,724	17,799	19,337
National Defense Sealift Fund	1,069	1,344	1,962
Military Construction, Navy & Marine Corps	1,565	2,198	3,096
Military Construction, Naval Reserve	43	65	57
Family Housing Construction, Navy & Marine Corps	132	134	383
Family Housing Operations, Navy & Marine Corps	503	372	376
Base Realignment and Closure	690	784	1,050
Navy Working Capital Fund	116	14	2
TOTAL	**151,526**	**148,118**	**149,295**

Note: Totals may not add due to rounding. FY 2007 and FY 2008 totals include baseline, supplemental appropriations, transfers, and GWOT enacted. FY 2009 is baseline only.

SECTION II – PROSECUTING THE GLOBAL WAR ON TERRORISM

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

NAVY SUPPORT

Naval forces provide the bulk of the nation's worldwide rotational military presence and an increasing portion of the required support for ground units in Operations Enduring Freedom / Iraqi Freedom (OEF/OIF). These operations support our nation's interest by continuing intelligence, surveillance and reconnaissance missions, expanded maritime interception operations, and counter-piracy and counter-drug patrols. There are over 11,300 sailors ashore (including Individual Augmentees supporting ground forces in core mission areas and new capability areas) and 12,000 at sea in the U.S. Central Command region alone engaged in the GWOT.

Since assumption in FY 2007, the Navy continues command of the detainee mission in Guantanamo Bay, Cuba and at Camp Bucca, a high-security prison in Iraq. Additionally, Executive Agent responsibility remains in effect for command of the GWOT related Combined Joint Task Force Horn of Africa (CJTF HOA) in Djibouti. Our presence in the Horn of Africa, which is an impoverished part of the world that struggles with disease, drug running, human trafficking, smuggling and pockets of extremism, is a key to ensuring that terrorism doesn't gain a foothold in the region. CJTF HOA was initially formed in November 2002 as a seafaring force aimed at blocking terrorists fleeing Afghanistan from establishing a new

safe haven. Soon after, the task force moved ashore and its mission morphed into a blend of military cooperation, military-to-military training and humanitarian assistance over a massive, eight-country region. The Navy is now engaged to help bring stability, security and hope to the region.

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

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

Under the National Security Presidential Directive (NSPD-41), we are continuing to cultivate relationships and develop capabilities to maximize the advantage

that operating in the maritime domain brings to homeland security. Because more than 90 percent of the world's commerce moves by sea, protection of merchant shipping from potential terrorist networks is critical. United States naval forces are well trained to carry out the mission of deterring, delaying, and disrupting the movement of terrorists and terrorist-related material at sea. However, the United States cannot accomplish this monumental task alone. We are broadening our relationship with the navies of international allies to prosecute the GWOT. We are expanding the Proliferation Security Initiative to other countries and working bilateral boarding initiatives in all hemispheres.

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

MARINE CORPS SUPPORT

Throughout 2007, the Marine Corps continued to demonstrate the versatility and flexibility of Marine Corps Operating Forces in leading the fight in the GWOT. Additionally, 3,200 Marines will deploy to Afghanistan in the Spring of 2008 to fill a standing International Security Assistance Force request for combat troops in the south, and help train Afghan national security forces. Whether continuing to support OIF with a Marine-Air Ground Task Force of over 23,000 Marines or in OEF with Embedded Training Teams (ETTs), the Marine Corps continues to demonstrate the relevance of the MAGTF in supporting the U.S. national security

strategy. Highlights of the Marine Corps' direct contribution to the GWOT in 2007 are detailed below:

- The training and deployment of II Marine Expeditionary Force (MEF) forward to the Al Anbar province, Iraq. This 23,000 Marine MAGTF forms the nucleus of Multi-National Force, West (MNF-W). Partnered with Army, Air Force, and Navy personnel, MNF-W is responsible for Counter Insurgency (COIN) operations throughout the province to include setting the conditions for local governance and economic development as well as assisting in the maturation of the Iraqi Security Forces.
- The training and deployment of USMC Transition Teams that partner with Iraqi military, police, and Department of Border units. These relatively small, specialized Marine teams attach directly to their corresponding Iraqi units and serve both as a bridge between these forces and the Coalition as well as mentors that advance the knowledge and training of these Iraqi units. The Marine Corps provided in excess of 800 personnel spread across more than 50 types of Iraqi transition teams during 2007.
- The training and deployment of Marine Expeditionary Units (MEUs). These highly trained MAGTFs, embarked on Navy ships, provide the COCOMs with a highly mobile force capable of a multitude of operational missions ranging from full spectrum combat to low level foreign military training and civil-military operations. Throughout 2007, the Marine Corps provided 3 embarked MEUs forward positioned in all geographic Combatant Commands. Two of these MEUs, the 15TH and 13TH were employed ashore in MNF-W and participated in sustained combat operations.
- The training and deployment of 3 F/A-18 squadrons embarked with Carrier Air Wings. These squadrons, VMFA-323, VMFA-232, and VMFA-251 were all seamlessly integrated with embarked Navy air wings. All 3 squadrons conducted combat operations in OEF and OIF.
- The training and deployment of USMC ETTs in Afghanistan. These teams partner with Afghan military and Border police units. Similar to the training teams in Iraq, these small, specialized Marine teams attach directly to their corresponding Afghan units, serving as a bridge between the Coalition and the Afghan security forces. ETTs act as mentors to their counterparts, advancing the knowledge and training

of these Afghan units. The Marine Corps provided in excess of 200 personnel spread across 7 ETTs during 2007.

- The training and deployment of Marine Special Operations Advisory Group (MSOAG) Teams. These highly skilled Marine forces deployed across the globe in support of SOCOM operations.
- Forward elements of the Marine Corps continue to battle insurgents in Iraq and Afghanistan with success. On the heels of a successful surge that has resulted in a largely stable Al Anbar province in Iraq, the Marine Corps is preparing to deploy the 24th MEU (Marine Expeditionary Unit) and 2nd Battalion, 7th Marines to Afghanistan in the Spring 2008. This deployment involving approximately 3,200 personnel will enable commanders in Afghanistan to retain the initiative against the Taliban and reinforce NATO International Security Assistance Force (ISAF).

GWOT RESOURCING

Ongoing GWOT operations have had a significant impact on Navy and Marine Corps equipment. Expeditionary forces, including Seabees and Explosive Ordnance Disposal, and tactical and support aircraft are experiencing much higher than expected wear-out of equipment. The Marine Corps has experienced equipment usage rates as much as seven times greater than peacetime rates, tremendously decreasing the projected lifespan of its gear. Resetting the force will refurbish or replace equipment which has been used more extensively than originally anticipated, and replenish equipment from strategic stocks drawn to support combat forces, so as to remain responsive to emerging threats.

Past supplemental funding has mitigated most of the Marine Corps' and some of the Navy's costs, but many items remain in need of repair or replacement. Among the areas highlighted in the following pages are some of the investment needs for the Navy and Marine Corps. Figure 5 shows the major acquisition quantities that are funded thru GWOT:

Figure 5 - GWOT Funded - Major Acquisition Quantities

	FY 2008 GWOT	Less MRAP Budget	Remaining Request
Navy and Marine Corps Aircraft			
V-22	2	-	2
EA-18G	5	-	5
F/A-18E/F	13	-	13
AH-1Z/UH-1Y	6	-	6
MH-60S	6	-	6
MH-60R	6	-	6
KC-130J	7	-	7
Marine Corps Ground Equipment			
HMMWV	624	-	624
LW155	12	-	12
MRAP	634	634	-
Navy Ground Equipment			
MRAP	255	255	-
HMMWV	317	-	317

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

Major elements of the request include:

- Naval Aircraft. Funds are requested to replace aircraft lost in support of OIF/OEF Theater of Operations, replace airframes stressed due to excessive use in GWOT operations, and to accelerate force capability to world-wide GWOT missions. Additionally, funds are requested for

modifications/upgrades to ensure capability is preserved or for new capabilities to meet operational commanders' emerging requirements.

- Marine Corps Ground Equipment. The Marine Corps requires funds to restore Marine Corps unit capability to pre-war levels or upgrade to a future capability required for continued GWOT operations. Funds are also requested to provide force protection upgrades and enhancements. Requested items include Expandable Capacity HMMWV (ECV), Assault Amphibious Vehicle product improvement, Enterprise Land Mobile Radio networks, large-area Ground-Based Operational Surveillance Systems (G-BOSS), Mine Resistant Ambush Protected (MRAP) vehicles, and Assault Breacher Vehicles.

- Navy Ground Equipment. Reset funds requested provide critical construction and force protection equipment for the NECC. NECC provides task-organized combat support and combat service support forces with sufficient capability and capacity to meet the requirements for major combat operations, the GWOT and homeland defense.
- Weapons/Ammunition. Funds are requested to replace weapons expended during OIF/OEF. Additionally, funds are requested to replace unserviceable small arms and weapons.
- Depot Maintenance. Reset funds are requested for aircraft, ships and support equipment for maintenance performed at the depot level facility, to include cost to overhaul, clean, inspect, and maintain organic equipment to the required condition at the conclusion of the contingency operation or unit deployment.
- Intelligence. The adaptive, human-intensive counter-insurgency environment has generated the demand for a variety of specific tactical-level capabilities. These include Counterintelligence/Human Intelligence Equipment Program (CI/HUMINT) to enable "best practice" battlefield techniques developed by Commanders to address increasing requirements for CI/HUMINT operations, Tactical Concealed Video System to provide actionable intelligence for targeting and situational awareness, M22 BRITE to provide an encrypted, satellite communication system for use by deployed units

in remote and austere locations, and the Communications Emitter Sensing and Attacking System to provide Marine Corps signal intelligence units a mobile platform with which to rapidly and cooperatively detect, disrupt, and deny threat communications.

- Logistics. The mission requirements of OIF and OEF require additional motor transport capabilities to ensure effective operations in the particular threat environment associated with the theater. These include new fire suppression systems, turret gunner restraint systems, vehicle intercom systems, a transparent armored gunner's shield, fuel fire protection, and systems to enable rapid debarkation for combat action. The environment also calls for additional engineering capabilities, to include bridge boat trailers, a mine roller system, ditch digging machines, a dust abatement system for landing zones, and additional generators for increased electrical power requirements. Medical capabilities for use in this environment are also required, to include vehicle medical kits, hypothermia prevention systems (for helicopter transport of wounded), panel-mounted first aid kits for aircraft, upgrades to medical stores, and additional training for medical personnel and Marines.
- Fire and Maneuver. The Marine Corps has developed a distributed operations capability to provide significantly enhanced combat power to the infantry units that are directly engaged with enemy forces on a daily basis in the OIF and OEF environments. Materiel capabilities procured to provide this enhanced capability comprise a suite of equipment for the individual rifleman that includes improved targeting, firepower, and personal protection. Capabilities procured for small units will provide additional crew served weapons, vehicles for enhanced mobility, and enhanced command and control equipment.

As of the end of FY 2007, the outstanding Navy total reset requirement was $11.4 billion and the outstanding Marine Corps total reset requirement was $5.8 billion. The FY 2008 GWOT requests included $3.6 billion of Navy reset requirements, and $1.9 billion of Marine Corps reset requirements. The GWOT Supplemental funds provided in the December 2007 Consolidated Appropriations Act included reset funds of $0.5 billion for Navy and $0.5 billion for Marine Corps. The remaining reset requirement after full funding of the FY 2008 GWOT requests is $7.8 billion for Navy and $3.9 billion for Marine Corps.

It should be noted that the reset requirement is dynamic and changes as conditions change. For example, the recent grounding of a significant portion of the P-3C fleet for excess wing fatigue and the loss of two F-18 Super Hornets returning from a close air support mission will have a significant impact on reset requirements, and are currently under review.

Figure 6 - FY 2008 GWOT Request – Current Status

Dollars in millions	TOTAL Revised Request	TOTAL Bridge Received	MRAP Budget Request	IFF Transfers Received	Remaining Request
Military Personnel, Navy (MPN)	**792**	96			**696**
Reserve Personnel, Navy (RPN)	**70**				**70**
Operation and Maintenance, Navy (O&MN)	**6,253**	3,664 *	52	38	**2,499**
Operation and Maintenance, Navy Reserve (O&MNR)	**84**	42			**42**
Aircraft Procurement, Navy (APN)	**3,908**	49			**3,859**
Procurement Ammunition, Navy and Marine Corps (PANMC)	**90**	45			**45**
Other Procurement, Navy (OPN)	**1,870**	91	264		**1,515**
Weapons Procurement, Navy (WPN)	**318**				**318**
Research, Development, Test and Evaluation, Navy (RDT&EN)	**551**			119	**432**
National Defense Sealift Fund (NDSF)	**5**				**5**
Family Housing Operations (FHOPS)	**12**				**12**
Military Construction, Navy (MCON)	**80**				**80**
Navy Working Capital Fund (NWCF)	**43**				**43**
USN Total Subtotal	**14,076**	**3,987**	**316**	**157**	**9,616**
Military Personnel, Marine Corps (MPMC)	**1,790**	56			**1,734**
Reserve Personnel, Marine Corps (RPMC)	**15**	0			**15**
Operation and Maintenance, Marine Corps (O&MMC)	**4,675**	3,966	402	1	**306**
Operation and Maintenance, Marine Corps Reserve (O&MMCR)	**68**	46			**22**
Procurement, Marine Corps (PMC)	**5,520**	703	2,372		**2,445**
Procurement Ammunition, Navy and Marine Corps (PANMC)	**521**	260			**261**
Research, Development, Test and Evaluation, Navy (RDT&EN)	**208**		30		**178**
Military Construction, Navy (MCON)	**157**				**157**
USMC Subtotal	**12,954**	**5,031**	**2,804**	**1**	**5,118**
DON Grand Total - Supplemental	**27,030**	**9,018**	**3,120**	**158**	**14,734**

Note: Totals as of 20 January 2008; totals may not add due to rounding.

* Includes $110M for transfer to Coast Guard.

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SECTION III - BUILDING A FLEET FOR THE FUTURE

OVERVIEW

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

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

SHIP PROGRAMS

Figure 7 displays shipbuilding quantities for FY 2008 to FY 2013.

Figure 7 - Shipbuilding Programs

	FY08	FY09	FY10	FY11	FY12	FY13	FY09-13
CVN 21	1	-	-	-	1	-	1
SSN 774	1	1	1	2	2	2	8
CG(X)	-	-	-	1	-	1	2
DDG 1000	-	1	1	1	1	1	5
LCS	1	2	3	3	4	6	18
LPD 17	1	-	-	-	-	-	-
JCC(X)	-	-	-	-	1	-	1
JHSV	-	1	1	1	1	1	5
T-AKE	-	2	-	-	-	-	2
MPF Aviation	-	-	1	-	-	-	1
MPF LMSR	-	-	-	-	1	-	1
MPF MLP	-	-	1	-	1	1	3
New Construction	4	7	8	8	12	12	47
Sea Shore Connect tors	-	-	-	1	-	3	4
CVN RCOH	-	1	-	-	-	1	2
SSBN ERO	1	1	1	1	1	1	5

Surface Programs

The Department's FY 2009 budget continues the shift to next generation warships and will provide the platforms needed to complete future mission objectives. The FY 2009 shipbuilding budget funds seven ships, including the eleventh *Virginia* class submarine, the third DDG 1000, two Littoral Combat Ships, two T-AKE Dry Cargo and Ammunition ships and the first Joint High Speed Vessel (JHSV) for the Navy. This is an increase of three ships from FY 2008. The surface ships that make up tomorrow's Navy will be more capable than ever before to meet the multiple challenges the Navy faces.

The next generation of aircraft carrier, the *Ford* Class or CVN-21, will be the future centerpiece of the carrier strike group and a major contributor to the future Expeditionary Strike Group as envisioned in *Sea Power 21*. CVN-21 has a major role in Sea Shield, projecting Navy combat power anywhere in the world. The ship's

command centers combine the power of FORCEnet and the flexible open systems architecture to support multiple missions, including special and joint warfare missions and integrated strike planning. Taking advantage of the *Nimitz* Class hull form, the *Ford* Class will feature an array of advanced technologies designed to improve warfighting capabilities and allow significant manpower reductions. It will have a new electrical generation and distribution system, an electromagnetic aircraft launching system, a new advanced arresting gear, a new/enlarged flight deck, weapons and material handling improvements, and a smaller crew and air wing (by at least 1,000). The budget provides the second increment of funding for construction of the lead ship, the *USS Gerald R. Ford* (CVN-78), and advance procurement funding for CVN-79.

The DDG 1000 program, formerly the DD(X) program, is the next generation of multi-mission surface combatants tailored for land attack and littoral dominance, with capabilities designed to defeat current and projected threats. As a critical component of *Sea Power 21*, DDG 1000 will provide credible forward presence while operating independently or as an integral part of naval, joint, or combined expeditionary forces. Armed with an array of land attack weapons, DDG 1000 will provide offensive, distributed, and precision firepower at long ranges in support of forces ashore. The FY 2009 budget provides funding for DDG 1002, the third ship of the class, and advance procurement funding for DDG 1003.

Another critical component of *Sea Power 21* is the Littoral Combat Ship (LCS). LCS is envisioned to be a fast, agile, stealthy, relatively small and affordable surface combatant capable of operating against anti-access, asymmetric threats in the littorals. LCS uses architectures and interfaces that permit tailoring tactical capabilities to various LCS missions. These mission module packages are easily interchangeable as operational conditions warrant. The primary mission areas of LCS are small boat prosecution, mine counter measures, shallow water anti-submarine warfare, intelligence, surveillance, and reconnaissance activities. Secondary missions include homeland defense, maritime interception, and special operation forces support. It will operate in environments where it is impractical to employ larger multi-mission ships. Construction of both LCS designs is in progress, with deliveries of both ships scheduled in 2008. The Department budgeted for two more LCSs in FY 2009, consistent with the FY 2008 National Defense Authorization Act which directed a cost cap of $460 million for future LCS procurements. Procurement of three mission module packages is also planned in FY 2009.

The Guided Missile Cruiser (CG-47) modernization program (CG Mod) supports modernization of the AEGIS cruisers, commencing with the older Baseline 2 and 3 ships. The CG Mod program delivers rapid introduction of critical new warfighting capabilities by providing enhanced air dominance and C4I capabilities, an improved gun weapon system and force protection systems, and a commercial off-the-shelf (COTS) computing architecture. Hull, Mechanical and Electrical (HM&E) upgrades will also contribute to extending the mission service life of the cruisers to 35 years. The FY 2009 budget includes funds for the second and third CG Mod availabilities and procurement of the equipment for the FY 2011 modernizations.

The Guided Missile Destroyer (DDG-51) Modernization program is a significant, integrated advancement in class combat and HM&E Systems. This investment enables core modernization of DDG combat systems to pace the 2020 threat environment and extend the useful service life of the ships. Enhancements added to the program are included in the areas of air dominance, force protection, C4I, and mission life extension upgrades. The FY 2009 budget includes funding for the long lead-time procurements for the backfit modernization of three DDGs in FY 2011.

The budget provides for procurement of two Auxiliary Cargo and Ammunition Ships (T-AKE) in the National Defense Sealift Fund (NDSF). They will be the eleventh and twelfth ships of the class. The NDSF budget also continues funding for the development of future sea basing ships. The Maritime Prepositioning Force (Future) (MPF(F)) squadron of ships, a central part of the Sea Base operational concept, leverages current designs and production lines where possible, such as modified Large, Medium Speed Roll-On/Roll-Off (LMSR) ships and LHA(R) ships. The FY 2009 budget includes advance procurement funds for the MPF Aviation ship. MPF(F) new construction commences in FY 2010 and includes one MPF Aviation ship and one Mobile Landing Platform (MLP). MPF(F) ships will be interoperable with current and planned Landing Craft Air Cushion (LCAC) craft and Joint High Speed Vessels (JHSV).

The LCAC modernization program continues with a service life extension for six craft in FY 2009. The budget request also includes funding in FY 2009 for one JHSV which will provide COCOMs high-speed intratheater sealift mobility. The budget also provides for the commencement of the *USS Theodore Roosevelt* (CVN 71) Refueling Complex Overhaul in FY 2009.

Submarine Programs

The Navy continues the effort to modernize the fleet of SSN, SSGN, and SSBN submarines. *Virginia* class fast attack submarines are joining the existing fleet of *Los Angeles* and *Seawolf* Class submarines to covertly project power throughout the world's oceans. Construction of the *Virginia* Class continues to be performed under a teaming arrangement between General Dynamics Electric Boat and Northrop Grumman Newport News Shipbuilding Company. FY 2008 funded the fifth of five *Virginia* Class submarines under a multi-year procurement contract awarded in January 2004. A follow-on multi-year procurement will be pursued to continue construction of the class beginning in FY 2009. Of note, the proposed contract would increase the *Virginia* Class build rate to two submarines per year beginning in FY 2011. This budget also annually funds an SSBN Engineered Refueling Overhaul for an *Ohio* Class submarine throughout the FYDP.

Ship Weapons and Sensor Programs

The Tactical Tomahawk missile provides a premier attack capability against long range, medium range, and tactical targets on land and can be launched from both surface ships and submarines. The Tomahawk program continues full rate production in FY 2009. By improving command and control systems, the Navy will maximize the flexibility and responsiveness inherent in the Tactical Tomahawk Weapons System.

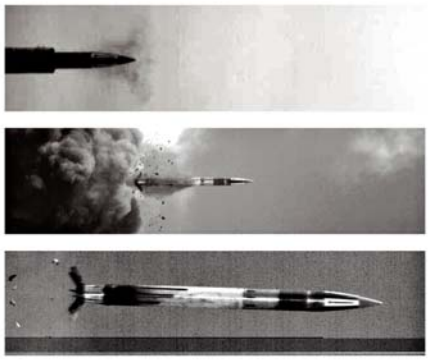
The Standard Missile (SM) program replaces ineffective, obsolete inventories with the more capable SM-2 Block IIIB and SM-6 Extended Range Active Missile (ERAM). The first SM-6 missiles will be procured in FY 2009. The SM-6 and its associated Naval Integrated Fire Control – Counter Air (NIFC-CA), developed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

The Rolling Airframe Missile (RAM) is a high firepower, low cost, lightweight ship self-defense system designed to engage anti-ship cruise missiles and asymmetric

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

The TRIDENT II D5 Submarine Launched Ballistic Missile (SLBM) provides a credible and affordable sea-based strategic deterrent that is survivable, safe, reliable, and compliant with all arms control agreements. In its second year of procurement, the TRIDENT II SLBM program ramps up to full rate production in FY 2009. Investment in this important program ensures that all *Ohio* Class SSBNs will deploy fully loaded, while ensuring sufficient inventory exists for periodic required test launches.

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



Several land attack research and development efforts critical to future littoral warfare continue in FY 2009, including an Extended Range Munition (ERM), the 5"/62 gun, the Advanced Gun System (AGS), the Naval Fire Control System (NFCS), and the Distributed Common Ground System (DCGS). ERM can fire at targets beyond 41 nautical miles compared to 13 nautical miles with today's conventional munitions and guns. The AGS will provide a modular, electric motor driven gun (no hydraulics) with an automated magazine handling system and will be capable of engaging targets ashore using the Long Range Land Attack Projectile (LRLAP) at ranges greater than 62 nautical miles. The NFCS and DCGS will use existing fire control infrastructure to serve as the nerve center for surface land attack by automating shipboard land attack battle management duties, incorporating improved land attack weapons systems, and utilizing battlefield digitization.

Figure 8 –Major Ship Weapons Quantities

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Tactical Tomahawk	394	207	209	218	243	226
Standard Missile	75	70	74	98	137	158
RAM	90	90	90	90	90	90
ESSM	85	86	88	-	-	-
Lightweight Torpedoes	133	120	290	260	271	260
Heavyweight Torpedoes	84	84	96	96	96	96
Trident II	12	24	24	24	24	-

AVIATION PROGRAMS

Aircraft Programs

Navy and Marine Corps aviation continues to be at the forefront of our Nation's defense. The FY 2009 budget supports the Department with the best balance of naval aviation requirements. The Navy's aircraft procurement plan continues to decrease the average age of the aircraft inventory. From a high above 20 years in the 1990s, the average age decreases from 18 years in 2006 to 17 years in 2009. Based on the current FYDP procurement plan, the average age will approach 14 years by 2013.

Multi-year procurement contracts for F/A-18E/F, EA-18G, MH-60R/S, MV-22B, and KC-130J have enabled the Department to realize significant savings and stretch available procurement funds. Development funding continues for P-8A, CH-53K, and the VH-71. The FY 2009 budget includes Low Rate Initial Production (LRIP) for three E-2D aircraft. The budget also delays the LRIP of VH-71 beyond FY 2009. The Department's aviation procurement contract strategy and decrease in average aircraft age are reflected in the procurement of 206 aircraft in FY 2009, an increase of 23 aircraft from 183 aircraft in FY 2008. The quantity growth is comprised of continued planned growth towards Full Rate Production in procurement profiles of JSF, EA-18G, V-22, MH-60R, and AH-1Z/UH-1Y, with associated reductions in F-18E/F, and KC-130J.

Figure 9 - Aircraft Programs

	FY08	FY09	FY10	FY11	FY12	FY13	FY09-13
JSF	6	8	18	19	40	42	127
F/A-18E/F	24	23	18	17	22	-	80
EA-18G	18	22	22	10	-	-	54
MV-22B	21	30	30	30	30	30	150
AH-1Z/UH-1Y	15	20	28	28	26	27	129
MH-60S	18	18	18	18	18	18	90
MH-60R	27	31	27	28	25	27	138
E-2D AHE	3	3	3	4	4	4	18
CH-53K (HLR)	-	-	-	-	-	6	6
P-8A (MMA)	-	-	6	8	10	13	37
C-40A	-	2	-	1	1	1	5
T-6A/B(JPATS)	44	44	44	43	43	23	197
KC-130J	4	2	2	2	2	2	10
VH-71	-	-	3	4	4	4	15
BAMS UAV	-	-	-	4	4	4	12
MQ-8B (VTUAV)	3	3	6	6	9	10	34
TOTAL	183	206	225	222	238	211	1,102

Includes R&D-funded aircraft

The Lightning II Joint Strike Fighter (F-35) program will develop and field a family of aircraft that meets the needs of the Navy, Marine Corps, Air Force and our allies, with optimum commonality among the variants to minimize life cycle costs. The F-35 is the next generation of strike fighter, with improved stealth and

countermeasures. It incorporates the latest available technology for advanced avionics, data links and adverse weather precision targeting; it has increased range with internal fuel cells and includes superior weaponry over existing aircraft. This highly supportable, affordable, state of the art aircraft will maintain global air superiority. DON acquisition continues in FY 2009 with the procurement of Marine Corps Short Takeoff and Vertical Landing (STOVL) variant and continued development of the Carrier Variant (CV).

The Super Hornet (F/A-18 E/F) leads naval aviation in the fighter/attack role. The F/A-18 E/F is receiving upgraded capabilities, to include new/enhanced weapon systems and avionics. An Advanced Crew Station, Automatic Carrier Landing System and upgrades to current Global Positioning Systems/ Inertial Navigation Systems will allow the aircraft to meet precision strike/precision approach requirements. The EA-18G Growler, which will replace the Navy EA-6B, assumes the role for Airborne Electronic Attack, supporting all operational requirements and fully integrating itself into strike packages. The FY 2009 budget accelerates the procurement of F/A-18 E/F/G aircraft to meet the demand.

The Osprey MV-22B Tilt Rotor, the Marine Corps' number one aviation acquisition priority, continues a multi-year procurement program begun with the Air Force in FY 2008. The joint program will procure MV and CV variants to support requirements for each service. The MV-22 which provides the Marine Corps the amphibious/vertical assault requirement needed for the Global War on Terrorism began its first operational deployment in October 2007.

The AH-1Z/UH-1Y aircraft fulfills the Marine Corps attack and utility helicopter missions. The FY 2009 budget supports transitioning to a build new strategy vice remanufacturing of older airframes. New construction is slated to commence in FY 2010 for the AH-1Z. The UH-1Y

will continue to be built new as in the previous year. The AH-1Z and the UH-1Y will have 85% aircraft parts commonality between aircraft and will provide airborne command and control, armed escort, armed reconnaissance, search and rescue, medical evacuation, close air support, anti-armor operations and anti-air warfare.

The Department supports the multi-year procurement of both the Seahawk MH-60R and Knighthawk MH-60S helicopters, which are part of a joint contract with the Army's UH-60M Blackhawk. The MH-60R/S are also part of multi-year procurement contracts for their common cockpits. The MH-60R will replace the aging SH-60B and SH-60F helicopters, whose primary mission areas are undersea warfare and surface warfare. This platform will have numerous capability improvements including Airborne Low Frequency Sonar, Multi-Mode Radar, Electronic Support Measures, and Forward Looking Infra-Red Sensor. The MH-60S will maintain the forward deployed fleet through rapid airborne delivery of materials and personnel as well as support of amphibious operations through search and rescue coverage. The primary roles of this aircraft are vertical replenishment, transfer of cargo, passengers and mail, and vertical onboard delivery. Armed Helo and Organic Airborne Mine Countermeasures are new primary mission areas and will be added as block upgrades.

The Super Stallion CH-53E is the only marinized heavy-lift helicopter. A robust RDT&E,N program in FY 2009 will improve the current platform to support the Marine Air-Ground Task Force for the 21st century joint environment. The CH-53K will provide improvements in performance and capability. The first flight for this upgraded capability will be in FY 2012 and the first procurement is planned for FY 2013.

Three E-2D Advanced Hawkeye LRIP aircraft are funded in FY 2009, signaling a shift of effort from RDT&E to procurement. Test and evaluation flights continue to provide valuable capability and performance data. The Advanced Hawkeye modernizes the E-2C weapon system and also provides effective surveillance and battle management for theatre operations with its Cooperative Engagement Capability.

Sustainment of the P-3 Orion fleet remains a priority of the Department as the only long range Maritime Surveillance aircraft. The ability to perform Undersea Warfare, Surface Warfare and ISR missions make it critical to both the battle group and COCOMs. The FY 2009 budget funds the advance procurement requirement of the first P-8A aircraft slated to replace the P-3. The P-8A Multi-mission Maritime Aircraft (MMA), based on the Boeing 737 platform, will achieve Initial Operational Capability (IOC) in FY 2013. MMA will have increased capabilities over the P-3 to address emerging technologies and irregular threats.

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

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

RDT&E,N initiatives support both traditional and irregular warfare demands in several aviation programs. Tactical Aircraft Directed Infrared Countermeasures (TADIRCM) continues to develop to provide the warfighter protection against surface and air-to-air missiles. Assault DIRCM will support rotary wing aircraft, while Strike DIRCM will protect fixed wing aircraft.

The VH-71 Executive Helicopter, which replaces the current VH-3D and VH-60N Executive Helicopters, continues R&D efforts in FY 2009. The aircraft is being developed in two increments. Increment I will provide required survivability, communication, and navigation capabilities as well as improved aircraft performance and executive accommodations. Increment II will incorporate additional required enhancements for full capability, including upgraded engines and drive-train. Increment II is rephased in the FY 2009 President's Budget

submission to provide additional time for design work. The IOC for Increment I, which is funded in RDT&E,N, is scheduled for FY 2010.

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

The FY 2009 budget supports CONPLAN 7500 and the QDR by providing a persistent ISR capability through developing, acquiring, and fielding transformational Unmanned Aerial Vehicle (UAV) technologies. The Vertical Take Off and Landing Tactical UAV (VTUAV) can accomplish missions including over-the-horizon tactical reconnaissance, classification, targeting, laser designation, and battlespace management. The VTUAV launches and recovers vertically and can operate from air capable ships such as the LCS, as well as confined area land bases. The Broad Area Maritime Surveillance (BAMS) UAV is an adjunct to the Multi-mission Maritime Aircraft (MMA)/P-3 and will play a significant role in the Sea Shield and FORCEnet pillars of *Sea Power 21*. The BAMS UAV on-station time and range enables unmatched awareness of the maritime battlespace by sustaining the common operational picture for Surface Warfare (SUW) and the GWOT.

The Small Tactical Unmanned Aircraft System (STUAS) was a new program in FY 2008 that fills ISR capability shortfalls identified in the GWOT and currently supported by costly service contracts. STUAS has a planned IOC of FY 2011 and will be used to complement other High Demand, Low Density (HDLD) manned and unmanned platforms. STUAS will be available to operate from ship/shore scenarios where those HDLD assets may not be available to ship or other Navy unit commanders. The budget also includes funding for a Navy Unmanned Combat Air System (UCAS) program to conduct a carrier demonstration of a low observable UCAS platform, as well as funding for modeling, simulation, and analysis and development of technologies to evolve required technologies to Technology Readiness Level 6. The Marine Corps Tactical Unmanned Aircraft System (MCTUAS) will be procured through the Army's Shadow program. The resulting system will provide Marine Tier III Unmanned Aircraft System (UAS) capability to the Marine Air Ground Task Force commander as an interim replacement to the

legacy Pioneer UAS. It will be interoperable, compatible, and maintainable with Army Shadow units.

Aircraft Weapons Programs

Aircraft weapons arm the warfighter with lethal, interoperable, and cost effective weapons systems. The AIM-9X (Sidewinder) missile is a "launch-and-leave" air combat munition that uses passive Infrared (IR) energy for acquisition and tracking of enemy aircraft. The continued procurement of the AIM-9X in FY 2009 enables the Department to maintain air superiority in the short-range air-to-air missile arena through the missile's ability to counter current and emerging countermeasures. The AIM-9X complements the Advanced Medium Range Air-to-Air Missile (AMRAAM), a next-generation, all-weather, all-environment radar-guided missile that is designed to counter existing air vehicle threats having advanced electronic attack capabilities operating at high or low altitude. The AMRAAM program is transitioning to the Phase IV missile, which will include an enhanced data link and improved electronic protection, kinematics, and High Off-Boresight capability.

The JSOW is a 1,000-pound-class, air-to-ground weapon, which carries several different lethal packages. JSOW procurement in FY 2009 and beyond focuses on the "unitary" variant, which carries the Broach Lethal Package warhead system and provides a unique autonomous capability to engage and destroy a variety of point targets vulnerable to blast and fragmentation kill mechanisms. The AGM-88E Advanced Anti-Radiation Guided Missile (AARGM) program upgrades the legacy AGM-88 High-Speed Anti-Radiation Missile (HARM) inventory with multi-mode/multi-spectral guidance and targeting. A total of 1,879 AARGMs (including Captive Air Training Missiles) are planned for production with IOC in FY 2010.

JDAM is a low-cost guidance set designed to give general-purpose bombs adverse weather capability with increased accuracy. The FY 2009 budget incorporates a strategy of making incremental changes to existing JDAM and laser guided bomb inventories to address the warfighter issues of flexibility and a land moving target capability shortfall. FY 2009 is the last year of JDAM procurement for the Department of the Navy.

The Joint Air-to-Ground Missile (JAGM) will be the next generation air-to-ground missile for fixed wing, rotary wing, and UAV aircraft. Development of JAGM continues, with Army as the lead service. JAGM is an extended range, precision-guided weapon that provides lock-on-before-launch and lock-on-after-launch

operational selections, with precision point target and fire-and-forget capabilities against both fixed and moving targets.

Capitalizing on previous Army efforts and Congressional support, FY 2009 includes funding for the continuation of System Development and Demonstration of the Advanced Precision Kill Weapon System (APKWS). APKWS is a system that provides precision guidance to current legacy 2.75" rockets used by combat units, and has demonstrated capabilities on an operational Marine Corps AH-1W helicopter. The eventual fielding of a mix of APKWS and Hellfire missiles will result in significant warfighting and cost per kill benefits.

Figure 10 – Major Aviation Weapons Quantities

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
JSOW	416	496	515	535	524	546
AIM-9X	170	205	202	200	220	221
JDAM	1145	169	-	-	-	-
AMRAAM	78	147	156	157	181	203
AARGM	29	39	54	81	146	276

MINE WARFARE

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

Currently, the AN/AQS-20A Mine Hunting Sonar (IOC of FY 2008) is preparing for operational testing on the MH-60S and will be available to support the LCS deployment. The other OAMCM systems already delivered to the first LCS MIW Mission Package include the Airborne Laser Mine Detection System (ALMDS) (IOC of FY 2010) and the Airborne Mine Neutralization System (AMNS) (IOC of FY 2010). Other systems being developed for introduction in subsequent LCS Mission Modules include Organic Airborne and Surface Influence Sweep System (OASIS) (IOC of FY 2011), and Rapid Airborne Mine Clearance System (RAMICS) (IOC of FY 2011). Additionally, the

OAMCM program provides funding for integration and testing of each MIW system on the MH-60S through a common console interface. These vital systems will provide the fleet with a flexible, organic mine warfare capability.

The FY 2009 budget continues to support the Coastal Battlefield Reconnaissance and Analysis (COBRA) system, the Intelligence, Surveillance, Reconnaissance/Targeting (ISR/T) part of the Assault Breaching System. The COBRA system will be a modular payload architecture and integrated with the MQ-8B Fire Scout VTUAV and will serve as the assault breaching detection system within the LCS MIW Mission Package.

Also refer to Appendix B for more information:	**Table**
Weapons Procurement, Navy	B-11
Other Procurement, Navy	B–13
Procurement, Marine Corps	B–14

C4I PROGRAMS

Maritime Domain Awareness (MDA) is the knowledge gathering and distribution of activities associated with the global environment that could impact the security, safety, economy, or environment of the United States. FY 2009 provides for the expansion of MDA capabilities such as extended maritime interdiction operations, vessel tracking, port/coastal surveillance and the detection, collection, fusion, analysis and dissemination of maritime intelligence to U.S. coalitions and partners at strategic nodes throughout the global maritime environment.

The Navy's Command, Control, Communication, Computers, and Intelligence (C4I) programs represent the backbone of the combat capability of naval forces. The C4I evolutionary plan revolves around four key elements: connectivity, a common tactical picture, a "Sensor-to-Shooter" emphasis, and information/command and control warfare. In support of this plan, development of FORCEnet continues in the FY 2009 budget. FORCEnet is the cornerstone architecture that will integrate sensors, networks, decision aids, and weapons into an adaptive human control maritime system in order to achieve dominance across all warfare spectrums.

A central theme continuing to shape the Navy's budget for C4I programs is the concept of information technology. The Consolidated Afloat Networks and Enterprise Services (CANES) program provides Navy ships, including submarines, with reliable, high-speed Sensitive Compartmented Information (SCI), SECRET and UNCLASSIFIED Local Area Networks (LANs). CANES provides the network infrastructure and services that enhance warfighting to enable real-time information exchange within the ship and between afloat units, Component Commanders, and Fleet Commanders. FY 2009 provides the RDT&E,N funding for CANES, and the lifecycle support, procurement and installation of LANs for the SCI, Coalition, SECRET and UNCLASSIFIED enclaves on various ships and submarines. Connectivity is critical because it provides the managed bandwidth for timely transmission of information.

Complementing the CANES program and continuing the information technology theme ashore, the Tactical Switching (TSw) program incorporates existing ashore Program of Record (POR) and non-POR "stove pipe" implementations into a consolidated single ashore enterprise architecture. This approach will increase bandwidth, mitigate risk vulnerabilities increasing survivability and reliability of critical tactical services, reduce serial infrastructure, enable migration to all-Internet Protocol (IP), and allow open architecture ashore for CANES, Navy/Marine Corps Internet Next Generation Networks (NGEN) and Maritime Headquarters with Maritime Operations Centers (MHQ/MOC). FY 2009 funding lays the groundwork for the Network Operations Centers open common computing environment and services oriented architecture complementing CANES, Defense Information System Network (DISN) Core migration; shore upgrades to provide the increased bandwidth for Automated Digital Networking System (ADNS) Increment III upgrades; and continued implementation of Enterprise Network Management at Regional Network Operations and Security Center (RNOSC)/ Global Network Operations and Security Center (GNOSC), showing a consolidated and automated real time Navy network health. These enterprise initiatives will allow the shore infrastructure to capitalize on the increased military satellite communications technologies and correspond to shipboard fielding. FY 2009 funding will also continue the development of Advanced Extremely High Frequency terminals that support Air Force's Advanced Wideband System satellite program to meet an IOC in FY 2012 and Full Operational Capability in FY 2015.

Information Warfare/Command and Control Warfare is the integrated use of operations security, military deception, psychological operations, electronic warfare, and physical destruction to deny information to, influence, degrade, or destroy an adversary's C2 capabilities against such actions. FY 2009 continues funding for the

Maritime Cryptologic Systems for the 21st Century. In the Information Systems Security Program, FY 2009 funds the procurement of Mission Critical Secure Voice (SV-21) Interworking Function and SV-21 crypto to support the Gateway transfer for SATCOM transmission. FY 2009 funding also continues to provide cryptologic equipment and secure communications equipment for Navy ships, shore sites, aircraft, Marine Corps and Coast Guard.

FY 2009 provides for the procurement and installation of the Command Broadband Satellite Program (CBSP) and the Automatic Identification System (AIS) which improves the Navy's effectiveness in MDA. CBSP provides wideband SATCOM terminals. The Satellite Communications Systems program continues expansion of available bandwidth to the warfighter. AIS is a commercially available shipboard broadcast Very High Frequency (VHF) maritime band transponder system capable of sending and receiving ship information, including navigation identification, and cargo.

High Frequency Internet Protocol (HFIP) provides delivery of IP based collaboration services over legacy HF assets to provide an interoperable tactical edge networking capability using existing HF radio infrastructure.

SubNetRelay (SNR) provides National, Allied, and Coalition maritime units with a medium band IP-based, tactical ship-ship at-sea networking capability using legacy UHF Line-of-Sight systems. SNR will provide a bridge between legacy radio systems and future emerging wideband networking technologies.

HF ALE (VRC-104) provides High Frequency Automatic Link Establishment (HF ALE) capability aboard amphibious class ships to support the embarked Marine Air-Ground Task Force (MAGTF) commander.

Commander Second Fleet (C2F) developed the CONOPS for Maritime Headquarters with Maritime Ops Center (MHQ/MOC) to create a network of Navy headquarters for operational level C2, trained and certified in Joint planning. MHQ Capabilities include: plan, execute and assess joint, multinational and combined operations; develop and maintain local, regional and global maritime domain awareness; collaborative and global maritime planning, execution and assessment through

globally networked MHQs with MOC ; and certified to Joint standards to assume duties in Joint Force as CJTF, CJFMCC or Navy Component Commander.

The FY 2009 RDT&E, N budget for the Joint Tactical Radio System (JTRS) reflects the transfer of $546.5 million of Army and Air Force resources to the Navy, bringing the total FY 2009 JTRS development budget to $835 million. The JTRS program has evolved from separate radio replacement programs to an integrated effort to network multiple weapon system platforms and forward combat units where it matters most – the last tactical mile. JTRS is developing an open architecture of cutting edge radio waveform technology that allows multiple radio types (e.g., ground, aircraft, maritime) to communicate with each other to achieve overall battlefield superiority. The goal is to produce a family of interoperable, modular software-defined radios which operate as nodes in a network to ensure secure wireless communication and networking services for mobile and fixed forces. These goals extend to U.S. allies and coalition partners. Without JTRS, net-centric warfare stops at the Command Center.

The advanced Ultra High Frequency (UHF) Mobile User Objective System (MUOS) development and procurement funding continues in the FY 2009 budget, supporting On-Orbit Capability in FY 2010 and Full Operational Capability (FOC) in FY 2014. MUOS will provide the DoD's UHF satellite communication capability for the 21st century. FY 2009 funding will continue the development of Advanced Extremely High Frequency terminals that support Air Force's Advanced Wideband System satellite program to meet an IOC in FY 2012 and FOC in FY 2015.

Finally, FY 2009 procurement funding continues for the following C4I systems:

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

FY 2009 funding also continues to provide cryptologic equipment and secure communications equipment for Navy ships, shore sites, aircraft, Marine Corps and Coast Guard.

MARINE CORPS GROUND EQUIPMENT

To address the immediate threats in the Long War, the Marine Corps continues procurement of ground equipment programs that enhance mobility and lethality. The Enhanced Capacity Vehicle (ECV) of the High Mobility Multi-purpose Wheeled Vehicle (HMMWV) is the latest version of the HMMWV and is the last planned model for the Marine Corps. The ECV provides a fortified chassis capable of supporting mission payloads of over 4,400 pounds and is used for the M1114 Up-Armored HMMWV, providing increased ballistic and blast protection. The Logistic Support Vehicle Replacement (LVSR) is the Marine Corps' heavy tactical distribution system. Operating throughout the MAGTF, the LVSR comes in the cargo, wrecker, and tractor variants. The Internally Transportable Vehicle (ITV) is a highly mobile, weapons-capable, light strike vehicle platform that is transportable in CH-53E and MV-22 aircraft. The ITV will play a key role in Ship-To-Objective-Maneuver (STOM) with its mobility and heavy or medium weapons mounted.

The Marine Corps' fire support triad includes three systems supported by funding in the FY 2009 budget. The Light Weight 155mm Howitzer replaces the aging and less mobile M198 Howitzer. The High Mobility Artillery Rocket System (HIMARS) vehicle and launcher, combined with the Guided Multiple Launch Rocket System (GMLRS) provides accurate and rapid precision fires in general support of maneuver forces at ranges exceeding 60 km. The Expeditionary Fire Support System (EFSS) is the third and final system in the land-based fire support triad. Internally transportable via the MV-22 and CH-53E, the EFSS will be the primary indirect fire capability to the vertical assault element of the STOM force, providing unprecedented flexibility in direct support indirect fires.

In preparation for the future's contingencies, the Marine Corps is pursuing the development of the EFV and the Joint Light Tactical Vehicle (JLTV). The EFV is a self deploying, high water-speed, armored, amphibious vehicle capable of transporting 17 Marines from ships located beyond the horizon to inland objectives. Still in the Development and Demonstration phase, the EFV will replace the AAV7A1 that was first fielded in 1972. The

JLTV will replace the HMMWV fleet with multiple variants providing the MAGTF Commander with a family of tactical vehicles tailored for unique mission tasks.

The Marine Corps' FY 2009 procurement budget continues to develop increased irregular warfare capability and capacity in support of the Long War. The Marine Corps expects to successfully purchase 80% of its Grow the Force equipment by the end of FY 2008, using a phased approach to ensure equipment is appropriately phased with the standup of new units. Equipment purchases for Grow the Force ensure that high demand long lead items will be available when units reach FOC.

For more conventional capability procurement, the Marine Corps reduced procurement risk in programs which are critical for the Corps future, but still under development, including the Joint Light Tactical Vehicle and Expeditionary Fighting Vehicle. Simultaneously, the Corps plans to accelerate more mature procurement programs to provide operating forces with increased quantities of equipment, while also making prudent investments in next generation equipment to keep pace with technological improvements.

Figure 11 - Major MC Ground Equipment Procurement Quantities

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
HMMWV (ECV)	4,141	1,026	7	-	-	-	-
JLTV	-	-	-	-	-	-	58
EFV	-	-	-	-	-	17	24
LW155	34	80	-	-	-	-	-
LVSR	80	43	554	584	416	-	-
HIMARS (GMLRS)	344	184	331	513	193	298	2
ITV	66	12	44	89	133	-	-
EFSS	12	7	41	-	-	-	-

Also refer to Appendix B for more information:	**Table**
Procurement, Marine Corps	B–14
Procurement of Ammunition, Navy and Marine Corps	B–15
Research, Development, Test and Evaluation, Navy	B–16

RESEARCH AND DEVELOPMENT SUPPORT

Processes for Innovation

FY 2009 Research and Development funding continues to support Sea Trial. Sea Trial is the Department's process for integration of emergent concepts and technologies, leading to continuous improvements in warfighting effectiveness and a sustained commitment to innovation. Sea Trial, led by the Navy Warfare Development Command (NWDC), continuously surveys the changing frontier of technology and identifies candidates with the greatest potential to provide dramatic increases in warfighting capability. The resulting process aligns emergent technologies to deliver next-generation equipment.

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

The FY 2009 budget continues to support Marine Corps Warfighting Laboratory operational improvement efforts, investigating new and potentially valuable technologies, and evaluating their impact on how the Marine Corps organizes, equips, and trains to fight in the future. This includes improvements to:

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

In addition, the FY 2009 budget continues to finance non-lethal weapons research and development, a program for which the Marine Corps serves as the executive agent.

Other major program changes in the FY 2009 Research and Development budget include: funding increase for the Executive Helicopter Replacement (VH-71) due to

expanded development efforts and additional helicopter capabilities; development funding increases for the Multi-mission Maritime Aircraft (MMA) due to the purchase of three flight-test aircraft and the start of Developmental Testing and Operational Testing; increased funding in the Unmanned Combat Aerial Vehicle (UCAV) program for air vehicle #1 assembly, integration, and test leading for first flight and the start of air vehicle #2 fabrication and assembly; and increases in several classified programs.

Science and Technology

The FY 2009 budget requests $1.8 billion for the Science & Technology (S&T) program, an increase of 6% real growth from the requested FY 2008 level. The FY 2009 S&T budget request supports the Naval Science and Technology (S&T) Strategic Plan which was approved by the Department of the Navy's S&T Corporate Board. By design, it is a broad strategy that provides strong direction for the future, but it also retains sufficient flexibility and freedom of action to allow the Navy to meet emerging challenges or alter course as directed by senior leadership.

The FY 2009 S&T portfolio is aligned to support Naval S&T focus areas which consist of: power and energy; operational environments; maritime domain awareness, asymmetric and irregular warfare, information, analysis and communication; power projection; assure access and hold at risk; distributed operations; naval warrior performance and protection; survivability and self-defense; platform mobility; fleet/force sustainment; and, affordability, maintainability, and reliability.

The FY 2009 S&T portfolio consists of the following areas:

Discovery & Invention (D&I). This area consists of basic research and the early stages of applied research. D&I is the genesis of future naval technologies and systems. It provides technology options, maintains critical S&T capacity, and is an important component in the development of the next generation of the S&T workforce. The D&I portfolio, by design, has a broad focus, and programs are selected based on naval relevance and scientific and technological opportunity. An important aspect of D&I is the investment in essential and unique disciplines (e.g., ocean acoustics, underwater weapons, underwater medicine, naval engineering), as

well as those areas that could benefit expeditionary warfare. D&I investments are planned and coordinated to leverage other military services, government agency, industry, international, and general research community investments. Most of the D&I program is performed by university researchers, but also includes the Naval Research Laboratory and Naval Warfare Centers supporting NAVAIR, NAVSEA, and SPAWAR.

Acquisition Enablers. This portion of the S&T portfolio is focused on the Future Naval Capabilities (FNCs) and the transition of advanced technologies to acquisition programs of record and to the Fleet. These efforts translate maturing technology into requirements-driven products in the late stages of applied research and advanced technology development. FNCs provide enabling capabilities to fill gaps identified by Navy and Marine Corps leadership though the Office of the Chief of Naval Operations and the Marine Corps Combat Development Command. The Technology Oversight Group (TOG) determines the priorities for selecting FNC investments. FNC integrated product teams lead the management of individual FNCs to ensure close connectivity between requirements, technology development, and acquisition. In addition to the FNCs, Small Business Innovation Research (SBIR), Manufacturing Technology (MANTECH) programs, and Rapid Technology Transition (RTT) are used to foster other aspects critical to naval acquisition program success.

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

acquisition requirements.

Quick Reaction and other S&T programs. This includes quick-reaction projects such as Tech Solutions and Experimentation which are responsive to the immediate needs identified by the Fleet, operating forces, or Navy leadership. Tech Solutions address Fleet or force input with research to provide an S&T solution that meets or exceeds the need, with short-term programs and rapid solutions. Experimentation employs the Naval Warfare Development Command and the Marine Corps Warfighting Laboratory, in partnership with the Office of Naval Research, to explore future war fighting concepts and evaluate the capability potential of emerging technologies.

Management and Support

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

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

Sixty-three percent of Management and Support funding, or about $699 million in FY 2009, supports the Major Range and Test Facilities Base, necessary to conduct independent test and evaluation assessments for all Navy ship, submarine, aircraft, weapons, combat systems, and other development, acquisition, and operational system improvements.

The remaining categories of research are platform-related and have been discussed as applicable in the previous sections. Figure 12 provides Research, Development, Test and Evaluation, Navy summary data at the budget activity level and highlights major systems efforts.

Figure 12 – DON Major RDT&E Programs

	FY 2007		FY 2008		FY 2009	
	$	% of S&T	$	% of S&T	$	% of S&T
Significant RDT&E,N Activities						
Science and Technology	2,006		2,021		1,840	
Basic Research	482	24%	498	25%	528	29%
Applied Research	773	39%	801	40%	633	34%
Advanced Technology Development	751	37%	722	36%	679	37%
Advanced Component Development	3,637		3,050		3,440	
System Development and Demonstration	8,774		7,977		8,682	
RDT&E Management Support	1,182		1,076		955	
Operational Systems Development	4,125		3,675		4,420	
Total RDT&E,N	**19,725**		**17,799**		**19,337**	
NDSF R&D	108		66		69	
Total R&D	**19,833**		**17,865**		**19,406**	
Major Systems Efforts:						
C4I	1,752		1,804		1,760	
Joint Strike Fighter	2,109		1,868		1,533	
MMA	1,100		862		1,132	
VH-71	614		225		1,048	
JTRS	774		835		835	
CH-53K	338		388		570	
Unmanned Aerial Vehicle (UAV)	150		182		530	
Advanced Hawkeye	484		792		484	
DDG-1000	773		514		449	
Littoral Combat Ship (LCS)	664		304		371	
CG (X)	59		222		370	
Expeditionary Fighting Vehicle (EFV)	315		247		316	
Unmanned Combat Aerial Vehicle (UCAV)	97		158		276	
CVN-21	302		229		262	
Virginia Class SSN	198		244		167	
EA-18G	361		278		129	
V-22	252		115		68	
MPF Family	86		38		42	

Also refer to Appendix B for more information:	**Table**
Research, Development, Test and Evaluation, Navy	B–16
National Defense Sealift Fund	B–17

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SECTION IV – SUSTAINING COMBAT READINESS

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

READINESS

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

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

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

Theater Engagement Plans, humanitarian, and disaster response/recovery operations.

Upon reexamination of the Marine Corps' structure and manning relative to its expected long term mission needs, President Bush approved a permanent end strength increase of 27,000 Marines, from the base of 175,000 to 202,000 Marines. This increase will not only enhance the capability of the Marine Corps to conduct a full spectrum of contingency operations from warfare to military operations other than war, but also improve the posture of Marine Corps forces for the Long War, and relieve strain on those superb Americans who have volunteered to fight the Nation's battles.

The Department's focus continues to be providing ready naval forces, from individual units to strike groups, that are forward deployed and capable of providing a substantial surge force. The readiness for this capability is enabled by the Fleet Response Plan (FRP) which supports the National Military Strategy. The FRP provides adaptable, flexible and sustainable naval forces necessary not only to fight the Global War on Terror, but also to support the needs of the COCOMs to maintain a global forward presence or provide for any other evolving national defense requirements. The budget request includes resources in the operating accounts to maintain readiness to allow the Navy to surge up to six CSGs within 30 days and one additional CSG within 90 days (6+1) for tasking in a national emergency.

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

In Fiscal Year 2007, DON completed the naval shipyard transition from Navy Working Capital Fund to mission funding. Concurrent with that accounting transition, the Congress implemented a reinvestment strategy for critical infrastructure to support depot-level operations including naval shipyards. The Congressional initiative set guidelines for minimum investment thresholds of 4% in FY 2007, 5% in FY 2008 and 6% in FY 2009. DON met the FY 2007 target and is budgeted to meet the FY 2008 and FY 2009 targets. DON uses an established, resource neutral, repeatable process to prioritize, program and budget all Military Construction capital investments, Capital Asset Investments (Industrial plant equipment), and Sustainment, Restoration & Modernization special projects. Each naval shipyard and intermediate maintenance facility has a long-term vision,

guiding investment requirements focusing on capital investment projects with strong business cases and alignment with Navy operational requirements ultimately supporting the War Fighter and ongoing Combat Operations.

The role of the Navy and Marine Corps on the world stage is evident throughout the budget. From contributions to multilateral operations under United Nations/NATO auspices to cooperative agreements with allied Navies, international engagement efforts cross the entire spectrum of the Department's missions and activities. Our naval capabilities are often demonstrated through participation with allies and other foreign countries, through joint and combined exercises, port visits, and exchange programs. As an example, this summer more nations than ever teamed together in exercise Fuerzas Aliadas PANAMAX 2007 to ensure the continued security of the Panama Canal, signs of both the multinational cooperative spirit and the importance of the waterway to worldwide commerce. Nineteen nations, in cooperation with the government of Panama, deployed more than 30 ships, a dozen aircraft and 7,000 personnel in the largest naval exercise in the Western Hemisphere this year.

SHIP OPERATIONS

Battle Force Ships

The budget provides for a deployable battle force of 286 ships in FY 2009 as shown in Figure 13. This level will support 11 aircraft carriers and 31 amphibious ships as the base on which our carrier and expeditionary strike groups form for deployment. The Navy continues to meet global challenges as significant changes occur with nuclear and conventional aircraft carriers. The *George HW Bush* will be commissioned in FY 2009 and the *USS Kitty Hawk* is scheduled to be decommissioned in FY 2009.

In FY 2009, ten battle force ships will be commissioned**:** one Nuclear Aircraft Carrier (CVN), three Guided Missile Destroyers (DDG), one Nuclear Attack Submarine (SSN), one Amphibious Transport Dock ship (LPD), three Dry-Cargo Ammunition ships (T-AKE) and one Amphibious Assault Ship (LHD). Seven battle force ships

will be decommissioned: Two Amphibious Transport Dock Ships (LPD), one Amphibious Landing Helicopter Assault (LHA) Ship, one Aircraft Carrier (CV), three Auxiliary Fleet Support ships (T-AFS).

Figure 13 – DON Battle Force Ships

	FY 2007	FY 2008	FY 2009
Aircraft Carriers	11	11	11
Fleet Ballistic Missile Submarines	14	14	14
Guided Missile (SSGN) Submarines	4	4	4
Surface Combatants	104	108	111
Nuclear Attack Submarines	53	52	53
Amphibious Warfare Ships	31	32	31
Combat Logistics Ships	31	31	31
Mine Warfare Ships	14	14	14
Support Ships	17	17	17
Battle Force Ships	**279**	**283**	**286**

Active Forces

The Department is determined to ensure the full readiness of the CSGs and ESGs that have been instrumental in the prosecution of the GWOT. For FY 2009, deployed ship operations are budgeted to maintain highly ready forces, prepared to operate jointly to perform the full-spectrum of military activities, and to meet forward deployed commitments in support of the National Military Strategy. The FY 2009 budget request supports the FRP, enabling ships to surge and reconstitute rapidly. The Department is now ready to provide six CSGs within the first 30 days of a potential conflict and one additional carrier group within the next 90 days. The Department of the Navy will support these goals and respond to global challenges while budgeting for peace time offsets and planning for 45 underway days per quarter of the active Operational Tempo (OPTEMPO) for deployed forces and 22 underway days per quarter for non-deployed forces. The underway OPTEMPO reflects an executable baseline with elevated OPTEMPO in support of GWOT requirements.

Non-deployed OPTEMPO provides primarily for the training of Fleet units when not deployed, including participation in individual unit training exercises, multi-unit exercises, joint exercises, sustainment training, and various other training exercises. The extension of the training period under FRP allows for a reduction in non-deployed OPTEMPO while maintaining a combat ready and rapidly deployable force.

Reserve Forces

The Navy Reserve Component (RC) completed the transfer of Mine Countermeasure (MCM) forces to the active component in FY 2008. This transfer supports the forward deployment of MCM ships as part of the FRP. Nine Navy Reserve Frigates remain in the Battle Force.

The FY 2009 ship steaming day requirement for the Navy RC is 35 underway days per quarter for deployed forces and 18 underway days per quarter for non-deployed forces. The underway OPTEMPO for the RC forces reflects the programming of 21 deployed operating months to meet FRP requirements.

Figure 14 – Navy Reserve Battle Force Ships

	FY 2007	FY 2008	FY 2009
Surface Combatants	9	9	9
Mine Warfare	4	0	0
Reserve Battle Force Ships*	**13**	**9**	**9**

**Also included in Figure 13*

Mobilization

Providing rapid response to contingencies is an ever increasing need. The Navy's Mobilization forces, displayed in Figure 15, are resourced to provide this needed capability throughout the world. The preposition ship squadrons are forward deployed in key ocean areas to provide the initial military equipment and supplies for a contingency. The prepositioned response is followed by the surge ships, which are maintained in a Reduced Operating Status (ROS) from four to thirty days. The number of days indicates the time from ship activation until the ship is available for tasking. Only ROS-4 and ROS-5 ships are considered in the surge capacity in Figure 15.

Figure 15 – Strategic Sealift

	FY 2007	FY 2008	FY 2009
Prepositioning Ships:			
Maritime Prepo Ships (O&M,N)	16	15	15
USPACOM Ammo Prepo (O&M,N)	1	1	1
Army Prepo Ships (O&M,A)	10	6	6
Air Force Prepo Ships (O&M,AF)	4	3	3
DLA Prepo Ships (DWCF)	2	1	1
Surge Ships:			
Large Medium-Speed RORO Ships (NDSF)	11	11	11
Aviation Logistics Support (NDSF)	2	2	2
Hospital Ships (NDSF)	2	2	2
Fast Sealift Ships (NDSF)	8	8	0
Ready Reserve Force Ships (NDSF)	48	42	49
Prepositioning Capacity (millions of square feet)	5.7	4.3	4.3
Surge Capacity (millions of square feet)	9.0	9.0	9.0
Total Sealift Capacity (millions of square feet)	14.7	13.3	13.3

Each of three Maritime Prepositioning Ships (MPS) squadrons supports a Marine Expeditionary Brigade for 30 days. Operating costs of prepositioning ships and exercise costs for surge ships are reimbursed to the National Defense Sealift Fund (NDSF) by the operations account of the requiring Defense component, as noted parenthetically in Figure 15. The biennial exercise costs of the hospital ships and aviation maintenance ships are reimbursed out of the DON operation and maintenance appropriations, which also fund the daily operating costs of the MPS.

The Army no longer has a requirement for four of the ten Prepositioned Large Medium Speed RO/RO (LMSR) ships. Starting in FY 2008, four ships were returned to Navy to be maintained in a 30-day ROS and resourced in the NDSF. The status change of the four LMSR ships reduces prepositioned capacity by 1.7 million square feet. These ships are not counted towards the surge capacity due to their 30-day ROS.

Taking advantage of the now available Army LMSR ships, the Navy will terminate the capital lease on five Maersk class (foreign-build) vessels (two in FY 2008 and three in FY 2009). The Navy will also purchase two MPS ships currently under long-term capital lease in FY 2009 and two in FY 2010, resulting in savings to the operations account. In addition, one container ship and one tanker ship will be procured in FY 2009 for added capability. These ships will comprise parts of a restructure of the USMC Afloat Prepositioning program.

The Defense Logistics Agency (DLA) prepositioning ships are Offshore Petroleum Distribution System (OPDS) ships. DLA is moving away from having organic ships dedicated to this requirement and is substituting a contracted system. DLA used to have four organic vessels for the OPDS requirement; they will now use one contracted vessel to meet the requirement.

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

Two hospital ships, the *USNS Mercy* and the *USNS Comfort*, are maintained in a five-day ROS and provide the initial surge hospital capability to support warfighting, humanitarian and disaster assistance efforts, and operations other than war. Readiness training for each of the two naval hospital ships occurs alternately every two years. As a part of its Global War on Terrorism strategy, the Navy deployed the *USNS Comfort* hospital ship to Central and South America during FY 2007. This deployment was a joint civil-military operation to provide valuable humanitarian assistance (direct medical services and preventive medical care) to medically underserved communities throughout the region.

The Ready Reserve Force (RRF) budget is based upon the conclusions of the 2005 Mobility Capabilities Study (MCS) and subsequent requirements review and determination by Navy and the United States Transportation Command (USTRANSCOM). The study and review indicated required readiness levels for the RRF ships. The funding level meets required readiness and allows the ships to activate in time to deliver cargo to a given area of operations and satisfy COCOMs' critical warfighting requirements. In FY 2009, the RRF increases by eight Fast Sealift Ships (FSS) which will be transferred from Navy to Maritime Administration jurisdiction. This increase is offset by a reduction of one Ready Reserve Force ship.

Ship Maintenance

The Department's four public shipyards and intermediate maintenance facilities are mission funded in Operation and Maintenance. This construct supports the Fleet Response Plan by allowing Fleet Commanders, rather than fleet support activities, to control maintenance priorities. Specifically, the fleets are better serving the warfighter by quickly and efficiently allocating work to ships that are required to surge by focusing all available resources. Additionally, mission funding maintains cost visibility and performance accountability, providing a consistent financial system across all ship maintenance activities, and improved efficiency and cost consciousness. The Department's active ship maintenance budget supports 97% of the notional O&M maintenance projection in FY 2009. Projected work on refueling overhauls is 100 percent funded.

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

- *SHIPMAIN* - a "best business" practice that is changing the culture of getting ship repair work completed in a one-step process. Through new procedures, SHIPMAIN implements a refined process that eliminates time lags, prioritizes ship jobs, and empowers surface ship sailors in the maintenance decisions that involve their own ships.
- *One Shipyard for the Nation* - an approach to best utilize the Nation's public and private nuclear shipyards and contractor support. It capitalizes on the ability to mobilize fleet support infrastructure across the board, and to rise to meet fleet demands in a time of war.

- *Regional Waterfront Maintenance Integration* - continued consolidation of depot and intermediate ship maintenance facilities forming Regional Maintenance Centers. Consolidating waterfront infrastructure eliminates redundancy in mission and administration while establishing a single pierside maintenance activity to support sailors and their ships.
- *Multi-Ship/Multi-Option Contracts* - allows the executing agency to better plan work and take advantage of best repair capabilities. They will provide long-term vendor relationships throughout ships' training, deployment, maintenance, and modernization cycles in order to reduce costs through the benefits of advanced planning.

The Nation's ship repair base, which includes public and private shipyards, has the capacity to execute the FY 2008 and FY 2009 ship maintenance as well as deferred maintenance amounts reflected in Figure 16. Annual deferred maintenance is work that was not performed when it should have been due to fiscal constraints. This includes items that were not scheduled or not included in an original work package due to fiscal constraints, but excludes items that have arisen since a ship's last maintenance period. As the execution year progresses, the workload can fluctuate, impacted by factors such as growth in scope and new work on maintenance availabilities, changes in private shipyard cost and shipyard capacity. While some amount of prior years' deferred maintenance may be executable in following years (depending on deployment schedules and shipyard capacity), the numbers in Figure 16 reflect only those individual years' deferred maintenance, not a cumulative amount.

Figure 16
Department of the Navy Ship Maintenance

(Dollars in Millions)

	FY 2007	FY 2008	FY 2009
Active Forces			
Ship Maintenance	4,154	4,340	4,140
Depot Operations Support	955	1,062	1,167
Total: Ship Maintenance (O&MN)	**$5,109**	**$5,402**	**$5,307**
Percentage of Projection Funded	100%	96%	97%
Annual Deferred Maintenance	$26	$180	$130
CVN Refueling Overhauls (SCN)	1,067	295	628
SSBN Refueling Overhauls (SCN)	263	229	261
Total: Ship Maintenance (SCN)	**$1,330**	**$524**	**$889**
% of SCN Estimates Funded	100%	100%	100%
Reserve Forces			
Ship Maintenance	**76**	**40**	**63**
Percentage of Projection Funded	100%	89%	81%
Annual Deferred Maintenance	-	$4	$15

Note: Totals may not add due to rounding.

AIR OPERATIONS

Active Tactical Air Forces

The budget provides for the operation, maintenance, and training of ten active Navy carrier air wings and three Marine Corps air wings. Naval aviation is divided into three primary mission areas: Tactical Air/Anti-Submarine Warfare (TACAIR/ASW), Fleet Air Support (FAS), and Fleet Air Training (FAT). TACAIR squadrons conduct strike operations, provide flexibility in dealing with a wide range of threats identified in the National Military Strategy, and provide long range and local protection against airborne and surface threats. ASW squadrons locate, destroy, and provide force protection against sub-surface threats, and conduct maritime surveillance operations. FAS squadrons provide vital fleet logistics and intelligence support. The Fleet Replacement Squadrons (FRS) provide the necessary training to allow pilots to become proficient with their specific type of aircraft and transition to fleet operations.

Reserve Air Forces

In FY 2009, RC aviation forces will continue to provide vital support to the Fleet and COCOMs. The Navy's RC provides the Department's adversary and overseas logistics requirements and performs a significant portion of the electronic warfare, special operations support, and counter-narcotics missions. The Navy RC also provides support to the Fleet and COCOMs through participation in various exercises and mine warfare missions.

Figure 17 – DON Aircraft Force Structure

	FY 2007	FY 2008	FY 2009
Active Forces	**21**	**21**	**21**
Navy Carrier Air Wings	10	10	10
Marine Air Wings	3	3	3
Patrol Wings	4	4	4
Helicopter Anti-Submarine Light Wings	2	2	2
Helicopter Combat Support Wings	2	2	2
Reserve Component Forces	**3**	**3**	**3**
Navy Tactical Air Wing	1	1	1
Logistics Air Wing	1	1	1
Marine Air Wing	1	1	1
Primary Authorized Aircraft (PAA) - Active	**2,291**	**2,349**	**2,354**
Navy	1,302	1,332	1,330
Marine Corps	989	1,017	1,024
Primary Authorized Aircraft (PAA) - Reserve	**333**	**290**	**278**
Navy	171	169	166
Marine Corps	162	121	112
Total Aircraft Inventory (TAI)	**3,729**	**3,803**	**3,844**
Active	3,396	3,513	3,566
Reserve	333	290	278

Aircraft OPTEMPO

As discussed in previous sections, the Department has transitioned to the Fleet Response Plan (FRP). The FRP will allow for a varying T-2.5 readiness level across the notional Inter-Deployment Readiness Cycle (T-1.7 while deployed, T-2.0 pre-deployment, T-2.2 post-deployment, and T-3.3 during the maintenance/training phase). The FY 2009 budget supports an average rating of T-2.5 for the Navy and will achieve a "6+1" surge readiness level. The flying hour program has been priced using the most recent cost per hour experience. As in FY 2008, it is anticipated that operational requirements will continue to exceed peacetime levels in FY 2009.

FRS operations are budgeted at 89% in FY 2009, which is slightly below the goal of 94% of student level training requirements enabling pilots to complete the training syllabus. Student levels are established by TACAIR/ASW force level requirements, aircrew personnel rotation rates, and student output from the undergraduate pilot/naval flight officer training program. Consistent with recent execution and pilot accessions, the FRS funding is decreased to 89% of the required hours. In FY 2009, FAS is funded to provide sufficient hours to meet 98% of the total notional hours required. Figure 18 displays active and reserve flying hour readiness indicators.

During FY 2009, Navy RC aviation will play an active and vital role within the Naval Air Force. In addition to providing 100% of the Department's adversary and logistics airlift support, RC aircrews and maintenance personnel contribute to the counter-narcotics effort, conduct mine warfare and counter-narcotics operations, train Naval Aviators, augment Maritime Patrol deployments, and deploy overseas to conduct Electronic Warfare and Special Operations Support missions in support of the GWOT.

The Navy RC operates alongside the active component in Carrier Air Wing workups and exercises around the globe. In FY 2009, the Navy Reserve is budgeted at 94% of the required hours, as shown in Figure 18. This level of funding allows Navy RC aircrews to meet minimum flight time requirements and maintain readiness in all mission areas.

Figure 18 – DON Flying Hour Program

	FY 2007	FY 2008	FY 2009	GOAL
Active				
TACAIR- Navy	*T-2.5*	*T-2.6*	*T-2.5*	*T-2.5*
TACAIR – Marine Corps	*T-2.0*	*T-2.2*	*T-2.0*	*T-2.0*
Fleet Replacement Squadrons (%)	*83%*	*94%*	*89%*	*94%*
Fleet Air Support (%)	100%	98%	98%	98%
Monthly Flying Hours per Crew (USN & USMC)	23.7	18.3	18.5	
Reserve Component				
Reserve - Navy	*T-2.8*	*T-2.6*	*T-2.7*	*T-2.6*
Reserve – Marine Corps	*T-2.8*	*T-2.6*	*T-2.7*	*T-2.6*
Reserve Squadrons (%)	*85%*	*96%*	*94%*	*98%*
Monthly Flying Hours per Crew (USNR & USMCR)	11.7	13.5	13.0	

Aircraft Depot Maintenance

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

The FY 2009 budget provides optimized capability within fiscal constraints. Deployed squadrons have 100% of their PAA to meet requirements prior to and during deployment, and engines meet the zero bare firewall goal in FY 2009, aided by engineering improvements to increase time on wing. Non-deployed squadrons assume minimal risk, and the engine sparing goal is impacted by external factors including capacity constraints and engineering challenges. Figure 19 displays the funding and readiness indicators for aircraft depot maintenance. .

The AIRSpeed aviation strategy continues to focus on reducing the cost of business, increasing productivity, and improving customer satisfaction in order to support ready-for-tasking aircraft in a cost-wise readiness manner.

Figure 19 - DON Aircraft Depot Maintenance

(Dollars in Millions)	**FY 2007**	*% at Goal*	**FY 2008**	*% at Goal*	**FY 2009**	*% at Goal*
Active Forces						
Airframes	715		581		601	
Engines	333		329		367	
Other Components	129		100		159	
Total: Active Aircraft Depot Maintenance	**$1,176**		**$1,010**		**$1,127**	
Airframes - Active Forces						
Deployed Squadrons meeting goal of 100% PAA	143	*100%*	141	*100%*	140	*100%*
Non-Deployed Squadrons meeting goal of 90% PAA	151	*100%*	141	*92%*	121	*82%*
Engines - Active Forces						
Engine TMS meeting Zero Bare Firewall goal	36	*97%*	35	*100%*	35	*100%*
Engines TMS meeting RFI Spares goal of 90%	62	*85%*	60	*85%*	60	*85%*
Reserve Forces						
Airframes	101		82		102	
Engines	37		34		43	
Total: Reserve Aircraft Depot Maintenance	**$138**		**$116**		**$145**	
Airframes - Reserve Forces						
Non-Deployed Squadrons meeting goal of 90% PAA	60	*100%*	51	*89%*	53	*95%*
Engines - Reserve Forces						
Engine TMS meeting Zero Bare Firewall goal	21	*100%*	20	*100%*	20	*100%*
Engine TMS meeting RFI spares goal of 90%	38	*90%*	35	*85%*	35	*85%*

Note: Totals may not add due to rounding.

MARINE CORPS OPERATIONS

Active Operations

In the FY 2009 budget, the United States is responding to a wide range of challenges across the globe, including fighting the Long War, rebuilding Iraq into a peaceful, productive member of the world community, and preventing the spread of weapons of mass destruction. In this era, the Nation needs forces that are highly mobile, flexible, and adaptable. These characteristics define the Marine Corps, and they must continue to do so in the future.

The President has approved an increase in end strength to 202,000 no later than FY 2011 to posture the Marine Corps for the Long War and relieve deployment strain resulting from GWOT operations. Personnel policies, organizational constructs, infrastructure, equipping/resetting the force and training support must all be adjusted to sustain this end strength increase. The FY 2009 budget enhances the Marine Corps mobility, flexibility, and adaptability with an increase in the number and type of joint and multinational exercises as well as irregular warfare training. The increase in the number and types of joint and multinational training will augment the Marine Corps current capability to coordinate with all United States military forces as well as function with multinational forces to address future threats. Additionally, the Marine Corps took major steps towards establishing irregular warfare training within its baseline funding in accordance with Strategic Planning Guidance. Irregular warfare training efforts include the exercise Mojave Viper, the Center for Advanced Operational Cultural Learning (CAOCL), Security Cooperation Education and Training Center (SCETC) Advisor Training, as well as Training Transformation efforts. Together these new training initiatives will ensure Marine forces receive proper operational familiarization prior to deploying into future combat operations. These additional training efforts provide the agility necessary to allow the training continuum to keep pace with the dynamic nature of irregular warfare.

The FY 2009 budget supports the Marine Corps in its role in the Long War, while simultaneously supporting the Corps' need to train and sustain itself. The Marine Corps has experienced equipment usage rates as much as seven times greater than peacetime rates, tremendously decreasing projected equipment lifespan. To support Marines in combat, the Corps has routinely drawn down additional equipment from

its Maritime Prepositioning Ship Squadrons and these stocks need to be replenished so as to remain responsive to emerging threats. Congress has responded rapidly and generously to requests for equipment and increased protection of Marines and Sailors. Prudently managing these resources, while transitioning to modernization, remains a primary responsibility.

Figure 20 – DON Marine Corps Land Forces

	FY 2007	FY 2008	FY 2009
Total USMC End Strength	186,492	189,000	194,000
Number of Marine Expeditionary Forces	3	3	3
Number of Active Infantry Battalions	26	27	27
Number of Reserve Infantry Battalions	9	9	9
Infantry and Supporting Unit Additions by end of Fiscal Year	1 Infantry Battalion 1 Artillery Battalion HQ 2 Recon Platoons 1 Combat Eng Bn Company 2 MP Companies 1 Counter Battery Platoon 1 ANGLICO Platoon	2 Infantry Battalions 1 Artillery Battery 2 Recon Platoons 1 Combat Eng Bn 2 MP Companies 2 Truck Companies 2 ANGLICO Platoons Plus up - Intel Battalion Plus up - 3d Radio Bn Intel Enablers 4 Exp Ord Displ Teams Civil Affairs Planners Civil Affairs Dets Combat Log Bn (-)	1 Combat Eng Bn Supt Company 1 Artillery Battery 1 Combat Eng Bn HQ Company 2 MP Companies 1 Counter Battery Platoon 2 Combat Log Bn (MEU) Plus up - Radio Battalion Plus up - Intel Battalion Info Ops 5 Exp Ord Displ Teams

Note: FY 2008 total of 189,000 reflects 9,000 end strength included in the GWOT request.

As reflected in Figure 20, the operation and maintenance budget supports the Marine Corps operating forces, which are comprised of three active Marine Expeditionary Forces (MEFs). Each MEF consists of a command element, one infantry division, one air wing, and one mobile logistics group. Each MEF provides a highly trained, versatile expeditionary force capable of rapid response to global contingencies. The inherent flexibility of the MEF organization, combined with Maritime Prepositioning Force (MPF) assets, allows for the rapid deployment of appropriately sized and equipped forces. Embedded within each MEF are three Marine Expeditionary Units which deploy regularly in the Expeditionary Strike

Groups. Each MEF also has an embedded capability to source a Marine Expeditionary Brigade (MEB). These scalable forces possess the firepower and mobility needed to achieve success across the full operational spectrum in either joint or independent operations.

To support the deployment tempo of forces, the Marine Corps added three additional infantry battalions over FY 2007 and FY 2008 as part of the Grow the Force goal. The FY 2009 budget supports the increase of those infantry battalions as well as the new enabling units that will provide critical support to those forces.

Reserve Operations

This budget supports a Marine Reserve Force that includes the Fourth Marine Division, the Fourth Marine Aircraft Wing, the Fourth Force Service Support Group, and the Mobilization Command created by the merger of the Marine Corps Support Activity and the Marine Corps Reserve Support Command. The Department's FY 2009 budget ensures that the readiness of the reserve force will be maintained by providing increased funding for training, base support, and the operation and maintenance of equipment.

Ground Equipment Depot Maintenance

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

Figure 21 –Marine Corps Ground Equipment Depot Maintenance

(Dollars in Millions)	FY 2007		FY 2008		FY 2009	
	$	*% of Rqmt*	$	*% of Rqmt*	$	*% of Rqmt*
Active Forces						
Combat Vehicles	406.8	*100%*	47.2	*15.8%*	74.6	*20.7%*
Tactical Missiles	0.2	*100%*	0.1	*3.6%*	0.0	*0.0%*
Ordnance	16.3	*100%*	1.6	*7.5%*	0.5	*1.5%*
Electrical Communication	24.4	*100%*	2.3	*9.2%*	0.2	*0.3%*
Engineering	18.0	*100%*	3.6	*11.9%*	2.7	*7.3%*
Automotive Equipment	54.5	*100%*	16.0	*8.8%*	8.4	*5.8%*
Total Active Forces	**$520.2**	***100%***	**$70.9**	***12.6%***	**$86.4**	***13.7%***
Reserve Forces						
Combat Vehicles	13.0	*46.3%*	9.2	*41.7%*	0.0	*0.0%*
Ordnance	0.0	*0.0%*	0.8	*45.9%*	3.0	*23.1%*
Electrical Communication	0.0	*0.0%*	0.0	*15.4%*	3.1	*43.6%*
Engineering	0.0	*0.0%*	0.5	*20.2%*	5.0	*96.6%*
Automotive Equipment	0.0	*0.0%*	0.5	*32.6%*	0.5	*100.0%*
Total Reserve Forces	**$13.6**	***33.5%***	**$11.2**	***39.1%***	**$12.0**	***44.9%***
Total Active & Reserve Forces	**$533.8**		**$82.1**		**$98.4**	

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SECTION V - DEVELOPING 21ST CENTURY LEADERS

OVERVIEW

The Total Naval Workforce is capable and optimized to support the National Defense Strategy. America's naval forces are combat-ready largely due to the dedication and motivation of individual sailors, marines, and civilians. The Navy and Marine Corps Team will aggressively prosecute the Global War on Terrorism by providing the COCOMs with skilled forces for a full spectrum of operations, especially in Iraq and Afghanistan. The Navy has expanded homeland defense initiatives with the U.S. Coast Guard through the development of a Maritime Domain Awareness Concept of Operations and the establishment of Sector Command Center-Joint, an interagency harbor operations centers. The development and retention of quality people are vital to our continued success.

The Department is committed to taking care of our Total Force, which includes sailors, marines, and civilians by sustaining our quality of service/quality of life programs, including training, compensation, and promotion opportunities, health care, housing, and reasonable operational and personnel tempo. Quality of life and quality of service are key factors in attracting and retaining highly-motivated and qualified personnel. The Department continues to focus on three fronts: recruiting the right people, retaining the right people, and achieving targeted attrition. We continue to dedicate resources to those programs best suited to ensuring the proper combination of grade, skill, and experience in the force – the *right* person for the *right* job at the *right* time and place with the *right* education and the *right* skills.

Military personnel FY 2009 budget estimates include a basic pay raise of 3.4 percent. We have funded various bonus programs to ensure success in meeting budgeted strength levels. As a result of increased efficiencies ashore and a reduction in legacy force structure, the Navy continues to budget for reduced strength levels in FY 2009. All assigned missions can be accomplished at this level as a result of force structure changes, efficiencies gained through technology, altering the workforce mix, and new manning practices. Additionally, work continues on providing core Navy competencies throughout the Total Force. The Marine Corps baseline strength will grow to meet the demands of the Long War while undergoing military to civilian conversions to reassign supporting establishment billets to deployable forces, providing scalable and interoperable forces to ensure continued readiness. The training of sailors, marines, and the civil service workforce is critical to the

implementation of transformational initiatives, delivering qualified personnel to the right place at the right time. The Department is transforming the naval personnel force by creating modern human resource systems to achieve the objectives of *Sea Power 21* and *The Commandant's Planning Guidance.* Utilizing advanced technologies, the Department is shifting from the traditional schoolhouse/classroom approach to the use of simulators, trainers, computer-based interactive curriculums, and other media-based approaches. This initiative provides the Total Force with appropriate training, accommodates the demand in a more efficient manner, and identifies and delivers personnel capable of performing critical tasks to a smaller, more complex Navy. Recruiting and retention is projected to meet Navy and Marine Corps requirements, with particular focus on active and reserve components "low density/high demand" skill sets such as Naval Special Warfare, Seabees, Reconnaissance Marines, Explosive Ordnance Disposal, and Medical specialties. LSS will be implemented across the Department to develop a culture of continuous process improvement.

MILITARY PERSONNEL

Active Navy Personnel

We have invested in recruiting, retaining, and training Navy personnel to create an environment that offers opportunity, promotes personal and professional growth, and provides the kind of workforce needed for the 21st century. Our vision is a Navy manpower, personnel, training and education system that targets and attracts the right talent, then trains, develops, equips and motivates these men and women throughout a career of Navy Service. Navy Total Force readiness will be enhanced by focusing on sailor readiness. The force will be sized, shaped and stabilized by focusing on Navy as a sea-centric force. Our strategy for the future will be implemented by focusing on developing policies that bring forth the promise of our people, ensuring full development of their personal and professional capabilities.

The Navy's mission is to organize, train, maintain, and equip combat-ready naval forces capable of: winning the GWOT and any other conflict; deterring aggression by would-be foes; preserving freedom of the seas; and promoting peace and

security. The most important element in carrying out our mission is people. Our service members bring dedication, patriotism, strength, unity of effort and diversity of talent and culture to our Navy. Our people are critical to our success; the Navy Manpower, Personnel, Training and Education (MPT&E) Strategic Plan defines the transformation that Navy will undergo over the next decade to ensure we recruit, develop, manage and deploy the personnel capabilities required by the changing warfighting environment. The strategy will help guide the Navy to develop a capability-driven, competency focused, diverse Total Workforce that is agile, cost-effective, and responsive to Joint mission requirements in an uncertain future. The competency-focused workforce will align individual knowledge and abilities to demands. Navy will align organizations, strategies, polices and processes, in order to recruit, retain, and motivate people. Navy will set performance expectations against measurable organizational goals in order to maximize contributions from every individual while providing opportunities for growth and work-life balance.

The MPT&E Strategic Plan and subsidiary enterprise and community-level strategic plans will ensure alignment across the Navy enterprise while we meet the challenges outlined in the Department of the Navy Objectives for FY 2008 and Beyond, the Department of the Navy's Human Capital Strategy, and the Navy's Cooperative Strategy for 21st Century Seapower. The strategic planning that results from alignment of these capstone documents will become a repeatable practice that provides continuity and consistency throughout planning cycles. Personnel readiness improvement is the important outcome of all these efforts.

The MPT&E Strategic Plan begins to move our Navy toward a capability-based and competency-driven workforce that develops and sustains the critical competencies necessary to support our expanding role in the Global War on Terror, Homeland Defense, and stability operations. We must also determine the future force – in terms of capabilities, size, and mix – required to assure our allies and friends, and dissuade, deter and/or defeat our enemies. While we address our skill imbalances we will also focus and improve our efforts in the talent marketplace to achieve a more diverse workforce.

Recruiting continues to meet the manpower needs of the Navy. Active Navy recruiters continue to meet their monthly shipping and new contract mission goals.

For 60 consecutive months, active Navy has met its monthly shipping goals while sustaining the high quality of sailors being sent to the fleet. Recruit quality in FY 2007 was 93% High School Graduates, 73% Test Score Category I-IIIA and 13% with some college experience. We will increase the number of E-4 to E-9 (Top 6) to 73.25% in FY 2009 to continue to retain more of our experienced leaders and maintain advancement opportunities.

The Navy has increased accession goals to prepare for the leveling off of Navy's manpower reductions. Beginning to increase the accession mission will prevent dipping below the desired end strength levels and recreating the workforce imbalances of the 1990s. The active enlisted accession mission is 39,000 in FY 2008 and 42,000 in FY 2009. Navy has reacted to the increased accession requirements in specialized skills with increased enlistment bonuses, which will attract more recruits to these programs, and by utilizing Naval Special Warfare/Naval Special Operations coordinators and mentors at each recruiting district to ensure that recruits are well prepared for the rigorous physical requirements before they ship to boot camp.

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

Figure 22 - Active Navy Personnel Strength

	FY 2007	FY 2008	FY 2009
Officers	51,385	51,266	50,845
Enlisted	281,772	272,083	270,155
Midshipmen	4,390	4,300	4,300
Total: Strength	**337,547**	**327,649**	**325,300**
Enlisted Accessions	37,375	39,000	42,000
Percent High School Graduates	93%	95%	95%
Percent above average Armed Forces Qual Test	73%	70%	70%

Figure 23 – Active Navy Recruiting Productivity

	FY 2007	FY 2008	FY 2009
# of Recruiters	4,000	4,000	4,336
# of Recruits (New Contracts)	35,770	41,000	44,000
# of Recruits per Recruiter	9.9	11.2	11.0
Size of Delayed Entry Program (DEP) (Beginning of FY)	20,065	18,460	20,460
Accession mission	37,000	39,000	42,000
Size of DEP as percent of accessions	54.2%	47.3%	48.7%

Figure 24 – Navy Enlisted Reenlistment Rates

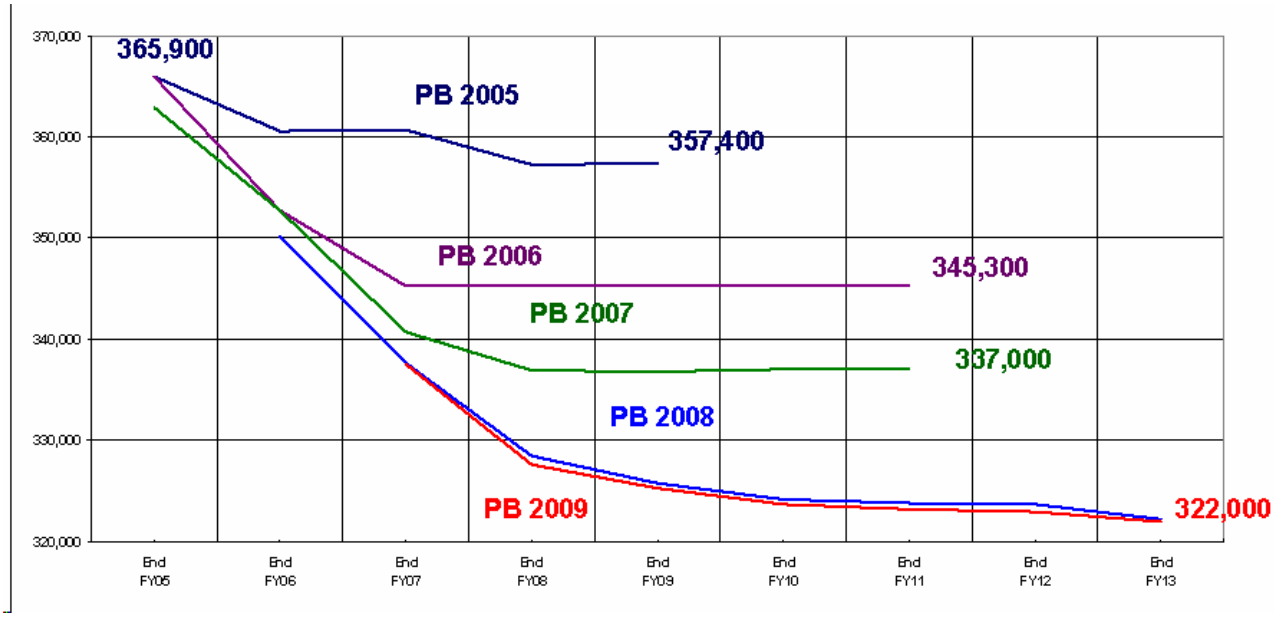
	FY 2007	FY 2008	FY 2009	Steady State Goal
Zone A (<6 years)	50%	49%	48%	48%
Zone B (6 to 10 years)	60%	59%	59%	59%
Zone C (10 to 14 years)	80%	84%	84%	84%

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

Figure 25 - Navy Enlisted Attrition

	FY 2007	FY 2008	FY 2009
Zone A (<6 years)	9%	9%	9%
Zone B (6 to 10 years)	3%	3%	3%
Zone C (10 to 14 years)	2%	2%	2%

Figure 26 – Active Navy Manpower Trend



The Navy made significant manpower reductions between FY 2005 and FY 2008. In contrast, the FY 2009 budget shows only minor deviation from last year as the Navy embarks on a period of greater stability in the size of the force.

Reserve Navy Personnel

The Navy Reserve continues to invest in recruiting, retention, and training while achieving full integration between our Active Component (AC) and Reserve Component (RC). The Navy Reserve Force provides mission capable units and individuals to the Navy and Marine Corps Team through the full range of operations from peace to war. The FY 2009 budget supports Navy Reserve strength levels of 69,933 at the beginning of FY 2008 decreasing to 66,700 at the end of FY 2009, and providing pay and allowances for drilling Navy reservists and full time support personnel. The Navy has leveraged National Defense Authorization Act incentives to best distribute sailors within the Total Force.

Based on the recent success of the New Accession Training Program, this budget supports a large increase in the number of Navy Reserve accessions participating in the Navy's full boot camp at Recruit Training Center in Great Lakes. After graduation from boot camp, in most cases, the sailors attend formal 'A' school

training within their specialty rating; predominantly ratings that support the Global War on Terrorism. These sailors will serve as: Seabees, Corpsmen, aircrew personnel, Joint Task Force staff personnel, Civil Affairs coordinators, customs inspectors, and general relief workers during disaster recovery operations in the United States and globally. In FY 2009, the Navy continues emphasis on Reserve Officer recruiting, by adding an additional 37 recruiters.

The Navy's goal is to become a better aligned Total Force in keeping with Department of Defense and Department of the Navy strategic guidance, while providing fully integrated operational support to the Fleet. Meanwhile, under the Enterprise concept, the Navy continues to validate new mission requirements and an associated billet structure for its Reserve Force to meet the capability requirements of the future. The ongoing process of Active Reserve Integration (ARI) will continue to realign Reserve Forces under Active oversight, through initiatives such as: the divestiture of MCMs to the AC, and the transformation of Naval Coastal Warfare (NCW) to the Maritime Expeditionary Security Force (MESF). More examples of ARI occurring in FY 2009 include: the conversion of 102 billets in DDG 51 class destroyers from AC to RC; an increase of 72 Reservists to support Navy Mine Anti-Submarine Warfare Command (NMASWC); and an increase of 33 Reservists to support the Joint Task Force Headquarters staff.

A "Sailor for Life" Continuum of Service

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

is critical in developing and maintaining RC sailors who are ready to deliver the right capability at the right place at the right time.

Figure 27 - Reserve Navy Personnel Strength

	FY 2007	FY 2008	FY 2009
Drilling Reserve	57,612	56,220	55,601
Full Time Support	12,321	11,580	11,099
Total: Strength	**69,933**	**67,800**	**66,700**

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

Active Marine Corps Personnel

The FY 2009 submission supports the transition to a strength of 202,000 marines no later than FY 2011. The Marine Corps has rebalanced the baseline program to shift resources from conventional to irregular capabilities and capacities. Today's Marine Corps shoulders a critical portion of prosecuting the GWOT with over 32,000 marines forward deployed. Fighting across the spectrum of conflicts, our ability to sustain deployed forces for extended periods enables us to support COCOMs prosecuting the long war throughout the world. These obligations, coupled with the emerging focus on irregular warfare, challenge the Marine Corps to provide the equipment and resources necessary to persevere.

The proposed increase of Marine Corps Active Component end strength to 202,000 marines will go a long way towards reducing the strain on the individual marines and the institution. We are systematically increasing the number of marines on a schedule of approximately 5,000 per year. This plan will gradually decrease the deployment-to-dwell ratio of some of our habitually high-operational tempo units such as light armored reconnaissance companies, amphibious assault companies, reconnaissance companies, combat engineers, military police, signals intelligence

units, unmanned aerial vehicle units, helicopter squadrons, air command and control units, combat service support units, and explosive ordnance disposal units. Currently, many of these units are deployed for seven months and only home for five. For FY 2009, the cost of growing the force is approximately $4.3 billion and includes funding for training, equipping and housing.

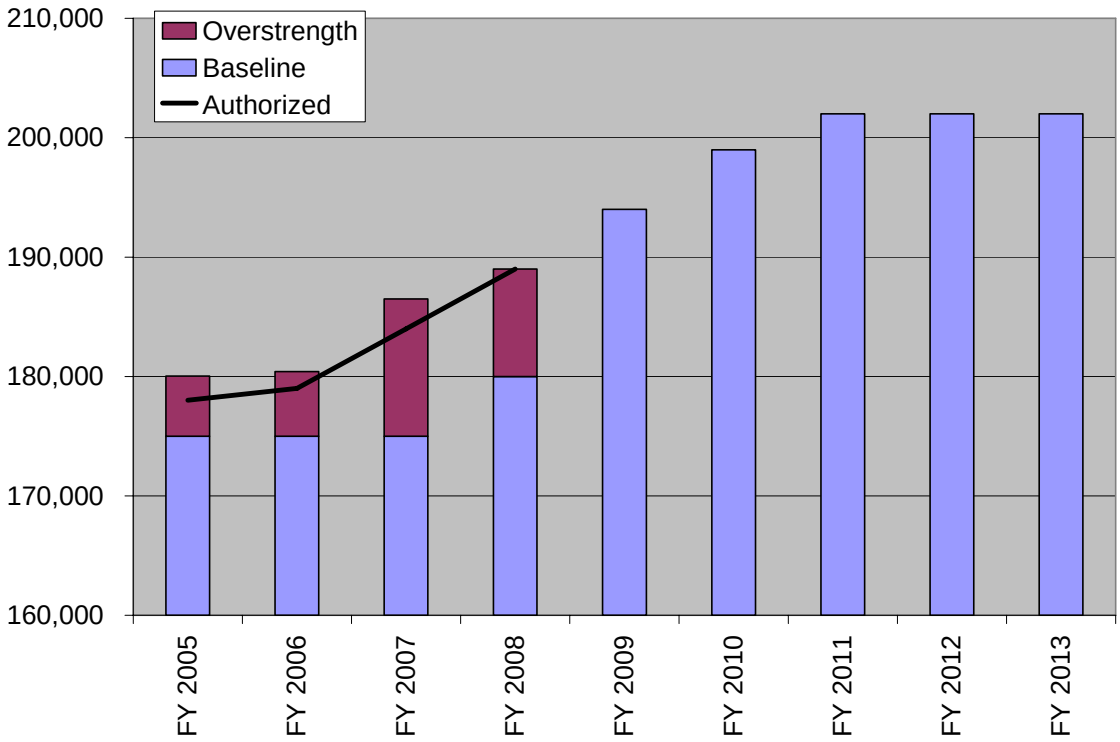
The Marine Corps anticipates continued success in meeting recruiting and retention goals to maintain the planned force level. As reflected in Figures 28 and 30, the Marine Corps is increasing the baseline reenlistment mission and the enlisted accession mission, in order to grow a more senior and experienced baseline force to meet the requirements of fighting the Long War and standing up the MARSOC. This budget also supports requirements for initial skill training and follow-on training courses, and supports continued success in meeting recruit accession goals.

The figures below provide summary personnel strength, accessions, and retention data for active Marine Corps personnel. The FY 2008 end strength in Figure 28 does not reflect the 9,000 end strength included in the GWOT request. In Figure 29, the FY 2007 end strength includes an increase of more than 11,000 above the baseline budget, reflecting FY 2007 supplemental funding. Figure 29 demonstrates the Marine Corps growth in active forces in accordance with the Grow the Force initiative towards 202,000.

Figure 28 - Active Marine Corps Personnel Strength

	FY 2007	FY 2008	FY 2009
Officers	19,709	18,900	20,389
Enlisted	166,783	161,100	173,611
Total: Strength	**186,492**	**180,000**	**194,000**
Enlisted Accessions	35,383	36,109	37,608
Percent High School Graduates	95.4%	95.0%	95.0%
Percent above average Armed Forces Qual Test	66.2%	63.0%	63.0%
Reenlistments	22,529	19,002	19,402

Figure 29 – Active Marine Corps Growth



Note: 189, 000 end strength authorization for FY 2008 is pending FY 2008 NDAA approval.

Figure 30 - Marine Corps Reenlistment Rates (Active)

	FY 2007	FY 2008	FY 2009
Zone A (<6 years)	31%	43%	45%
Zone B (6+ to 10 years)	61%	63%	66%
Zone C (10+ to 14 years)	75%	88%	90%

Reserve Marine Corps Personnel

The FY 2009 budget request supports a Marine Corps Reserve strength of 39,600. Marine Corps Reserve Units and Individual Mobilization Augmentees continue to fill critical requirements of national defense and have deployed worldwide to countries in Southwest Asia as well as Northern Africa supporting all aspects of the Global War on Terrorism. At home, Marine Forces Reserve maintains reserve marines and assets pre-positioned throughout the country, ready to assist with, not only national defense missions, but also civil-military missions such as disaster relief. The budget provides pay and allowances for drilling reservists attached to specific units, individual mobilization augmentees, personnel in the training pipeline, and full-time active reserve personnel.

The Selected Marine Corps Reserve (SMCR), with its force structure complementing the active operating force in its "augment and reinforce" mission, continues to serve the nation well. In addition to SMCR unit deployments, the Marine Forces Reserve contributes to Operation Iraqi Freedom in several ways including Individual Augmentees and Civil Affairs units that are vital in Security and Stability Operations, Iraqi election support , and infrastructure revitalization.

Despite the currently high operational tempo, Marine Forces Reserve continues to recruit and retain top-notch marines. Additionally, the Marine Corps Reserve funds bonus and incentive programs at levels required to meet recruiting and retention goals. Furthermore, an important source of seasoned leadership for the Marine Forces Reserve are those who transition from the Active to the Reserve Component. Consistent with the Active Component's incremental increase to 202,000 marines, the Marine Forces Reserve realizes it is important to keep this valuable pipeline open. To that end, one recent innovation is the CMC directed Mobilization Deferment Program. Under this program, marines transitioning to the Reserve Component are eligible for an involuntary mobilization deferment upon their affiliation with a SMCR unit.

The Marine Corps Reserve is a full partner of the Marine Corps Total Force concept. Reserve marines continue to prove their dedication to their country and fellow citizens. Their continuing Honor, Courage, and Commitment to warfighting

excellence while maintaining close ties to their community truly set them apart as "citizen soldiers."

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

Figure 31 - Reserve Marine Corps Personnel Strength

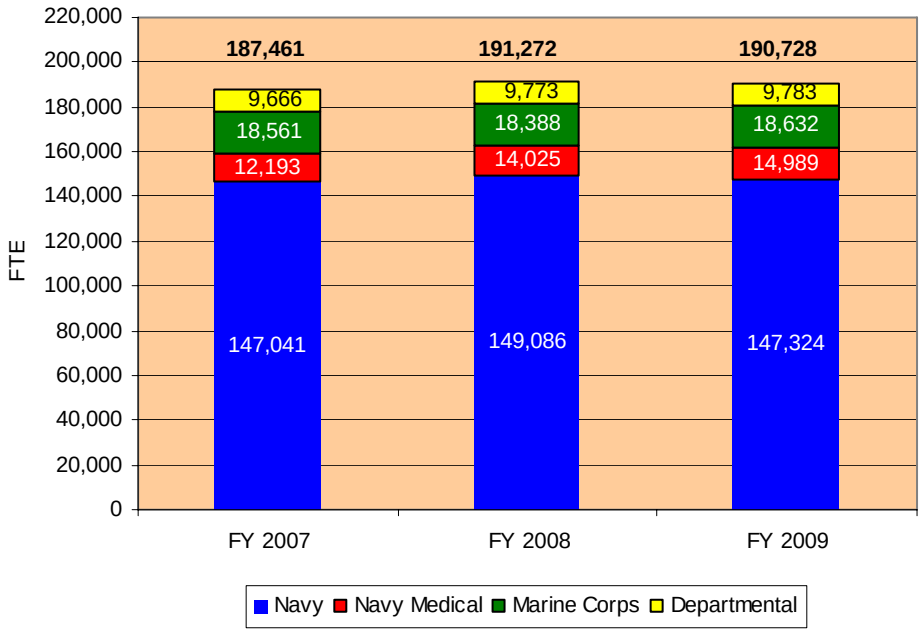
	FY 2007	FY 2008	FY 2009
Drilling Reserve	36,324	37,339	37,339
Full Time Support	2,233	2,261	2,261
Total: Strength	**38,557**	**39,600**	**39,600**

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

CIVILIAN PERSONNEL

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

Figure 32 - Civilian Personnel FTEs



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

Strategic sourcing initiatives to privatize commercial-type functions and streamline core processes result in a slight decline in the number of civilians employed in

FY 2009. However, this reduction is offset by the conversion of numerous not "military essential" medical professional, training, and support staff positions from military to civilian within the Navy, as well as the conversion of installation functions from military to civilian in the Marine Corps as shown in Figure 33. Some conversions may also be filled by contractor personnel and there is not a one-for-one replacement. Accordingly, the Department's workforce is in a time of great change.

Figure 33 - Department of the Navy Military to Civilian Conversions

Cumulative Totals	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Civilian & Est Contractor FTE	3,970	9,410	12,807	14,735	16,023	16,996	17,712
Military E/S	-9,185	-18,748	-21,239	-23,626	-25,028	-25,760	-26,432

Transforming the Workforce

National Security Personnel System (NSPS)

Authorized in the FY 2004 National Defense Authorization Act, the NSPS provides flexibility in hiring and managing civilian workers and links pay and performance to the mission and accomplishment of organizational goals. Since conversions began in April 2006, approximately 20,400 Department of the Navy personnel have converted to NSPS. Additional conversions are planned in FY 2008 and FY 2009. Figure 34 contains actual costs to date and the number of personnel converted by fiscal year.

Figure 34 - NSPS Actual Costs to Date

Dollars in Millions	FY 2005	FY 2006	FY 2007
Design and Implementation	698	1,456	1,732
Training, Development, Support, and Execution	3,613	5,712	11,270
Human Resources Automated Systems	60	48	236
Program Evaluation	229	52	402
Program Office Operations	4,089	5,991	9,081
Totals	$8,689	$13,259	$22,721
Number of Personnel Converted	-	4,354	16,066

To ensure equity, each Department of Defense Component must annually certify pay pools are fully funded and paid at the aggregate level.

Manpower Management

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

Figure 35 displays total civilian personnel resources by component, appropriation, and special interest area.

Figure 35 - DON Civilian Manpower Full-Time Equivalent

	FY 2007	FY 2008	FY 2009
Total — Department of the Navy	187,461	191,272	190,728
By Component			
Departmental	9,666	9,773	9,783
Navy	147,041	149,086	147,324
Navy Medical	12,193	14,025	14,989
Marine Corps	18,561	18,388	18,632
By Type Of Hire			
Direct	176,214	179,542	179,250
Indirect Hire, Foreign National	11,247	11,730	11,478
By Appropriation/Fund			
Operation and Maintenance, Navy	82,238	83,477	82,504
Operation and Maintenance, Navy Reserve	980	1,049	1,123
Operation and Maintenance, Marine Corps	16,186	16,155	16,503
Operation and Maintenance, Marine Corps Reserve	205	198	198
Total - Operation and Maintenance	**99,609**	**100,879**	**100,328**
Defense Health Program	11,615	13,446	14,410
Military Construction, Navy	2,121	2,098	2,098
Research, Development, Test & Evaluation, Navy	1,269	1,010	1,054
Military Assistance	66	69	69
Family Housing (N/MC)	864	799	790
Total - Other	**15,935**	**17,422**	**18,421**
Total - Working Capital Funds	**71,917**	**72,971**	**71,979**
Select Special Interest Areas			
Installation Mgmt/Base Support	38,839	38,634	38,654
Warfare Centers	27,832	27,670	27,207
Shipyards	24,689	24,517	23,375
Engineering/Acquisition Commands	19,407	20,014	19,833
Navy Medical	12,193	14,025	14,989
Fleet Activities	11,645	11,727	12,192
Military Support	9,494	10,389	11,487
Aviation/MC Depots	11,552	11,497	11,059
Supply/Distribution/Logistics Centers	9,718	9,740	9,853
Departmental	9,666	9,773	9,783
Transportation	7,655	8,004	8,018
Intelligence	2,668	3,221	3,383
Other	2,103	2,061	895

SECTION VI – SUPPORTING THE FORCE ASHORE

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

BASE REALIGNMENT AND CLOSURE (BRAC)

The Department continues to fund BRAC initiatives in the FY 2009 budget submission. The BRAC process continues to generate significant savings from reductions in the domestic base structure. The Department of the Navy employed a multi-pronged strategy for BRAC 2005 that sought to rationalize and consolidate infrastructure capabilities to eliminate excess; balance the effectiveness of the Fleet concentrations with anti-terrorism/force protection desires for dispersion of assets and redundancy of facilities; leverage opportunities for total force lay-down and joint-basing; accommodate changing operational concepts; and facilitate the evolution of force structure and infrastructure organizational alignment. BRAC 2005 is the means for reconfiguring the current infrastructure into one in which operational capacity maximizes warfighting capability and efficiency.

BRAC 2005: The Department's program provides $871.5 million in FY 2009 to continue implementation of the 2005 BRAC Commission recommendations. The Department's implementation plan, which is fully financed across the six-year implementation period, meets the statutory requirement for closure and realignment by September 15, 2011.

The FY 2009 budget finances military construction (including planning and design), operational movements at key closure and realignment locations, and the necessary environmental compliance and impact studies at receiving locations to fulfill National Environmental Policy Act requirements. The efforts initiated in FY 2009 are listed below:

The continuation of closure efforts begun in FY 2006, FY 2007, and FY 2008 at:

- Naval Air Station Pascagoula, MS
- Naval Air Station Brunswick, ME

- Naval Station Ingleside, TX
- Naval Support Activity New Orleans, LA
- Naval Air Station Atlanta, GA
- Naval Supply School Athens, GA
- Naval Weapons Station Seal Beach Detachment, Concord, CA
- Marine Corps Support Activity, Kansas City, MO
- Naval Air Station Joint Reserve Base, Willow Grove, PA and Cambria Regional Airport, Johnstown, PA
- Navy Marine Corps Reserve Centers and Navy Reserve Centers, various locations

The continuation of realignment efforts begun in FY 2006, FY 2007, and FY 2008 at:

- Fleet Readiness Centers, various locations
- NAVFAC Engineering Field Divisions/Activities, various locations
- Naval Station Newport, RI
- San Antonio Regional Medical Center, TX
- Marine Corps Logistics Base, Barstow, CA
- Officer Training Command, Pensacola, FL
- Joint Strike Fighter Initial Flight Training Site
- Joint Center of Excellence for Religious Training and Education
- Consolidation of Civilian Personnel Offices
- Consolidation of Correctional Facilities into Joint Regional Correctional Facilities
- Co-location of Military Department Investigation Agencies
- Joint Basing of installation management functions at various locations
- Relocation of Miscellaneous Department of Navy Leased Locations
- Naval Shipyard Detachments
- Ship Intermediate Maintenance Activity Norfolk, VA
- Joint Center of Excellence for Chemical, Biological, and Medical Research, Development and Acquisition
- Commodity Management Privatization
- Depot Level Reparable Procurement Management Consolidation
- Centers for Fixed Wing Air Platform Research, Dev & Acquisition, Test & Evaluation
- Naval Integrated Weapons & Armament Research, Development & Acquisition, Test & Evaluation Center
- Centers for Rotary Wing Air Platform Dev & Acquisition, Test & Evaluation

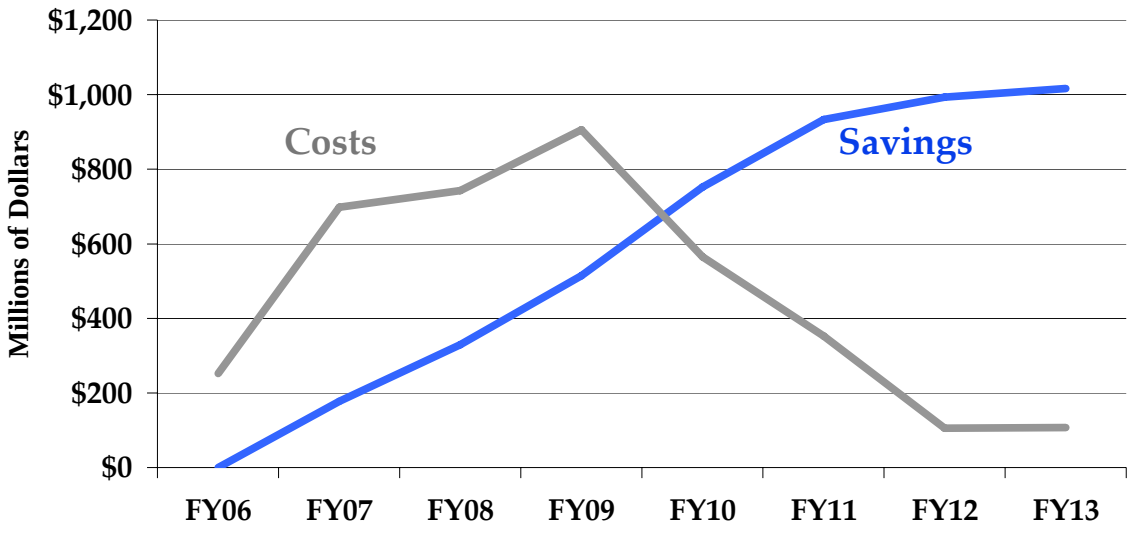
Major efforts initiated in FY 2009 at:

- Fort Monroe, VA
- Supply, Storage, and Distribution Management Reconfiguration
- Maritime C4ISR Research, Development & Acquisition, Test & Evaluation

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

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

Figure 36 – BRAC Costs and Savings



MILITARY CONSTRUCTION

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

- Recapitalizing inadequate and inefficient facilities
- Constructing new facilities to improve quality of life for sailors and marines
- Supporting new mission requirements
- Enhancing anti-terrorism and force protection
- Correcting critical deficiencies

The FY 2009 budget request achieves the Department's key goals, financing 101 military construction projects, of which 32 are for the active Navy and 69 for the Marine Corps in FY 2009; and five military construction projects for reserves, including three for Navy reserves and two for the Marine Corps reserves in FY 2009.

USMC Grow The Force

The FY 2009 request reflects $1.3 billion for new construction and replacement of existing facilities that will support the Marine Corps' increase in end-strength to 202,000 active Marines by FY 2011. The requested funding will provide permanent barracks, mess facilities, operations centers, training ranges, and other supporting facilities on existing Marine Corps installations within the United States.

Commandant's BEQ Initiative

In addition to previous efforts to enhance Marines' quality of life, $856 million of the $1.3 billion in Grow the Force military construction investment is an acceleration of the Commandant's BEQ initiative. This funding, when combined with $312 million in previously programmed projects, provides a total of $1.168 billion in BEQ funding to provide quality bachelor housing for all Sergeants and below.

USMC MILCON Projects

- MCB Quantico, VA: Basic School Instruction Facility; Dining Facility
- MCB Camp Pendleton, CA: Special Operations Training Group Battle Course; Infantry Training Center; Corrosion Control; Utility Maintenance/Storage Facility; Fitness Center
- MCB Camp Lejeune, NC: Infantry Platoon Battle Course; Firing Ranges; 2 Dining Facilities
- MCRD San Diego, CA: Fitness Center

- BEQ Projects:
    - MCB Camp Pendleton, CA: 14 BEQs
    - MCB Camp Lejeune, NC: 5 BEQs
    - MAGTFC Twenty Nine Palms, CA: 2 BEQs and parking structure
    - MCAS Cherry Point, NC: 1 BEQ
    - MCAS New River, NC: 1 BEQ
    - MCLB Albany, GA: 1 BEQ
    - MCB Hawaii: 1 BEQ
    - MCLB Barstow, CA: 1 BEQ
    - MCRD Parris Island, SC: 3rd BN Barracks
    - MCRD San Diego, CA: Support Battalion Barracks

The FY 2009 budget provides state of the art facilities to meet other new and critical mission requirements:

- Washington, D.C: Autonomous Systems Research Lab
- Pearl Harbor, HI: Joint Forces Deployment Staging Area
- Mechanicsburg, PA: Full Scale Electric Drive Test Facility
- Lakehurst, NJ: Advanced Arresting Gear Land Based Test Facility
- Pacific Missile Range, HI: Advanced Radar Detection Laboratory
- San Diego, CA: CVN Berthing Wharf
- Djibouti: Aircraft Maintenance Hangar, Aircraft Parking Apron and Telcom facility
- Cherry Point, NC: Engineering Product Support Facility
- Various Locations: Data Center, MMA Simulator Training Building and Wharf Upgrade with warehouse Forward Operating Site

The FY 2009 budget request improves the quality of life of our sailors and marines at the following locations:

- Pearl Harbor, HI: Fitness Center and Child Development Center
- Jacksonville, FL: Child Development Center
- El Centro, CA: Child Development Center
- Newport, RI: Fitness Center
- San Diego, CA: Child Development Center
- Guantanamo Bay: Fitness Center
- Guam: Bachelor Enlisted Quarters
- Norfolk, VA: Child Development Center
- San Clemente Island, CA: Bachelor Enlisted Quarters

- Camp Pendleton, CA: Fitness Center
- Camp Lejeune, CA: Child Development Center

The Department continues its recapitalization program at the following locations:

- Little Creek, VA: EODMU 10 Operations Facility
- Yorktown, VA: Ordnance Handling Cargo Operations
- Marianas/Guam: Wastewater Treatment Plant Repairs & Upgrade
- Indian Head, MD : Sewage Treatment Plant Upgrades
- New London, CT: Pier 31 Replacement
- Mechanicsburg, PA: Armed Forces Reserve Center
- Norfolk, VA: Norfolk Harbor Channel Dredging
- Mayport, FL: Upgrade Wharf Alpha
- Gulfport, MS: Naval Construction Regiment HQ

The FY 2009 budget continues or completes incremental projects begun in prior years, including:

- Silverdale, WA: Limited Area Production and Storage
- Washington, DC: National Maritime Intel Center
- Whidbey Island, WA: Hangar 5 recap
- Guam: Kilo Wharf Extension
- Pearl Harbor, HI: Sub Drive-In Magnetic Silencing Facility

Defense Policy Review Initiative

As part of the Defense Policy Review Initiative, a change in the US-Japan alliance to the security environment, the United States and the Government of Japan signed an agreement for the relocation of U. S. Marines from Okinawa to Guam. The result will be the relocation of approximately 8,000 Marines and their family members from Okinawa to Guam, and the associated funding for the required changes in base infrastructure, as well as the transportation and personnel costs required to relocate. Budget quality estimates for this realignment are not yet available due to the complexity of the requirement and the coordination required with the Japanese government and the other Services. However, the FY 2009 budget does provide funding for advance planning to support the program and to conduct an Environmental Impact Analysis under the National Environmental Policy Act that will consider the desired operational and support requirements and evaluate the impacts and alternatives before a final decision is made on the composition of specific military construction projects and any mitigation measures that may be required. Included in the budget are funds for these studies and analyses and

operational planning in the O&M, Navy and O&M, Marine Corps accounts as well as the stand up of a Joint Guam program office that will coordinate all Department of Defense realignment actions on Guam. Notional planning and design in the Military Construction account is also included, with funds for construction programmed beginning in FY 2010.

Figure 37 - Summary of MILCON Funding

MILCON Summary (Active & Reserve)

Dollars in Millions	**FY 2007**	**FY 2008**	**FY 2009**
Navy	818	1,209	1,116
Marine Corps	790	1,054	2,037
Marine Corps GTF (non-add)	-	(383)	(1,300)
Total	**1,608**	**2,263**	**3,153**

FAMILY HOUSING

The Department continues its reliance on the private sector as the primary source of housing for sailors, marines, and their families. Through the end of FY 2007, the Department privatized over 60,000 Navy and Marine Corps family housing units in conjunction with this initiative, including over 28,000 inadequate housing units that are being replaced, repaired, or demolished. The Department plans to continue its privatization efforts, principally for the construction of additional housing where deficits exist. The Family Housing budget includes the operation, maintenance, and recapitalization of the family housing units remaining in the Department's inventory of Government-owned housing. The budget request represents the funding level necessary to ensure government-owned housing remains adequate for Sailors, Marines, and their families.

For the Navy, $62.6 million is budgeted in FY 2009 for the replacement of 146 units at Naval Station Guantanamo Bay, Cuba and $50.0 million in post-acquisition construction for the improvement and repair of 342 units located overseas in Guam and Japan. In addition, $8.4 million is included to support the construction of 46 homes at Naval Construction Battalion Center Gulfport, Mississippi through the use of military housing privatization authorities. The Navy's budget also includes $339

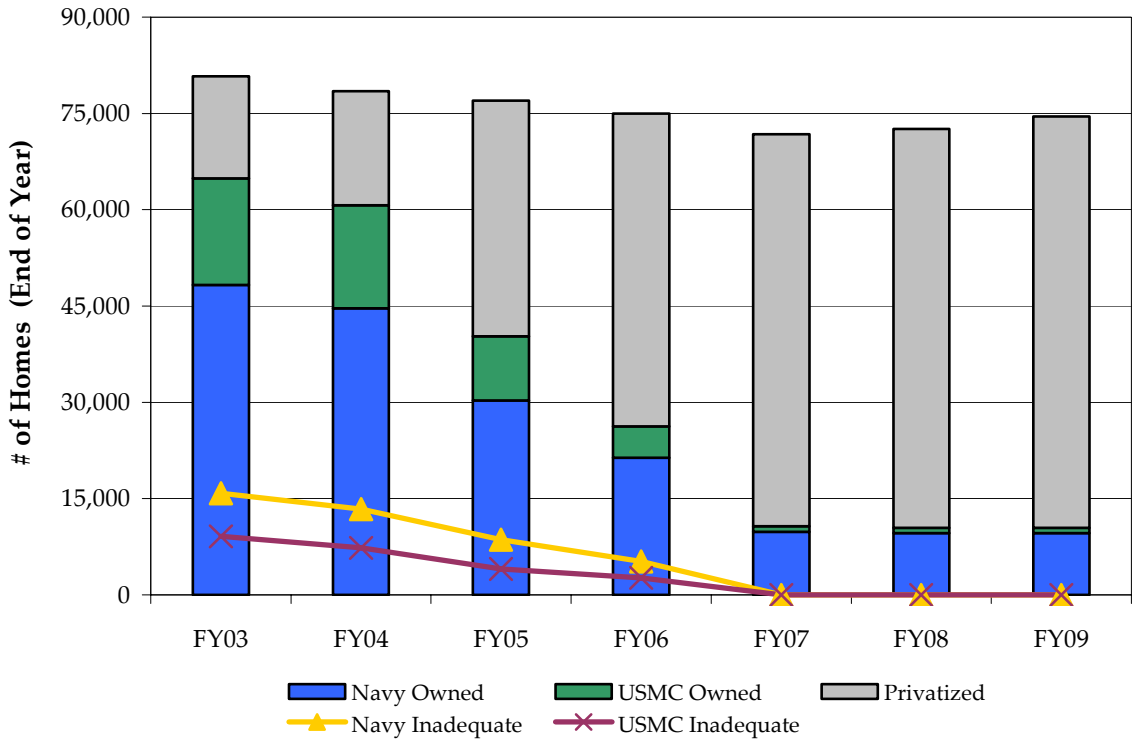
million for the operation, maintenance and leasing of more than 14,300 units located worldwide.

The Marine Corps FY 2009 request for post-acquisition construction includes $250.6 million, to support the construction of 1,865 units, through use of military housing privatization authorities, at Camp Pendleton, Twenty Nine Palms, Kaneohe Bay, and Camp Lejeune to reduce family housing deficits at those locations. The post-acquisition construction request includes $8.9 million for improvements and repairs to 72 units located in Japan. The Marine Corps' budget also includes $37 million for the operation, maintenance and leasing of more than 1,700 units located worldwide.

Figure 38 - Family Housing Units

Number of Family Housing Units			
	FY 2007	**FY 2008**	**FY 2009**
New construction projects	3	1	3
Construction units	250	73	146
Privatization projects/units	6/12,278	3/1,103	5/1,911

Figure 39 - Family Housing End of Year Inventories



FACILITY SUSTAINMENT, RESTORATION, AND MODERNIZATION

Appropriate investments of facility sustainment, recapitalization, and demolition funds are necessary to maintain an inventory of facilities in good working order and preclude premature degradation. The DoD models its annual facilities sustainment requirement using an empirical model. The model takes into account facility type/use, industry metrics for similar facilities, geographic location as well as other factors. Annual updates effect the model output. The updates to the model, version FSM 9.0, increased sustainment requirements for DON in FY 2009.

The Department utilizes an industry-based facility investment model to keep the facility inventory at an acceptable level of quantity and quality through life-cycle maintenance, repair, and disposal. Facility recapitalization (based upon industry facilities standards) occurs through restoring, replacing and/or modernizing aged and damaged facilities. The annual funding requirement for facilities restoration and modernization (R&M) is based on the DoD goal to achieve a recapitalization rate of 67 years, which is based on amount of investment required to achieve the desired recapitalization rate relative to the Navy's plant replacement value. The FY 2009 budget exceeds the DoD goal primarily due to BRAC investments and Marine Corps Grow the Force related construction.

The Marine Corps has several operation and maintenance funded bachelor quarters and other infrastructure improvement initiatives as lead elements enabling the first steps of the MILCON Grow the Force program. Additionally, DON has increased focus on an investment strategy to correct critical operational facility deficiencies.

Navy has historically taken significant risk in shore infrastructure investment to increase investment in Afloat readiness, future platforms, and weapon systems. As a result, the condition, capability, current and future readiness of our shore platforms have degraded to an unacceptable level. Navy initiated actions to begin reversing this decline by increasing and aligning shore investments with both warfighting requirements and sailor and family readiness requirements. The FY 2007 R&M includes O&M, BRAC, MILCON and both Hurricane and GWOT Supplemental funds. The FY 2008 and FY 2009 R&M includes O&M, BRAC, and MILCON. Figure 40 summarizes the Department's Facility Sustainment, Restoration, and Modernization program.

Figure 40 - Facility Sustainment, Restoration, and Modernization

(In Millions of Dollars)	**FY 2007**	**FY 2008**	**FY 2009**
Navy	1,151	1,147	1,396
Marine Corps	573	572	536
Total DON Facility Sustainment (All Appropriations)	**$1,724**	**$1,719**	**$1,932**
Annual Unfunded Sustainment			
Navy	107	240	157
% of Model Funded	*91%*	*83%*	*90%*
Marine Corps	0	0	60
% of Model Funded	*100%*	*100%*	*90%*
Total Unfunded Sustainment	**$107**	**$240**	**$217**
Restoration and Modernization (R&M) Funding			
Navy	1,863	1,963	2,160
Marine Corps	217	456	885
Total DON R&M (All Appropriations)	**$2,080**	**$2,419**	**$3,045**
Facilities Recapitalization Rate (Years)			
Navy	62	60	50
Marine Corps	117	61	33

NAVY WORKING CAPITAL FUND (NWCF)

NWCF activities provide a wide range of goods and services to support the Department's ongoing operations to maintain overall military readiness and in support of the GWOT. There are five NWCF activity groups: Supply Management, Depot Maintenance, Research and Development, Base Support, and Transportation. The total annual cost of goods and services to be delivered by NWCF activity groups to their customers in FY 2008 and FY 2009 is projected to exceed $24 billion. No major changes to the business base are expected in FY 2009 over FY 2008 levels.

Supply Management performs inventory management functions that result in the sale of aviation and shipboard components, ship's store stock, and consumables to a wide variety of customers. Costs related to supplying this material to the customer are recouped through stabilized rate recovery elements such as prior year gains and losses, inventory maintenance, repair costs including attrition, and local elements. Ensuring the right material is provided at the proper place, time, and cost is vital to equipping and sustaining our warfighting units. To this end, the Department continues to pursue initiatives to control costs and improve readiness.

A principal source of readiness for U.S. Naval and Marine Corps forces, Supply Management delivers logistics programs in areas of supply operations, contracting, resale, transportation, ordnance, food service, and other quality of life programs. Customer demand remains strong. The Marine Corps is leading a joint program for procurement of spares for the MRAP vehicles while also supporting increased customer provisioning and replenishment spares requirements for other systems.

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

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

maintenance is currently performed. Some NADEP artisans will be relocated to the air stations but no change in their status under the NWCF organizational and financial structures is currently anticipated.

The Marine Corps Depots experienced a large influx of GWOT related workload for performance in FY 2007. This was largely due to repair of combat-damaged equipment and weapons systems, and the installation of armor plating on combat vehicles. GWOT related workload is projected to continue through FY 2009.

Norfolk and Portsmouth naval shipyards were realigned to mission funding beginning in FY 2007. The Puget Sound mission-funded pilot prototype was also made permanent. Shipyard NWCF budget estimates reflect residual NWCF workload that was inducted at the shipyards prior to their transfer to mission funding. Residual NWCF workload is expected to be completed by FY 2008.

Research and Development includes the Warfare Centers (Air, Sea, Undersea, and Space applications) and the Naval Research Laboratory. All of these activities provide research and development for warfare systems, engineering support for major weapons systems acquisition programs, or provide scientific research for improving materials, facilities, and services to the DON. Workload at the R&D activities remains robust and relatively constant between FY 2008 and FY 2009, in excess of $10 billion annually.

- Space and Naval Warfare System Centers provide fleet support for command, control, and communication systems, and ocean surveillance, and the integration of those systems that overarch platforms.
- Naval Air Warfare Centers provide fleet support for naval aircraft engines, avionics, aircraft support systems and ship/shore/air operations.
- Naval Surface Warfare Centers provide fleet support for hull, mechanical, and electrical systems, surface combat systems, coastal warfare systems, and other offensive and defensive systems associated with surface warfare.
- Naval Undersea Warfare Centers provide fleet support for submarines, autonomous underwater systems, and offensive and defensive systems associated with undersea warfare.
- 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.

The Base Support business area is comprised of the Facilities Engineering Commands (FECs) and the Naval Facilities Engineering Service Center (NFESC). The FECs (formerly known as Public Works Centers) provide base support to customers in the areas of utilities, facilities maintenance, and special projects. 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.

Transportation is comprised of the Military Sealift Command (MSC) which supports the Fleets, Naval Sea Systems Command, Space and Naval Warfare Systems Command, Strategic Systems Programs, and the Air Force with unique vessels and programs. The three programs budgeted by MSC through the NWCF are: 1) Naval Fleet Auxiliary Force which provides support utilizing civilian mariner manned non-combatant ships for material support and 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 for the Marine Expeditionary Forces. Transportation rates within MSC reflect the full implementation of peacetime force protection costs and cost containment measures to ensure more efficient operations. Activation changes include delivery of two additional T-AKE Class Dry Cargo/Ammunition ships in FY 2008 and three T-AKEs in FY 2009. Additionally, deactivations include one T-AFS Class Rescue and Salvage vessel in FY 2008 and two T-AFS in FY 2009.

The Department's goal is to maintain the cash balance in the seven to ten day range based on the average daily expenditure rate plus a six month projection of outlays to procure capital investments. The NWCF cash balance tends to trend toward the lower end of the cash goal due primarily to the cumulative effect of prior congressional actions, return of excess accumulated operating results due to prior year gains, and conservative cash projections due to business impacts in the budget year.

Figure 41 - Summary of NWCF Costs

COST *(In Millions of Dollars)*	**FY 2007**	**FY 2008**	**FY 2009**
Supply (Obligations)	5,643	6,711	6,829
Depot Maintenance – Aircraft	2,000	1,940	1,951
Depot Maintenance – Ships	727	43	0
Depot Maintenance - Marine Corps	480	432	394
Transportation	2,275	2,521	2,538
Research and Development	10,524	10,308	10,268
Base Support	2,413	2,691	2,751
TOTAL	**$24,060**	**$24,646**	**$24,731**
CAPITAL INVESTMENT			
Supply	8	15	10
Depot Maintenance – Aircraft	39	43	41
Depot Maintenance - Marine Corps	4	5	5
Transportation	12	14	14
Research and Development	101	107	103
Base Support	15	16	16
TOTAL	**$179**	**$201**	**$189**

SECTION VII - FINANCIAL SUMMARY

Total Obligational Authority (TOA) has been used throughout this book to express the amounts in the Department of the Navy budget because it is the most accurate reflection of direct program value. While TOA amounts differ only slightly from Budget Authority (BA), in some cases, they can differ substantially in others. The differences in TOA and BA, as evidenced in Figure 42 below, result from a combination of several factors.

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

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

Figure 42 – TOA vs BA

(In Millions of Dollars)

	FY 2007	FY 2008	FY 2009
Total Obligational Authority (TOA)	**$151,526**	**$148,118**	**$149,295**
Receipts and Other Funds	-242	-300	-300
Expiring Balances	121		
Rescission of Prior Year Programs	-151	-131	
NWCF Contract Authority	-791		
Construction / Housing Transfers		158	
Programs Financed with Unobligated Balances	-221	-98	
Total Budget Authority	**$150,242**	**$147,747**	**$148,995**

Note: Includes Baseline, supplemental appropriations/transfers and FY 2008 GWOT bridge (Division L of P.L. 110-161).

Receipts and Other Funds are reflected in BA, but not in TOA. Offsetting Receipts include such things as donations to the Navy and Marine Corps, recoveries from foreign military sales, deposits for survivor annuity benefits, interest on loans and investments, rents and utilities, and fees chargeable under the Freedom of Information Act. Other Funds include Trust Funds and Interfund Transaction Accounts established for the Navy General Gift Fund, Environmental Restoration of

Kaho'olawe Island in Hawaii, Ships' Stores Profits, and the Naval Academy Gift and Museum Fund.

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

Expiring balances also contribute to the difference between TOA and BA. Expiring balances are funds that were included in BA available for FY 2007 accounts, but were not obligated prior to the end of the fiscal year. These amounts are included in BA totals, but not TOA. Rescissions of prior year programs are reflected in TOA available but not as BA in the year they are rescinded.

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

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

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

Outlays represent the net of expenditures and collections from the Treasury of the United States Government. Outlays in a given fiscal year may represent the liquidation of obligations incurred over a number of years. The TOA and BA levels for FY 2007 through FY 2009 along with DON outlay estimates are summarized in Figure 43.

Figure 43 – TOA, BA, and Outlays

Department of the Navy

Summary of Direct Plan (TOA), Budget Authority, and Outlays

(Dollars in Millions)

	TOA			BA			OUTLAYS		
Account	**FY 2007**	**FY 2008**	**FY 2009**	**FY 2007**	**FY 2008**	**FY 2009**	**FY 2007**	**FY 2008**	**FY 2009**
MPN	24,047	23,414	24,081	24,017	23,414	24,081	23,339	23,588	24,041
MPMC	10,801	10,337	11,810	10,816	10,336	11,810	10,492	10,586	11,786
RPN	1,856	1,790	1,870	1,858	1,790	1,870	1,754	1,841	1,868
RPMC	556	583	595	564	583	595	545	591	596
DHAN	2,098	1,936	1,771	2,098	1,936	1,771	2,098	1,935	1,771
DHAMC	1,051	1,116	1,053	1,051	1,116	1,053	1,051	1,116	1,053
DHANR	287	266	240	287	266	240	287	266	240
DHAMCR	145	142	134	145	142	134	145	142	134
OMN	37,366	36,576	34,922	37,363	36,477	34,922	35,048	36,095	36,806
OMMC	7,605	8,734	5,597	7,610	8,734	5,597	7,075	8,385	6,849
OMNR	1,399	1,184	1,311	1,401	1,184	1,311	1,326	1,290	1,291
OMMCR	269	254	213	270	254	213	273	284	239
ERN	-	299	291	-	299	291	-	66	199
NWCF	116	14	2	-707	14	2	216	229	32
APN	11,922	12,429	14,717	11,846	12,429	14,717	8,959	10,826	12,759
WPN	2,897	3,093	3,575	2,897	3,093	3,575	2,448	2,744	3,057
SCN	10,152	13,506	12,733	10,221	13,425	12,733	10,485	10,530	12,172
OPN	6,132	5,373	5,483	6,031	5,373	5,483	5,226	5,541	5,396
PMC	8,052	3,014	1,513	8,052	2,999	1,513	4,881	5,690	4,357
PANMC	1,049	1,362	1,123	1,049	1,362	1,123	982	1,116	1,235
RDTEN	19,724	17,799	19,337	19,637	17,775	19,337	18,752	18,161	18,845
NDSF	1,069	1,344	1,962	1,073	1,344	1,962	1,756	1,240	1,641
Total DoD Bill	**$148,593**	**$144,565**	**$144,333**	**$147,579**	**$144,346**	**$144,333**	**$137,138**	**$142,235**	**$146,345**
MCN	1,565	2,198	3,096	1,533	2,188	3,096	1,187	1,574	2,129
MCNR	43	65	57	43	64	57	42	82	95
BRCIV	-	50	179	-	50	179	235	41	110
BRCV	690	734	871	690	734	871	122	444	622
FHCON	132	134	383	132	293	383	115	182	204
FHOPS	503	372	376	507	372	376	531	439	389
Total MILCON Bill	**$2,933**	**$3,553**	**$4,962**	**$2,905**	**$3,701**	**$4,962**	**$2,233**	**$2,762**	**$3,549**
Receipts and Other Funds				**-242**	**-300**	**-300**	**-229**	**-299**	**-298**
Total, DON	**$151,526**	**$148,118**	**$149,295**	**$150,242**	**$147,747**	**$148,995**	**$139,141**	**$144,698**	**$149,596**

Note: Totals may not add due to rounding.
Note: Includes Baseline, supplemental appropriations/transfers and FY 2008 GWOT bridge (Division L of P.L. 110-161).

Figure 44 - Derivation of FY 2008 Estimates

Figure 44 displays a track of changes to the Department of the Navy appropriations for FY 2008, beginning with the FY 2008 President's Budget request. The changes reflect the impact of congressional action associated with enactment of the FY 2008 DoD (P.L. 110-116) and Consolidated (P.L. 110-161) Appropriations Acts. The Operation and Maintenance, Navy appropriation reflects transfers of $110 million to the U.S. Coast Guard (P.L. 110-161) and $80 million from the Navy Working Capital Fund (NWCF), associated with a reduction to the appropriation based on excess NWCF cash balances (P.L. 110-116). A proposed transfer of $157 million from the Family Housing Construction, Navy & Marine Corps appropriation to the Defense Family Housing Improvement Fund is also reflected. Prior year balances in multiyear Operation and Maintenance accounts, which remain available for obligation in FY 2008, are included.

Figure 44
Department of the Navy
Derivation of FY 2008 Estimates
(In Millions of Dollars)

	FY 2008 President's Budget	DoD/MILCON Appropriations Acts	Transfers	Available Prior Year Balances	DON Baseline Total	Division L P.L. 101-161	DON Baseline with Omnibus Appropriations
Military Personnel, Navy	$23,305	$13			$23,318	96	$23,414
Military Personnel, Marine Corps	10,278	3			$10,281	56	$10,337
Reserve Personnel, Navy	1,798	-8			$1,790		$1,790
Reserve Personnel, Marine Corps	595	-12			$583		$583
Health Accrual, Navy	1,925	11			$1,936		$1,936
Health Accrual, Marine Corps	1,055	61			$1,116		$1,116
Health Accrual, Navy Reserve	266				$266		$266
Health Accrual, Marine Corps Reserve	142	0			$142		$142
Operation & Maintenance, Navy	33,335	-411	80	18	$33,022	3,554*	$36,576
Operation & Maintenance, Marine Corps	4,961	-193			$4,768	3,966	$8,734
Operation & Maintenance, Navy Reserve	1,187	-45			$1,142	42	$1,184
Operation & Maintenance, MC Reserve	209	-1			$208	46	$254
Environmental Restoration, Navy	301	-2			$299		$299
Aircraft Procurement, Navy	12,748	-368			$12,380	49	$12,429
Weapons Procurement, Navy	3,084	9			$3,093		$3,093
Shipbuilding & Conversion, Navy	13,656	-150			$13,506		$13,506
Other Procurement, Navy	5,470	-188			$5,282	91	$5,373
Procurement, Marine Corps	2,999	-688			$2,311	703	$3,014
Procurement of Ammunition, Navy/MC	760	297			$1,057	305	$1,362
Research, Development, Test & Eval, Navy	17,075	724			$17,799		$17,799
National Defense Sealift Fund	1,079	265			$1,344		$1,344
Military Construction, Navy	2,104	94			$2,198		$2,198
Military Construction, Naval Reserve	59	6			$65		$65
Family Housing Construction, Navy & Marine Corps	298	-6	-158		$134		$134
Family Housing Operations, Navy & Marine Corps	372				$372		$372
Navy Working Capital Fund	14				$14		$14
Base Realignment and Closure	734	50			$784		$784
TOTAL	**$139,809**	**-$539**	**-$78**	**$18**	**$139,210**	**8,908**	**$148,118**

* reduced for transfer to Coast Guard

PERFORMANCE IMPROVEMENT INITIATIVES

PROGRAM ASSESSMENT RATING TOOL (PART)

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

As part of the Performance Improvement Initiative, the Office of Management and Budget has identified 32 programs for assessment in the PART which include DON resources. Figure 45 shows a complete list of all PART programs containing DON resources. Programs were assessed and evaluated across a wide range of issues related to performance.

Throughout the overview book, metrics have been addressed that are included in our performance plan and provide a measure of our overall effectiveness. Within the Department of the Navy, goals and objectives have been implemented thorough the Planning, Programming, Budgeting and Execution (PPBE) process. PPBE accommodates the integration of the Performance Improvement Initiative, as well as DoD Transformational Priorities across the broad spectrum of the Department of the Navy mission. These metrics are also contained in budget justification materials supporting the FY 2009 budget request.

Figure 45 - Performance Scorecard

1. PART Performance Improvement Initiatives									
(In Millions of Dollars)	Program Purpose & Design	Strategic Planning	Program Mgmt	Program Results	Overall Rating	DON Funding (as of 18 Jan 2008) FY07	FY08	FY09	Programs Included
Military Force Management	100%	100%	72%	93%	Effective	40,607	43,578	42,751	MilPers
Navy Shipbuilding	80%	90%	73%	47%	Adequate	14,778	13,238	15,965	SCN, NDSF, RDTEN
Marine Corps Expeditionary Warfare	80%	89%	88%	56%	Moderately Effective	9,071	9,327	13,511	SCN, NDSF, RDTEN, APN, PMC, PANMC
Housing	100%	100%	72%	67%	Moderately Effective	6,508	5,779	6,319	FH, BAH
Navy/Marine Corps Air Readiness	100%	100%	71%	92%	Effective	5,987	4,883	5,204	O&M
Navy Ship Readiness	100%	100%	83%	84%	Effective	10,619	9,223	9,870	O&M
Air Combat Program	100%	100%	72%	66%	Moderately Effective	3,563	3,744	5,097	F/A-18 E/F, JSF
Depot Maintenance - Ship	100%	100%	86%	84%	Effective	5,202	4,752	5,540	O&M
Facilities SRM/Demolition	80%	100%	14%	60%	Adequate	2,331	1,938	1,966	O&M, MilPers, MILCON
Basic Skills and Advanced Training	100%	100%	86%	75%	Effective	1,462	1,425	1,639	O&M
Communications Infrastructure	80%	78%	36%	44%	Results Not Demonstrated	1,541	1,523	1,375	NMCI, Base level comm
Recruiting	80%	100%	72%	75%	Moderately Effective	1,226	1,254	1,224	O&M, MilPers
Depot Maintenance - Naval Aviation	100%	100%	86%	80%	Effective	1,042	1,039	1,139	O&M
Applied Research Program	100%	67%	50%	67%	Moderately Effective	762	786	678	RDTE 6.2
Basic Research	100%	89%	85%	80%	Effective	467	492	467	RDTE 6.1
Unmanned Aircraft Systems (UAS)	80%	100%	72%	60%	Moderately Effective	116	315	478	RDTE, WPN, APN, PMC
Civilian Education and Training	100%	88%	100%	40%	Adequate	68	70	75	O&M
Airlift Program	100%	100%	83%	84%	Moderately Effective	602	290	302	APN
Accession Training	100%	100%	86%	67%	Moderately Effective	193	247	259	O&M

Note: Programs in blue text are exclusively Department of the Navy PART programs and funding. Programs in black text include more than one Military Department and funding shown is only DON funding.

Figure 45 - Performance Scorecard (continued)

PART Performance Integration Initiatives									
(In Millions of Dollars)	Program Purpose & Design	Strategic Planning	Program Mgmt	Program Results	Overall Rating	DON Funding (as of 18 Jan 2008) FY07	FY08	FY09	Programs Included
Marine Corps Ground Forces Readiness	100%	100%	86%	80%	Effective	549	580	784	O&M
Marine Corps Base Operations & Support	80%	50%	72%	26%	Results Not Demonstrated	1,671	1,659	1,978	O&M
Marine Corps Depot Maintenance	100%	100%	86%	87%	Effective	404	102	82	O&M
Navy Base Operations & Support	80%	88%	57%	60%	Adequate	4,126	4,336	4,805	O&M
Military Construction Programs	100%	100%	88%	67%	Moderately Effective	1,640	1,192	2,163	MILCON
Voluntary Training	100%	75%	71%	75%	Moderately Effective	133	135	135	O&M
Health Care	100%	80%	65%	40%	Adequate	3,581	3,460	3,656	MILPers
Space-based Communications	80%	89%	88%	61%	Moderately Effective	536	750	746	O&M, RDTE, OPN
Rotary Wing Programs	80%	78%	75%	28%	Adequate	4,264	5,386	5,332	RDTE, APN
Test & Evaluation Programs	100%	25%	58%	25%	Results Not Demonstrated	513	555	631	RDTE
Precision Weapons Programs	100%	100%	87%	73%	Moderately Effective	170	161	168	RDTE, APN
Strategic Offensive Capabilities	100%	100%	86%	75%	Effective	997	1,083	1,278	RDTE, WPN
Junior Reserve Officer Training Corps	80%	88%	100%	75%	Moderately Effective	79	81	81	MILPers, O&M
Total Funding						$124,808	$123,383	$135,698	

Note: Programs in blue text are exclusively Department of the Navy PART programs and funding. Programs in black text include more than one Military Department and funding shown is only DON funding.

2. Strategic Management of Human Capital
- Implement National Security Personnel System (NSPS) (DoD-wide)
- Transform Naval Military Personnel Force
- Military to Civilian Conversions
- Human Capital Strategy

3. Competitive Sourcing
- Commitment to study 63,420 positions under A-76 or OMB approved alternatives

4. Improved Financial Performance
- Business Transformation Initiatives (DoD-wide)
- Enterprise Resource Planning
- Financial Improvement Program

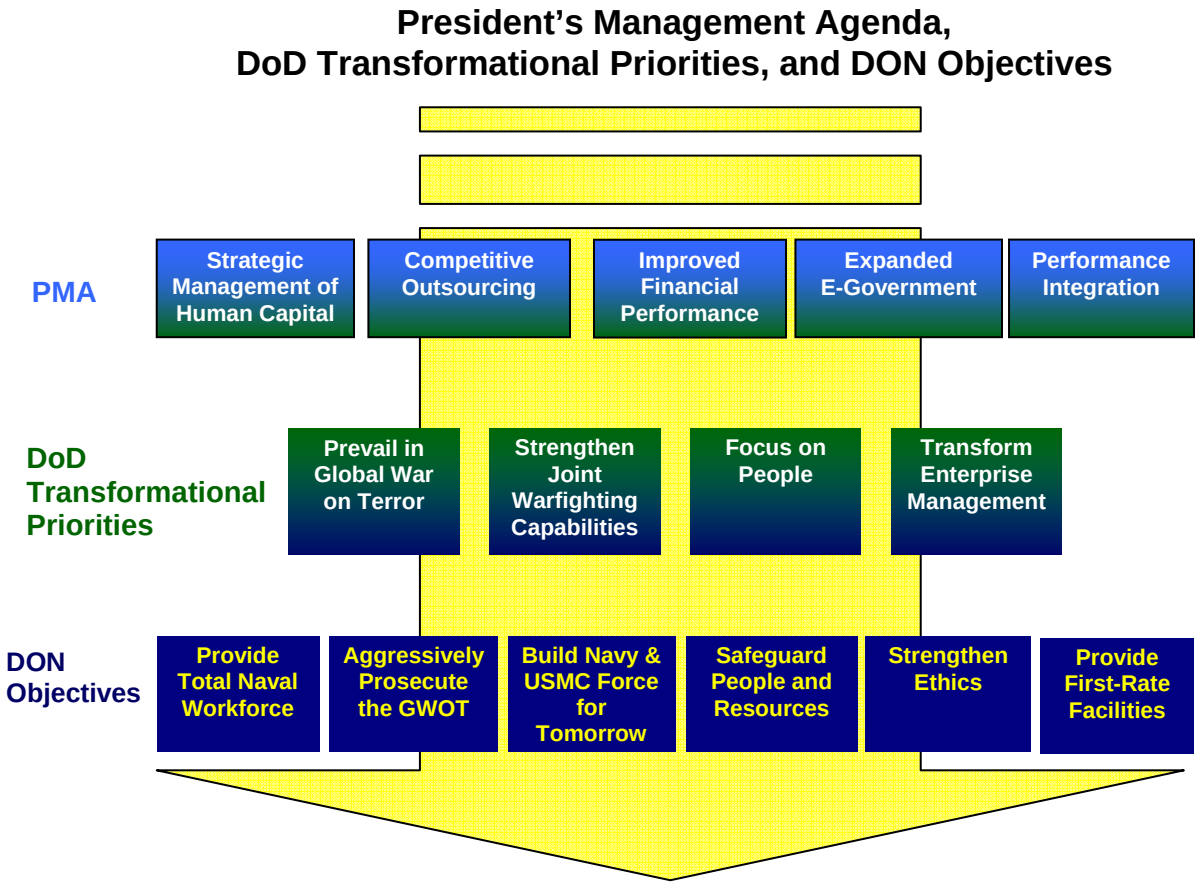
5. Expanded Electronic Government
- Utilizing E-Marketplace
- E-Commerce Initiatives
- Enterprise Software

The 2006 Quadrennial Defense Review (QDR) validated the DoD concept of measuring performance across the enterprise. This approach has been successfully used to guide strategic planning and day-to-day management in accordance with the Government Performance and Results Act of 1993. The DON has been working in cooperation with the DoD enterprise to improve and standardize performance, budget reporting and strengthen links between performance and budget. The DON has a framework that supports and enables enterprise-wide decision-making.

Department of the Navy Objectives for FY 2008 and Beyond

The Department of the Navy FY 2009 budget aligns DON Objectives and performance plans to the DoD transformational priorities and the President's Management Agenda. The figure below illustrates this linkage. Performance information and results developed from DON performance measures are used for performance reports related to the President's Management Agenda and the Program Performance Assessments.

Figure 46



Throughout the overview book, metrics have been addressed that are included in our performance plan and provide a measure of our overall effectiveness. Within the Department of the Navy, goals and objectives have been implemented thorough the Planning, Programming, Budgeting and Execution process. PPBE accommodates the integration of the President's Management Agenda, DoD Transformational Priorities, and performance across the broad spectrum of the Department of the Navy mission. These metrics are also contained in budget justification materials supporting the FY 2009 budget request.

The table below provides page references to the performance information contained in this document and in detailed budget justification materials supporting the current DON Objectives and FY 2009 budget submission.

FY08 DON Objective	Performance Measure	Page #
Provide a Total Naval Workforce capable and optimized to support the National Defense Strategy	Navy – Active End Strength	5-4,5-6
	Navy – Enlisted Accessions	5-4
	Navy - Number of Recruiters	5-5
	Navy - Number of Recruits	5-5
	Navy - Size of Delayed Entry Program	5-5
	Navy - Enlisted Attrition Rates	5-5
	Navy – Active Enlisted Reenlistment Rates	5-5
	Navy – Reserve End Strength	5-8
	Navy - Costs for Accession/Basic Skills/Advanced Training	B-5
	Marine Corps "Grow the Force"	1-6,4-16,4-17, 5-9,6-4
	Marine Corps – Active End Strength	4-17,5-9
	Marine Corps – Enlisted Accessions	5-9
	Marine Corps – Active Enlisted Reenlistment Rates	5-10
	Number of Marine Expeditionary Forces	4-17
	Number of Marine Battalions	4-17
	Marine Corps – Reserve End Strength	5-12
	Marine Corps - Costs for Accession/Basic Skills/Advanced Training	B-6
	National Security Personnel System	1-12,5-14
	Civilian Manpower Levels	5-13,5-16
	Military to Civilian Conversions	5-14
	Lean Six Sigma	1-10,1-11,1-12
	DON Financial Improvement Program (DON FIP)	1-12
	Implement Enterprise Resource Planning (ERP)	1-12
Use the Navy-Marine Corps Team to aggressively prosecute the Global War on Terrorism	Number of Reserves Activated	1-9
	Number of Deployed Sailors	1-9
	Number of Deployed Marines	1-9
	Ships Deployed	1-9
	Ships Underway	1-9
	Active/Reserve Navy/Marine Corps Strength	1-9
	FY08 GWOT Request	2-9
	FY08 GWOT funded acquisition quantities	2-6
	Battle Force Ships	4-3,4-4,4-5
	Active Steaming Days Per Quarter	4-4
	Surge Sealift Ships and Capacity	4-6
	Prepositioning Ships and Capacity	4-6
	Reserve Battle Force Ships	4-5

	Reserve Steaming Days Per Quarter	4-5
	Ship Maintenance % Requirement Funded	4-10
	Deferred Ship Maintenance	4-10
	Active Air Wings	4-11
	Active Primary Authorized Aircraft (PAA)	4-12
	Active Flying Hours T-Rating	4-12,4-13
	Aircraft Mission Capable Rates	4-13
	Airframe Availability/PAA	4-15
	Aircraft Engine Bare Firewalls	4-15
	Aircraft Engine Spares Ready-to-Issue	4-15
	Reserve Air Wings	4-12
	Reserve Flying Hours T-Rating	4-13
	Reserve Primary Authorized Aircraft (PAA)	4-12
	Ground equipment maintenance	4-18,4-19
Build the Navy-Marine Corps Force for Tomorrow	Ship Construction Plan	3-2
	Aviation Procurement Plan	3-8
	Aviation/Ship Weapons Quantities	3-7,3-14
	Ground Equipment Quantities	3-20
	Maritime Domain Awareness	3-15,3-16,3-17, 3-18
	Major Platform R&D	3-25
	Funding for R&D support	3-21
	Maintain Balanced and Focused Science and Technology	3-22
Provide first-rate facilities to support stationing, training and operations of Naval forces.	Base Realignment and Closure	6-1,6-2,6-3
	Investment Thresholds	4-2
	Recapitalization Program	6-6
	67 Year FSRM Recapitalization Rate	6-10
	Deferred FSRM	6-10
	Inadequate family housing units	6-7
	Number of Privatization Projects	6-8

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MILITARY PERSONNEL, NAVY

Table B-1a

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

	FY 2007 Actual	FY 2008 Baseline	FY 2009 Baseline
Pay and Allowances of Officers	6,228	6,200	6,442
Pay and Allowances of Enlisted	15,694	15,322	15,754
Pay and Allowances of Midshipmen	61	61	63
Subsistence of Enlisted Personnel	978	902	897
Permanent Change of Station Travel	809	723	791
Other Military Personnel Costs	277	111	135
Total: MPN	**$24,047**	**$23,318**	**$24,081**

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

MEDICARE-ELIGIBLE RETIREE HEALTH FUND CONTRIBUTION, NAVY

Table B-1b

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

	FY 2007 Actual	FY 2008 Baseline	FY 2009 Baseline
Health Accrual	2,098	1,935	1,771
Total: DHAN	**$2,098**	**$1,935**	**$1,771**

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

MILITARY PERSONNEL, MARINE CORPS

Table B-2a

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

	FY 2007 Actual	FY 2008 Baseline	FY 2009 Baseline
Pay and Allowances of Officers	2,156	2,104	2,306
Pay and Allowances of Enlisted	7,492	7,176	8,280
Subsistence of Enlisted Personnel	576	590	670
Permanent Change of Station Travel	397	352	474
Other Military Personnel Costs	180	58	80
Total: MPMC	**$10,801**	**$10,280**	**$11,810**

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

MEDICARE-ELIGIBLE RETIREE HEALTH FUND CONTRIBUTION, MARINE CORPS

Table B-2b

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

	FY 2007 Actual	FY 2008 Baseline	FY 2009 Baseline
Health Accrual	1,051	1,116	1,053
Total: DHAMC	**$1,051**	**$1,116**	**$1,053**

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

RESERVE PERSONNEL, NAVY

Table B-3a

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

	FY 2007 Actual	FY 2008 Baseline	FY 2009 Baseline
Reserve Component Training and Support	1,856	1,790	1,870
Total: RPN	**$1,856**	**$1,790**	**$1,870**

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

MEDICARE-ELIGIBLE RETIREE HEALTH FUND CONTRIBUTION, NAVY RESERVE

Table B-3b

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

	FY 2007 Actual	FY 2008 Baseline	FY 2009 Baseline
Health Accrual	287	266	240
Total: DHANR	**$287**	**$266**	**$240**

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

RESERVE PERSONNEL, MARINE CORPS

Table B-4a

Department of the Navy

Reserve Personnel, Marine Corps

(Dollars in Millions)

	FY 2007 Actual	FY 2008 Baseline	FY 2009 Baseline
Reserve Component Training and Support	556	583	595
Total: RPMC	**$556**	**$583**	**$595**

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

MEDICARE-ELIGIBLE RETIREE HEALTH FUND CONTRIBUTION, MARINE CORPS RESERVE

Table B-4b

Department of the Navy

Medicare-Eligible Retiree Health Fund Contribution, Marine Corps Reserve

(Dollars in Millions)

	FY 2007 Actual	FY 2008 Baseline	FY 2009 Baseline
Health Accrual	145	142	134
Total: DHAMCR	**$145**	**$142**	**$134**

Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

OPERATION AND MAINTENANCE, NAVY

Table B-5

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

	FY 2007 Actual	FY 2008 Baseline	FY 2009 Baseline
Operating Forces			
Air Operations	7,508	6,224	6,782
Ship Operations	9,588	9,386	9,534
Combat Operations/Support	4,203	2,728	2,979
Weapons Support	1,956	2,012	2,042
Base Support	6,452	5,812	6,786
Total - Operating Forces	**29,708**	**26,162**	**28,125**
Mobilization			
Ready Reserve and Prepositioning Forces	573	539	395
Activations/Inactivations	191	197	117
Mobilization Preparedness	57	53	56
Total - Mobilization	**821**	**789**	**568**
Training and Recruiting			
Accession Training	239	261	270
Basic Skills and Advanced Training	1,302	1,285	1,385
Recruiting & Other Training and Education	610	547	582
Total – Training and Recruiting	**2,151**	**2,093**	**2,237**
Administration and Servicewide Support			
Servicewide Support	1,984	1,831	1,673
Logistics Operations and Technical Support	1,712	1,195	1,251
Investigations and Security Programs	975	945	1,062
Support of Other Nations	11	6	7
Cancelled Accounts	4	-	-
Total - Administration and Servicewide Support	**4,686**	**3,977**	**3,993**
Total: O&MN	**$37,366**	**$33,022**	**$34,922**

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

OPERATION AND MAINTENANCE, MARINE CORPS

Table B-6

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

	FY 2007 Actual	FY 2008 Baseline	FY 2009 Baseline
Operating Forces			
Expeditionary Forces	3,849	1,234	1,457
USMC Prepositioning	94	79	79
Base Support	2,126	2,241	2,744
Total - Operating Forces	**6,069**	**3,554**	**4,281**
Training and Recruiting			
Accession Training	14	19	16
Basic Skills and Advanced Training	338	355	392
Recruiting & Other Training and Education	300	308	321
Base Support	195	202	211
Total - Training and Recruiting	**847**	**885**	**939**
Administration and Servicewide Support			
Servicewide Support	672	310	358
Base Support	17	19	19
Total - Administration and Servicewide Support	**689**	**329**	**376**
Total: O&MMC	**$7,605**	**$4,769**	**$5,597**

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

OPERATION AND MAINTENANCE, NAVY RESERVE

Table B-7

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

	FY 2007 Actual	FY 2008 Baseline	FY 2009 Baseline
Operating Forces			
Air Operations	783	681	769
Ship Operations	148	88	119
Combat Operations/Support	175	128	137
Weapons Support	6	2	5
Base Support	267	230	265
Total - Operating Forces	**1,379**	**1,130**	**1,295**
Administration and Servicewide Support			
Servicewide Support	20	13	15
Total - Administration and Servicewide Support	**20**	**13**	**15**
Total: O&MNR	**$1,399**	**$1,142**	**$1,311**

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

Table B-8

Department of the Navy

Operation and Maintenance, Marine Corps Reserve

(Dollars in Millions)

	FY 2007 Actual	FY 2008 Baseline	FY 2009 Baseline
Operating Forces			
Expeditionary Forces	139	87	96
Base Support	99	85	84
Total - Operating Forces	**238**	**172**	**180**
Administration and Servicewide Support			
Servicewide Support	26	31	28
Base Support	6	5	5
Total - Administration and Servicewide Support	**32**	**36**	**33**
Total: O&MMCR	**$269**	**$208**	**$213**

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

ENVIRONMENTAL RESTORATION, NAVY

Table B-9

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

	FY 2007 Actual	FY 2008 Baseline	FY 2009 Baseline
Environmental Restoration Activities	-	299	291
Total: ERN	**-**	**$299**	**$291**

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

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AIRCRAFT PROCUREMENT, NAVY

Table B-10

Department of the Navy

Aircraft Procurement, Navy

(Dollars in Millions)

	FY 2007 Actual		FY 2008 Baseline		FY 2009 Baseline	
	QTY	$	QTY	$	QTY	$
Combat Aircraft	116	7,310	129	8,515	155	10,557
Airlift Aircraft	-	-	-	-	2	155
Trainer Aircraft	30	520	44	326	44	289
Other Aircraft	11	295	7	298	5	209
Modification of Aircraft	-	2,426	-	1,564	-	1,696
A/C Spares & Repair Parts	-	820	-	1,051	-	1,229
A/C Support Equip & Facilities	-	551	-	628	-	582
Total: APN	**157**	**$11,922**	**180**	**$12,380**	**206**	**$14,717**
R&D Aircraft	*	-	3	-	*	-
Total Aircraft Procurement	**157**	**$11,922**	**183**	**$12,380**	**206**	**$14,717**

* Funded in RDT&E,N

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

WEAPONS PROCUREMENT, NAVY

Table B-11

Department of the Navy

Weapons Procurement, Navy

(Dollars in Millions)

	FY 2007		FY 2008		FY 2009	
	QTY	$	QTY	$	QTY	$
Ballistic and Other Missiles						
TRIDENT II	-	914	12	1,045	24	1,093
ESSM	100	99	85	83	86	85
Tomahawk	355	353	394	380	207	281
AMRAAM	42	88	78	87	147	147
Sidewinder	174	40	170	55	205	58
JSOW	388	124	416	130	496	149
STANDARD	75	137	75	159	70	228
RAM	90	57	90	76	90	74
Hellfire	1,111	100	439	45	1,068	95
Aerial Targets	-	83	-	67	-	83
Other	-	227	-	366	-	688
Torpedoes and Related Equipment						
Mk-46 Torpedo Mods	133	86	133	85	120	78
Mk-48 Torpedo ADCAP Mods	-	65	-	73	-	62
Torpedo Support Equipment	-	26	-	36	-	36
Other	-	50	-	28	-	26
Other Weapons/Spares						
CIWS MODS	-	151	-	181	-	168
Gun Mount Mods	-	92	-	16	-	60
All Other	-	103	-	183	-	165
Total: WPN		**$2,897**		**$3,093**		**$3,575**

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

SHIPBUILDING AND CONVERSION, NAVY

Table B-12

Department of the Navy
Shipbuilding and Conversion, Navy

(Dollars in Millions)

	FY 2007 Actual		FY 2008 Baseline		FY 2009 Baseline	
	QTY	$	QTY	$	QTY	$
New Construction						
CVN-21	-	1,107	1	3,145	-	3,926
SSN-774	1	2,553	1	3,174	1	3,424
DDG-51	-	354	-	48	-	-
DDG-1000	2	2,557	-	2,907	1	2,554
LCS	-	93	1	337	2	920
LPD-17	-	380	1	1,498	-	103
LHA(R)	1	1,131	-	1,366	-	-
JHSV	-	-	-	-	1	175
T-AKE	1	**	-	**	2	**
Total New Construction	**5**	**8,175**	**4**	**12,475**	**7**	**11,102**
Conversions						
SSGN Conversion	-	-	-	-	-	-
Total Conversion	**-**	**-**	**-**	**-**	**-**	**-**
Other						
RCOH	-	1,067	-	295	1	628
SSBN ERO	1	263	1	229	1	261
Special Purpose	-	3	-	-	-	-
LCAC SLEP	6	110	5	98	6	111
Outfitting	-	369	-	377	-	430
Service Craft	-	47	-	33	-	36
Completion of PY Shipbuilding Programs	-	-	-	-	-	165
Oceanographic Ship	1	117	-	-	-	-
Total Other	**-**	**1,976**	**-**	**1032**	**-**	**1,631**
Total: SCN	**-**	**$10,152**	**-**	**$13,506**	**-**	**$12,733**

* 1 LCS was funded in RDTEN in FY 2007.

**Funded in NDSF.

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

OTHER PROCUREMENT, NAVY

Table B-13

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

	FY 2007 Actual	FY 2008 Baseline	FY 2009 Baseline
Ship Support Equipment	1,546	1,673	1,674
Communications and Electronics Equipment	1,854	1,790	2,040
Aviation Support Equipment	325	334	376
Ordnance Support Equipment	563	628	613
Civil Engineering Support Equipment	1,040	201	104
Supply Support Equipment	169	106	105
Personnel and Command Support Equipment	409	339	320
Spares and Repair Parts	226	210	252
Total: OPN	**$6,132**	**$5,282**	**$5,483**

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

PROCUREMENT, MARINE CORPS

Table B-14

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

	FY 2007 Actual	FY 2008 Baseline	FY 2009 Baseline
Weapons and Combat Vehicles			
Expeditionary Fighting Vehicle (EFV)	16	4	22
LW155MM Lightweight Howitzer	94	173	3
HIMARS	238	30	109
LAV-PC	88	32	65
AAV7A1 PIP	91	4	5
Weapons and Combat Vehicles under $5 million	134	51	24
MOD Kits	82	104	11
Other	89	42	24
Guided Missiles and Equipment			
Ground Based Air Defense (GBAD)	7	2	13
JAVELIN	48		
Other	200	47	5
Communication and Electronics Equipment			
Repair and Test Equipment	111	72	35
Comm Switching & Control Systems	275	102	41
Common Computer Resources	148	98	107
Radio Systems	826	157	96
Night Vision Equipment	297	40	25
Comm & Elec Infrastructure Support	58	24	16
Command Post Systems	111	30	16
Other	802	466	224
Support Vehicles			
5/4T Truck HMMWV (MYP)	604	156	3
Logistics Vehicle System Rep.	65	37	325
Other	217	194	55
Engineer And Other Equipment	**3,390**	**434**	**263**
Spares and Repair Parts	**38**	**12**	**14**
Total: PMC	**$8,052**	**$2,311**	**$1,512**

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

PROCUREMENT OF AMMUNITION, NAVY AND MARINE CORPS

Table B-15

Department of the Navy

Procurement of Ammunition, Navy and Marine Corps

(Dollars in Millions)

	FY 2007 Actual	FY 2008 Baseline	FY 2009 Baseline
Navy Ammunition	583	471	530
Marine Corps Ammunition	466	587	593
Total: PANMC	**$1,049**	**$1,057**	**$1,123**

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, NAVY

Table B-16

Department of the Navy

Research, Development, Test and Evaluation, Navy

(Dollars in Millions)

	FY 2007 Actual	FY 2008 Baseline	FY 2009 Baseline
Basic Research	482	498	528
Applied Research	773	801	633
Advanced Technology Development	751	722	679
Advanced Component Development	3,637	3,051	3,440
System Development and Demonstration	8,774	7,977	8,682
RDT&E Management Support	1,182	1,076	955
Operational Systems Development	4,125	3,675	4,420
Total: RDT&E,N	**$19,725**	**$17,799**	**$19,337**

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

NATIONAL DEFENSE SEALIFT FUND

Table B-17

Department of the Navy
National Defense Sealift Fund

(Dollars in Millions)

	FY 2007 Actual	FY 2008 Baseline	FY 2009 Baseline
Strategic Sealift Acquisition	531	805	1,347
DoD Mobilization Assets	215	246	269
Research and Development	108	66	69
Ready Reserve Force	215	228	277
Total: NDSF	**$1,069**	**$1,344**	**$1,962**

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

MILITARY CONSTRUCTION, NAVY AND MARINE CORPS – ACTIVE AND RESERVE

Table B-18

Department of the Navy

Military Construction, Navy and Navy Reserve

(Dollars in Millions)

	FY 2007 Actual	FY 2008 Baseline	FY 2009 Baseline
Significant Programs			
Operational & Training Facilities	382	660	629
Maintenance & Production Facilities	217	255	169
R&D Facilities	16	90	91
Supply Facilities	27	50	-
Medical Facilities	3	-	-
Administrative Facilities	278	244	48
Housing Facilities	268	459	1,532
Community Facilities	31	112	221
Utility Facilities & Ground Improvements	73	123	65
Pollution Abatement	59	73	93
Real Estate	69	10	-
Unspecified Minor Construction	9	10	14
Planning and Design	119	113	239
Foreign Currency	13	-	-
Total: Navy	**$1,565**	**$2,198**	**$3,096**
Naval Reserve			
Operational & Training Facilities	31	52	55
Maintenance & Production Facilities	9	-	-
Community Facilities	-	5	-
Utility Facilities & Ground Improvements	-	5	-
Unspecified Minor Construction	1	-	-
Planning and Design	2	3	2
Total: Naval Reserve	**$43**	**$65**	**$57**

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

FAMILY HOUSING, NAVY AND MARINE CORPS

Table B-19

Department of the Navy

Family Housing, Navy and Marine Corps

(Dollars in Millions)

	FY 2007 Actual	FY 2008 Baseline	FY 2009 Baseline
Navy			
Construction	104	87	123
O&M	427	333	339
Total: Navy	**$531**	**$420**	**$462**
Marine Corps			
Construction	28	47	260
O&M	76	39	37
Total: Marine Corps	**$104**	**$86**	**$297**
Total: FH,N&MC	**$635**	**$506**	**$759**
New Construction Projects			
Navy	2	1	1
Marine Corps	1	-	-
Construction Units			
Navy	176	73	146
Marine Corps	74	-	-
Average Number of Units			
Navy	21,435	9,817	9,653
Marine Corps	4,808	867	816

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

BASE REALIGNMENT AND CLOSURE ACCOUNTS

Table B-20

Department of the Navy

Base Realignment and Closure Accounts

(Dollars in Millions)

Costs	**FY 2007 Actual**	**FY 2008 Baseline**	**FY 2009 Baseline**
Base Realignment and Closure IV	-	50	179
Base Realignment and Closure V	690	734	871
Total: BRAC	**$690**	**$784**	**$1,050**

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

NAVY WORKING CAPITAL FUND

Table B-21

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

Costs	FY 2007 Actual	FY 2008 Baseline	FY 2009 Baseline
Navy Working Capital Fund	116	14	2
Total: NWCF	**$116**	**$14**	**$2**

Note: Totals may not add due to rounding. FY 2008 does not include supplemental funds enacted in the FY 2008 Consolidated (P.L. 110-161) Appropriations Act, or the remaining FY 2008 GWOT Request.

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LIST OF ACRONYMS

A

AARGM - Advanced Anti-Radiation Guided Missile
AC - Active Component
ADNS - Automated Digital Networking System
AGS - Advanced Gun System
AIS - Automatic Identification System
ALMDS - Airborne Laser Mine Detection System
AMNS - Airborne Mine Neutralization System
AMRAAM - Advanced Medium Range Air-to-Air Missile
APKWS - Advanced Precision Kill Weapon System
ARI - Active Reserve Integration
ASW – Anti-Submarine Warfare

B

BA - Budget Authority
BAMS - Broad Area Maritime Surveillance
BRAC - Base Realignment and Closure

C

CANES - Consolidated Afloat Networks and Enterprises Services
CAOCL - Center for Advanced Operational Cultural Learning
CBSP - Command Broadband Satellite Program
CI/HUMINT - Counterintelligence/Human Intelligence Equipment Program
CJTF HOA - Combined Joint Task Force Horn of Africa
COBRA - Coastal Battlefield Reconnaissance and Analysis
COCOMs - Combatant Commanders
COIN - Counter Insurgency
CONPLAN - Contingency Plan
CONUS – Continental United States
COTS - Commercial Off-the-Shelf
CPI – Continuous Process Improvement
CSGs - Carrier Strike Groups
CV - Carrier Variant
CVN – Nuclear Aircraft Carrier
C2F - Commander Second Fleet
C4I - Command, Control, Communication, Computers and Intelligence
C4ISR - Command, Control, Communications, Computer, Intelligence Surveillance and Reconnaissance

D

DCGS - Distributed Common Ground System
DDG – Guided Missile Destroyer
D&I - Discovery and Invention
DIRCM – Directed Infrared Countermeasures
DLA - Defense Logistics Agency
DoD – Department of Defense
DPRI - Defense Policy Review Initiative

E

ECRC - Expeditionary Combat Readiness Center
ECV - Enhanced Capacity Vehicle
EFSS - Expeditionary Fire Support System
EFV - Expeditionary Fighting Vehicle
EOD - Explosive Ordnance Disposal
ERAM - Extended Range Active Missile
ERM - Extended Range Munitions
ERP - Enterprise Resource Planning
ESGs - Expeditionary Strike Groups
ESSM - Evolved SEA SPARROW Missile
ETC - Expeditionary Training Command
ETT - Embedded Training Teams

F

FAO - Foreign Area Officer
FAS - Fleet Air Support
FAT - Fleet Air Training
FECs - Facilities Engineering Commands
FFG - Guided Missile Frigate

FIAR - Financial Improvement and Audit Readiness
FIP - Financial Improvement Program
FNCs - Future Naval Capabilities
FOC - Full Operational Capability
FRC - Fleet Readiness Center
FRP - Fleet Response Plan
FRS - Fleet Replacement Squadrons
FSS - Fast Sealift Ships
FTE - Full-Time Equivalent
FTS - Full Time Support
FYDP - Future Years Defense Plan

G

G-BOSS - Ground-Based Operational Surveillance Systems
GCCS - Global Command and Control System
GMLRS - Guided Multiple Launch Rocket System
GNOSC - Global Network Operations and Security Center
GWOT - Global War on Terrorism

H

HARM - High-Speed Anti Radiation Missile
HDLD - High Demand, Low Density
HF – High Frequency
HFALE - High Frequency Automatic Link Establishment
HFIP - High Frequency Internet Protocol
HIMARS - High Mobility Artillery Rocket System
HM&E - Hull, Mechanical and Electrical
HMMWV - High Mobility Multi-purpose Wheeled Vehicle

I

INP - Innovative Naval Prototypes
IOC - Initial Operational Capability
IP - Internet Protocol
IR – Infrared
ISAF – International Security Force
ISR - Intelligence, Surveillance and Reconnaissance
ISR/T - Intelligence, Surveillance and Reconnaissance/Targeting
ITV - Internally Transportable Vehicle

J

JAGM - Joint Air-to-Ground Missile
JDAM - Joint Direct Attack Munitions
JHSV - Joint High Speed Vessel
JLTV - Joint Light Tactical Vehicle
JPATS - Joint Primary Aircraft Training System
JSOW - Joint Standoff Weapon
JTRS - Joint Tactical Radio System

L

LANs - Local Area Networks
LCAC - Landing Craft Air Cushion
LCS - Littoral Combat Ship
LHA - Landing Helicopter Assault
LHD - Amphibious Assault Ship
LMSR - Large, Medium, Speed Roll-On/Roll-Off
LPD – Amphibious Dock Ship
LREC - Language Regional Expertise Culture
LRIP - Low Rate Initial Production
LRLAP - Long Range Land Attack Projectile
LSS - Lean Six Sigma
LVSR - Logistic Support Vehicle Replacement

M

MAGTF - Marine Air-Ground Task Force
MANTECH - Manufacturing Technology
MARSOC - Marine Corps Special Operations Command
MCB – Marine Corps Base
MCM - Mine Countermeasures
MCTAUS - Marine Corps Tactical Unmanned Aircraft System
MCO - Major Combat Operation
MCAG – Maritime Civil Affairs Group
MCS - Mobility Capabilities Study
MCAS - Marine Corps Air Station
MCLB - Marine Corps Logistics Base
MCRD - Marine Corps Recruit Depot
MDA - Maritime Domain Awareness
MEB - Marine Expeditionary Brigade
MEF - Marine Expeditionary Force

MESF - Maritime Expeditionary Security Force
MEUs - Marine Expeditionary Units
MHQ - Maritime Headquarters
MILCON - Military Construction
MIW – Mine Warfare
MLP - Mobile Landing Platform
MMA - Multi-mission Maritime Aircraft
MNF-W - Multi-National Force, West
MOC - Maritime Operations Centers
MPF(F) - Maritime Prepositioning Force (Future)
MPS - Maritime Prepositioning Ships
MPT&E - Manpower, Personnel, Training and Education
MRAP - Mine Resistant Ambush Protected
MSC - Military Sealift Command
MSOAG - Marine Special Operations Advisory Group
MUOS - Mobile User Objective System

N

NADEPs - Naval Aviation Depots
NAVELSG - Navy Expeditionary Logistics Support Group
NCF - Naval Construction Force
NCW - Naval Coastal Warfare
NDSF - National Defense Sealift Fund
NECC - Navy Expeditionary Combat Command
NFCS - Naval Fire Control System
NFESC - Naval Facilities Engineering Service Center
NGEN - Next Generation Networks
NIFC-CA - Naval Integrated Fire Control - Counter Air
NMASWC - Navy Mine Anti-Submarine Warfare Command
NSFS - Naval Surface Fire Support
NSO - Naval Special Operations
NSPD - National Security Presidential Directive
NSPS - National Security Personnel System
NSW - Naval Special Warfare
NWCF - Navy Working Capital Fund
NWDC - Navy Warfare Developmental Command

O

OAMCM - Organic Airborne Mine Countermeasures
OASIS - Organic Airborne and Surface Influence Sweep System
OEF - Operation Enduring Freedom
OIF - Operation Iraqi Freedom
OMFTS - Operational Maneuver from the Sea
OPDS - Offshore Petroleum Distribution System
OPTEMPO - Operational Tempo

P

PAA - Primary Authorized Aircraft
PART - Program Assessment Rating Tool
POR - Program of Record

Q

QDR - Quadrennial Defense Review

R

RAM - Rolling Airframe Missile
RAMICS - Rapid Airborne Mine Clearance System
RC - Reserve Component
RF/IR - Radio Frequency/Infrared
R&M - Restoration and Modernization
RNOSC - Regional Network Operations and Security Center
ROS - Reduced Operating Status
RRF - Ready Reserve Force
RTT - Rapid Technology Transition

S

SBIR - Small Business Innovation Research
SCETC - Security Cooperation Education and Training Center
SCI - Sensitive Compartmented Information
SIGINT - Signals Intelligence
SLBM - Submarine Launched Ballistic Missile
SM - Standard Missile
SMCR - Selected Marine Corps Reserve

SNR - SubNetRelay
SOA - Service Oriented Architecture
SOCOM - Special Operations Command
SRM - Sustainment, Restoration and Modernization
SSN - Nuclear Attack Submarine
S&T - Science and Technology
STOM - Ship-to-Objective Maneuver
STOVL - Short Takeoff and Vertical Landing
SUW - Surface Warfare
STUAS - Small Tactical Unmanned Aircraft System

T

TACAIR/ASW - Tactical Air/Anti-Submarine Warfare
TADIRCM - Tactical Aircraft Directed Infrared Countermeasures
T-AFS - Auxiliary Fleet Support Ship
T-AKE - Dry-Cargo Ammunition Ship
TOA - Total Obligational Authority
TOG - Technology Oversight Group
TSw - Tactical Switching

U

UAS - Unmanned Aircraft System
UAV - Unmanned Aerial Vehicle
UCAS - Unmanned Combat Air System
UCAV - Unmanned Combat Aerial Vehicle
UHF - Ultra High Frequency
USTRANSCOM – United States Transportation Command

V

VHF - Very High Frequency
VTUAV - Vertical Take Off and Landing Tactical Unmanned Aerial Vehicle