



*Department of the Navy
FY 2006/FY 2007
President's Budget*

*“Winning Today...
Transforming to Win Tomorrow”*

4 February 2005

Our budget resources are aligned to support both present responsibilities and future capabilities.

- ◆ Winning Today...
- ◆ ...Transforming to Win Tomorrow
 - Shaping Our 21st Century Manpower
 - Changing the Way We Fight
 - Improving Infrastructure & Business Practices

We are postured in the world to win today.

Navy

- ◆ 90 ships deployed (31% of total)
 - 141 ships underway (49% of total)
- ◆ 3,373 activated reserves
- ◆ 370,183 active strength
- ◆ 15 Navy ships delivered more than 5 million pounds of relief supplies and equipment to tsunami relief efforts

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

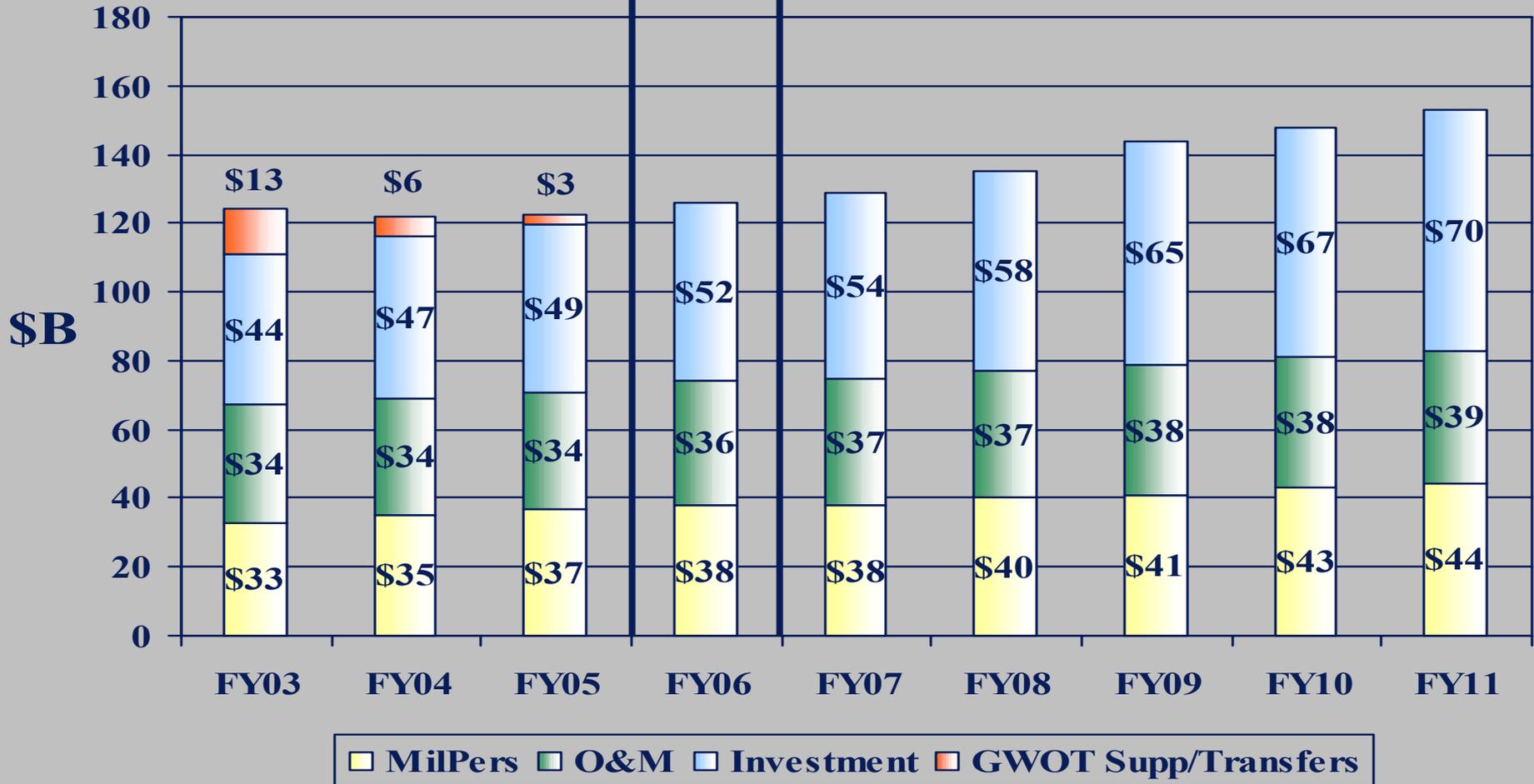


Marine Corps

- ◆ First Marine Expeditionary Force (I MEF) preparing to redeploy
- ◆ III MEF forward deployed WESTPAC heavily involved in tsunami relief efforts
- ◆ II MEF beginning to deploy
- ◆ 13,138 activated reserves
- ◆ 177,894 active strength

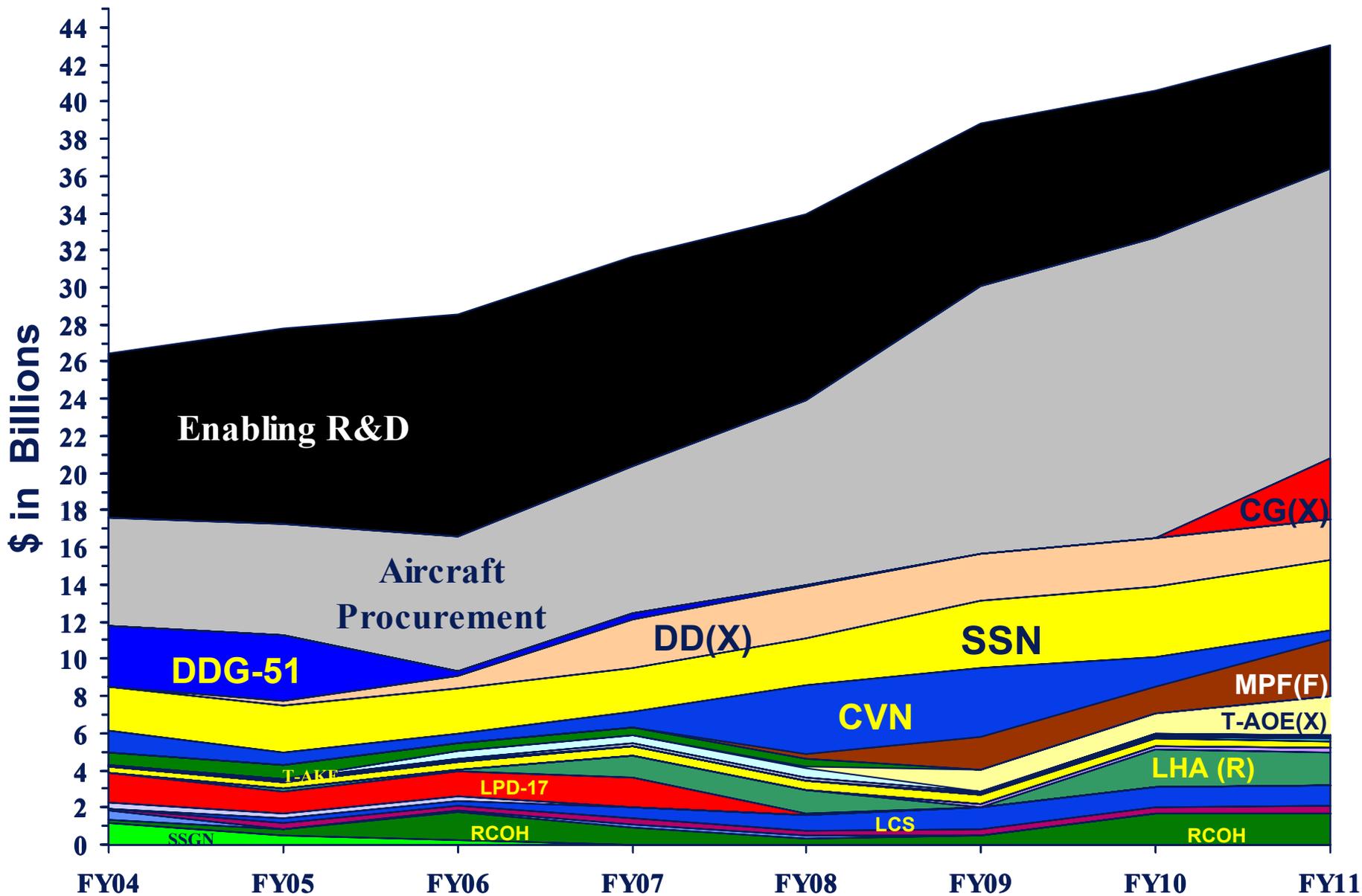
We are transforming at home to win tomorrow.

<u>FY03*</u>	<u>FY04*</u>	<u>FY05*</u>	FY06	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>
\$110.7	\$115.6	\$119.2	\$125.6	\$129.0	\$134.6	\$143.3	\$147.5	\$153.3



*Totals do not include supplemental costs.

Transformation relies on a phased investment strategy.



The FY 2006 budget is up in every appropriation category, compared to FY 2005.

MilPers +\$1.1B

- ◆ Pay Raise +\$590M
- ◆ Separation/Special Pays +\$511M
- ◆ Housing Allowance +\$244M
- ◆ Overseas Allowances/SIK +\$77M
- ◆ Subsistence Allowance +\$68M
- ◆ Reduced strength -\$404M

Navy Strength 365,900 to 352,700
Marine Corps 175,000 Baseline

Procurement +\$1.9B

- ◆ +23 Aircraft
 - MH-60S EA-18G
 - KC-130J MV-22
 - MH-60R UH-1Y/AH-1Z
- ◆ -3 DDG-51
- ◆ -1 T-AKE
- ◆ +1 CVN Refueling Overhaul
- ◆ DD(X) Advanced Procurement
- ◆ CG Modernization
- ◆ MPS Buyout
- ◆ Trident II
- ◆ HIMARS

Transforming Investment

R&D +\$1.3B

- ◆ MMA +\$474M
- ◆ VXX +\$385M
- ◆ JSF +\$248M
- ◆ Helo Dev +\$170M
- ◆ LCS +\$123M

\$

FY05: 119.2
FY06: 125.6
+6.4B*

O&M +\$2.1B

- ◆ Readiness +\$776M
- ◆ Base Support +634M
- ◆ Servicewide Communications +222M
- ◆ NWCF Transfer +150M
- ◆ Weapons Support +81M

Combat Readiness Surge Capable

MILCON +\$0.1B

- ◆ MILCON* -\$17M
- ◆ Family Housing* -\$10M
- ◆ BRAC +\$143M

*Excludes new program financed with prior balances

FH → PPV/BAH

*FY05 Budget Authority (w/o Supp) to FY06 President's Budget

With the FY 2006 budget, ship force structure is back on the rise.

	FY 2004	FY 2005	FY 2006	FY05 to FY06
Aircraft Carriers	12	11	11	-
Fleet Ballistic Missile Submarines	14	14	14	-
Guided Missile (SSGN) Submarines	4	4	4	-
Surface Combatants	103	99	102	+3
Nuclear Attack Submarines	54	55	54	-1
Amphibious Warfare Ships	35	35	35	-
Combat Logistics Ships	34	32	34	+2
Mine Warfare Ships	17	17	17	-
Support Ships	19	18	18	-
Total	292	285	289	+4

FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
293	297	302	302	305



Transitioning to a More Capable Force

- ◆ Battle force count reaches low in FY05
- ◆ New platforms feature tremendous capability increase over legacy ships
- ◆ Deployment/surge practices produce greater availability from ship force structure

Inacts/Deliveries in FY06:

-1 CG	+4 DDG-51
-1 SSN	+3 T-AKE
-1 LHA	+2 LPD-17
-1 AOE	
-1 LPD	

We are fielding an aircraft force structure that is more capable and efficient.

Primary Authorized Aircraft	FY 2004	FY 2005	FY 2006	FY05 to FY06
Active Navy and Marine Forces	2,466	2,404	2,351	-53
Reserve Navy and Marine Forces	397	382	358	-24
Total	2,863	2,786	2,709	-77

FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
2,641	2,629	2,643	2,659	2,679

Transitioning to a More Capable Force

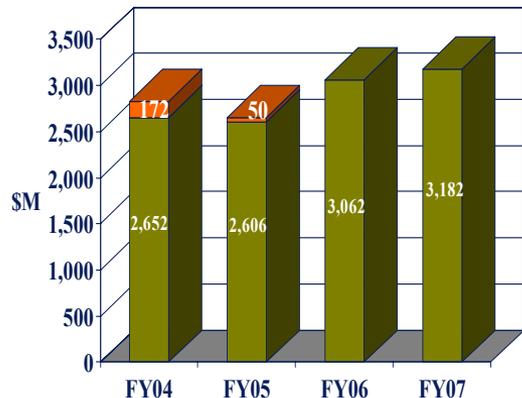
- ◆ F/A-18 E/F: 40% increase in combat radius, 50% increase in endurance, 25% greater weapons payload, and 5 times more survivable than F/A-18C
- ◆ Helos: Converging to 2 highly common Navy platforms
- ◆ V-22: 2 times the speed, 3 times the payload, and 6 times the range compared to the CH-46E
- ◆ MMA: 25% higher availability rate, 30% faster, and 33% higher altitude capability than the P-3

Retirements/Deliveries in FY06:

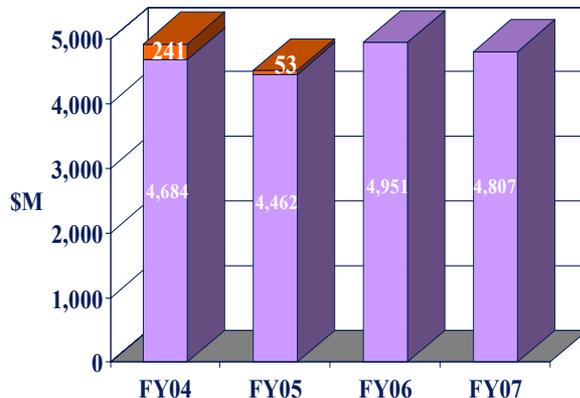
-43 F-14 B/D -22 S-3B	→	+24 F/A-18E/F
-3 SH-60 -3 MH-53E -16 UH-3H -5 HH-1N -3 HH-46D	→	+16 MH-60
-3 CH-46E	→	+15 MV-22B
-6 KC-130RF	→	+5 KC-130J
-2 DC-9	→	+2 C-37A
-31 P-3C	→	(Future MMA)
-17 Trainer/Utility	→	+15 Trainer/Utility

To win today, the budget must sustain robust readiness funding.

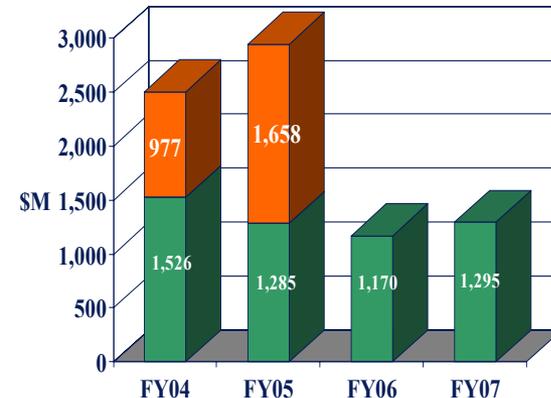
Ship Operations



Flying Hour Operations

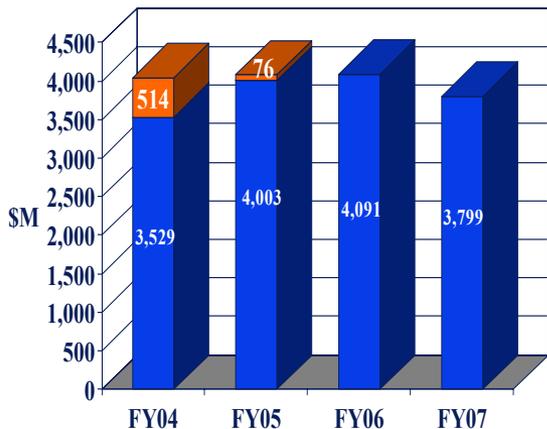


Marine Corps Operations

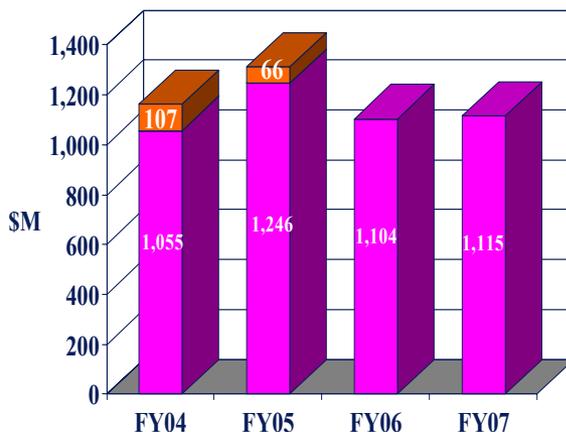


Readiness Requirements Preserved

Ship Depot Maintenance



Aircraft Depot Maintenance

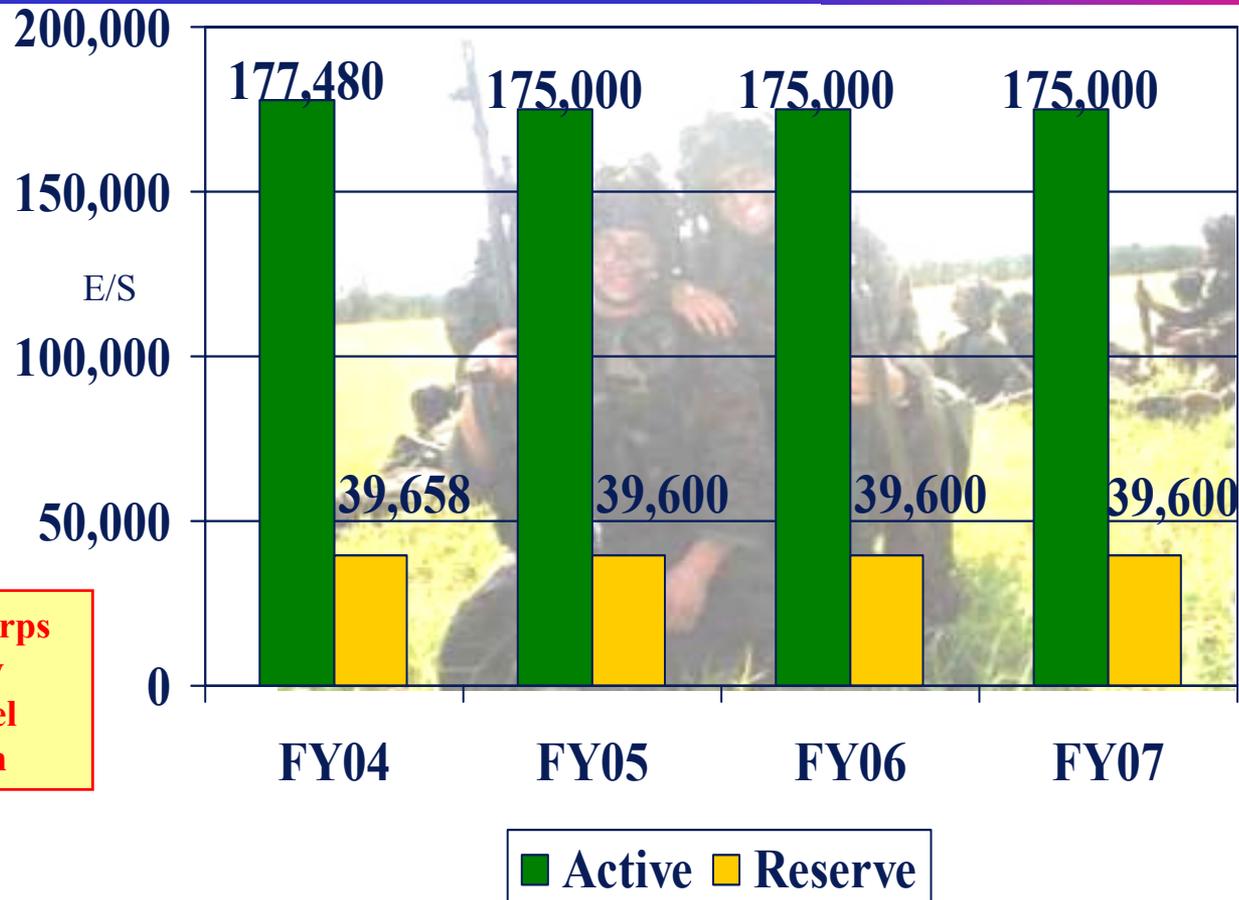


Base Support



Indicates Supplemental Funds Enacted Through 2004

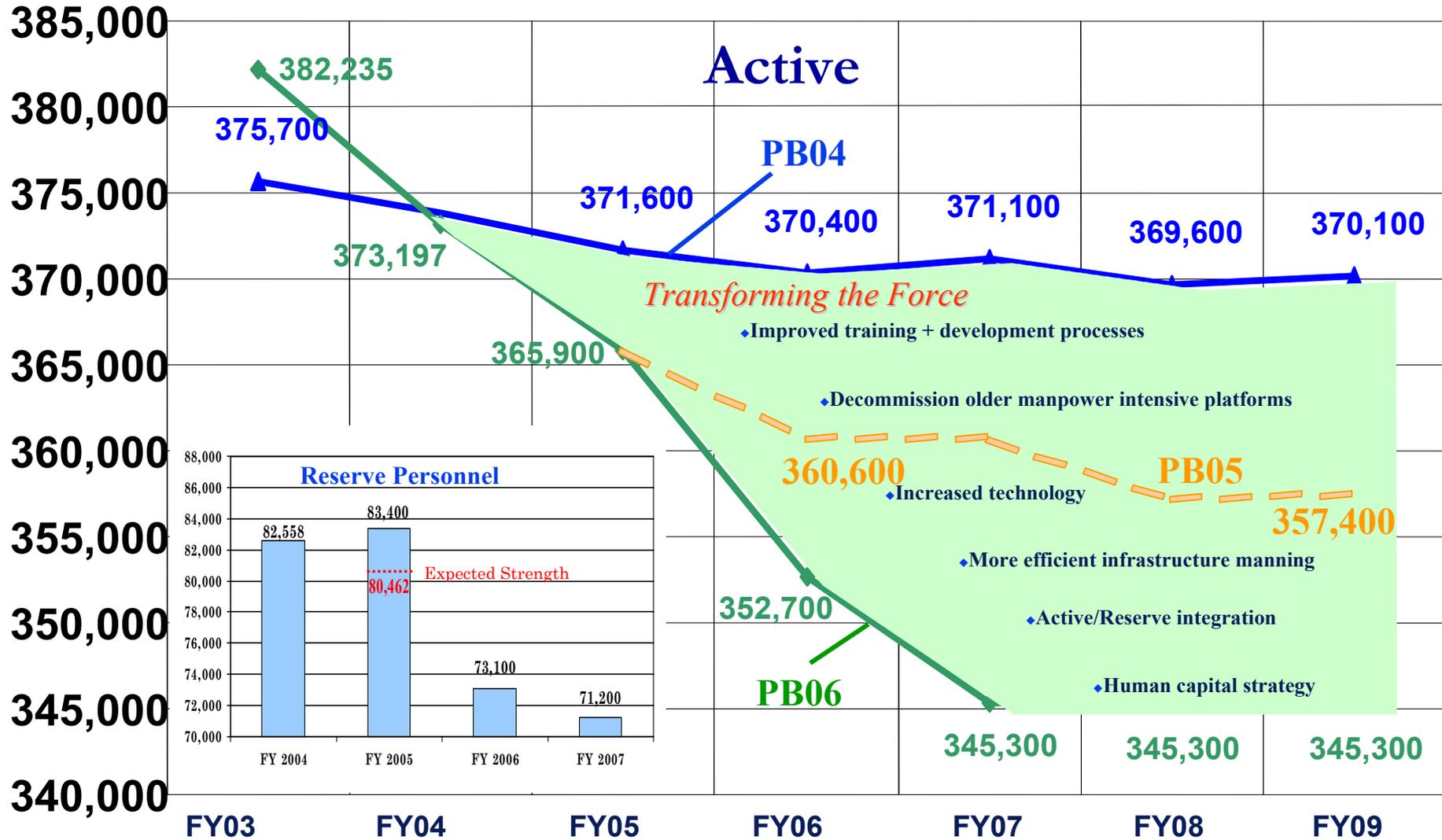
People are our number one readiness enabler.



- ◆ Increase warfighting units
 - Military to civilian conversions
- ◆ Strong retention and effective recruiting
- ◆ BAH/PPV transition
- ◆ 3.1% basic pay raise

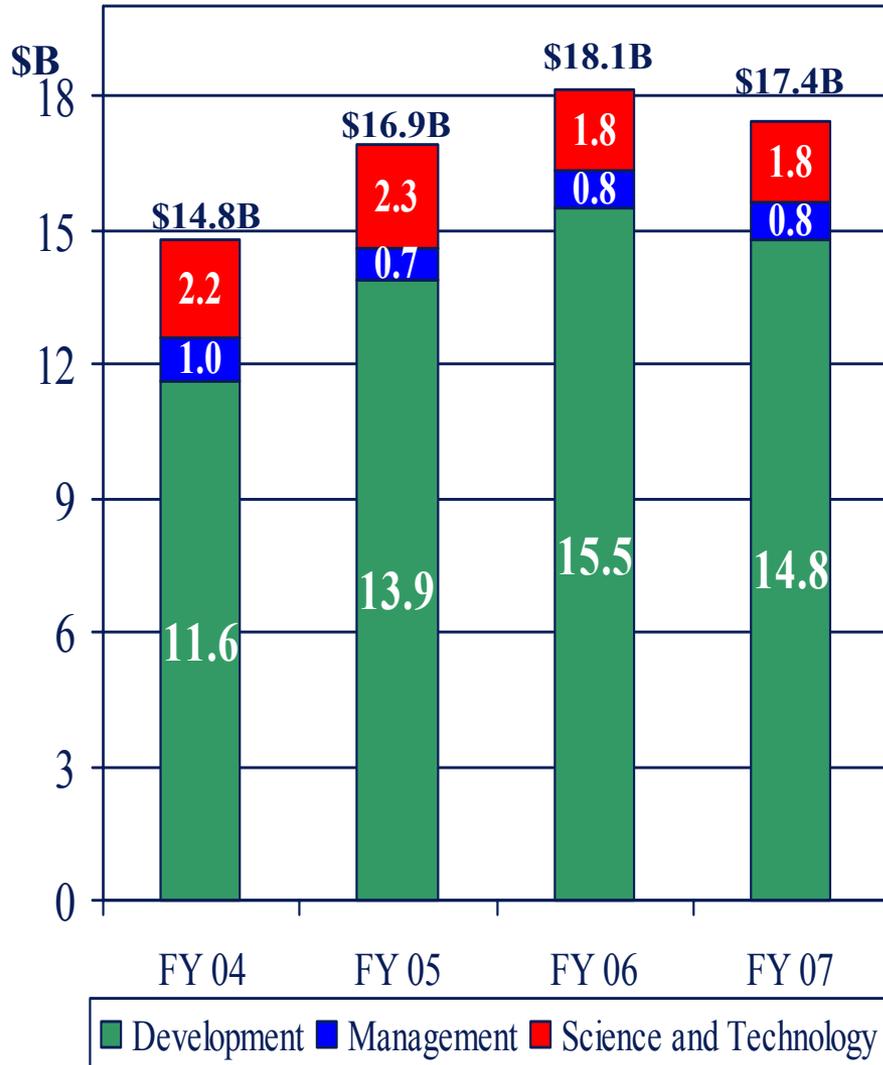
- ◆ Additional strength, as authorized for FY05, will be funded through supplemental requests as necessary

Navy manpower levels change with the times, shaping a new force.



Properly Priced and Sized for the Future

R&D resources surge in FY 2006, as several critical programs peak.



Critical Aviation Programs

Major Systems: (\$M)	FY 04	FY 05	FY 06	FY 07
Joint Strike Fighter	2,082	2,145	2,393	2,287
MMA	67	490	964	1,138
VXX	190	551	936	561
Advanced Hawkeye	328	591	630	558
EA-18G	204	354	409	372
V-22	357	263	206	266
Unmanned Aerial Vehicles	183	169	103	105
F/A-18	164	128	89	21
DD(X)	1,015	1,164	1,092	853
LCS	158	453	576	299
Virginia Class SSN	141	171	156	139
C4I	746	871	1,067	1,283
EFV	232	243	254	187

Critical Shipbuilding Programs

A sustained increase in production is essential to Naval Aviation.

Aircraft	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY06-11
JSF	-	-	2 0	16 10	40 32	36	33	111
F/A-18E/F	42	38	30	24	20	22	14	148
EA-18G	-	4	12	18	22	20	14	90
MV-22	8	15 9	29 14	30 19	33 30	35	38	145
AH-1Z/UH-1Y	9 7	12 10	19 18	21	21	22	23	115
MH-60S	15	26	30 26	30 26	40 26	17	15	136
MH-60R	8 6	15 12	24 25	31 25	31 30	30	31	153
E-2C	2	2	2	4	4	4	4	20
CH-53X	-	-	-	3 0	5 0	2	2	4
MMA	-	-	-	0 4	8 0	6	8	18
ACS	-	-	0 1	2 1	2 1	4	5	12
C-40	1	3 0	3 1	0 2	0 1	1	1	6
C-35	0 2	-	-	-	-	-	-	-
C-37	4 2	-	-	-	2 0	-	1	1
T-45	8 10	5 6	0 12	-	-	-	-	18
T-48	4 0	3 0	3 0	7 0	-	-	-	-
JPATS	0 2	-	24	48	48	48	48	216
KC-130J	4	4 12	4 0	4 0	5 0	-	-	12
V-XX	5 3	0 5	3 0	4 3	0 4	3	4	19
BAMS UAV	-	-	2 0	4 0	4 0	-	4	4
VTUAV	0 2	3 3	3	9 5	18 7	11	11	40
MC VUAV	-	0 2	0 1	0 2	0 3	-	-	8
F-5E	9	9	5	-	-	-	-	14
TOTAL	115	138	174	212	249	261	256	1,290
Funded in RD TEN								

This is a pivotal year, from legacy to next generation shipbuilding.

Ships	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY06-11
CVN 21	-	-	4 0	0 1	-	-	-	1
SSN 774	1	1	1	1	2 1	1	1	6
DDG 51	3	-	-	-	-	-	-	-
DD(X)	4 0	-	2 1	2 1	3 1	1	1	5
CG(X)	-	-	-	-	-	-	1	1
LCS	1	2 1	4 2	3	6 5	5	5	21
LPD 17	1	1	1	4 0	4 0	-	-	2
LHA(R)	-	-	0 1	4 0	-	1	-	2
T-AKE	2	2 1	1	0 1	-	-	-	3
T-AOE(X)	-	-	-	-	2 1	1	2	4
MPF(F)	-	-	4 0	-	3 1	1	2	4
New Construction	8	4	7	7	9	10	12	49
Intratheater Connectors	-	-	-	-	0 1	1	1	3
Sea-Shore Connectors	-	-	-	-	-	1	4	5
SSBN ERO	1	1	1	1	1	1	1	6
SSN ERO	-	-	3 1	1	-	-	-	2
RCOH	-	1	-	-	-	1	-	2
Funded in RDTEN								

Effective munitions must be agile, precise, and joint, for more lethality.

	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
<u>Precision Guided</u>							
TACTOM	298	379	372	467	386	389	379
JSOW	405	420	400	453	496	494	502
JDAM	6,620	3,400	3,400	1,500	1,500	1,500	1,500
LGBs	5,536	3,228	3,150	2,298	-	-	-
<u>Other Munitions</u>							
Trident II	5	-	-	-	12	24	24
AMRAAM	46	101	150	140	150	150	150
AIM-9X	135	165	213	195	181	181	181
Standard Missile	75	75	75	75	90	100	105
RAM	90	90	90	90	90	90	90
ESSM	71	116	108	108	108	21	-



The Marine Corps will modernize already strong, existing capabilities and also pursue transformational systems for future conflicts.

	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
EFV	-	-	15	17	26	42	108
HIMARS	1	15	19	-	-	-	-
Joint LW 155	108	77	35	42	-	-	-
Unit Ops Ctr	20	-	-	-	-	-	-
HMMWV	1,830	1,310	1,415	1,235	1,450	1,275	1,235
ABV	2	20	8	-	-	-	-

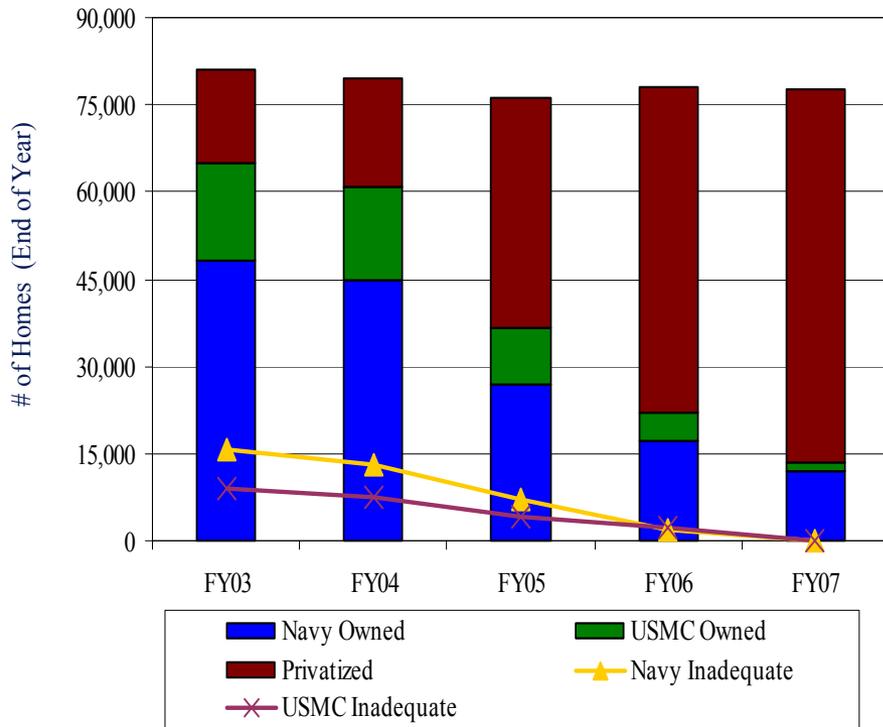
USMC 21st Century Warfighting Systems



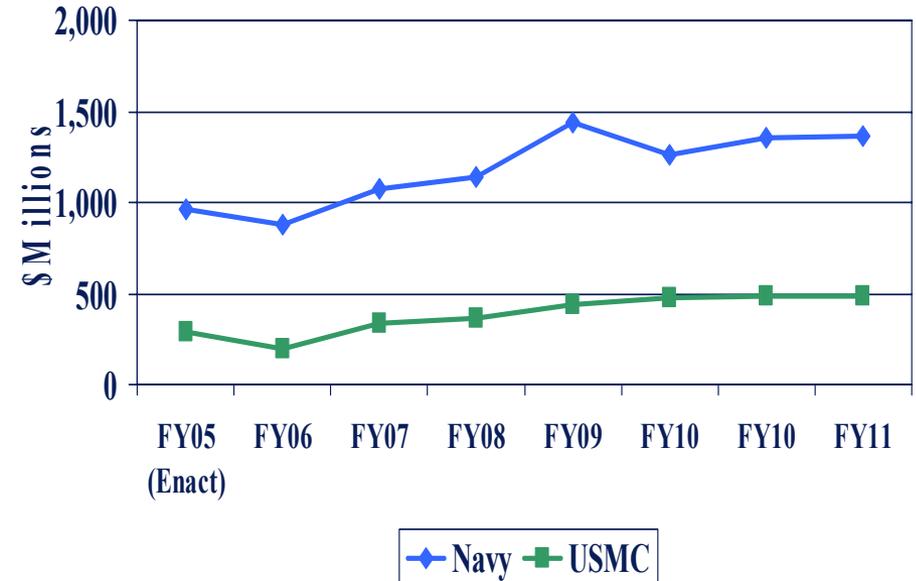
Effectiveness begins ashore and demands prudent investment in tomorrow's infrastructure.

Family Housing

- ✓ Meets DoD goal of zero inadequate FH units by FY 2007 through 3 pronged approach: privatization, basic housing allowance, and construction
- ✓ Privatization a key element to improving housing



Military Construction



- ✓ Maximizes MILCON recapitalization efforts
- ✓ Finances critical and new mission facilities (Executive Helo, V-22, ABV, F/A-18, H-60 Series, MMA, SSGN, T-AKE, Pacific Warfighting Center, USMC armories)
- ✓ Enhances Anti-Terrorism and Force Protection for our Sailors and Marines
- ✓ Eliminates inadequate barracks by FY 2005/FY 2007 (USMC/USN)
- ✓ Enhances Quality of Life/Service

Business systems must transform to keep pace with the warfighter.

- ◆ Provide decision makers with the information they need when they need it

Business Management Modernization Program (BMMP)

- ◆ DoD-wide Business Enterprise Architecture
- ◆ Framework to seek resolution of business interoperability issues

Navy Enterprise Resource Planning (ERP) Program

- ◆ Key enabler to transform business processes and generate efficiencies
 - First release is scheduled for FY 2006

DON Financial Improvement Plan (DON FIP)

- ◆ Vehicle that will carry the Department toward “clean” financial statements

Information Technology (IT)

- ◆ IT Portfolio Management
 - Functional Area Management to optimally transform systems
- ◆ Navy Marine Corps Intranet (NMCI)

Naval Power 21 is an enduring vision for joint capabilities for the future.



Assure Access - Sea Based



Fight and Win - Persistent and Decisive



Transform to Improve - Joint, Netted



Committed to winning the fight today, while shaping the 21st century manpower, improving business practices, and changing the way we fight tomorrow.